



AGENDA ITEM 3 (INFORMATION ITEM)

EXECUTIVE DIRECTOR'S REPORT

JUNE 22, 2023

FISCAL 2023-24 BUDGET PROPOSAL

CDIAC's proposed budget for the fiscal year (FY) 2023-24 is \$4,215,000, which is a slight decrease from FY 2022-23 total expenditure authority inclusive of mid-year adjustments. The total budget authority includes \$4,035,000 in baseline expenditure authority and \$180,000 in reimbursed expenditure authority. CDIAC receives reimbursements from the fees it charges attendees of CDIAC's in-person educational programs.

In FY 2023-24, CDIAC is authorized for 21 full-time staff. The following chart provides a three-year overview of CDIAC's authorized budget.

CDIAC BUDGET APPROPRIATION WITH ADJUSTMENTS (THOUSAND \$)

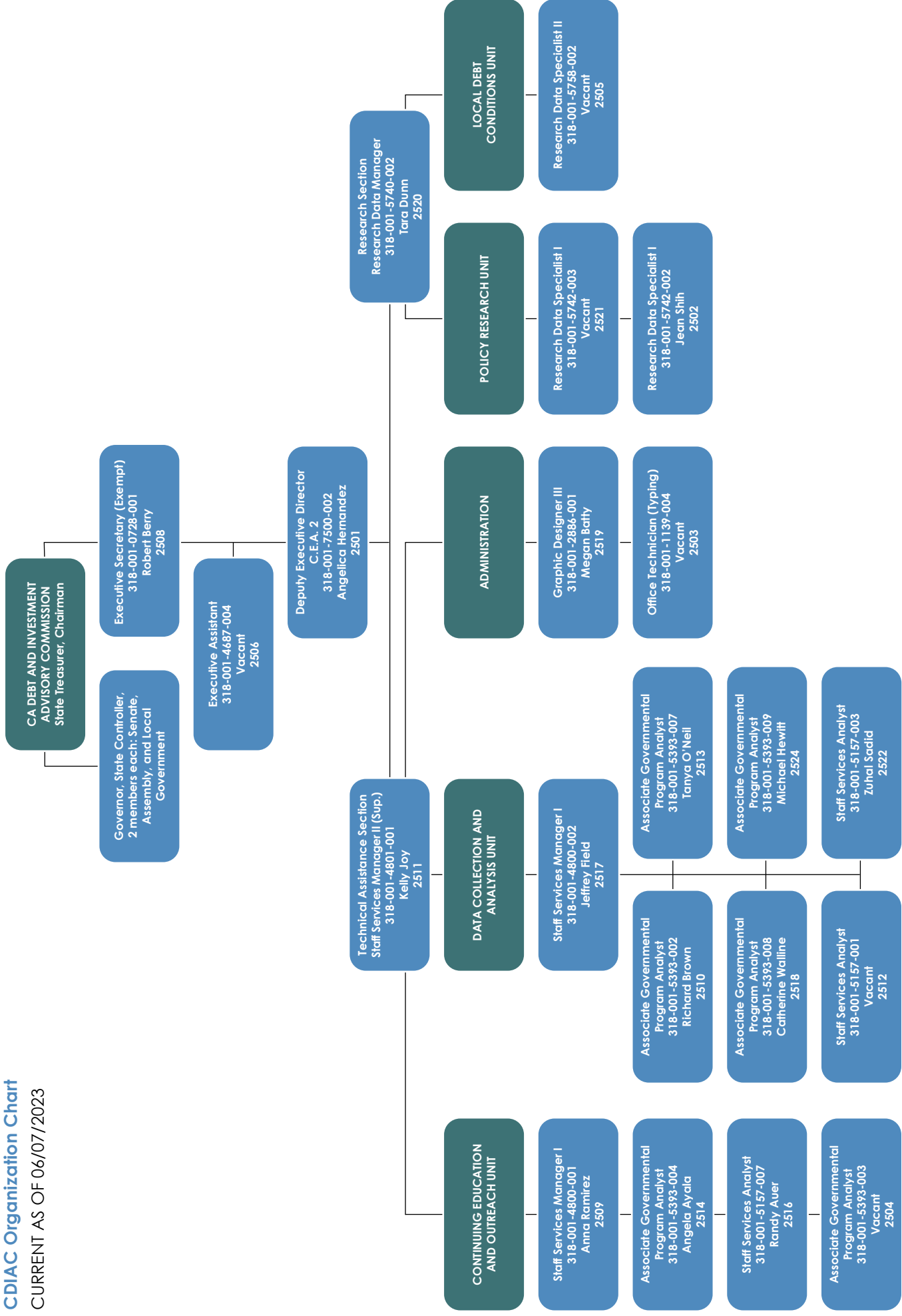
	FY 2021-22 ENACTED	FY 2022-23 ENACTED	FY 2023-24 PROPOSED
Authorized Positions	21	21	21
Personal Services	\$2,595	\$2,656	\$2,780
Operating Expenses & Equipment	1,453	1,435	1,435
BUDGET ACT APPROPRIATION ^A	\$4,048	\$4,091	\$4,215
Mid-year Adjustments ^B	27	133	-
GRAND TOTAL	\$4,075	\$4,224	\$4,215

^A Includes \$180,000 appropriation authority for reimbursements.

^B MID-YEAR ADJUSTMENTS (THOUSANDS \$)

	FY 2021-22	FY 2022-23
Pension Contributions	\$0	\$0
Compensation Reduction	0	0
Employee Benefits	37	26
Salary Adjustments	76	60
Other Post-Employment Benefits	0	0
Section 4.05 Ongoing Expenditure Reductions	-83	0
Retirement Rate Adjustments	-3	47
TOTAL	\$27	\$133

CDIAC Organization Chart
CURRENT AS OF 06/07/2023



* Temp help

CDIAC FUND CONDITION

Fee Revenue

Last year CDIAC projected a 2% decrease – and warned of a potential larger decrease – in FY 2022-23 revenue due to economic uncertainty led by significant inflationary conditions, geopolitical instability, and actions by the Federal Reserve. Based upon nine months of actual revenues and receivables as well as estimates for April, May, and June 2023, CDIAC’s FY 2022-23 fee revenue is expected to decrease by nearly 21% from the revenue received in FY 2021-22.

It is important to note that issuance activity and CDIAC fee revenue reached record levels in calendar years 2020 and 2021. Current FY 2022-23 fee revenue is comparable to FY 2018-19 revenue levels.²

CDIAC fee projections are typically based on municipal issuance projections by market participants. Given the expectation of a continuation of unpredictable economic conditions and declining municipal revenues, few are projecting an increase in US municipal debt issuance for the calendar year 2023.³ Consistent with the predictions for restrained issuance activity, CDIAC is projecting a modest 4% decrease in fee revenue in FY 2023-24.

Expenditures

Total expenditures for FY 2022-23 are expected to total \$3.95 million, which is approximately 15% higher than in FY 2021-22. This increase in expenditures is attributable to CDIAC’s return to in-person educational programs and the one-time investment in the next phase of the End-to-End database enhancement project. CDIAC was successful in filling three open positions in its management ranks and one staff member during the fiscal year, but due to internal hiring and resignations CDIAC will finish the fiscal year with six vacancies.

Operations expenditures in FY 2023-24 are expected to be approximately \$3.85 million, slightly below FY 2022-23. The key driver of expenditures in the new fiscal year will continue to be personnel costs. Although CDIAC is planning to bring on new team members and therefore incur additional personnel costs, the expenditure estimate for the fiscal year includes adequate remaining resources to carry on with CDIAC’s critical projects.

² California Debt and Investment Advisory Commission, Commission Meeting: Agenda Item 3. Executive Director’s Report, June 17, 2020, pg. 13, www.treasurer.ca.gov/cdiac/meeting/2020/20200617/staff/3.pdf

³ *The Bond Buyer*, “Off Monty, Off Year for Volume,” January 3, 2023, pg. 1.

Fund Balance

CDIAC expects the year-end fund balance for FY 2022-23 to decrease by about 9%, even as expenditures are estimated to come in less than baseline budget authority. Given the projection of a 4% decrease in revenue for FY2023-24, it is expected that the fund balance at the end of FY 2023-24 will experience a 12% decrease as total expenditures are expected to exceed projected total revenues. Fee revenue will be monitored, and discretionary expenditures adjusted during the course of the fiscal year to mitigate fund balance degradation due to a revenue decline during the fiscal year in excess of the projection.

CDIAC FUND CONDITION (THOUSAND \$)

	FY 2021-22 ACTUAL	FY 2022-23 ESTIMATED ^A	FY 2023-24 PROJECTED ^B
RESERVES, ADJUSTED	\$6,907	\$7,410	\$6,750
REVENUE			
Fees	\$4,296	\$3,400	\$3,250
Interest	25	100	75
Reimbursements, Misc.	5	70	20
General Fund Transfer	-100		
TOTAL REVENUES	\$4,226	\$3,570	\$3,345
EXPENDITURES			
State Operations	\$3,336	\$3,950	\$3,850
Adjustments (Prorata, Pension Payment)	387	280	331
TOTAL EXPENDITURES	\$3,723	\$4,230	\$4,181
FUND BALANCE	\$7,410	\$6,750	\$5,914

^A FY 2022-23 fee revenue estimates are based on receipts and receivables through March 31, 2023, and invoice estimates for April-June. Operations expenditures are based on internal fiscal year budgeting. Operations expenditures are projected to be just under the baseline budget authority (total authority less reimbursements).

^B FY 2023-24 issuance fee revenue projections were based on market conditions remaining consistent with FY 2022-23. Operations expenditures are projected to be lower than the baseline budget authority before adjustments (total authority less reimbursements).

FY 2022-23 SUMMARY OF ACCOMPLISHMENTS

Debt Data Collection and Reporting

In June 2022, CDIAC completed the first phase of its End-to-End database enhancement project, which consisted of the consolidation and integration of CDIAC's data collection system and internal debt database. The new system, branded as the Data Portal, is the first cloud-based, proprietary database application in the Treasurer's office as well as one of the first natively developed in the cloud in California state government. The Data Portal provides secure access for issuers to submit statutorily required disclosure to CDIAC and features a personalized dashboard that displays work in progress and future filing obligations, an intuitive reporting process, and the ability for issuers and their agents to manage their own data.

Given the launch of the Data Portal just two weeks before the start of FY 2022-23, all of the data collected during the fiscal year was submitted by CDIAC's constituents through the Data Portal. CDIAC continues to track the numbers of various "reports" submitted to CDIAC, but with the advent of the Data Portal, the reports are more aptly described as data "submissions" at stages during the debt's lifecycle. At each stage, issuers and/or their designated filing agents engage with the Data Portal and submit specific data that is required by statute and/or regulation. Each submission is reviewed by CDIAC staff before it is accepted as a valid submission. Over time, the collection of data grows from information relevant to the proposal and issuance of debt through to the use of proceeds and repayment.

Based on data received through May and estimates for June, it is projected that CDIAC will have received and processed data from over 16,000 submissions at the conclusion of FY 2022-23. This is nearly the same number of submissions as in FY 2021-22 despite the significant decline in public debt issuance activity over the past year.

The number of submissions associated with new debt issuance, the Reports of Proposed Debt Issuance and Final Sale, declined by almost 37%. Submissions associated with Mello-Roos and Marks-Roos annual reporting requirements were on par with the prior fiscal year; Marks-Roos submissions fell by less than 1% and Mello-Roos submissions increased by almost 6%.

The significant reduction in issuance submissions in FY 2022-23 was offset by the growth in the Annual Debt Transparency Report (ADTR) submissions. The number of ADTR submissions in 2022-23 was nearly 8,500, which was an over 20% increase from the prior fiscal year. The number of ADTR submissions is expected to grow – at minimum – by 60-70% of the prior year's issuance submissions. Growth beyond the minimum is expected due to the removal of barriers to submitting data

provided by the Data Portal and efforts by CDIAC to increase compliance with annual reporting obligations.

Since the launch of the Data Portal, CDIAC has pursued continuous improvements. In addition to expected debugging during the first year of the Data Portal's existence, operational efficiencies have been achieved through the development and installation of new applications and features. Among the improvements is an automated invoicing application that is programmed to send e-invoices, report invoice activity internally, and track payment receipts and delinquencies. CDIAC has also deployed a batch filing system for ADTRs. The batch system will allow a filer to submit ADTR data for multiple debt issues – in some cases hundreds – in a single reporting session through the upload of a spreadsheet. The batch is a potential “game changer” that is expected to boost compliance, increase internal efficiencies, and drastically reduce the administrative burden to constituents.

Continuing Education

FY 2022-23 marked CDIAC's return to the in-person format for educational programming. Given the pandemic-driven hiatus since March of 2020, CDIAC rolled out one of the most ambitious in-person education schedules it has had in many years. The schedule included 5 separate programs over 9 calendar days with 70 expert presenters, which attracted participation from nearly 500 attendees.

In September, in collaboration with *The Bond Buyer*, CDIAC produced the Pre-conference to *The Bond Buyer's* California Public Finance Conference in Los Angeles. This was the 32nd California Public Finance Conference and the 21st time CDIAC has produced the event Pre-conference. This past year's Pre-conference, entitled *Navigating the Challenges of Borrowing and Credit in a Post-Pandemic Economy*, was designed to explore the challenges issuers were facing amidst the economic conditions and how their financing approaches helped to manage challenges and mitigate risks. Over 200 participants attended the program, which featured a kick-off presentation from a respected economist as well as three separate panels of experts who addressed the topic from their perspectives as issuers, advisors, bankers, and analysts in the three principal sectors of the municipal market: the city-county, transportation, and water and wastewater sectors. The program also featured a luncheon keynote address by Treasurer and CDIAC Chairperson, Fiona Ma.

In October, CDIAC produced its flagship education program on debt issuance and administration: *Debt Essentials*. Over 100 participants took part in a comprehensive curriculum on debt financing through multiple lectures and activities over three days in Seaside. The *Debt Essentials* program covered the fundamentals of debt financing; the

mechanics of planning, preparing, and issuing debt; and post-issuance administrative requirements.

In November, CDIAC travelled to Pomona to present another program from its core programming, *The Fundamentals of Land-Secured Financing*. Nearly sixty participants were engaged by the faculty in a comprehensive one-day exploration of the Mello-Roos and assessment district financing process from district formation to post-issuance administration.

In cooperation with the California Municipal Treasurers Association, CDIAC presented its annual investments program in Montebello in January. The two-day program, entitled *Public Funds Investment: Strategy in Practice*, presented a newly developed curriculum that explored intermediate-level strategies in asset-liability matching, duration optimization, security selection and benchmarking through a combination of lectures and hands-on simulations. Fifty public investment professionals from across the state participated in the program.

CDIAC's in-person slate wrapped up in March with the two-day presentation of *Municipal Market Disclosure* in Folsom. The first day focused on the fundamental law and best practices that guide the initial and continuing disclosure that is required to access the municipal debt markets. Day two focused on the emerging – and sometimes controversial – disclosure challenges presented by the issuance of labeled debt and the risks presented by cyberattack and climate change. More than 70 participants took part in the program that featured highly respected and experienced regulators, legal experts, issuers, and consultants.

While the focus in FY 2022-23 was on meeting the pent-up demand for in-person programs, CDIAC also made great strides in the development of the Elect>Ed series of on-demand electronic courseware for elected officials. CDIAC released two new modules in the debt issuance and administration curriculum. Module 5, *It Takes a Team: The Role of External Professionals in a Successful Issuance*, released in August, explores the functions, fiduciary responsibilities, interests, and compensation of external finance team members and discusses their roles in the context of the typical debt issuance process. Module 6, *Marketing and Structuring Strategies for a Win-Win Debt Issuance*, released in May, provides an overview of the market for municipal debt and discusses the alignment of debt marketing and structuring strategies with market preferences to achieve desired financing objectives.

Interest in CDIAC's online education offered through the CDIAC Education Portal has been growing. Fueled by interest in the Elect>ED series, the Education Portal now has over 500 registered users taking advantage of dozens of different courses in the debt and investment disciplines of public finance.

Research and Guidance

The CDIAC research team supported and contributed to efforts across the organization including the development of the Elect>Ed modules and the new Data Portal. They are the primary contributors of content for *Debt Line*, CDIAC's statutorily required monthly newsletter, and publishers of several engaging data tools such as the "Weekly Snapshot" of proposed debt.

The research team also completed a number of projects that either provide guidance on topics of debt issuance and public investments for public agency officials or inform public finance policy decisions.

CDIAC's recurring update of the *Local Agency Investment Guidelines* was completed to support CDIAC's annual educational programming related to public investment. Local public agency investment professionals eagerly await the update as it provides the latest information and guidance for interpreting and applying state and federal law to the practice of the investment of surplus funds.

The 2023 update of *K-14 Voter Approved General Obligation Bonds: Authorized, But Unissued*, identified over \$66 billion of unissued, voter-approved general obligation bond capacity among school and community college districts from elections since the passage of Proposition 39 in 2001. This year's report also included an investigative look at the factors that have caused nearly \$8 billion of 2008 authorization to remain unissued.

CDIAC continued its long-standing research tradition of compiling and analyzing results of the state and local bond and tax measures included on primary and general election ballots. CDIAC published *Bond and Tax Measures Appearing on the 2022 Primary and Local Election Ballots* and *Bond and Tax Measures Appearing on the 2022 General and Local Election Ballots*. This report series, spanning 44 elections, provides a detailed analysis of the certified results of bond and tax elections. The data collected through this process contributes to CDIAC's tracking of bond authorizations and provides key data points for the annual K-14 authorized, but unissued report.

In the 1990s, lease financing among California's local agencies proliferated as a method of financing public improvements without the burden of obtaining two-thirds voter approval. Concern among policymakers over the practice caused CDIAC to respond with information and guidance developed over the better part of the decade. Today, lease financing is a standard public financing tool, but some applications seem to be pushing the boundaries of the legal foundations and market acceptance. CDIAC recognized a need to update past information and guidance and thus embarked on its most ambitious research project of the year. In partnership

with local public agencies and market professionals, CDIAC launched its *Lease Financing in California* content series. The first two publications of the three-part series were published in FY 2022-23.

Legal Foundations of Lease Financing in California provides the foundational legal construct upon which all California lease financing is built. It provides a thorough explanation of how financing lease structures and practices have necessarily emerged from the law.

Practical Considerations and Decision Points for Municipal Lease Financing In California describes and explores the practical applications and considerations for municipal lease financing, with a focus on the key decision points for public agencies that use lease financings.

FOCUS FORWARD: PLANNING HIGHLIGHTS FOR FY 2023-24

CDIAC's mission is to improve the practice of public finance in California by providing responsive and reliable information, education, and guidance. CDIAC seeks consistent achievement of this mission by delivering products and services that are timely, of the highest achievable utility, simply discovered and accessed, and provided in the formats and modes supportive of contemporary learning preferences.

CDIAC made significant strides in advancing strategic objectives while working to overcome significant human resources challenges. In the year to come, the focus will be on adding to the energy and talent of the CDIAC team and achieving several significant goals that will position the organization for future success. CDIAC will direct its activity in pursuit of the following strategic objectives.

End-To-End (E2E) Enhancement of the California Debt Database

Continually enhance the CDIAC data collection and database application to improve the constituent experience while increasing data validity, issuer compliance, and processing capacity. Deploy a fully integrated data distribution application to improve data access, timeliness, and utility for all users and empower issuers to actively manage their data.

FY 2023-24 will be the second year of data reporting through the Data Portal and CDIAC is actively pursuing opportunities for continuous improvement. CDIAC expects to continue periodic training opportunities for constituents and to build out internal operational policies and procedures to support enhanced efficiency and data quality.

FY 2023-24 will be the first-year that high-volume filers will have access to the all-new ADTR batch processing application. Candidates for using the application will be selected and trained, and internal policies will be built to successfully manage this high-volume data submission process.

CDIAC will also begin to measure progress toward the overall project objectives including increased filing speed and data validity, reduced customer service demands, and increased compliance with statutory reporting obligations. Toward the goal of increasing compliance, CDIAC intends to develop capability within the Data Portal to automatically notify issuers via e-mail of their reporting obligations by type of data submission and by specific debt issue.

The most ambitious project, however, for the coming year will be Phase 2 of the End-To-End project: DebtWatch 2. Under a special agreement with the Information Technology Division of the Treasurer's Office, CDIAC will fully integrate CDIAC's data distribution functions, carried out in large part through the current version of DebtWatch, into the Data Portal. Upon completion of the year-long project, CDIAC will have not only created a single cloud-based data collection, database, and data distribution application, but also consolidated and integrated the various data reports and visualizations prepared by CDIAC in one location. Integration of the data distribution function will provide consumers of CDIAC's data an intuitive and engaging interface as well as the ability to find and acquire the data they seek simply and in formats of greatest utility. It will also automate aggregation of specific data sets into established visualizations and tabular reports and drastically accelerate the distribution of important information to the public. The project scope will also include special features open only to CDIAC's issuer constituents, which are intended to more effectively showcase filers' information and engage them in a data maintenance partnership with CDIAC.

New Delivery Methods for Educational Programming

Increase access, utility, and consumption of educational programming and guidance by using current technologies and contemporary methods.

HYBRID OPPORTUNITIES

With the installation of the Education Portal, CDIAC is positioned to integrate electronic programming with traditional in-person programming using a hybrid approach. This approach allows CDIAC to create a more rounded educational experience that can adapt to a wider range of experience among participants. CDIAC will be able to produce e-learning courseware and webinar programs that support in-person curricula and provide more opportunity during in-person events for applied learning, idea exchange, and coverage of topical subject matter.

CDIAC has identified two subjects as potential opportunities to employ this hybrid approach: fundamental disclosure and the presentation of investment returns to oversight boards. These programs would be built around 30-to-45-minute scripted presentations by experienced members of CDIAC's faculty and would also include integrated knowledge assessment and automated-certification features.

ELECT>ED

The coming year will mark the long-awaited completion of the Elect>ED curriculum of debt issuance and administration. CDIAC anticipates that two new, on-demand modules will be published to the Education Portal. Module 7, entitled *The Commitments You Make: Implications and Documentation of Long-Term Debt*, is expected in fall of 2023. The content for this module covers the implications of debt for the agency as well as how commitments are documented over the course of the issuance process. Module 8, entitled *Living with Debt*, is expected this winter, and will cover how elected officials can contribute to and benefit from an agency's reputation as a model borrower.

Core and Topical Educational Programs

Develop and conduct core and topical training in debt issuance and administration and the investment of public funds. Emphasize applied learning opportunities and use of technology to enhance the learner's experience.

TOPICAL WEBINARS

CDIAC will use the webinar format to produce educational content around emerging public finance topics and would like to enhance programs through the integration of companion publications and guidance produced through CDIAC's research activities.

Planning is underway for a two-part series in Summer 2023 on pension management strategies that agencies can employ to manage unrelenting unfunded liability. In November 2023, CDIAC will produce a multi-part series on lease financing. This series is intended to reinforce the information and guidance in the *Lease Financing in California* content series as well as adding additional practical content from the experts that collaborated with CDIAC on the project.

IN-PERSON PROGRAMS

For the 22nd year, CDIAC will produce the Pre-conference to *The Bond Buyer* California Public Finance Conference. The Pre-conference, a half-day program, addresses an emerging topic in California public finance. Scheduled for October 18 in San Francisco, this year's preconference will

focus on the exploration and application of strategies that issuers can use to lower their borrowing costs in the current economic conditions.

On February 28 and 29, in cooperation with the California Municipal Treasurers Association, CDIAC will hold its *Fundamentals of Public Funds Investing* program in northern California. This program will cover fundamental terminology and investment concepts, legal requirements and limitations, policies and reporting, cash flow management, security selection, and portfolio analysis.

In March or April 2024, CDIAC will produce *Land-Secured Financing: Advanced Topics*. This program explores topics beyond the fundamental aspects of Mello-Roos and assessment district financing including new statutory and case law, the combination of land-secured and tax-increment tools to achieve broader objectives of development finance, and innovation in the application of land-secured financing structures.

Develop Timely and Practical Guidance and Integrated Research

Develop analyses, reports and tools that improve the practice of public finance and are integrated with – or foundational to – other products, services, or research.

RESEARCH TO SUPPORT EDUCATIONAL PROGRAMMING

CDIAC will direct its research work to support and enrich the educational programming produced during the year. The research team will focus on producing articles, briefs, or guidance that will be used as an educational foundation or to consolidate the information presented during an educational program.

In addition to a focus on integration with educational programming, work on regularly scheduled articles in *Debt Line*, and being major contributors to the DebtWatch 2 project, the Research Team is focused on several important project goals, including conducting a time-series analysis of ADTR reporting as well as publishing the final report in CDIAC's updated Lease *Financing in California* content series.

CDIAC has been receiving annual data regarding the outstanding balances and use of proceeds from bond issues reported to CDIAC since 2017 through the submissions of ADTRs. CDIAC will design a report format that will assemble and analyze the most important information that has been submitted over the six-year period and provide a time-series analysis of debt issuance and compliance. This report will provide the foundation for the development of an ongoing version of a report that will be generated automatically in DebtWatch 2.

CDIAC expects to complete the third – and final – publication in its *Lease Financing in California* content series in FY 2023-24. Part three will present guidance to issuers for the use of lease financing derived from the research of the practical approaches and market preferences of volume two in the context of the legal foundations of volume one. The guidance will focus on suggested best practices for public agencies that use or plan to use municipal lease financings to finance capital projects. In addition, the report will include a “critical path” of important steps and considerations for public agencies to consider during the issuance process.

Build an Organization that Will Deliver on CDIAC's Value Proposition

Develop and maintain an organization that is well known for delivering timely, convenient, practical, professional, and accurate data, information, and guidance.

CDIAC will continue to use targeted communication tools and social media to promote new products, educational opportunities, and Data Portal enhancements. It will continue to take advantage of opportunities to innovate in ways that deliver information to constituents in more timely, accurate, and useful formats.

CDIAC has begun to develop plans for rebuilding several aspects of its website that will enhance access to both educational content and publications. Plans call for the consolidation of educational media assets within the Education Portal, installation of features within the Education Portal to improve the learner experience, and decommissioning of dated media library content. Similarly, CDIAC's publications library will be redesigned to improve search functionality and feature the most current and relevant publications.



AGENDA ITEM 4 (INFORMATION ITEM)

FISCAL YEAR 2022-23 REPORT OF OPERATIONS JUNE 22, 2023

DATA COLLECTION AND ANALYSIS UNIT

CDIAC's Data Collection and Analysis Unit (Data Unit) maintains CDIAC's internal database, which serves as the source for the debt statistics regularly released by CDIAC. CDIAC's constituents – which include members of the public finance community such as legal professionals, financial service providers, and public agency administrators – provide CDIAC with their data by filing debt issuance reports in compliance with California state law.⁴ This curated debt data can be accessed on the CDIAC website as part of its monthly *Debt Line* newsletter and other published data sets, by constituent request, and through CDIAC's data website, *DebtWatch*.

FY 2022-23 marks a year of CDIAC's Data Portal, a cloud-based application deployed in June 2022, to facilitate online report filings. Throughout the year, filers have begun to interact with a personalized dashboard that displays their work in progress and allows them to view, edit, and manage their own data. This new, more intuitive reporting process is designed to enhance CDIAC's capacity to process the growing number of required reports, increase compliance, and engage constituents directly in the collection, maintenance, and dissemination of public agency debt issuance data.

Debt Issuance Reporting – By the Numbers

CDIAC's database contains information from reports submitted to CDIAC, including the following:

- Reports of Proposed Debt Issuance (RPDI),⁵
- Reports of Final Sale (RFS),⁶

⁴ Government Code Section 8855(h)(3).

⁵ Government Code Section 8855(i) issuers of proposed new debt must give notice no later than 30 days prior to the sale date.

⁶ 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.

- Marks-Roos Local Bond Pooling Yearly Fiscal Status Reports (MKR YFSRs),⁷
- Mello-Roos Community Facilities Districts Yearly Fiscal Status Reports (MLR YFSRs),⁸
- Mello-Roos/Marks-Roos Draw on Reserve/Default filings (DFDs)
- Annual Debt Transparency Reports (ADTRs).⁹

Thus far in FY 2022-23, the Data Unit has received and processed more than 15,680 reports. When compared to the prior fiscal year, this number represents a slight decrease from the total number of reports received in all of FY 2021-22.

Factors affecting the decrease in the absolute number of reports received by CDIAC include a significant decrease in the RPDIs and RFSs reported to CDIAC. This is reflective of a general decrease in issuance caused in large part by a sudden increase in interest rates.

As expected, the number of ADTRs reported to CDIAC continues to increase, in this case by over 20% since FY 2021-22. Figure 1 provides a breakdown of the reports processed by the Data Unit during FY 2021-22 and FY 2022-23.

Debt Issuance Fees

A critical function of the Data Unit is the collection of issuance fees from issuers. These fees serve as the source of CDIAC's operational funding.¹⁰ Fee amounts are calculated based on the principal amount of reported debt issued multiplied by 2.5 basis points (0.0025%) with a maximum assessed fee of \$5,000. No fee is assessed for reported issues whose final length of maturity is 18 months or less. A detailed fee schedule is available on the CDIAC website.¹¹

⁷ 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.

⁸ 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.

⁹ 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.

¹⁰ Government Code Section 8856 authorizes CDIAC 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.

¹¹ Reporting Fee Schedule, effective April 1, 2017, is located at: www.treasurer.ca.gov/cdiac/reporting.asp.

Figure 1

COMPARISON OF REPORTS PROCESSED
FY 2021-22 AND FY 2022-23*

TYPE OF REPORT	FY 2021-22	FYTD* 2022-23	PROJECTED FY 2022-23 TOTAL	% CHANGE
Reports of Proposed Debt Issuance	2,655	1,442	1,573	-40.8%
Reports of Final Sale	2,297	1,427	1,556	-32.3
Mello-Roos Yearly Fiscal Status Reports	1,594	1,686	1,686	5.8
Marks-Roos Yearly Fiscal Status Reports	2,804	2,791	2,791	-0.5
Annual Debt Transparency Report	7,017	8,319	8,469	20.7
Mello-Roos/Marks-Roos Draw on Reserve/Default/Replenishment Filings	13	16	16	23.1
TOTAL REPORTS RECEIVED	16,380	15,681	16,091	-1.8%

*As of 6/1/2023.

Figure 2

FEEES ASSESSED, STATE AND LOCAL ISSUERS
JULY 1, 2022 TO JUNE 1, 2023

ISSUER	FEEES ASSESSED	# OF INVOICES
STATE	\$298,470.25	65
LOCAL	2,273,411.41	784
TOTAL FEEES ASSESSED	\$2,571,881.66	849

For the first eleven months of FY 2022-23, the Data Unit invoiced just over \$2.6 million in fees. Figure 2 reflects the breakdown of fees assessed for state and local agencies.

Public Access to Debt Issuance Data

DEBTWATCH. CDIAC has used a variety of online methods to provide public officials and members of the public immediate access to debt issuance data, including the open data site [DebtWatch](#), which debuted in 2015. DebtWatch gives access to debt issuance data as well as supplementary supporting documents submitted to CDIAC by filers. Users can extract and download the data for independent research purposes as well as review and download the supporting documents such as official statements, bond specimens, indentures and governing body resolutions.¹²

¹² The types of documents available on DebtWatch depend on the type of debt transaction.

DEBT LINE NEWSLETTER. CDIAC's monthly newsletter was further enhanced in FY 2022-23 with the debut of a new calendar of debt issues, which was configured with more timely data in a spreadsheet format. The changes implemented in the Data Unit work process since the deployment of the Data Portal have allowed for a much shorter time lapse between the date of a debt issue and its inclusion in the *Debt Line* Calendar.

ONLINE TABLES AND GRAPHS ON CDIAC WEBSITE. CDIAC regularly posts California state and local debt issuance data to its website in the form of tables and graphs, which present data in a variety of classifications and configurations. Viewers can see aggregate totals based on the type, purpose, or amount of debt issued; the amount of debt refunded; short term issuance versus long term; and others. Graphs showing a comparison of debt data for the current and prior calendar year by state and local agencies are also available, as well as the purpose and amount of proposed and completed transactions.¹³

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.¹⁴

Website Activity

CDIAC recorded 2,469 hits to its Debt Issuance and Election Data webpage during the first eleven months of FY 2022-23. With each recorded "hit" or inquiry, the purpose for which the individual visited the site is also recorded (Figure 3a). CDIAC has recorded 14,019 hits to the Debt-Watch website in FY 2022-23 as of May 31, 2023 (Figure 3b).

Reports

CDIAC publishes several summary reports annually, compiling data reported throughout the current calendar year, and in some cases, from past years. For all of these reports, CDIAC is brainstorming ways in which the reports can be designed and presented in a user-friendly format that also limits the staff time needed to update and format future reports. Updating and publishing up-to-date information in all of these report areas is a priority for the new management of CDIAC's Data Unit over the next fiscal year.

MARKS-ROOS YEARLY FISCAL STATUS REPORT. Historically, this report has been a summary of the information filed with CDIAC on the an-

¹³ Graphs are available at: www.treasurer.ca.gov/cdiac/graphs/index.asp.

¹⁴ Mello-Roos/Marks-Roos Default and Draw on Reserve Reports are available at: www.treasurer.ca.gov/cdiac/default-draw/issuename.asp.

Figure 3a

DEBT ISSUANCE DATA WEBSITE ACTIVITY, JULY 1, 2022 TO MAY 31, 2023

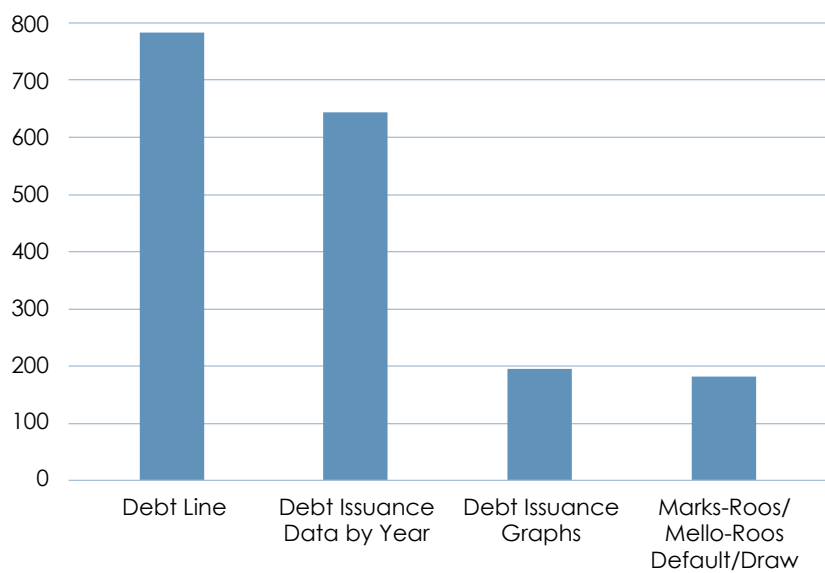
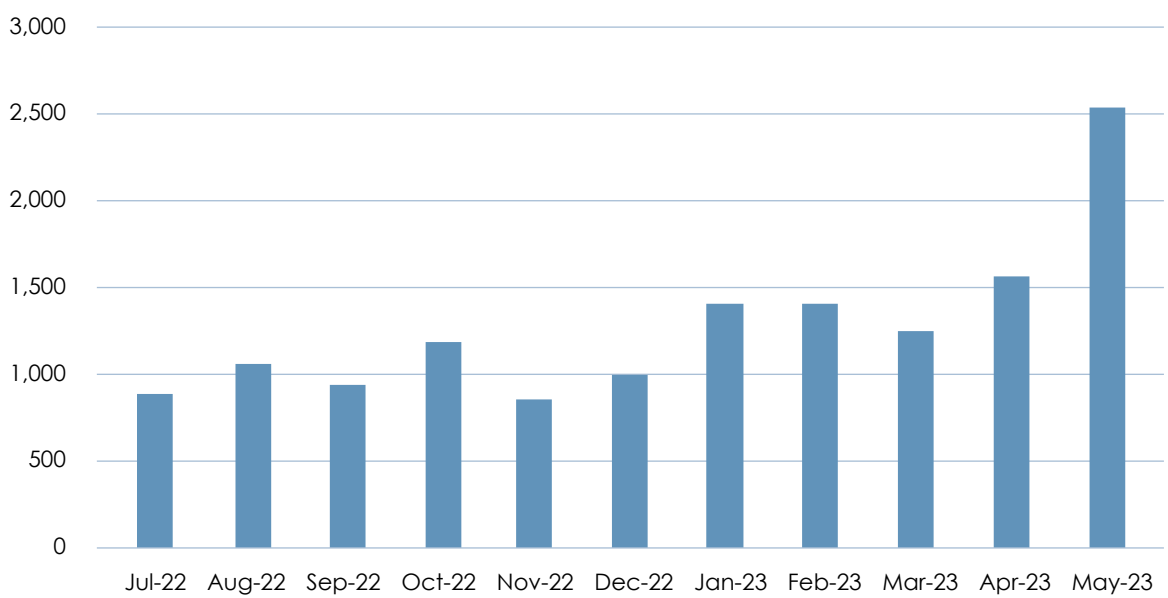


Figure 3b

DEBTWATCH WEBSITE ACTIVITY, JULY 1, 2022 TO MAY 31, 2023



nual financial status of bonds issued under the authority of the Marks-Roos Local Bond Pooling Act of 1985.¹⁵ The information is cumulative, reflecting bonds sold after January 1, 1996. To date, reports have been published up through FY 2017-18.

MELLO-ROOS COMMUNITY FACILITIES DISTRICT YEARLY FISCAL STATUS REPORT. This report is based on information submitted to CDIAC regarding the financial status of Mello-Roos Community Facilities District (CFD) bonds sold in California. The information is cumulative, reflecting CFD bonds sold after January 1, 1993. To date, reports have been published through FY 2018-19.

CALENDAR OF PUBLIC DEBT ISSUANCE, ANNUAL REPORT AND SUMMARY. This annual report provides details on each issuance of public debt in California in a PDF format. Each listing includes the issuer name, county, debt type, purpose of the issue, date of sale, debt principal amount, and whether the issue refunds prior debt. Each listing also shows the interest rate, rating, credit enhancement information, final maturity date, and major participants in the financing. The entries for each individual issue are grouped by issuer, beginning with the State of California, followed by State departments and agencies, and then local agencies. The local agency issuers are further sorted by county and within each county grouping, issues are listed by date of issue.

Other Data Unit Projects and Initiatives

ELECTRONIC DOCUMENT STORAGE. The process of systematically reviewing, digitizing, and electronically storing all paper documents submitted to CDIAC first began in 2009, and this effort continues into 2023. There is now an added dimension to this project with a strategic shift for the State Treasurer's Office to move toward cloud-based storage of all documents and internal records. This includes phasing out the use of the long-standing document storage utility, FileNet, and replacing that tool with a separate, cloud-based file repository. CDIAC staff has been evaluating several platforms including Microsoft SharePoint, Azure, and KnowledgeLake. CDIAC is also considering potential options to integrate a cloud-based software that retains internal documents with CDIAC's Data Portal.

2023-24 Outlook

ENHANCED DATA PORTAL FUNCTIONALITY. CDIAC's Data Portal interface will be refined, and its capabilities expanded based on user experiences from CDIAC staff and stakeholders. These improvements will

¹⁵ 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.

continue toward building an environment where Data Unit staff can transition into a more analytical role, with more time and opportunity available to see the aggregate context, significance, and applicability of the data collected.

DEBTWATCH INTEGRATION. In addition to the overhaul of the debt database and transition to CDIAC's new Data Portal, CDIAC is in an early stage of exploring options to update its current DebtWatch system. The vision for "DebtWatch 2.0" is to enhance access, features, and usability of DebtWatch data, including the continuing disclosure reports collected by CDIAC.

ADDRESS REPORTING BACKLOG. Challenges with an increasing reporting workload and development and implementation of CDIAC's new Data Portal have contributed to a backlog of legacy reports published by CDIAC's Data Unit. Addressing this reporting backlog in a way that makes the information accessible to the public in a user-friendly way will be one of the priorities for the management of CDIAC's Data Unit over the next fiscal year.

CDIAC ELECTRONIC DOCUMENT STORAGE. CDIAC staff will continue its efforts to create a streamlined, accessible, and practical utility for the retention and storage of the thousands of debt issuance documents it has acquired over the past two decades.

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

FY 2022-23 marked the return of CDIAC's flagship in-person educational programs. For the first time since March 2020, CDIAC offered an educational schedule that consisted of both educational formats: five in-person programs and one webinar. A total of 674¹⁶ participants attended the FY 2022-23 educational programs offered by CDIAC (or collaboration with other public finance organizations). While this number is a slight decrease from the 689¹⁷ attendees in FY 2021-22

¹⁶ This number counts repeat attendees and is thus not the number of unique attendees to CDIAC programs.

¹⁷ The 2022 Commission Report listed 1,095 attendees for FY 2021/2022, but this number included the total users in the new CDIAC Education Portal. Since its launch, the CDIAC Education Portal has accumulated over 500 registrants, which CDIAC regularly maintains by removing inactive accounts. In order to provide a more accurate representation of users, completed courses will now be counted instead of total registered users. As of April 2023, 158 courses have been completed in the Ed Portal since its launch.

(Figure 4), in-person seminars often attract fewer participants than webinars but allow for a more thorough presentation of CDIAC's educational content.

A review of FY 2022-23 program participants reflected that many participants attended more than one of the programs offered by CDIAC. Of the 674 total program participants, 403 were unique individuals representing 211 different organizations. In-person seminars represented approximately 73% of total attendance, with CDIAC's webinar representing the remaining attendees.

CDIAC continues to offer various educational programs and content options to serve its core constituency of local public agencies. In FY 2022-23, three-quarters of the attendees of CDIAC's educational programs were representatives of cities, counties, special districts, school districts, and other local government entities. An additional 6% of attendees were affiliated with the State government (Figure 5).

CDIAC Education Programs Offered in FY 2022-23

CORE PROGRAMMING

In FY 2022-23, CDIAC hosted four core, in-person educational programs including: *Municipal Debt Essentials*, *Fundamentals of Land-Secured Financing*, *Public Funds Investment: Strategy in Practice*, and *Municipal Market Disclosure*. *Public Funds Investment: Strategy in Practice* is produced in collaboration with the California Municipal Treasurers Association (CMTA).

CDIAC's cornerstone seminar, *Municipal Debt Essentials*, was held September 27-29, 2022, in Seaside. This seminar marked CDIAC's return to hosting in-person trainings since March 2020.

Day one, *Debt Basics*, covered fundamental elements of debt financing, including core terminology, types of debt that municipalities can issue, and the roles and responsibilities of issuers and their financing team. Day one was designed to provide municipal financing principles through lectures and applied exercises.

Day two, *Mechanics of a Bond Sale*, focused on the preparation, planning, and processes involved in issuing municipal debt. Topics included the development of a debt policy, plans of finance, structuring debt service payments, managing the costs of issuance, and the development of legal documents.

Day three, *Ongoing Administration*, provided government officers with the knowledge needed to manage continuing disclosure responsibilities, compliance with federal arbitrage rules, and post-issuance filing and reporting.

Figure 4

SEMINARS, CONFERENCES, WORKSHOPS, AND WEBINARS
ATTENDANCE, FYS 2018-19 THROUGH 2022-23

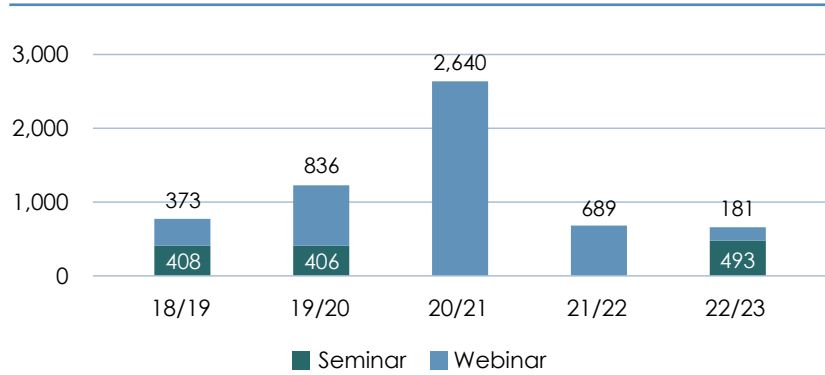
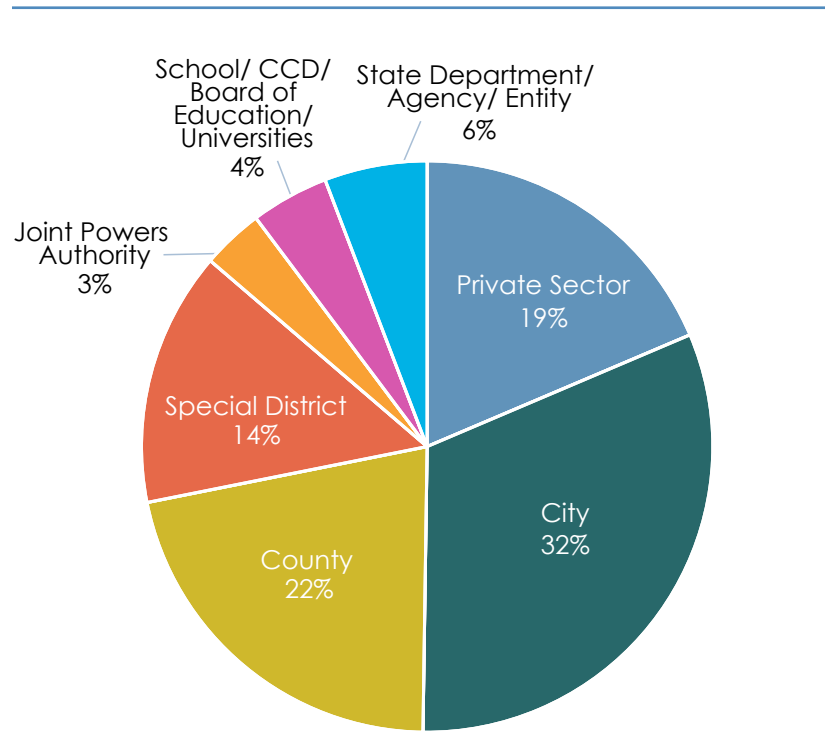


Figure 5

ENROLLMENT AT CDIAC EDUCATIONAL PROGRAMS
BY AGENCY TYPE, FY 2022-23



The *Fundamentals of Land-Secured Financing* seminar was held November 2, 2022, in Pomona. *Fundamentals of Land-Secured Financing* provided a comprehensive overview of the land-secured financing process from district pre-formation through project implementation to ongoing administration. Participants received materials and key information addressing the strategic planning and application mechanics of financing for both Mello-Roos community facilities districts and assessment districts.

Public Funds Investment: Strategy in Practice was an interactive two-day workshop, which provided attendees the opportunity to participate in the application of concepts and strategies explored in the *Public Funds Investment Essentials* webinar series. Through lectures from industry experts and hands-on activities, the program built from fundamental concepts and operational considerations to strategic portfolio management theory and practice. This workshop was hosted on January 25-26, 2023, in collaboration with CMTA.

In March 2023, CDIAC hosted its *Municipal Market Disclosure* training as a two-day seminar in Folsom. Day one of this seminar focused on the fundamentals of disclosure, current rules for primary and continuing disclosure practices by public agencies and reporting requirements to CDIAC. Day two focused on evolving disclosure practices for labeled debt, cybersecurity risks, and physical and transition risks related to climate change.

CO-SPONSORED SEMINARS

CDIAC also hosted the Pre-conference to *The Bond Buyer's 32nd Annual California Public Finance Conference*. This past year's Pre-conference marked the 21st year that CDIAC has collaborated with *The Bond Buyer* and had a theme of *Navigating the Challenges of Borrowing and Credit in the Post-Pandemic Economy*.

This four-session program was held on September 12, 2022, and explored how post-pandemic challenges are affecting the planning of issuers in different sectors, how issuers are using debt to manage these challenges, and how their financing approaches are changing to mitigate the risks of recent contractionary economic conditions.

Session one, *Economic Outlook*, featured the Chief Economist from Stifel Financial, Dr. Lindsey Piegza, who described the current state of the economy and how recent economic volatility has affected projections for overall growth, labor trends, inflation, and monetary policy. Dr. Piegza also addressed the changing global and political environment, and how it is expected to affect the ongoing economic recovery from the COVID-19 pandemic.

Session two, *City and County Sector*, featured issuers, municipal advisors, and sector professionals as they discussed their perspective of post-pandemic challenges. The city and county representatives also shared how they are approaching new project financing and management of their existing debt portfolio given sharp increases in interest rates over the past several months.

Session three, *Water and Wastewater Sector*, featured California water and wastewater issuers as they described challenges such as the recurrence of drought, fundamental modifications to usage rates, and looming needs to upgrade aging infrastructure. The speakers also discussed how they are using and structuring debt to innovate and improve upon legacy infrastructure to mitigate impending environmental risks specific to this sector.

In session four, *Transportation Sector*, issuers and market professionals discussed the distinctive challenges that issuers in California's transportation sector are facing as well as the public finance strategies being used to meet the borrowing and credit needs of the sector. This discussion addressed shifting expectations for sales tax revenues, large infrastructure commitments, changing asset utilization assumptions, and scarcity in essential inputs such as labor and materials.

WEBINARS

In FY 2022-23, CDIAC held one webinar, which was the *Data Portal: Annual Debt Transparency Report Tutorial*. In this webinar, CDIAC offered Annual Debt Transparency Report (ADTR) filers background information and a walkthrough demonstration for submitting their reports through the Data Portal, which is CDIAC's new online platform. The webinar provided tips and tools meant to assist new and experienced filers as well as address frequently asked questions that CDIAC has received regarding submissions for this report type.

WEB-BASED TRAINING AND RESOURCES

As of April 2023, the Ed Portal has had over 500 registered users who have enrolled in one or more of CDIAC's offered courses. The users have access to 35 courses and over 45 hours of free, on-demand content. The courses are a mix of replays of previously aired webinars as well as e-Learning modules designed for independent, asynchronous learning.

In FY 2022-23, two new modules of CDIAC's educational series, Elected Officials Training (Elect>Ed), were released. Elect>Ed is CDIAC's educational initiative to develop on-demand electronic training for elected officials on the topic of municipal debt issuance and administration. Topics addressed in Elect>Ed module five, *It Takes a Team*, include: determining the key members of the agency's internal and external financing team,

the role of the agency's financing team, and the elected official's role and responsibilities during the issuance process. Module six, *Marketing and Structuring Strategies for a Win-Win Debt Issuance*, provides an overview of the market for municipal debt and discusses the alignment of debt marketing and structuring strategies with market preferences to achieve desired financing objectives

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

During FY 2022-23, the Education Unit did not provide webinar assistance to other BCAs within the STO due to scheduling conflicts with CDIAC's own programming.

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 2022-23, CDIAC staff have either completed or initiated the following research projects:

CDIAC Projects Completed

K-14 VOTER APPROVED GENERAL OBLIGATION BONDS: AUTHORIZED, BUT UNISSUED – 2023 UPDATE. CDIAC cross-referenced general obligation bonds issued by K-14 districts with the underlying voter-approved authority to determine the amount of general obligation bonds since 2002 that have been authorized but remain unissued. This update appended election and issuance activity for calendar year 2022 to the original data and provided updated totals for issuance trends for K-14 districts in California. In addition to the updated data for 2022, CDIAC researched why such a large amount of general obligation authority from 2008 elections continues to remain unissued.

LEASE FINANCING IN CALIFORNIA, CONTENT SERIES. In partnership with local public agencies and market professionals, CDIAC has developed the *Lease Financing in California* content series, consisting of three distinctive publications focused on municipal lease financing in California. This series updates and expands on the guidance and insight of CDIAC's previous work on leases from the 1990s. The first two publications of the series were published in FY 2022-23:

LEGAL FOUNDATIONS OF LEASE FINANCING IN CALIFORNIA. CDIAC published the first report in the *Lease Financing in California* content series that provides foundational context for the development and evolution of municipal lease financing in California with the goal of demystifying the unique legal context for lease financing in the state.

PRACTICAL CONSIDERATIONS AND DECISION POINTS FOR MUNICIPAL LEASE FINANCING IN CALIFORNIA. This report is the second in CDIAC's new *Lease Financing in California* content series. The report content contains a description of practical applications and considerations for municipal lease financing, with a focus on the key decision points for public agencies that use lease financings.

LOCAL AGENCY INVESTMENT GUIDELINES: UPDATE FOR 2023. In a collaborative effort with public agency investment professionals, CDIAC reviewed and updated its annual *Local Agency Investment Guidelines* report. This document provides references and recommendations developed through a consensus from public- and private-sector professionals for interpreting and applying California statute to common public fund investment topics related to local agencies. The 2023 Update reflected statutory changes effective January 1, 2023.

RESULTS OF THE 2022 PRIMARY AND LOCAL ELECTIONS: BOND AND TAX MEASURES APPEARING ON THE 2022 PRIMARY AND LOCAL ELECTION BALLOTS. This edition of CDIAC's biannual Elections report provides an analysis of the certified results of the bond and tax elections held in the June 7, 2022, Primary Election and local elections conducted since January 1, 2022. The report also contains a detailed listing of each bond and tax measure by county, region, type of tax or debt, and purpose.

RESULTS OF THE 2022 GENERAL AND LOCAL ELECTIONS: BOND AND TAX MEASURES APPEARING ON THE 2022 GENERAL AND LOCAL ELECTION BALLOTS. This report analyzes the certified results of the bond and tax elections held in the November 8, 2022, General Election as well as local elections held after June 7, 2022. This report also contains a detailed listing of each bond and tax measure by county, region, type of tax or debt, and purpose.

2023 Outlook: Proposed or Initiated Projects and Activities

ANNUAL DEBT TRANSPARENCY REPORT (ADTR). Under Government Code Section 8855(k), issuers of public debt, both state and local, who submitted a report of final sale to the California Debt and Investment Advisory Commission (CDIAC) on or after January 21, 2017, are required to submit an annual report on the status of that debt until the debt is no longer outstanding and all proceeds have been fully spent. This report would provide a summary of the number of ADTRs due to CDIAC and the resultant compliance rates for reporting year (RY) 2016-17 through RY 2020-21. In addition, this report will provide a more detailed year-to-year comparison of ADTR data.

THE FINANCIAL DATA TRANSPARENCY ACT (FDTA). CDIAC will track the progress of regulatory activity as a result of recently enacted federal legislation (S. 4295) regarding data transparency at the Municipal Securities Rulemaking Board (MSRB). Future MSRB rulemaking is expected to require California's public agencies to adopt new information systems and enact specific data standards. CDIAC will examine if guidance would be beneficial for issuers in assessing whether any actions might need to be taken to prepare for the implementation of required data transparency standards.

K-14 VOTER APPROVED GENERAL OBLIGATION BONDS: AUTHORIZED, BUT UNISSUED – 2024 UPDATE. CDIAC cross-references general obligation bonds issued by K-14 districts with the underlying voter-approved authority for those districts to determine the amount of general obligation bonds since 2002 that have been authorized but remain unissued. This 2024 update will append election and issuance activity for calendar year 2023 to previous data and update issuance totals for K-14 districts in California.

LABELED DEBT. CDIAC will expand its annual green bond issuance summary into a standalone issue brief to track the activity and use of green, social, and sustainability bond labels since 2014. This expansion will utilize data submitted to CDIAC about reported debt issuance to identify trends for issuance of labelled debt.

LEASE FINANCING IN CALIFORNIA, CONTENT SERIES. CDIAC will continue to update prior research and review trends for municipal lease financing in California, with a third report that leverages recommendations from a group of public finance professionals experienced in lease financing to build from the foundation set by CDIAC's prior two reports about lease financing. The third – and final – report in CDIAC's updated *Lease Financing in California* content series will focus on a discussion of suggested best practices for public agencies that use or plan to use municipal lease financings to finance capital projects. In addition, the report will include a "critical path" of important steps and considerations for public agencies to consider during the issuance process. This content series will continue to leverage a collaborative effort with several industry professionals.

LOCAL AGENCY INVESTMENT GUIDELINES: UPDATE FOR 2024. CDIAC will continue its collaboration with investment professionals to review and update its *Local Agency Investment Guidelines* report. This report will provide references and recommendations for interpreting and applying California statute to common public fund investment topics related to local agencies. The 2023 Update will reflect statutory changes effective January 1, 2024.

RESULTS OF THE 2023 LOCAL ELECTIONS: BOND AND TAX MEASURES APPEARING ON THE 2023 LOCAL BALLOTS. This report will provide an analysis of the certified results of the bond and tax elections held by local agencies during 2023 as well as a detailed listing of each bond and tax measure by county, region, type of tax or debt, and purpose.

2023 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 on-line inventory includes helpful links to the most current information on pending legislation.

DEBT LINE. CDIAC will continue to publish *Debt Line*, a monthly newsletter that includes issuance statistics and analysis, research articles, important regulatory updates initiated by the Municipal Securities Rule-making Board (MSRB) and U.S. Securities and Exchange Commission (SEC), and announcements of educational programming provided by CDIAC and allied organizations.

WEEKLY SNAPSHOT OF PROPOSED DEBT ISSUANCE BY CALIFORNIA ISSUERS. CDIAC provides information about proposed debt issuance activity for California's public agencies. This "Weekly 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 re-funding, and whether the financing is a private placement. The information provided in the Weekly Snapshot is generated from the Reports of Proposed Debt Issuance (RPDI) that are submitted to CDIAC by public agency issuers prior to issuance.