

AGENDA ITEM 4 (INFORMATION ITEM)

FISCAL YEAR 2020-21 REPORT OF OPERATIONS

Fiscal Year 2020-21 Report of Operations June 17, 2021

DATA COLLECTION AND ANALYSIS UNIT

In compliance with statutory requirements¹, CDIAC's Data Collection and Analysis Unit (Data Unit) maintains the California Debt Issuance Database (Database) which is considered the most comprehensive database of California public debt issuance. The Database is the source for the debt statistics regularly released by CDIAC.

Data Collection

The Database contains information from reports submitted to CDIAC including Reports of Proposed Debt Issuance (RPDI)s², Reports of Final Sale (RFS)s³, Marks-Roos Local Bond Pooling Yearly Fiscal Status Reports (MKR YFSRs)⁴, Mello-Roos Community Facilities Districts Yearly Fiscal Status Reports (MLR YFSRs)⁵, Mello-Roos/Marks-Roos Draw on Reserve/Default filings (DFDs) and the Annual Debt Transparency Report (ADTR)⁶. This information can be accessed online either through CDIAC's data portal, DebtWatch or from published data sets. Both are

¹ Government Code Section 8855(h)(3).

² Government Code Section 8855(i) issuers of proposed new debt must give notice no later than 30 days prior to the sale date.

³ Government Code Section 8855(j), issuers are required to submit reports of final sale no later than 21 days after the sale of the debt.

⁴ The Data Unit receives annual fiscal status reports for Mello-Roos and Marks-Roos bonds issued after January 1, 1993 and January 1, 1996, respectively.

⁵ The Data Unit receives annual fiscal status reports for Mello-Roos and Marks-Roos bonds issued after January 1, 1993 and January 1, 1996, respectively.

⁶ Government Code Section 8855(k), added by SB 1029 (Chapter 307, Statutes of 2016) issuers are required to submit an annual debt transparency report for a Report of Final Sale submitted on or after January 21, 2017.

FIGURE 1

COMPARISON OF REPORTS PROCESSED, FY 2019-20 AND FY 2020-21*

TYPE OF REPORT	FY 2019-20	FY 2020-21	% CHANGE
Reports of Proposed Debt Issuance	2,362	2,036	-13.8%
Reports of Final Sale	2,213	1,506	-31.9
Mello-Roos Yearly Fiscal Status Reports	1,445	1,518	5.1
Marks-Roos Yearly Fiscal Status Reports	2,416	2,584	7.0
Annual Debt Transparency Report	3,852	4,982	29.3
Mello-Roos/Marks-Roos Draw on Reserve/Default/Replenishment Filings	12	16	33.3
TOTAL REPORTS RECEIVED	12,300	12,642	2.8%

*Date range for FY 2020-21 is 7/1/2020 - 3/31/2021

accessible from the *Debt Issuance and Election Data* page of CDIAC’s website. The Database contains information from 1984 to the present and is updated continuously by Data Unit staff. As of March 19, 2021, the Database contained more than 67,939 issuance records.

Through March 31, 2021, the Data Unit received and processed 12,642 reports a 2.8% increase over the total number of reports received in FY 2019-20. Figure 1 provides a breakdown of the reports processed by the Data Unit during FY 2020-21.

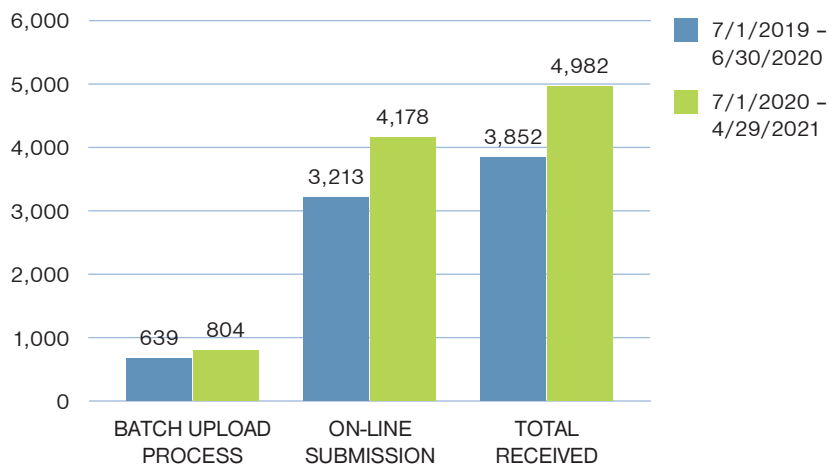
All reports are filed using CDIAC’s online portal. Recognizing the need to create a more efficient filing process due to projected growth in ADTR submittals, CDIAC identified and contacted “volume filers”, those issuers who would be required to submit 25 or more ADTRs on an annual basis. Volume filers are able to submit their data on an Excel spreadsheet, which is then uploaded into CDIAC’s debt database through a batch upload process.

Figure 2 displays the number of ADTRs received and the methods used during the filing period ending FY 2019-20 and 2020-21.

In late 2020, CDIAC began working with the State Treasurer’s Office Information Technology Division (ITD) to create a streamlined process for State of California general obligation bond (State GO) filings. Currently, when CDIAC receives a State GO bond filing, CDIAC staff separate the debt issuance filing based on the specific bond act authorities contained in the single State GO bond filing. While separating the filing enables CDIAC to capture the different bond authorities and related projects, it also results in additional CDIAC records. A proposed “roll up” of the issues will consolidate all the separate bond act records under one CDIAC record, while still maintaining each bond authority

FIGURE 2

ADTR, METHODS OF SUBMITTAL, FY 2019-20 VERSUS FY 2020-21



and corresponding project in a single CDIA record. Although this project is still being developed, CDIA recently began the procurement process to contract for the redesign of the online filing interface that would support this “roll up” process.

Debt Issuance Fees

A critical function of the Data Unit is the collection of the issuance fees, which are the source of CDIA’s operational funding.⁷ With the adoption of CDIA’s regulations, fee amounts are calculated based on the principal amount of the issue multiplied by 2.5 basis points (0.0025%), not to exceed \$5,000, on all debt with a final maturity greater than 18 months. No fee is assessed for issues whose final length of maturity is 18 months or less. A detailed fee schedule is available on CDIA’s website.⁸

For FY 2020-21, the Data Unit sent out 1,144 invoices for a total of nearly \$3.6 million in fees. Figure 3 reflects the breakdown of fees assessed for state and local agencies.

Public Access to Debt Issuance Data

CDIA uses a variety of online methods to provide public officials and members of the public immediate access to debt issuance data, including:

⁷ Government Code Section 8856 authorizes CDIA to charge the lead underwriter, the purchaser or the lender a fee not to exceed one-fortieth of one percent of the principal amount of the issue not to exceed \$5,000 for any one issue.

⁸ Reporting Fee Schedule - Effective April 1, 2017.

FIGURE 3

FEES ASSESSED, STATE AND LOCAL ISSUERS JULY 1, 2020 TO MARCH 31, 2021

ISSUER	FEES ASSESSED	# OF INVOICES
STATE	\$401,317.99	95
LOCAL	\$3,168,900.56	1,049
TOTAL FEES ASSESSED	\$3,570,218.55	1,144

DEBTWATCH DATA PORTAL. DebtWatch provides access to debt issuance information and documents submitted to CDIAC over the past 39 years. DebtWatch provides data on both proposed and completed transactions. This information can be extracted and downloaded for academic and research purposes. In addition, users of DebtWatch have the ability to review and download the issuance documents that were submitted to CDIAC with the issuer's filings. Documents vary depending upon the type of debt issued and can include official statements, bond specimens, indentures, resolutions of the governing body, promissory notes, leases, loan agreements, installment sales agreements, as well as other issuance-related disclosures.

DEBT LINE NEWSLETTER. CDIAC is required to publish a monthly newsletter describing the operations of the Commission during the prior month.⁹ CDIAC's monthly publication, *Debt Line*, includes a monthly calendar of issues, which provides comprehensive information on all reports of proposed and finalized debt issuances received during the prior month.

ONLINE TABLES AND GRAPHS. CDIAC posts monthly and annual California state and local debt issuance data in the form of summary tables and graphs to its website. Tables showing aggregate totals on the type, purpose and amount of debt issued and the amount refunded for the current and five prior calendar years is available online.¹⁰ CDIAC also posts graphs and reports that provide a comparison of debt data for the current and prior calendar year by state and local agencies and the purpose and amount of proposed and completed transactions.¹¹

MARKS-ROOS AND MELLO-ROOS DRAW ON RESERVES/DEFAULT REPORTS. Data on draws on reserve and defaults are posted online as the reports are received. Reports are listed by issuer and date of occurrence.¹²

⁹ Government Code Section 8855(h)(9).

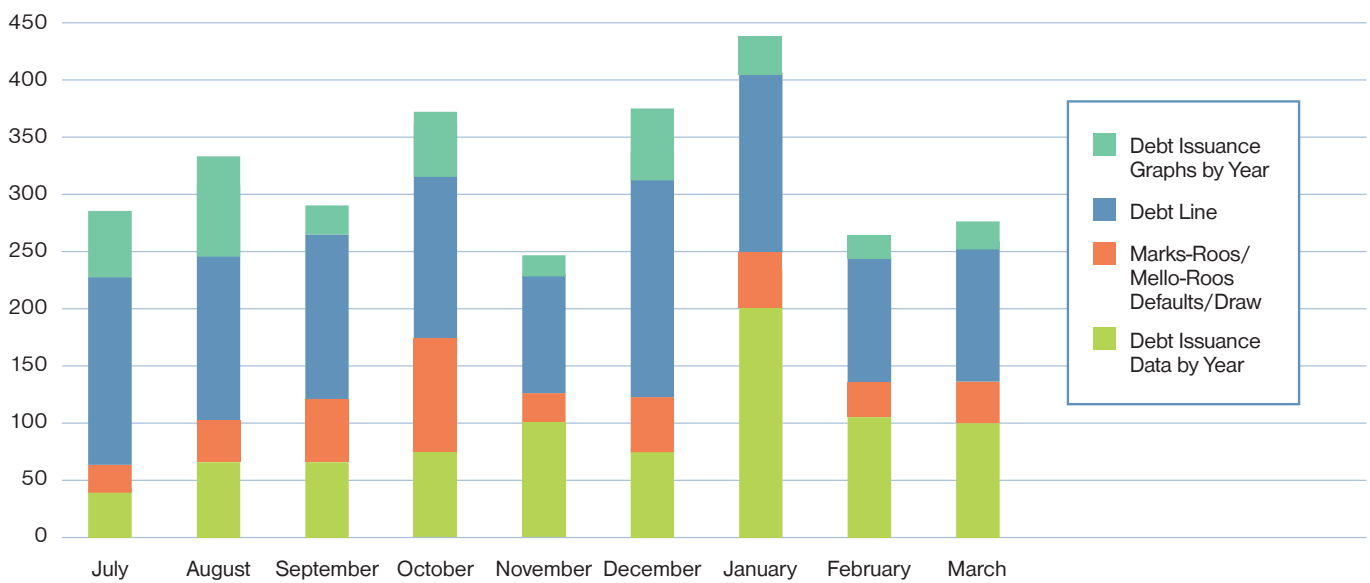
¹⁰ Summary tables are available at: www.treasurer.ca.gov/cdiac/debtdata/debtdata.asp.

¹¹ Graphs are available at: www.treasurer.ca.gov/cdiac/graphs/index.asp.

¹² Mello-Roos/Marks-Roos Default and Draw on Reserve Reports are available at: www.treasurer.ca.gov/cdiac/default-draw/issuename.asp.

FIGURE 4A

DEBT ISSUANCE DATA WEBSITE ACTIVITY, JULY 2020 TO MARCH 2021



CDIAC recorded 2,888 hits to its *Debt Issuance and Election Data* webpage during FY 2020-21. Figure 4a reflects the website activity for debt issuance data. Each “hit” or inquiry is recorded as well as the purpose for which the individual visited the site. CDIAC’s DebtWatch website¹³ recorded 11,285 hits for FY 2020-21, as reflected in Figure 4b.

Reports

CDIAC publishes several summary reports annually, compiling data reported throughout the current calendar year and, in some cases, from past years.

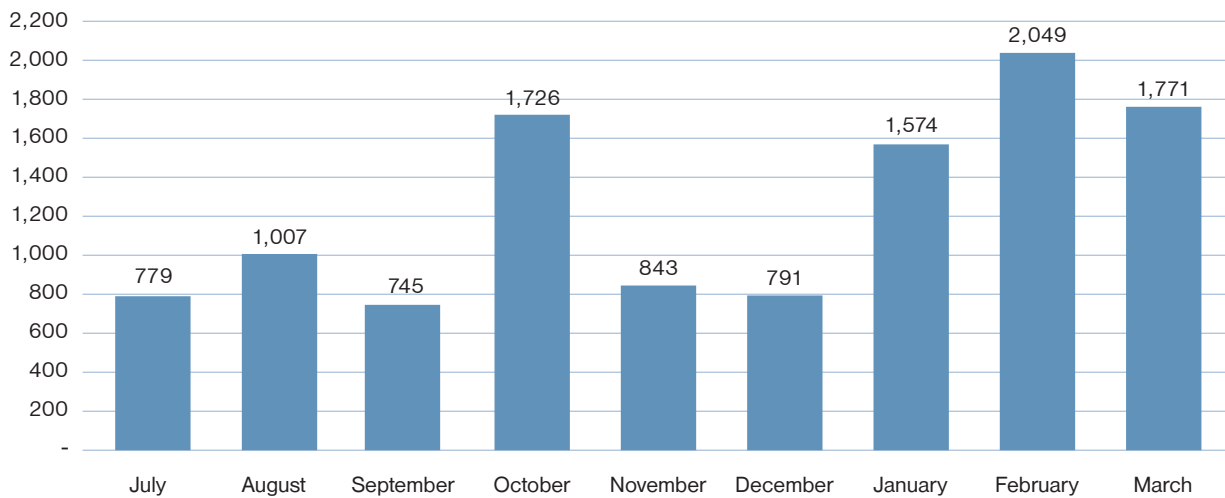
MARKS-ROOS YEARLY FISCAL STATUS REPORT. This report is a summary of the information filed with CDIAC on the annual financial status of bonds issued under the authority of the Marks-Roos Local Bond Pooling Act of 1985.¹⁴ The information in this report is cumulative, reflecting bonds sold after January 1, 1996 and includes defaults and draws on reserves reported to CDIAC during the reporting period. Reports have been published up to FY 2014-15 and CDIAC staff is currently compiling and verifying data for the remaining fiscal years and expects to post the remaining reports to the CDIAC website prior to the end of 2021.

¹³ DebtWatch is hosted by Socrata, a third party vendor.

¹⁴ Government Code Section 6599.1 requires issuers and local obligors of Marks-Roos bonds to make annual financial reports to CDIAC, including defaults or draws on reserves.

FIGURE 4B

DEBTWATCH WEBSITE ACTIVITY, JULY 2020 TO MARCH 2021



MELLO-ROOS COMMUNITY FACILITIES DISTRICT YEARLY FISCAL STATUS REPORT. The Yearly Fiscal Status Report is based on information filed with CDIAC on the financial status of Mello-Roos Community Facilities District (CFD) bonds sold in California. The information in this report is cumulative, reflecting CFD bonds sold after January 1, 1993, and includes defaults and draws on reserves reported to CDIAC for the reporting period. The report for FY 2018-19, will be published in spring 2021. The most recent reporting period, FY 2019-20 will be published by fall 2021.

CALENDAR OF PUBLIC DEBT ISSUANCE. This annual report provides details on each issuance of public debt in California. Each listing includes the issuer name, county, debt type, purpose of the issue, date of sale, debt principal amount, and whether or not the issue is a refunding. Each listing also shows the interest rate, rating, credit enhancement information, final maturity date, and major participants in the financings. The report is organized chronologically by issuer, beginning with the State of California and its departments and agencies, then local agencies (further sorted by county, agencies within counties, and by the sale date of the issue) and student loan corporations. The 2018 calendar was published in June 2019. We expect the 2019 calendar to be published in spring 2021 and the 2020 calendar in summer/fall 2021.

SUMMARY OF CALIFORNIA PUBLIC DEBT ISSUANCE. This annual report provides aggregate summary information by issuer on major components of debt, such as long-term and short-term debt, tax-exempt and taxable debt, and refunding existing indebtedness. The tables included in the report contain statistics on both state and local agencies broken out by

type of issuer, type of debt, purpose of financing, federal taxability, and whether the issue is a refunding or not. The 2018 summary tables were published in June 2019. We expect publication of the 2019 summary tables in spring 2021 and the 2020 summary tables in summer/fall 2021.

ANNUAL REPORT. CDIAC's Annual Report provides an analysis of public debt issued in California for the prior calendar year. The report includes a discussion of topical events in California public finance, a review of debt issuance statistics and Commission activities, and a preview of the Commission's planned programs for the following year. The 2020 Annual Report is expected to be published in spring 2021.

Other Data Unit Projects and Initiatives

ELECTRONIC DOCUMENT STORAGE. To reduce the amount of archived materials stored both on-site and at the State's record center warehouse, staff began digitization of records in 2009 starting with calendar year 2008 documents. This process of systematically reviewing, digitizing, and electronically storing all paper documents in an electronic document storage facility (FileNet) continued through the first two and a half months in 2020. However, due to the COVID-19 pandemic, staff began teleworking and the digitizing project has been on hold. To date, all documents since calendar year 2001 have been scanned and electronically stored. When staff returns to the office, we will continue scanning files from 2000. Success with this project is largely due to a process initiated by ITD staff in June 2017 to automatically transfer the scanned document files from a temporary file folder into FileNet. Data Unit staff has been freed up to focus on uploading documents from FileNet to DebtWatch.

MARKS-ROOS WEBINAR. In August 2020, CDIAC staff presented a webinar, *Steps for Filing Your Marks-Roos Yearly Fiscal Status Report*. The webinar was presented to coincide with the approaching annual statutory deadline on October 30th, and provided a step-by-step walkthrough of the submission of the Marks-Roos Yearly Fiscal Status Report through CDIAC's online platform. The webinar provided information helpful to both new and experienced filers; it also addressed frequently asked questions that CDIAC has received regarding this report.

TRACKING GREEN, SOCIAL IMPACT, AND SUSTAINABILITY BONDS. In July 2020, in order to track the trends in the issuance of green, social impact, and sustainability bonds, CDIAC staff began retroactively identifying these bonds within the Issuance Database back to 2014. CDIAC also undertakes this identification process for all new issued submitted to CDIAC. Currently, CDIAC has identified 144 bond issues: 125 (86.8%) green bonds, 15 (10.4%) social bonds, 3 (2.1%) sustainability, and 1 (0.7%) green/sustainability bond.

2021 Outlook

SYSTEM AND PROCESS IMPROVEMENTS. CDIAC has initiated an RFO to develop a new interface for the online report filing system to accept RPDIs, RFSs, ADTRs, MKR YFSRs, MLR YFSRs, and DFDs that will streamline the data submittal and allow users to be able to save their reports, make edits, submit, and save PDF copies, among other features.

CDIAC ELECTRONIC DOCUMENT STORAGE. CDIAC staff will continue its effort to complete the digitization project to cover years 2000 through present. Our goal is to upload documents from the year 2000 to complete this process to update the DebtWatch website.

RECORDED VIDEO SEGMENTS FOR ONLINE DEBT AND ANNUAL REPORTING. CDIAC staff plans to record video segments for the various debt issuance and annual reports (RPDIs, RFSs, ADTRs, MKR YFSRs, MLR YFSRs, and DFDs) to provide filers with easy access to information about how and when to file each type of report. These segments will present what items need to be filed in a specific report and address frequently asked questions that CDIAC has received regarding that report. These recorded segments may be housed on our website or in a learning management system and updated as needed.

EDUCATION AND OUTREACH UNIT

Government Code Section 8855(h)(7) requires CDIAC to establish a continuing education program for municipal debt and investment professionals.

Education Program Enrollment

In FY 2020-21, a total of 2,640 municipal professionals attended educational events offered by CDIAC or in partnership with other public finance organizations, exceeding the attendance for FY 2019-20 by 160%. Figure 5 reflects CDIAC attendance levels from FY 2016-17 through FY 2020-21. During the past fiscal year, CDIAC was unable to offer in-person seminars due to the COVID-19 pandemic; however, CDIAC furthered its educational mission by producing 13 webinars. A review of program participants shows 1,196 individuals from approximately 547 organizations attended one or more events offered in FY 2020-21.

CDIAC continues to serve its core constituency, local public agencies, through its educational programs. Figure 6 reflects the agency types that participated in CDIAC programs during the past fiscal year. In FY 2020-21, approximately 65% of the attendees of CDIAC's educational programs were representatives of cities, counties, special districts, schools and other local government entities. Private sector attendees represented 19% of attendees in FY 2020-21.

CDIAC Education Programs Offered in FY 2020-21

WEBINARS

In FY 2020-21, CDIAC held six topical webinars, one core program delivered as a six-part series, and one co-sponsored program.

On August 12, 2020, California State Treasurer Fiona Ma, CPA joined CDIAC and the California Society of Municipal Finance Officers in the *California Local Public Finance Virtual Forum: A Conversation with Treasurer Fiona Ma, CPA*, which encouraged the audience to join a collaborative discussion on public finance solutions that would address the unprecedented challenges California agencies were facing from the COVID-19 pandemic. Topics included the state of public finance in California and audience-driven questions regarding their challenges, successes, and ideas for restoration of California's communities.

The webinar tutorial, *Steps for Filing Your Marks-Roos Yearly Fiscal Status Report*, was broadcast on August 27, 2020 and offered filers a step-by-step walkthrough of submitting the *Marks-Roos Yearly Fiscal Status Report* through CDIAC's online reporting platform. The webinar provided tips and tools helpful to both new and experienced filers and also addressed frequently asked questions that CDIAC has received regarding the filing of this annual report.

Municipal Debt Issuance Fundamentals was a two-part webinar series that described the debt issuance process from a birds-eye view, highlighting the most important information needed for a fundamental understanding of the bond issuance process.

Session one, *The Path to Issuance*, was conducted on September 9, 2020 and began with the issuance process starting with the decision to issue debt and followed the process through the sale date. Webinar objectives

FIGURE 5

SEMINARS, CONFERENCES, WORKSHOPS AND WEBINARS ATTENDANCE
FYs 2016-17 THROUGH 2020-21

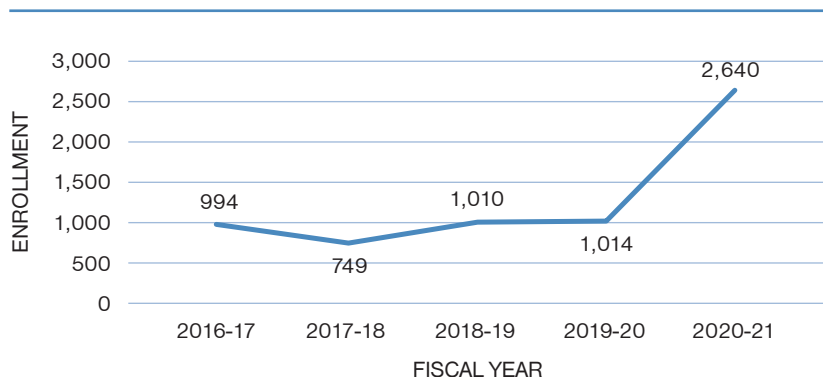
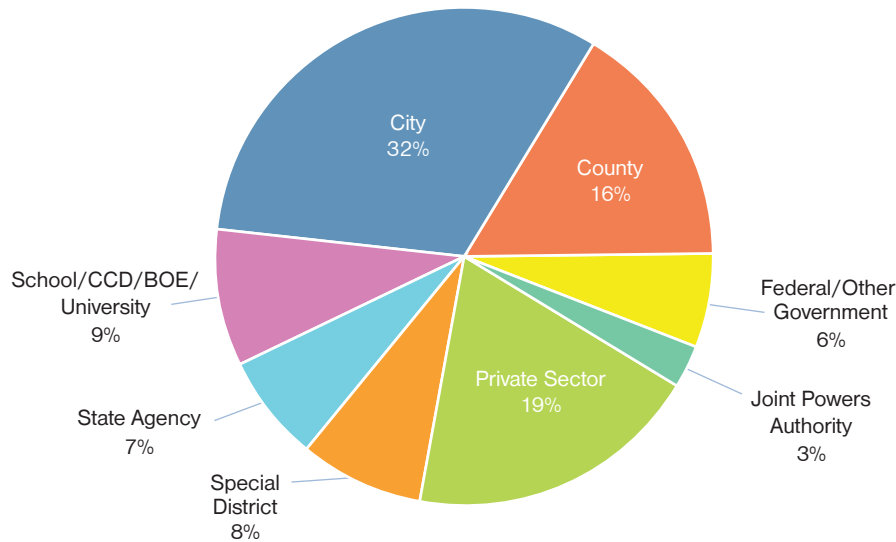


FIGURE 6

**ENROLLMENT AT CDIAC EDUCATIONAL PROGRAMS BY AGENCY TYPE
FY 2020-21**



included gaining an understanding of the roles and responsibilities of the issuer and their financing team, initial and continuing disclosure undertakings, bond pricing, and day of sale activities.

Session two, *You Sold Your Bonds, Now What?*, was conducted on September 16, 2020 and focused on what occurs from the time of sale to bond closing, and issuer responsibilities the day after the closing through the time when the bond is repaid or refunded. Attendees were provided information on setting up and managing post-issuance debt administration such as tracking expenditures, maintaining tax compliance and investor relations, and managing internal controls.

An introductory two-part webinar series, *Mello-Roos Community Facilities Districts Fundamentals*, provided an overview of Community Facilities Districts (CFDs), or Mello-Roos Districts, which have been used by public agencies since 1982 to finance public infrastructure and community facilities.

Session one, *The Mello-Roos Community Facilities Act of 1982 and the CFD Formation Process*, was conducted on November 10, 2020 and introduced the Mello-Roos Community Facilities Act, reviewed the history of CFDs, discussed pre-CFD formation considerations and specific steps involved in the CFD formation process. Participants gained a basic understanding of the role of public agency staff and financing team members in the CFD formation and ongoing CFD administration process.

Session two, *Community Facilities District Bond Issuance and CFD Administration*, was conducted on November 17, 2020 and addressed post-CFD formation. This session included an overview of the CFD bond issuance process, a discussion of a public agency's initial and ongoing disclosure requirements, and a description of the steps involved in ongoing administration of a CFD.

CORE SEMINARS

In FY 2020-21, CDIAC hosted one core educational program in January 2021, *Fundamentals of Public Funds Investing*, in collaboration with the California Municipal Treasurers Association (CMTA). This interactive six-part webinar series provided fundamental concepts, tools, and strategies to manage and oversee public investment portfolios.

Session one, *Introduction to Public Funds Investing*, was broadcast on January 12, 2021 and established a foundation to be built upon in subsequent sessions in the webinar series. The presenter discussed the roles and responsibilities of public sector officials and the private sector entities assisting, as well as liability and ethical considerations that may be encountered. This session also provided an introduction to terms and concepts used in the management of public funds and provided context as to why these terms are important to the public official.

Session Two, *California Government Code, Legal Investments, and Investment Policy*, was broadcast on January 14, 2021 and discussed the California Government Code as it relates to the authorization of permissible investments for California public agencies. This session introduced permissible investments, and then discussed the process of developing an investment policy, setting realistic investment goals, maintaining an agency's investment objectives, measuring performance, and determining risk tolerance.

Session three, *From Policy to Construction: Portfolio Structure and Diversification*, was broadcast on January 19, 2021 and introduced many of the issues considered relevant to constructing a public fund portfolio and provided a framework for building either a book yield or a total return portfolio.

Session four, *Benchmarking*, was broadcast on January 21, 2021 and focused on benchmarking as a means to monitor and manage performance addressing the purpose and use of benchmarks, the benefits of benchmarking, the development of benchmarks, and the evaluation of investments against these benchmarks. A live demonstration was conducted using Excel to develop and evaluate benchmarks.

Session five, *Cash Flow and Cash Flow Forecasting*, was broadcast on January 26, 2021 and covered the management of a public agency's cash requirements, including balancing revenues (taxes and fees) with monthly

obligations, periodic debt-service payments, and other recurring or non-recurring cash demands. In addition, speakers introduced the practice of preparing and implementing a cash flow forecast, using the forecast to make investment decisions, and the difference between forecasting operating cash and bond proceeds.

Session six, *Investment Accounting, Disclosure, and Reporting*, was broadcast on January 28, 2021 and introduced public funds investing accounting concepts such as mark-to-market, cost value, book value, and Governmental Accounting Standards Board (GASB) Standards 31, 40, and 72. A separate discussion explored a public agency's investment reporting responsibilities, including strategies and templates used to present reports to governing boards.

CO-SPONSORED SEMINARS

CDIAC hosted a virtual pre-conference at *The Bond Buyer's 30th Annual California Public Finance Conference*. The pre-conference, *Informing the Investment Decision: Climate Change Disclosure in the Municipal Market*, marked the 19th year CDIAC has collaborated with *The Bond Buyer*. This two-session webinar program was held on October 26, 2020 and panelists discussed investor expectations for climate change disclosure and how issuers contend with these expectations.

Session one, *Market Expectation for Climate Change Disclosure*, explored the market's perspective of how climate is shaping credit quality, how investors are analyzing investment risks related to climate change, how an issuer should address climate change in their disclosures, and how market expectations have evolved over time.

Session two, *The State of Climate Change Disclosure: Issuer Approaches and Practices*, explained the fundamental legal requirements for disclosing climate risk, presented new CDIAC research on the climate disclosure practices of California enterprise issuers, and discussed strategies that some issuers have used to model best practices for disclosure of climate risk.

Support of the State Treasurer's Office (STO) Divisions, Boards, Authorities and Commissions (BCAs)

During FY 2020-21, the Education Unit provided assistance to several BCAs within the STO. Using CDIAC's webinar portal and staff expertise, more than 3,000 stakeholders were trained or informed through the broadcasting of seven webinars. Figure 7 reflects the webinars that have been completed as of the date of this report and includes, the agencies CDIAC assisted, the number of webinars, and the number of registrants for each program.

FIGURE 7

STO SUPPORT, FY 2020-21

AGENCY	# OF WEBINARS	TOTAL PARTICIPANTS
California Achieving a Better Life Experience Act Board (CalABLE)	2	1,016
California School Finance Authority (CSFA)	4	1,988
Local Agency Investment Fund (LAIF)	1	332
TOTALS	7	3,336

RESEARCH UNIT

California Government Code Section 8855(h)(5) authorizes CDIAC to undertake research projects that improve practices or reduce the borrowing costs of public issuers in California. For FY 2020-21, CDIAC staff have either completed or initiated the following research projects:

CDIAC Projects Completed

BENEFITS AND LIMITATIONS OF OPTION ADJUSTED SPREAD. This issue brief provided an introduction to option-adjusted spread (OAS) analysis. This brief included an overview of what OAS is, how it is used, and the assumptions and limitations of OAS analysis.

CALIFORNIA DEBT FINANCING GUIDE (DEBT FINANCING GUIDE) INTERACTIVE APPLICATION. After the publication of the *Debt Financing Guide*, CDIAC contracted for the development of the *Debt Financing Guide* into an interactive application. This application can be downloaded on a personal device (phone, tablet, laptop), making the *Debt Financing Guide* more accessible for users. The application went live December 22, 2020.

CLIMATE CHANGE DISCLOSURE AMONG CALIFORNIA ENTERPRISE ISSUERS. This report featured an original study of initial disclosure practices of risks of climate change for enterprise revenue issuers in California. CDIAC reviewed disclosure practices of more than 170 unique issuers over a three-year period, and found the majority of issuers did not mention climate change in the official statement, and that climate risk disclosure practices varied significantly based on several factors, including issuance size, issuance frequency, geography, and year.

COVID-19 DISCLOSURE DASHBOARD. CDIAC developed the COVID-19 Dashboard over the past year, to provide on-going updates on the number of continuing financial disclosures submitted by California public agencies in response to economic effects of the COVID-19 pandemic. The COVID-19 Disclosure Dashboard contains continuing disclosures submitted to

the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) system by California public agency issuers.

INVESTING IN CALLABLE SECURITIES. This Issue Brief provided public investment officials with information to assist in the evaluation of callable securities. It also provided information on the key characteristics of this security and concluded with recommendations to consider when considering whether or not to invest in callable securities.

K-14 VOTER APPROVED GENERAL OBLIGATION BONDS: AUTHORIZED, BUT UNISSUED - 2021 UPDATE. CDIAC cross-referenced K-14 general obligation bond issuance with the underlying voter approved authority to determine the amount of general obligation bonds that were authorized, but unissued since 2002. This update added election and issuance activity for calendar year 2020 to the original data.

LOCAL AGENCY INVESTMENT GUIDELINES: UPDATE FOR 2021. CDIAC, working collaboratively with investment professionals, reviewed and updated the *Local Agency Investment Guidelines*. This document provides references and recommendations for interpreting and applying California statute to common public fund investment scenarios and practices. The 2021 update reflected statutory changes effective January 1, 2021.

RESULTS OF THE 2020 PRIMARY ELECTION: BOND AND TAX MEASURES APPEARING ON THE 2020 PRIMARY BALLOTS. This report provided an analysis of the certified results of the bond and tax elections held in the June 2020 Primary Election as well as a detailed listing of each bond and tax measure by county, region, type of tax or debt, and purpose.

RESULTS OF THE 2020 GENERAL ELECTION: BOND AND TAX MEASURES APPEARING ON THE 2020 GENERAL ELECTION BALLOTS. This bi-annual report provided an analysis of the certified results of the bond and tax elections held in the November 2020 General Election as well as a detailed listing of each bond and tax measure by county, region, type of tax or debt, and purpose.

TOP COVID-19 DISCLOSURE "HACKS". This issue brief featured the results of interviews with several experts in the field about best practices for issuers who were considering disclosure of the effects of COVID-19 on their agency's financial condition. This original research addressed concerns raised by municipal issuers regarding their disclosure responsibilities to investors, as many issuers expressed an "analysis paralysis" of whether, and how, to disclose the effects of COVID-19.

2021 Outlook: Proposed or Initiated Projects and Activities

CONVEXITY. CDIAC will review the public fund investment concept of convexity. This review will include what convexity is, how it is calculated, and applications in the public finance field. Understanding convexity allows for a stronger intuition about the relationship between changes in yield and duration for a bond. Convexity is an important consideration during periods of market volatility, as large moves along the yield curve can affect bond duration.

DISCLOSURE PRIMER. CDIAC will develop a concept to create a primer on municipal market disclosure. It is envisioned this primer would be a companion to the *California Debt Issuance Primer* and provide a detailed desk-reference for public finance officials on disclosure requirements and best practices.

INVESTMENT POLICY REVIEW. CDIAC will review local investment policies for compliance with the California Municipal Treasurers Association (CMTA) policy certification guidelines and the Government Finance Officers Association (GFOA) recommended best practices. Local agencies in California may voluntarily certify their policies with CMTA, to verify they have adopted investment policies that comply with industry best practices. This review will examine the extent to which local agencies are adhering to industry best practices.

K-14 VOTER APPROVED GENERAL OBLIGATION BONDS: AUTHORIZED, BUT UNISSUED ANALYSIS OF OUTSTANDING AUTHORITY. CDIAC will research why some issuance authority from prior years remains unused and if issuers have authorized new replacement authority since original issuance in prior years.

LEASES IN CALIFORNIA, THEIR FORM AND FUNCTION. CDIAC will update prior research and review current lease trends in California. This analysis will include a review of the impacts of recent court decisions related to school leases. CDIAC will also analyze disclosure data to assess the organizations most commonly issuing lease deals and how leases are used.

LOCAL AGENCY INVESTMENT GUIDELINES: UPDATE FOR 2022. CDIAC, working collaboratively with private sector and local agency investment professionals, will review and update the *CDIAC Local Agency Investment Guidelines*. This document provides references and recommendations for interpreting and applying California statute to common public fund investment scenarios and practices. The 2022 update will reflect statutory changes effective January 1, 2022.

LOCAL AGENCY INVESTMENT GUIDELINES (LAIG) INTERACTIVE APPLICATION DEVELOPMENT. Building on the success of the *California Debt Financing Guide* interactive application, CDIAC will assess the feasibility of the conversion of the LAIG into an interactive application.

MARKS-ROOS REPORTING: 20-YEAR REVIEW OF MARKS-ROOS ANNUAL REPORTING TO CDIAC. CDIAC will review twenty years of Yearly Fiscal Status Reports filed by issuers and obligors of Marks-Roos financings with CDIAC, covering fiscal years 1996-97 through 2016-17. This review will identify trends in Marks-Roos issuance, highlighting market or legislative changes that may have impacted Marks-Roos issuance practices.

PENSION EDUCATION FOR ELECTED OFFICIALS. CDIAC is developing an education module for local elected officials to help them navigate pension-funding basics, including common terminology, and understanding their role in funding decisions. This education module consists of two 30-minute pre-recorded webinars available for viewing from the CDIAC website anytime.

REVIEW OF LOCAL CANNABIS TAX MEASURES. CDIAC will review local bond and tax measures that apply to cannabis since the passage of Proposition 215 (Medicinal Marijuana). The report will provide a brief history of the legalization of cannabis in California and explore the different taxing strategies approved by local voters that apply to the cannabis industry in California.

RULE 144A SECURITIES. CDIAC will update research on Rule 144A Securities to include 2020 rule changes made by the Securities and Exchange Commission (SEC). The SEC amended the definition of “accredited investor” and “qualified institutional buyer” (QIB) in Rule 144A under the Securities Act of 1933. The SEC added new categories of investors under these definitions that now allow government agencies and government bodies to take advantage of some aspects of private capital markets in which they were previously prohibited from participating.

2021 Ongoing Activities

DEBT AND INVESTMENT LEGISLATION AFFECTING STATE AND LOCAL GOVERNMENTS. CDIAC will continue to monitor the status and maintain an inventory of important state and federal legislation affecting public finance, municipal bond issuance, and public funds investing. Published periodically in *Debt Line* during the legislative session, the online inventory includes helpful links to the most current information on pending legislation.

DEBT LINE. CDIAC will continue to publish *Debt Line*, a monthly newsletter including issuance statistics and analysis, research articles, important dates and details arising from MSRB and SEC regulatory activities,

and announcements of educational programming provided by CDIAC and allied organizations.

OUTREACH AND COLLABORATION WITH PUBLIC FINANCE ORGANIZATIONS. CDIAC will continue to work with public finance organizations, public agencies and research organizations to identify and assess new forms of public debt and investments coming into the market. This collaboration helps to keep CDIAC informed of market trends and emerging products and practices to produce research that is timely and relevant.

WEEKLY SNAPSHOT OF PROPOSED DEBT ISSUANCE BY CALIFORNIA ISSUERS. CDIAC provides information about proposed debt issuance activity for California's public agencies. This "snapshot" of data provides the market with summary level information about the term of the proposed debt, identifies if the proposed debt is "new money" or a refunding and includes private placement activity. The information provided in the Weekly Snapshot is from the Reports of Proposed Debt Issuance (RPDI) that are submitted to CDIAC by public agency issuers prior to issuance.