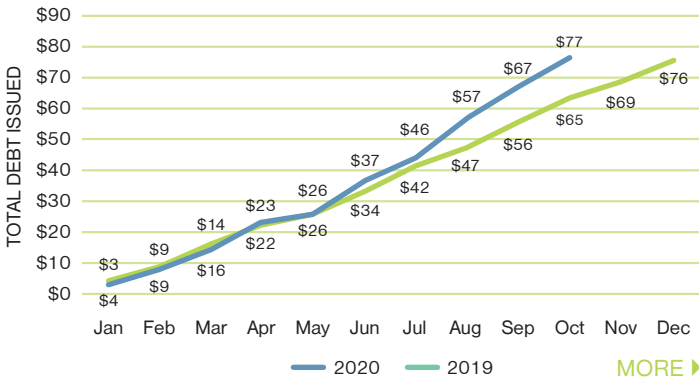


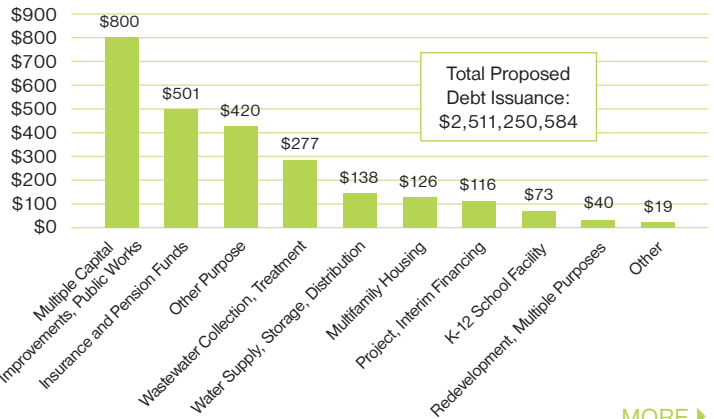
California Public Debt Issuance Monthly Data

CUMULATIVE CALIFORNIA PUBLIC DEBT ISSUANCE (IN BILLIONS)¹



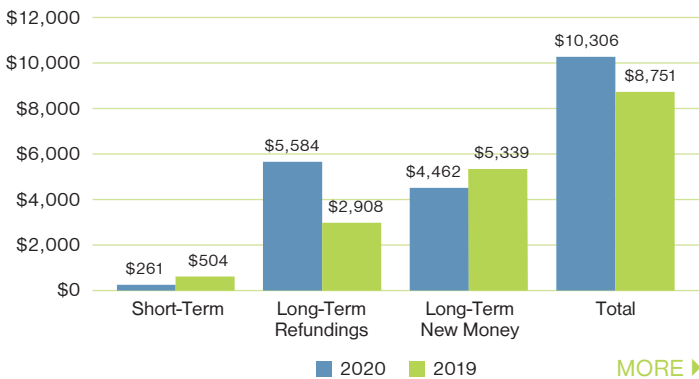
[MORE ▶](#)

REPORTS OF PROPOSED DEBT ISSUANCE RECEIVED 10-16-2020 THROUGH 11-15-2020, BY PURPOSE (IN MILLIONS)



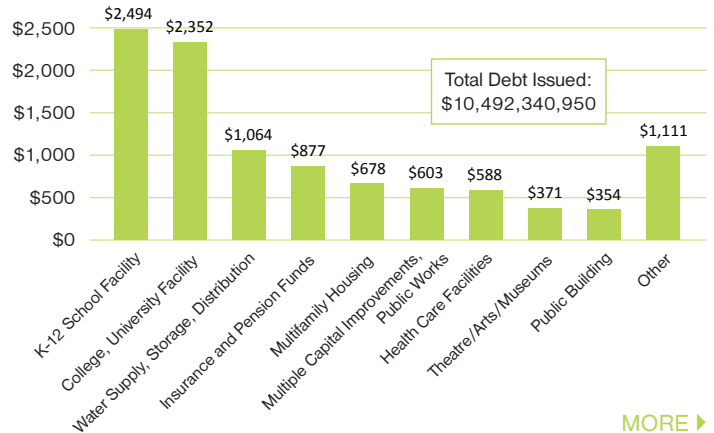
[MORE ▶](#)

CALIFORNIA PUBLIC DEBT ISSUANCE, OCTOBER (IN MILLIONS)¹



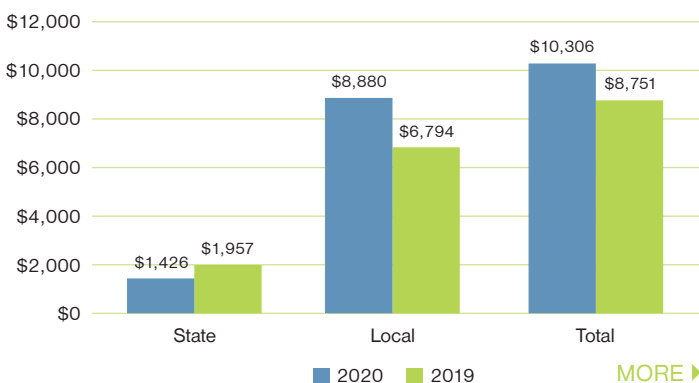
[MORE ▶](#)

TOTAL REPORTS OF FINAL SALE RECEIVED 10-16-2020 THROUGH 11-15-2020, BY PURPOSE (IN MILLIONS)



[MORE ▶](#)

STATE* VERSUS LOCAL DEBT ISSUANCE, OCTOBER (IN MILLIONS)¹



[MORE ▶](#)

* State issuers include the State of California, its agencies, commissions, authorities, departments and The Student Loan Corporation.

¹ Data may not include issuances reported after the 22nd day of the following month.

More detailed debt issuance information is available in the monthly [Debt Line Calendar](#). **DL**

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CDIAC

**CALIFORNIA
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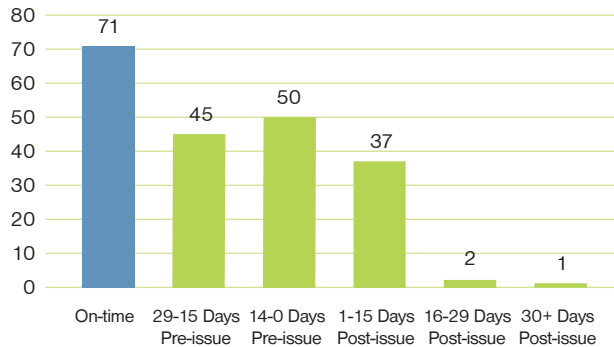
Debt Line publishes articles on debt financing and public fund investment that may be of interest to our readers; however, these articles do not necessarily reflect the views of the Commission.

Business correspondence and editorial comments are welcome.

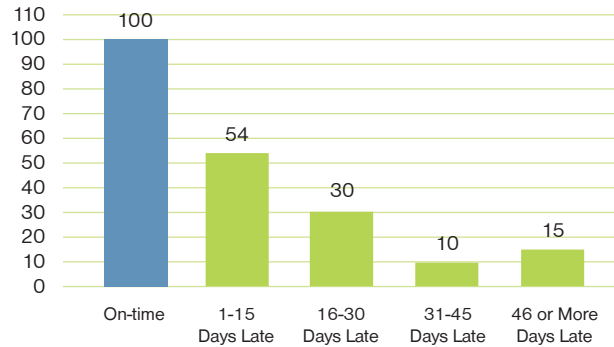
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TIMELINESS OF SUBMITTAL OF REPORTS

REPORTS OF PROPOSED DEBT ISSUANCE (RPDI)¹
RECEIVED OCTOBER 2020



REPORTS OF FINAL SALE (RFS)²
RECEIVED OCTOBER 2020



DATA UNIT ACTIVITY OCTOBER 2020

- ✓ RECEIVED AND PROCESSED **206** RPDI
- ✓ RECEIVED AND PROCESSED **222** RFS
- ✓ RECEIVED **1,468** MARKS-ROOS YEARLY FISCAL STATUS REPORTS FOR FY 2019-20
- ✓ RECEIVED **1,415** MELLO-ROOS YEARLY FISCAL STATUS REPORTS FOR FY 2019-20
- ✓ *RECEIVED **164** ANNUAL DEBT TRANSPARENCY REPORTS FOR FY 2019-20



¹ California Government Code Section 8855(i) states that the issuer of any proposed debt issue of state and local government shall, no later than 30 days prior to the sale of any debt issue, submit a report of proposed issuance to the commission by any method approved by the commission.

² California Government Code Section 8855(j) states that the issuer of any debt issue of state or local government, not later than 21 days after the sale of the debt, shall submit a report of final sale to the commission by any method approved by the commission.

* As of 11/22/2020, a total 650 Annual Debt Transparency Reports had been filed for the FY 19-20 reporting period.

CDIAC Bond Buyer Pre-conference Summary

In October, the California Debt and Investment Advisory Commission (CDIAC) hosted the pre-conference to *The Bond Buyer's* virtual California Public Finance Conference. This year marks the 19th year that CDIAC has partnered with *The Bond Buyer* to offer a pre-conference to their annual event. The pre-conference, titled “Informing the Investment Decision: Climate Change Disclosure in the Municipal Market”, featured two sessions focused on various aspects of climate risk disclosure.

The topic of the first pre-conference session was investor expectations for the disclosure of climate risk. The panel for this session featured Kate Gordon, Director at the Governor's Office of Planning and Research (OPR) and Senior Policy Advisor to the Governor on Climate; Jenny Poree, Analytical Manager and Head of Municipal Cooperative Utilities at S&P Global Ratings; Margaret Backstrom, Managing Director at Morgan Stanley; and Sarah Wilson, Senior Director of Responsible Investing at Nuveen.

The second pre-conference session was a discussion of legal expectations and current issuer practices related to climate risk disclosure. The second panel featured Rudy Salo, Partner at Nixon Peabody; Kelly Joy, Senior Research Specialist at CDIAC; Richard Freund from CDP North America; Lakshmi Kommi from the City of San Diego; and Michael Brown from the San Francisco Public Utilities Commission (SFPUC).

Across both of the sessions, there was a consensus among the panelists that disclosure of climate risk has emerged as a new expectation from investors, underwriters and rating agencies over the past few years, and that there is a perceived need for more meaningful and consistent disclosure of climate risk. Multiple panelists also commented on the need for additional intra- and interagency coordination to make sure an agency's disclosure of climate risk is both accurate and

comprehensive. Some of the additional topics discussed by the panelists are described in more detail below.

PANEL #1: MARKET EXPECTATIONS FOR CLIMATE CHANGE DISCLOSURE

After an introduction from Mike Ballinger, Publisher of *The Bond Buyer*, and Robert Berry, Executive Director at CDIAC, Kate Gordon, Director of the Governor's Office of Planning and Research and Senior Policy Advisor to the Governor on Climate, began the session with a presentation about California's climate change context, both from a scientific and public policy perspective. Ms. Gordon gave examples of physical and transition climate risks that threaten California issuers and businesses and explained, “Current climate impacts pose an immediate and material impact to the state.” Ms. Gordon continued by saying, “Anything that is a government-owned, or government-backed, long-term, place-based infrastructure asset is at risk from climate change.” Ms. Gordon also discussed the climate risk mitigation measures that Governor Newsom has taken on during the course of his administration, including the new *California Climate Investment Framework*, which was published in September 2020. Given the scientific predictions about the worsening effects of climate change and the expected subsequent regulatory response, Ms. Gordon also suggested, “You should not be planning in California for a carbon-intensive future. It's not where our state laws point you. It's not where our economy points you.”

Jenny Poree, Analytical Manager and Head of Municipal Cooperative Utilities for S&P Global Ratings, discussed how S&P has always included climate risk in its ratings, and how the company's focus on climate risk has heightened over the past several years. She stated, “While these considerations have always informed our credit view, the landscape is dramatically different than it was a decade ago. And as such, we're using a more expansive lens that we have in the past.” Ms. Poree explained that

S&P now includes an explicit discussion of the climate risk at the beginning of each issuer's rating reports. She gave insight into how climate risk factors into the rating methodology used by her team, including the emphasis that S&P places on strong management and risk mitigation practices. She also shared the takeaways from a new report from S&P, *Better Data Can Highlight Climate Exposure*, and presented a quantitative analysis of climate risks profiles for geographic areas in California compared to risks faced by issuers in other states. For example, the report found that 12 counties in California are already considered to have a maximum risk for wildfires, and that adequate water supply is an increasingly large issue for many parts of the country, including in California. Overall, Ms. Poree noted, “Nearly every aspect of our methodology, whether local government or enterprise, is potentially affected by the physical risks of climate change.”

Sarah Wilson then gave her perspective on climate risk disclosure based on her role as Senior Director of Responsible Investing at Nuveen, a large investment manager that is one of the top investors in municipal bonds. Ms. Wilson spoke about how her firm is prioritizing the consideration of environmental impacts and risk in its decision-making process, to the extent that responsible investing is one of Nuveen's three core pillars. Ms. Wilson also explained that her team at Nuveen has created a proprietary ESG scoring system for issuers, which they created using external data sources to evaluate the risk profiles of agencies. This investment in an internal scoring system was made to supplement the information that was included in official disclosure filings from the agency, in part due to the lack of transparency and consistency of climate risk disclosure in those filings. One of these datasets included the Climate Value at Risk datasets from RisQ, an affiliate of Intercontinental Exchange (ICE) Data Services, which models climate risk for municipal bonds over several decades based on the individual security and its year of maturity. Ms. Wilson also mentioned that her team at Nuveen also gives particular notice to agencies that use external platforms, such as CDP, to voluntarily disclose their climate risks and opportunities.

Margaret Backstrom from Morgan Stanley presented the role of underwriters in encouraging disclosure about climate risk. Ms. Backstrom began her presentation with a discussion about issuance trends in 2020, and how 2020 is one of the largest issuance years on record. While issuance is at a peak, the amount of unrated and/or uninsured bonds has increased. According to Ms. Backstrom, this has led investors to conduct more of their own analysis on the long-term credit quality for issuers selling public debt that may not mature for decades, and climate change has emerged as an important topic for investors in recent years. Ms. Backstrom added, “In order to generate the most investor interest in your

sale, you may need to include more information than you previously had regarding climate change. It’s an area of increasing investor scrutiny, and we expect investors to continue to increase their focus on this area of disclosure.”

PANEL #2: THE STATE OF CLIMATE CHANGE DISCLOSURE: ISSUER APPROACHES AND PRACTICES

Rudy Salo from Nixon Peabody presented about the legal framework of climate change disclosure. Mr. Salo discussed the official position from the U.S. Securities and Exchange Commission (SEC) on climate change disclosure for corporations as

well as the relevant regulations for disclosure that apply to municipal issuers. Mr. Salo also spoke about the impact of recent litigation between Exxon Mobil and a group of California municipalities that demonstrated the need for climate change disclosure in official statements (OSs). Mr. Salo stressed the relevance of material omissions of climate risk in disclosure documents, especially given the findings from CDIAC’s latest publication about climate disclosure in the municipal market.

Following Mr. Salo’s presentation, Kelly Joy presented some of the highlights from CDIAC’s recent report, [*Climate Change Disclosure Among California Enterprise Issuers*](#), which was published in October 2020. One of the main findings of the report was that the majority of issuers in the study did not mention climate change anywhere in the disclosure documents, and barely one-quarter of the issuers in the sample included issuer-specific risks of climate change in the OS. This finding appeared to be in direct contrast with Mr. Salo’s point about the importance of considering the inclusion of potential effects of climate change on the agency in the OS. This could be evidence of a disconnect between market expectations and issuer practices, as not mentioning risks of climate change in the OS could be considered material omissions in some cases. Another finding of the study was that issuer scores on the study rubric appeared to be positively correlated with issuance size, issuance frequency, and geographic features, including whether the issuer was located in an urban and/or coastal county. Issuers of green bonds also tended to have better disclosure practices related to climate risk, as did issuers in the airport and electric utility sectors. Above all else it appears that issuer disclosure practices are a key determinant for whether climate change was mentioned in the agency’s OS as well as the extent to which it was considered.

After Ms. Joy’s presentation about CDIAC’s report findings, Richard Freund spoke about his role as Sustainable Infrastructure Manager at CDP, a global nonprofit that acts as a leading platform for climate disclosure,

New Additions to CDIAC



FORREST GARDENS was appointed as an Education Coordinator in CDIAC’s Education Unit in October of 2020. He brings a strong understanding of event coordination, which he gained from 20 years of experience in state service working at the Department of Parks and Recreation as well as the Natural Resources Agency. Forrest will be working to design, organize, and present programs for public agency officials and their staff who are responsible for, or involved in, the issuance of municipal bonds, administration of bonded debt, or investment of public funds. He is looking forward to expanding his knowledge of California public debt and investments, as well as using previous experience to help grow CDIAC’s already excellent educational programming.



ASHLEY YU was appointed as a Research Data Specialist I in the Policy Research Unit in November of 2020. Previously, she worked for the State Treasurer’s Public Finance Division starting off as a Staff Service Analyst and then as an Associate Treasury Program Officer where she managed several account portfolios. Ashley has been with the STO for four years and brings a strong public finance background to the CDIAC research team. She has a Bachelor of Arts degree in Communication and minor in Business from the University of California, San Diego.

DL

and gave some context about CDP's role in assisting organizations with disclosure of climate risk. Mr. Freund then moderated a discussion with Lakshmi Kommi from the City of San Diego and Mike Brown from the SFPUC, both of which voluntarily disclose environmental risks and impacts of their agencies through CDP. Ms. Kommi and Mr. Brown both presented about their own local contexts and how they determine the scope of climate risk disclosure for their agencies. They both stressed the importance of intra-agency coordination to ensure complete and accurate disclosure of environmental impacts related to climate change. Mr. Freund then began a Q&A session with the full panel, and discussed the issuers' reactions to the findings from the CDIAC study. Both issuers expressed they were surprised and concerned to see that the majority of issuers in the CDIAC study did not mention climate change anywhere in the OS, much less disclose those climate-related risks to the market. The panel also spoke about the role of voluntary disclosure, both through independent platforms, like CDP, as well as through EMMA as part of an issuer's continuing disclosure agreement.

WHAT'S NEXT?

CDIAC plans to host online replays of both of the pre-conference sessions at a later date. Be sure to [join CDIAC's listserv](#) and follow [@CDIAC_sto](#) on Twitter for future updates on how you can watch both of the full presentations. CDIAC's report, [Climate Change Disclosure Among California Enterprise Issuers](#), can be accessed online.

A full list of CDIAC's upcoming webinars and virtual trainings is available on the CDIAC Education webpage at www.treasurer.ca.gov/cdiac/seminars/index.asp. We hope you will join us at one of our upcoming events. **DL**

Annual Debt Transparency Report Reminder: SB 1029 Reporting Requirements

With SB 1029 effective January 1, 2017, state and local agencies are required to report to CDIAC annually on all debt issued¹. The Annual Debt Transparency Report (ADTR) must be submitted to CDIAC on or before January 31st of each year, for each issue of debt, until such debt is no longer outstanding or the proceeds of the debt have been fully spent, whichever is later. The ADTR requires issuers to report on the balance of the issuer's authorization to issue the debt, the amount of principal paid, the amount of debt outstanding, and qualitative and quantitative information on how debt proceeds are spent.

This ADTR filing requirement is not retroactive. "ADTR reportable" issues are those that were reported to CDIAC on a Report of Final Sale on or after January 21, 2017. An ADTR must be submitted to CDIAC by January 31st of each year following the end of the July 1st to June 30th reporting period during which the debt was outstanding. For the purpose of classifying issues as outstanding in any given reporting period, CDIAC is using the reported settlement date as the date the debt is ini-

tially outstanding². **The next ADTR filing deadline is January 31, 2021.**

CDIAC has developed an online system, accessible through the [CDIAC website](#) to facilitate the annual submission of the ADTR. In February 2020, CDIAC enhanced the ADTR submission system to allow multiple authorizations for debt issuance.

The CDIAC Data Collection and Analysis Unit (Data Unit) has provided a list on [CDIAC's reporting page](#) of all ADTR-reportable debt identified in the CDIAC database. The list contains the following information:

- CDIAC Number
- Issuer
- Project
- Debt Type
- Principal
- Issue Date
- Purpose of Issuance
- Year of Issue (Fiscal Year Ending 6/30)
- Most Recent Prior Year ADTR Received (Fiscal Year End)

Accessing the online [filing form](#) will require the CDIAC # and the ID Number (i.e., password) that was provided at the time of initial filing. If you do not have the ID Number, it will be necessary to contact the Data Unit to provide you with that number.

To request that another individual or party, such as an outside financial service provider or advisory firm, handle the filing of the ADTR, contact the CDIAC Data Unit at CDIAC_Issuance@treasurer.ca.gov or (916) 653-3269. **DL**

¹ "Debt" as defined in California Code of Regulations (CCR) Title 4, Division 9.6, §6000 (Effective 4/1/2017).

² "Settlement" means the transfer of the assets or rights-to-use from Creditor to Issuer in exchange for delivery of the instruments or evidence of indebtedness from the Issuer to Creditor (CCR Title 4, Division 9.6, §6000). The date of settlement as such generally coincides with the delivery date of bonds, or the closing date of a lease, loan, or similar debt transaction.

Regulatory Activity Calendar

NOVEMBER 2020

17 The U.S. Securities and Exchange Commission (SEC) voted to adopt rules and amendments that will provide additional flexibility in connection with documents filed with the SEC by permitting the use of electronic signatures in authentication documents. [Press Release](#)

20 The Governmental Accounting Standards Board (GASB) is hosting a pair of webinars that will focus on GASB's recently issued Exposure Draft, *Financial Reporting Model Improvements*. The first IN FOCUS webinar is "Financial Reporting Model Improvements-Users of Financial Statements." [Registration](#)

20 The Municipal Securities Rulemaking Board (MSRB) has announced its reminder for their Annual Notification Requirements under Rule G-10. MSRB provides this reminder to assist brokers, dealers and municipal securities dealers and municipal advisors in their compliance efforts by highlighting the deadline by which regulated entities must provide certain notifications to each customer or municipal advisory client. [MSRB Notice](#)

DECEMBER 2020

2 The MSRB filed a proposed rule change for immediate effectiveness with the SEC to provide additional regulatory relief on a temporary basis to brokers, dealers and municipal securities dealers and municipal advisors in light of the operational challenges that continue due to the sustained COVID-19 pandemic. [MSRB Notice](#)

15 Second IN FOCUS webinar hosted by GASB. This webinar will provide information on the proposals in GASB's recently issued Exposure Draft, *Financial Reporting Model Improvements*. [Registration](#)

31 End date of the SEC's emergency order that allowed municipal advisors to temporarily be allowed to arrange certain private placement deals without needing to register as a broker-dealer. [Emergency Order](#)

FEBRUARY 2021

15 Deadline to submit comments on GASB Exposure Draft, *Implementation Guidance Update*. The Guide provides guidance that clarifies, explains, or elaborates on GASB Statements. [GASB Exposure Draft](#)

26 Deadline to submit comments on GASB's Exposure Draft, *Financial Reporting Model Improvements*, a proposed Statement designed to improve key components of the blueprint for state and local government annual financial reports. [GASB Exposure Draft](#)

26 Deadline to submit comments on GASB's Exposure Draft, *Recognition of Elements of Financial Statements*. [GASB Exposure Draft](#)

26 Deadline to submit comments on GASB's Preliminary Views, *Revenue and Expense Recognition*. [GASB Preliminary Views](#)

MARCH 2021

31 Extended date for municipal advisors (firms and individuals) to complete certain professional qualification standards. Due to closure of the test center locations during the Covid-19 pandemic, the MSRB proposed a rule change to provide additional time to allow firms and

individuals to fulfill certain professional qualification standards established under MSRB Rule G-3, on professional qualification requirements, consistent with MSRB Rule G-2, on standards of professional qualification. [MSRB Notice](#)

31 Updated compliance date for collecting new data from underwriters submitting an amended Form G-32 for primary offerings of municipal securities through the MSRB's Electronic Municipal Market Access (EMMA) system. [MSRB Notice](#) **DL**

SAVE THE DATE

CDIAC Webinars, Seminars, and Conferences

JANUARY

JANUARY 2021

Fundamentals of Public Funds Investing
in Collaboration with CMTA
Six-part Webinar Series
www.treasurer.ca.gov/cdiac/seminars

Other Seminars and Conferences

DECEMBER

DECEMBER 2-3, 2020

Association of California Water Agencies
Fall Conference & Exhibition
Online Virtual Event
www.acwa.com

DECEMBER 3-4, 2020

California School Boards Association
Annual Education Conference
Online Virtual Event
www.csba.org

DECEMBER 7-9, 2020

Kroll Bond Rating Agency
Annual Virtual ESG Conference
Online Virtual Event
www.krollbondratings.com

DECEMBER 7, 9, 11, 2020

League of California Cities
League Municipal Finance Institute
Online Virtual Event
www.cacities.org

JANUARY

JANUARY 12-13, 2021

California Society of Municipal
Finance Officers
Fundamentals of Fees, Rates, Charges,
and Land-Based Financing Tools
Online Virtual Event
www.csmfo.org

JANUARY 20, 2021

California Association of Country
Treasurers and Tax Collectors
Legislative Day 2021
Online Virtual Event
www.cacttc.org

JANUARY 27-28, 2021

California Association of Sanitation Agencies
CASA Winter Conference
Online Virtual Event
www.casaweb.org

FEBRUARY

FEBRUARY 17-19, 2021

California Society of
Municipal Finance Officers
2021 Annual Conference
San Jose, CA
www.csmfo.org

MARCH

MARCH 1-3, 2021

California's Coalition for
Adequate School Housing
2021 CASH Annual Conference
Palm Springs, CA
www.cashnet.org

MARCH 4-5, 2021

National Association of Bond Lawyers
The Institute: Virtual 2021 (Members Only)
Online Virtual Event
www.nabl.org

MARCH 24-26

Government Investment Officers Association
Annual Conference
Las Vegas, NV
www.gioa.us

APRIL

APRIL 6-9, 2021

California Association of
School Business Officials
Annual Conference & California
School Business Expo
Long Beach, CA
www.casbo.org

APRIL 7-9, 2021

National Association of Bond Lawyers
NABL U Presents The Essentials
Atlanta, GA
www.nabl.org

APRIL 28-30, 2021

California Municipal Treasurers Association
Annual Conference
Newport Beach, CA
www.cmta.org

MAY

MAY 17-21, 2021

National Association of State Treasurers
Treasury Management Training Symposium
Indianapolis, IN
www.nast.org

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Organizations may submit information on future educational seminars, meetings, or conferences by emailing cdiac_education@treasurer.ca.gov. Publication of announcements is subject to space limitations.