

California Debt and Investment Advisory Commission

2006 Annual Report:

- *Summaries of Debt Issued by California's State and Local Agencies*
- *The Commission's Report on Activities*

CDIAC #07-05

CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION
2006 ANNUAL REPORT

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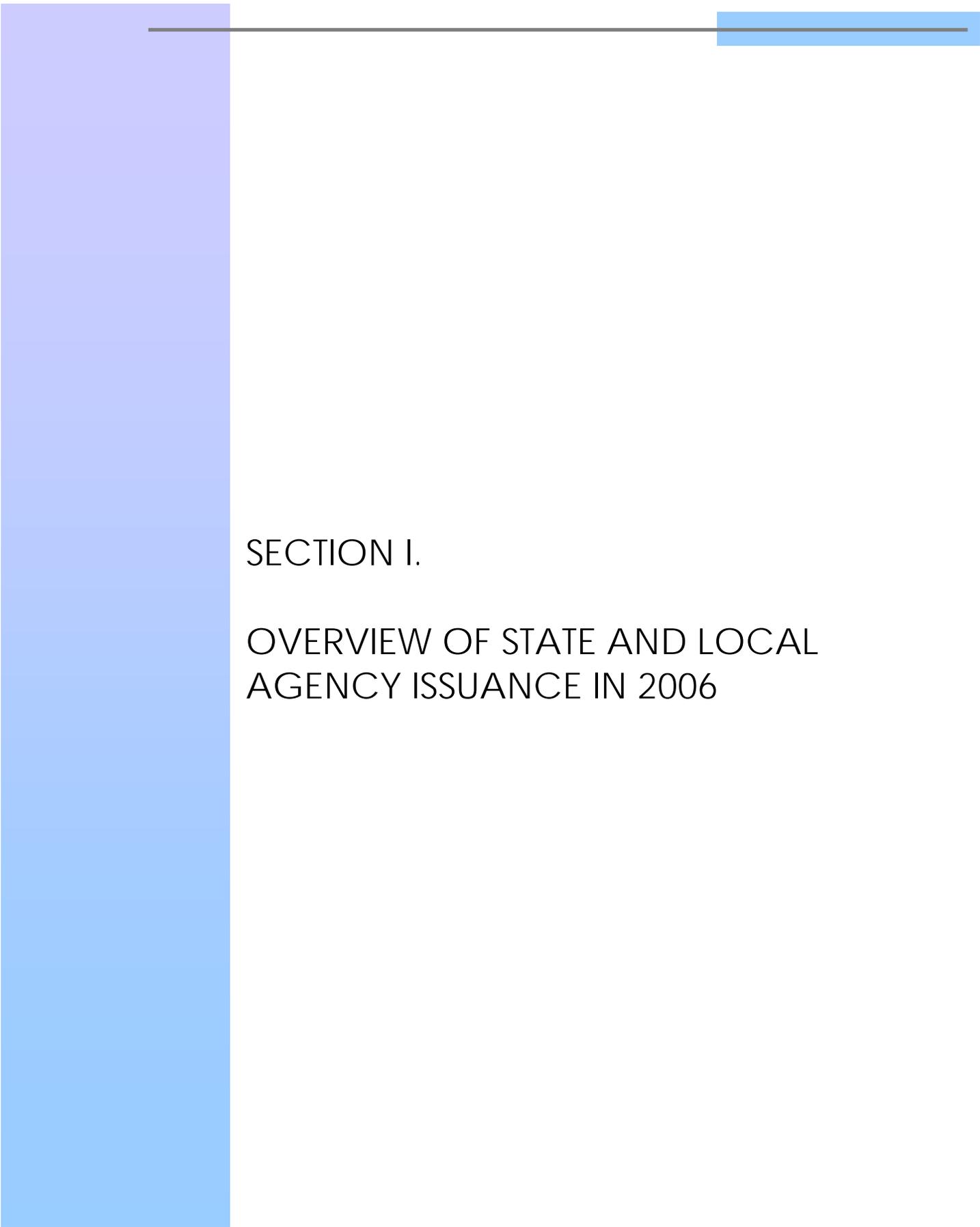
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SECTION I.

OVERVIEW OF STATE AND LOCAL
AGENCY ISSUANCE IN 2006

The California Debt and Investment Advisory Commission (CDIAC) *2006 Annual Report* contains information on state and local agency debt issued in 2006. This report provides in-depth information on the types of projects that were funded, the total volume of debt issued, the different types of debt that were issued, and information related to CDIAC's general operations.

A. State and Local Agency Bond Issuance

Public debt issued by California's state and local agencies totaled \$58.4 billion in 2006, a 17.4 percent reduction from the prior year. The agencies issued most of their debt through bonds. As displayed in Figure 6 (page 9), they issued \$46.5 billion (79.7 percent) of all debt through bond instruments. Notes accounted for \$7.8 billion (11.8 percent), while certificates of participation and commercial paper accounted for \$3.6 billion and \$525.0 million (6.1 percent and 0.9 percent), respectively.

In terms of debt issuance by purpose, capital improvements¹ (31.7 percent), education (30.7 percent), and interim financing (11.8 percent), account for the largest combined percentage of total statewide issuance at 74.3 percent.

B. State Issuance

The State issued debt totaling \$12.3 billion in 2006. Of this amount, long-term bonds accounted for \$10.3 billion, including:

- \$5.6 billion (52.0 percent) for education
- \$2.1 billion (19.0 percent) for housing
- \$1.3 billion (12.0 percent) for capital improvements
- \$1.3 billion (12.0 percent) for hospital and health care facilities
- \$226.0 million (2.1 percent) for commercial/industrial development
- \$315.0 million (2.9 percent) for other purposes²

The largest individual issues were:

- \$1.0 billion of conduit revenue bonds for university educational facilities.
- \$1.5 billion in revenue anticipation notes for cash flow/interim financing.

State issues decreased from \$25.2 billion in 2005, representing a 51.0 percent reduction.

The higher volume of issuance in 2005 was due to four major bond sales totaling \$9.7 billion. The bonds were for power generation/transmission purposes, education purposes, enhanced asset-backed tobacco settlement bonds, and revenue anticipation bonds.

¹ Capital improvements include improvements and/or construction for airports, bridges/highways/streets, flood control/storm drainage, equipment, parks/open space, ports and marinas, power generation/transmission, seismic safety, public buildings, public transit, and facilities for solid waste recovery, recreation and sports, prisons/jails/corrections, convention centers, parking, wastewater collection/treatment, and water supply/storage/distribution.

² There was one bond issue with a purpose classified as "other." It was a revenue bond that was issued by the California Earthquake Authority (CEA) for CEA claims.

C. Local Agency Issuance

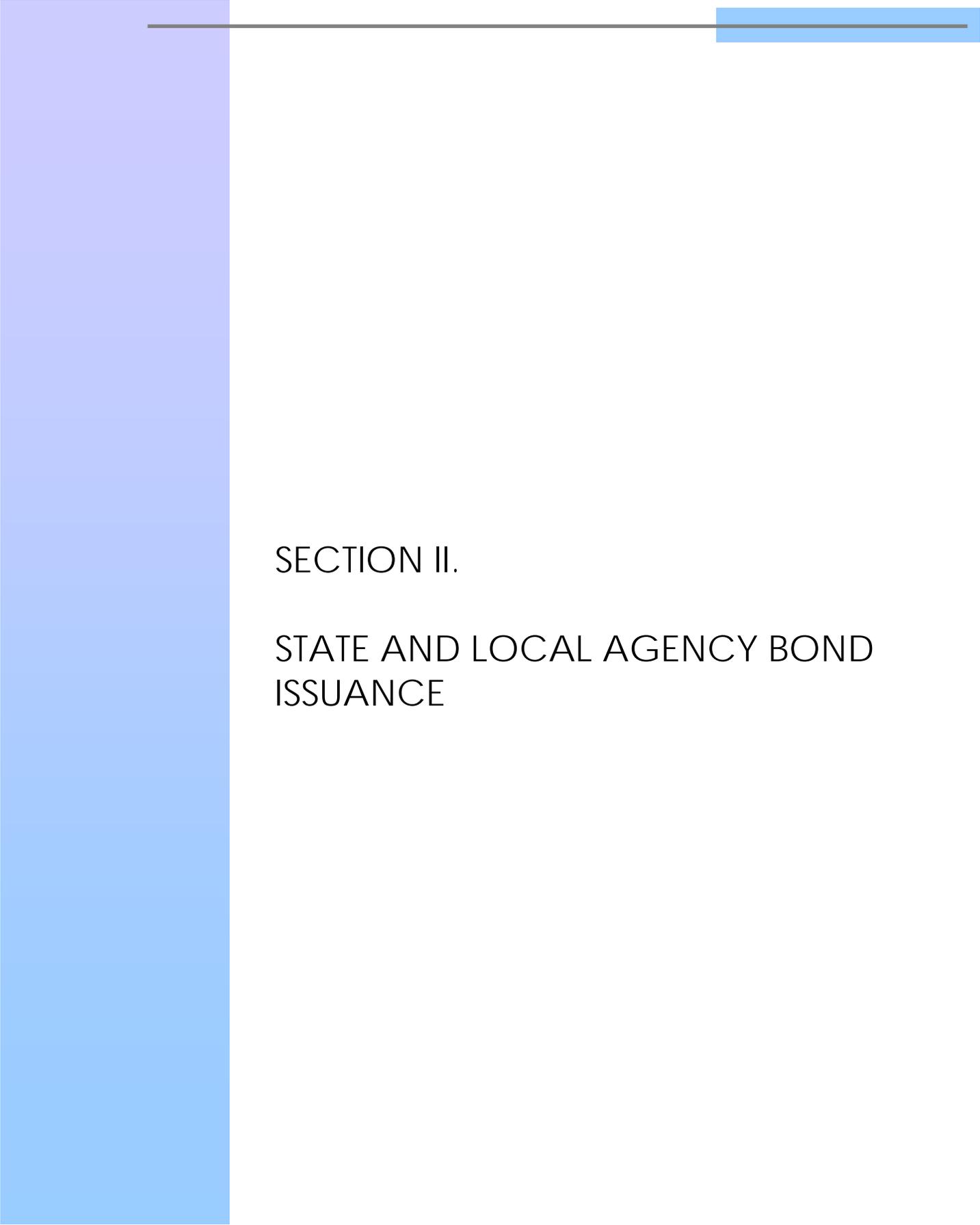
Total issuance for California local agencies, which include cities, counties, and special districts, slightly increased (1.4 percent) from \$45.2 billion in 2005 to \$45.8 billion in 2006. The types of local agency financings that had the largest issuance were:

- General obligation bonds, \$10.4 billion (22.6 percent)
- Public enterprise revenue bonds, \$7.9 billion (17.4 percent)
- Tax and revenue anticipation notes, \$4.7 billion (10.3 percent)
- Conduit revenue bonds, \$4.3 billion (9.4 percent)
- Tax allocation bonds, \$3.7 billion (8.0 percent)
- Certificates of participation/leases, \$2.8 billion (7.8 percent)
- Limited tax obligation bonds, \$2.2 billion (4.8 percent)
- Other bonds³, \$2.1 billion (4.7 percent)
- Public lease revenue bonds, \$2.1 billion (4.5 percent)

D. Student Loan Corporations Issuance

As in the previous years from 2003 to 2005, California student loan corporation issuance experienced a decrease. Issuance declined from \$342.0 million in 2005 to \$290.0 million (-15.2 percent) in 2006. As in 2005, there were no refundings for student loan corporations.

³ "Other bonds" include specific debt issuance structures for insurance/pension funds, capital improvements, education, single family housing, a court judgment, and tobacco settlement bonds.



SECTION II.

STATE AND LOCAL AGENCY BOND
ISSUANCE

The following is a summary of state and local agency bond issuance⁴ during 2006⁵:

A. Overview

- The total number of California public bond issuances reported in 2006 was 1,541 a 21.5 percent decrease from the 1,964 issuances in 2005.

These issuances were comprised of 145 State-issued bonds (9.4 percent), 1,393 local agency issued bonds (90.4 percent), and three student loan corporation issued bonds (0.2 percent). In 2006, the number of State and local agency bond issuance decreased by 28.2 percent and 20.9 percent, respectively; however, the number of student loan corporation issuance increased by 50.0 percent.

- The total volume of California public issuance reported in 2006 was \$58.4 billion, a decrease of 17.4 percent from the \$70.7 billion issued in 2005 (see Figures 1 and 2 on page 5).
- The volume of State issuance decreased 51.0 percent (from \$25.2 billion in 2005 to \$12.3 billion in 2006).

Bonds that account for the largest volume of State issuance in 2006 were conduit revenue bonds (42.7 percent) and general obligation bonds (37.1 percent), as shown in Figure 13 on page 17. The largest volume of local agency bonds in 2006 were general obligation bonds (22.6 percent), public enterprise revenue bonds (17.4 percent), and tax and revenue anticipation notes (10.3 percent), as shown in Figure 15 on page 21.

- The volume of local issuance reported in 2006 was \$46.1 billion, up from \$45.5 billion the previous year.

Local issuers had a far greater share of statewide volume in 2006 than they did in 2005, with volume rising from 64 percent of the total to nearly 79 percent. Local joint power agencies, in particular raised their statewide share from 15 percent to 21 percent. Although the city and county government issuer had the lowest percent of bond issuance, this issuer type actually increased its issuance 133.3 percent from \$761.0 million in 2005 to \$1.8 billion in 2006. The increase was due to bond issuances for airport purposes (\$920.0 million) and for water purposes (\$666.6 million).

- “Other issuers” increased their bond financings from \$15.5 billion in 2005 to \$16.4 billion in 2006, (a 6.0 percent increase in volume). Issuers in this category with the largest volume of bond issuance included:
 - Redevelopment agencies (\$3.2 billion)
 - Community college districts (\$3.2 billion)
 - Transportation agencies (\$2.8 billion)
 - Community facilities districts (\$2.2 billion)
 - Non-profit corporations (\$1.0 billion)

⁴ Except when discussed in detail by type of instrument, the term “bond” may be used in this report to refer to all types of public debt issued, such as notes and commercial paper.

⁵ The analysis is based on information contained in two companion CDIAC publications: *The 2006 Calendar of Public Debt Issuance* and the *2006 Summary of California Public Debt*.

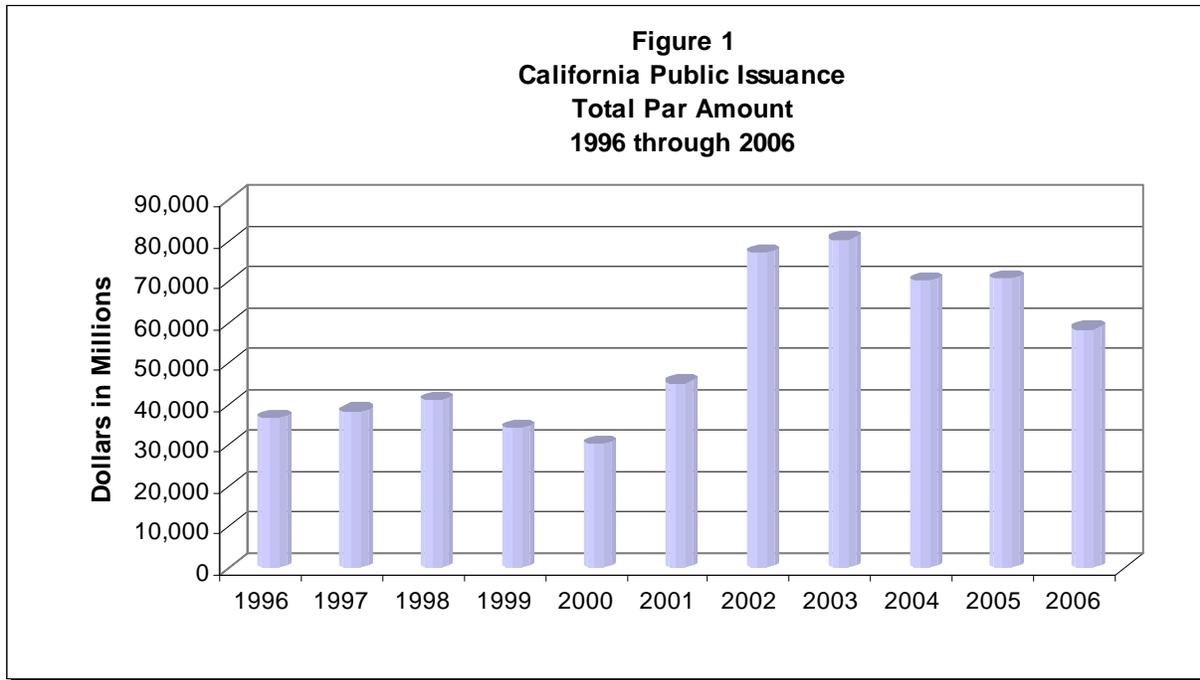


Figure 2
California Public Issuance¹
Types of Issuers
2006 and 2005
(Dollars in Millions)

Issuer Type	2006		2005		Percent Change 2005 to 2006
	Volume	Percent of Total	Volume	Percent of Total	
State Issuers ²	\$12,345	21.1%	\$25,167	35.6%	-51.0%
County Government	2,841	4.9	3,594	5.1	-21.0
City Government	4,249	7.3	5,427	7.7	-21.7
City and County Government	1,775	3.0	761	1.1	133.3
Joint Powers Agencies	12,424	21.3	10,601	15.0	17.2
K-12 School Districts	8,362	14.3	9,644	13.6	-13.3
Other Issuers	16,432	28.1	15,498	21.9	6.0
Total³	\$58,429	100.0%	\$70,691	100.0%	-17.4%

¹ Totals may not add due to rounding.

² Includes state joint power authorities.

³ Total includes state and local government entities and student loan corporations.

- **Long-Term Issuance:** Figure 3 on page 7 shows total long-term issuance of approximately \$51.5 billion. As in previous years, general obligation, conduit revenue, and public enterprise revenue bonds accounted for over 50 percent of long-term issuances. In 2006, the State issued \$14.9 billion, \$9.7 billion, and \$8.3 billion, respectively, using these debt instruments. Total long-term issues dropped from \$61.1 billion in the prior year, representing a 15.7 percent reduction. Most of this reduction can be accounted for by the reductions in the volume of general obligation and revenue bond issues. Tax allocation notes had the most significant increase, up 275.7 percent from \$15.5 million in 2005 to \$58.3 million in 2006.
- **Short-Term Issuance:** Short-term issuance for state and local issuers declined from \$9.6 billion in 2005 to \$6.9 billion in 2006 (-27.8 percent). Although the total issuance for “other notes” (\$110.0 million) was small compared to tax and revenue anticipation notes (\$4.7 billion) and revenue anticipation notes (\$1.5 billion), it had the greatest increase in issuance (7,233.3 percent) from 2005 (\$1.5 million).

B. Refunding Bond Issuance in 2006

As shown in Figure 4 (page 8), state and local agency refunding decreased 47.5 percent, from \$30.8 billion in 2005 to \$16.2 billion in 2006. The majority of refundings for statewide issuance in 2006 were concentrated in education (\$5.7 billion, 35.1 percent) and capital improvements (\$5.5 billion, 34.1 percent).

- **State Refunding:** State issuance in 2006 was \$12.3 billion (21.1 percent of the total volume of bonds issued); \$4.3 billion was used to refund prior financings (see Figure 5 on page 8). State refunding as a percent of total issuance was lower in 2006 (7.3 percent) compared to 2005 (19.3 percent).
- **Local Refunding:** Figure 5 (page 8) shows a slight increase in the volume of local agency issuance from \$45.2 billion in 2005 to \$45.8 billion in 2006 (1.4 percent). In 2006, local refunding was 20.4 percent of statewide issuance. The volume of refunding decreased from \$17.2 billion in 2005 to \$11.9 billion in 2006 (-30.7 percent).
- **Student Loan Corporation Refunding:** Figure 5 shows student loan corporations issued \$290.0 million in bonds in 2006 compared to \$342.3 million issued in 2005 (-15.3 percent). As in previous years, there were no refundings in 2006 for student loan corporations.

Figure 3
California Public Issuance
Long-Term and Short-Term*
2006 and 2005
(Dollars in Millions)

	2006		2005		Percent Change 2005 to 2006
	Volume	Percent of Total Issuance	Volume	Percent of Total Issuance	
Long-Term Issuance					
Bond Anticipation Note	\$55	0.1%	\$37	0.1%	48.0%
Certificates of Participation/Leases	3,591	6.1	2,792	3.9	28.6
Conduit Revenue Bond	9,744	16.7	9,126	12.9	6.8
Grant Anticipation Note	0	0.0	15	0.0	-100.0
General Obligation Bond	14,936	25.6	17,610	24.9	-15.2
Limited Tax Obligation Bond	2,204	3.8	2,658	3.8	-17.1
Other	0	0.0	1	0.0	-100.0
Other Bond	2,140	3.7	5,611	7.9	-61.9
Other Note	1,262	2.2	425	0.6	197.0
Public Enterprise Revenue Bond	8,261	14.1	11,370	16.1	-27.3
Public Lease Revenue Bond	2,676	4.6	3,721	5.3	-28.1
Revenue Anticipation Note	0	0.0	455	0.6	-100.0
Revenue Bond	1,749	3.0	2,537	3.6	-31.1
Special Assessment Bond	441	0.8	484	0.7	-8.9
Sales Tax Revenue Bond	739	1.3	1,458	2.1	-49.3
Tax Allocation Bond	3,657	6.3	2,804	4.0	30.4
Tax Allocation Note	58	0.1	16	0.0	275.7
Subtotal, Long-Term Issuance	\$51,513	88.2%	\$61,118	86.5%	-15.7%
Short-Term Issuance					
Bond Anticipation Note	\$34	0.1%	\$17	0.0%	93.5%
Commercial Paper	525	0.9	976	1.4	-46.2
Grant Anticipation Note	0	0.0	20	0.0	-100.0
Other Note	110	0.2	2	0.0	7,233.3
Revenue Anticipation Note	1,523	2.6	3,069	4.3	-50.4
Tax Revenue and Anticipation Note	4,725	8.1	5,490	7.8	-13.9
Subtotal, Short-Term Issuance	\$6,916	11.8%	\$9,573	13.5%	-27.8
Total	\$58,429	100.0%	\$70,691	100.0%	-17.3%

*Certain notes (bond anticipation note, grant anticipation note, revenue anticipation note, and "other" note) appear in both long- and short-term issuance. Those notes that appear in short-term issuance were for interim financing.

Figure 4
California Public Issuance
New Issuance and Refunding Issuance*
2006 and 2005
(Dollars in Millions)

Type of Issuance	2006		2005		Percent Change 2005 to 2006
	Volume	Percent of Total Issuance	Volume	Percent of Total Issuance	
New Issuance	\$42,257	72.3%	\$39,898	56.4%	5.9%
Refunding Issuance	16,172	27.7	30,793	43.6	-47.5
Total	\$58,429	100.0%	\$70,691	100.0%	-17.3%

*Totals may not add and percentages may not be exact due to rounding.

Figure 5
State and Local Agency Issuance*
Total Issuance and Refunding Issuance
2006 and 2005
(Dollars in Millions)

Type of Issuance	2006			2005		
	Volume	Amount of Refunding	Refunding Percent of Total Issuance	Volume	Amount of Refunding	Refunding Percent of Total Issuance
State Issuance	\$12,345	\$4,272	7.3%	\$25,167	\$13,613	19.3%
Local Issuance	45,794	11,900	20.4	45,182	17,180	24.3
Student Loan Corporations	290	0	0.0	342	0	0.0
Total	\$58,429	\$16,172	27.7%	\$70,691	\$30,793	43.6%

*Totals may not add and percentages may not be exact due to rounding.

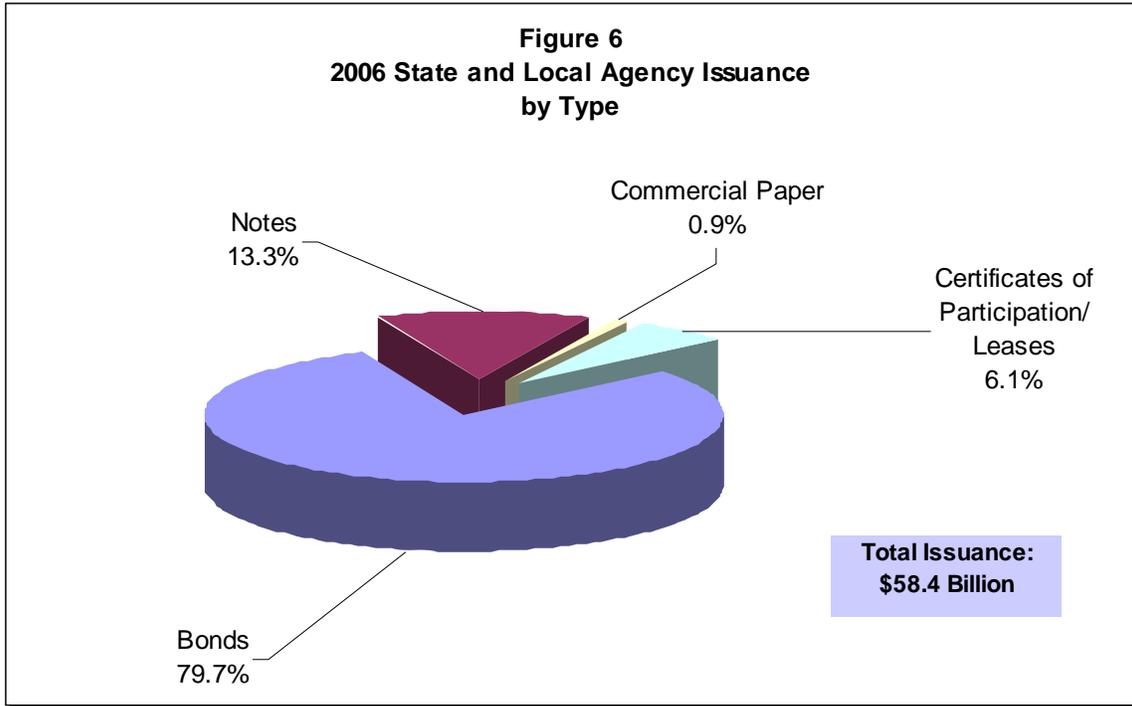
C. California Public Issuance by Type and Purpose

As shown in Figure 6 (page 9), state and local governments issued several different types of debt in 2006. Bonds made up the largest category of public issuance (\$46.5 billion or 79.7 percent). The volume of State bond issuance totaled \$10.8 billion (18.4 percent) and local bond issuance totaled \$35.6 billion (60.9 percent). Student loan corporations issued \$190.0 million in conduit revenue bonds. For individual state issues, bonds sold ranged from a \$1.4 billion conduit revenue bond for university facilities to a \$15,000 general obligation bond issued for the Safe Drinking Water Act of 1988. The range in bond issuance for local issuers was from a \$1.2 billion public enterprise revenue bond issued for a bridge system seismic retrofit to a \$62,700 special assessment bond for capital improvements (water).

Notes were the next largest category of public financings (\$7.8 billion or 13.3 percent). State issuance ranged from \$1.5 billion in revenue anticipation notes, which were for interim project financing, to \$14.0 million in bond anticipation notes for the California Institute of Regenerative Medicine. Local agency

issuance ranged from \$972.3 million in other notes for the San Francisco-Oakland Bay Bridge seismic retrofit to \$130,000 in tax and revenue anticipation notes for interim financing.

Smaller categories of issuance include certificates of participation (\$3.6 billion or 6.1 percent) and commercial paper (\$525.0 million or 0.9 percent). All funds for commercial paper were issued by local agencies for interim financing.



Figures 7 and 8 (page 10) display state, local, and student loan issuance by purpose. Capital improvements,⁶ education, and interim financing (\$18.5 billion, \$17.9 billion, and \$6.9 billion, respectively) are the three largest of total issuance by purpose. Each of these purpose types decreased in issuance from 2005: capital improvements declined 3.9 percent, education declined 19.8 percent, and interim financing declined 27.8 percent.

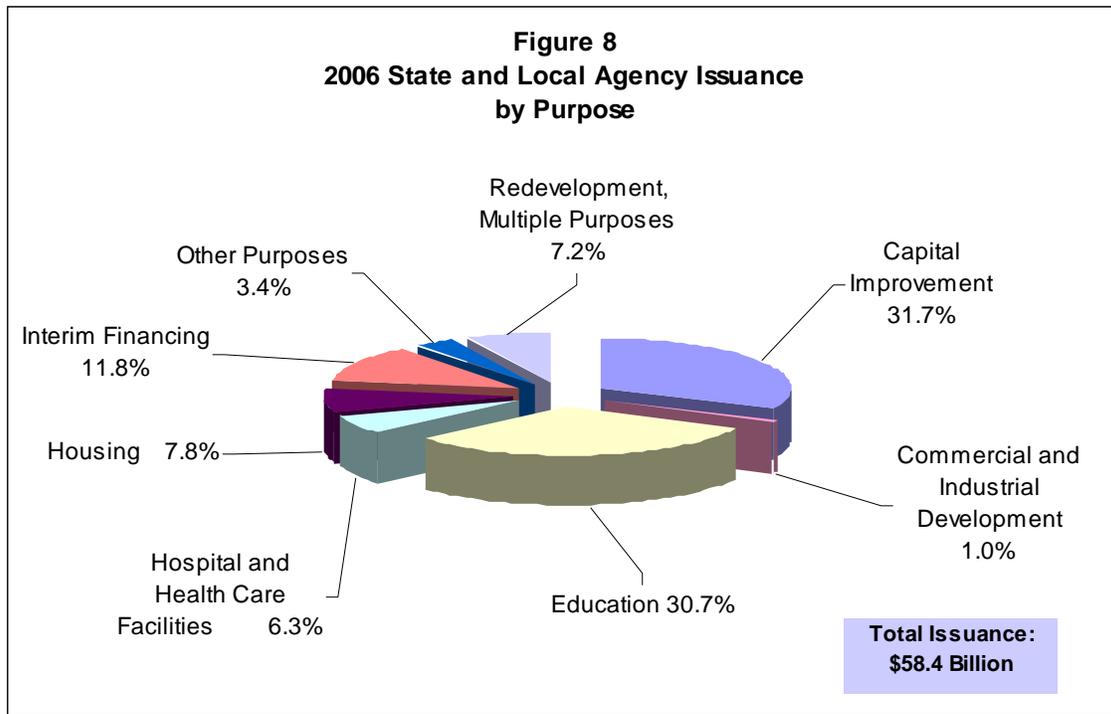
⁶ See footnote 2, page 1 of this report for a definition of “capital improvements.”

Figure 7
2006 California Public Issuance
by Purpose and Issuer*
(Dollars in Millions)

Purpose of Financing	Volume			Total	Percentage of Total Issuance
	State	Local	Student Loan Corporations		
Capital Improvements	\$1,302	\$17,243	\$0	\$18,545	31.7%
Commercial and Industrial Development	226	375	0	601	1.0
Education	5,639	12,010	290	17,938	30.7
Hospital and Health Care Facilities	1,305	2,348	0	3,653	6.3
Housing	2,059	2,495	0	4,554	7.8
Interim Financing	1,500	5,416	0	6,916	11.8
Redevelopment, Multiple Purposes	0	4,233	0	4,233	7.2
Other Purposes	315	1,673	0	1,988	3.4
Total	\$12,345	\$45,794	\$290	\$58,429	100.0%

*Totals may not add and percentages may not be exact due to rounding.

Figure 8
2006 State and Local Agency Issuance
by Purpose



D. Competitive and Negotiated Financings

- **Competitive Financings:** In a competitive financing, the bidder (underwriter) who offers the lowest sealed bid is awarded the sale of bonds. Figure 9 on the following page lists all of the 2006 competitive and negotiated sales. In 2006, the number of competitive financings was 245, 15.9 percent of the 1,541 bond financings. Of the 37 types of government issuers, only harbor port district, the State, transit district, and fire protection district issuers used competitive bidding for 50 percent or more for their bond sales. The volume sold using competitive bidding was \$11.4 billion (19.5 percent).
- **Negotiated Financings:** A negotiated financing involves the sale of bonds in which the terms and price are negotiated through an exclusive contract with a previously selected underwriter(s). As in recent years, Marks-Roos and K-12 issuers had the greatest number of issuances sold through negotiated sales. Marks-Roos issuers sold 92.6 percent (\$7.2 billion) and K-12 issuers sold 78.8 percent (\$6.6 billion) of their bonds through negotiated sales. Seventeen types of government issuers sold their bond exclusively via the negotiated process; they account for 15.1 percent (\$8.8 billion) of the total volume of bonds issued.

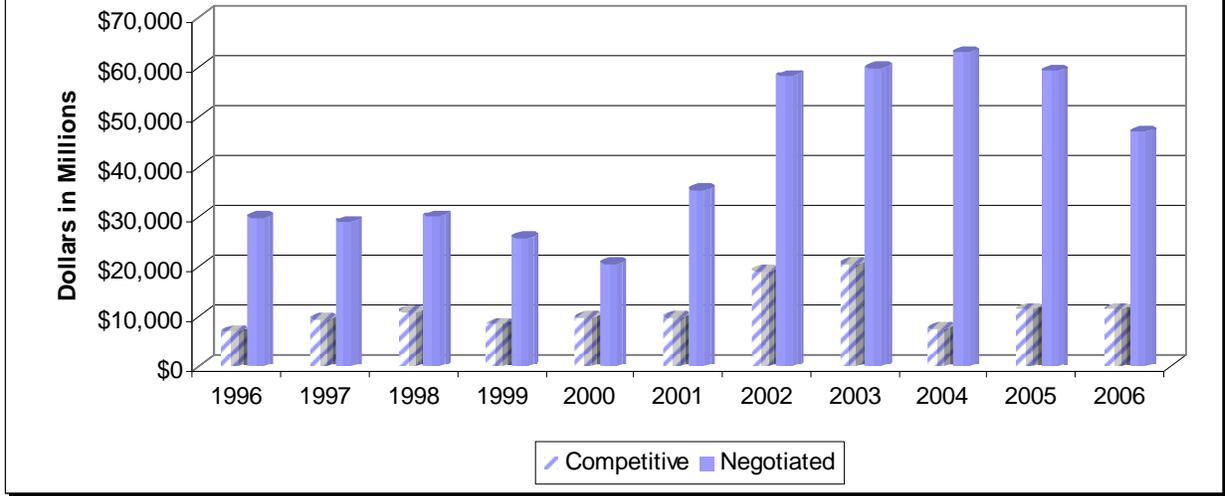
On page 13, Figure 10 provides a comparison of competitive and negotiated financings from 1996 through 2006. As the graph shows, 2006 is the second year that negotiated sales have declined (from \$59.2 billion to \$47.0 billion). Competitive financings also have decreased somewhat from \$11.5 billion in 2005 to \$11.4 billion in 2006.

Figure 9
Comparison of 2006
Competitive and Negotiated Financings
(Dollars in Millions)

Type of Issuer	Competitive Sales		Negotiated Sales		Total Volume	Percent of Total Issues
	Volume	Percent of Issuers' Sales	Volume	Percent of Issuers' Sales		
City	\$1,519	35.7%	\$2,731	64.3%	\$4,249	7.3%
City/County Government	824	46.4	951	53.6	1,775	3.0
Community College District	121	3.8	3,064	96.2	3,185	5.5
Community Facilities District	81	3.6	2,159	96.4	2,240	3.8
Community Services District	0	0	15	100.0	15	0
County	865	30.4	1,976	69.6	2,841	4.9
County Board of Education	0	0	109	100.0	109	0.2
County Sanitation District	0	0	200	100.0	200	0.3
County Water District	0	0	59	100.0	59	0.1
Fire Protection District	25	54.1	21	45.9	45	0.1
Flood Control, Water Conservation District	0	0	40	100.0	40	0.1
Harbor Port District	111	100.0	0	0	111	0.2
Hospital District	67	12.7	460	87.3	527	0.9
Housing Authority	0	0	305	100.0	305	0.5
Industrial Development Authority	0	0	8	100.0	8	0
Irrigation District	0	0	269	100.0	269	0.5
Joint Powers Agency	177	3.8	4,442	96.2	4,618	7.9
K-12 School District	1,774	21.2	6,589	78.8	8,362	14.3
Marks Roos	579	7.4	7,226	92.6	7,805	13.4
Metropolitan Water District	0	0	420	100.0	420	0.7
Municipal Water District	39	19.1	165	80.9	204	0.3
Non-Profit Corporation	66	6.4	962	93.6	1,027	1.8
Park & Recreation District	0	0	64	100.0	64	0.1
Public Utility District	0	0	103	100.0	103	0.2
Redevelopment Agency	326	10.2	2,873	89.8	3,199	5.5
Sanitary District	13	36.7	22	63.3	35	0.1
State	4,584	74.8	1,545	25.2	6,129	10.5
State Instrumentalities	0	0	2,516	100.0	2,516	4.3
State Joint Powers Agency	0	0	21	100.0	21	0
State Programs & Departments	0	0	3,680	100.0	3,680	6.3
Student Loan Corporation	0	0	290	100.0	290	0.5
Transit Authority	138	4.9	2,678	95.1	2,815	4.8
Transit District	108	62.5	65	37.5	173	0.3
Water Agency/Authority	0	0	671	100.0	671	1.1
Water District	4	1.5	282	98.5	287	0.5
Water Storage District	0	0	33	100.0	33	0.1
Total	\$11,419	19.5%	\$47,010	80.4%	\$58,429	100.0%

*Totals may not add and percentages may not be exact due to rounding.

Figure 10
California Public Issuance
Competitive and Negotiated Financings
1996 through 2006



E. Taxable Financings

Interest on most municipal bonds are tax-exempt, with the exception of a small percentage of bonds that have taxable interest. Whether or not bond interest is taxable depends on the following⁷:

- The bonds are not treated as obligations of a state or political subdivision of a state (e.g., private activity bonds);
- The bonds are arbitrage bonds;
- The bonds are hedge bonds;
- The bonds violate various other prohibitions contained in the federal tax code.

As shown in Figure 11, 4.9 percent (\$2.9 billion) of the par amount of bonds sold in 2006 were taxable. Of these, bonds sold for redevelopment purposes had the greatest volume (\$828.0 million, 19.6 percent); however, within the “other” category, those bonds had the largest share of taxable bonds (38.7 percent). The bonds in the “other” category were primarily for insurance/pension funds (\$664.2 million, 86.3 percent).

Figure 11
2006 Taxable Financings
(Dollars in Millions)

Purpose	Total Volume	Number of Taxable Issues	Total Taxable Amount	Percent Taxable
Capital Improvements	\$18,545	35	\$506	2.7%
Commercial and Industrial Development	601	2	6	1.1
Education	17,938	10	358	2.0
Hospital and Health Care Facilities	3,653	5	50	1.4
Housing	4,554	19	291	6.4
Interim Financing	6,916	5	71	1.0
Redevelopment	4,233	37	828	19.6
Other	1,988	14	770	38.7
Total	\$58,429	127	\$2,880	4.9%

*Totals may not add and percentages may not be exact due to rounding.

⁷ California Debt and Investment Advisory Commission, "Chapter 3: General Federal Tax Requirements," *California Debt Issuance Primer* (2006): page 53.

F. Credit Enhancement

Credit enhancements provide protection to the bond purchaser while providing the issuer with a better credit position. In order for an issuer to receive a credit enhancement for a bond, the issuer needs to pay a guarantor for a letter of credit, bond insurance, or some other type of enhancement⁸.

In 2006, the volume of credit enhanced bonds decreased to \$39.1 billion from \$48.1 billion in 2005 (-18.6 percent). Approximately 67.0 percent of bonds issued in 2006 were credit enhanced. Of the \$39.1 billion credit enhanced bonds, 92.1 percent were insured, 3.7 percent received a letter of credit, and 4.1 percent received some other form of a credit enhancement. As in 2005, the smallest category by volume was commercial and industrial development bonds, with \$331.0 million or 0.8 percent of credit enhanced issuance (see Figure 12).

Figure 12
2006 California Public Issuance
Volume of Bonds Issued
With Credit Enhancements
(Dollars in Millions)

Purpose	Insured	Letter of Credit	Other	Total
Capital Improvements	\$13,461	\$574	\$0	\$14,035
Commercial and Industrial Development	331	203	0	534
Education	15,840	212	0	16,052
Hospital and Health Care Facilities	1,493	277	1,528	3,298
Housing	671	198	91	959
Redevelopment	3,654	0	0	3,654
Other	586	0	0	586
Total	\$36,036	\$1,465	\$1,619	\$39,119

*Totals may not add due to rounding.

⁸ California Debt and Investment Advisory Commission, "Chapter 1: Overview of a Debt Financing," *California Debt Issuance Primer* (2006): pages 22-23.





SECTION III.

STATE OF CALIFORNIA BOND ISSUANCE

A. State Issuance by Type

Bond issuance for state agencies decreased 51.0 percent from almost \$25.2 billion in 2005 to \$12.3 billion in 2006 (see Figure 13). State issuance declined in all bond types except two: conduit revenue bonds and bond anticipation notes. Conduit revenue bonds experienced a slight increase of 3.6 percent (from \$5.1 billion in 2005 to \$5.3 billion in 2006). Bond anticipation notes issuance also increased as there was no issuance in 2005.

Conduit revenue bonds also had the largest volume of issuance, \$5.3 billion (42.7 percent). Bonds issued in this category were for education (\$2.0 billion), housing (\$1.7 billion), hospital/health care (\$1.2 billion), commercial/industrial development (\$225.9 million), and capital improvements (\$176.8 million).

Revenue bonds (pool), “other bonds,” and “other notes” all decreased 100.0 percent because no bonds of these types were issued in 2006. Public enterprise revenue bond and public lease revenue bond issuance also declined in 2006. Issuance for public enterprise revenue bonds decreased from almost \$6.0 billion in 2005 to \$315.0 million in 2006, and public lease revenue bonds decreased from \$1.8 billion in 2005 to \$614.5 million in 2006.

Figure 13
State Bond Issuance by Type*
2006 and 2005
(Dollars in Millions)

Type	2006		2005		Percent Change 2005 to 2006
	Volume	Percent of Total Issuance	Volume	Percent of Total Issuance	
Bonds					
Conduit revenue bond	\$5,266	42.7%	\$5,085	20.2%	3.6%
General obligation bond	4,584	37.1	6,019	23.9	-23.9
Public enterprise revenue bond	315	2.6	5,983	23.8	-94.7
Public lease revenue bond	615	5.0	1,804	7.2	-65.9
Revenue bond (Pool)	0	0.0	37	0.1	-100.0
Other bond	0	0.0	3,141	12.5	-100.0
Subtotal Bonds	\$10,779	87.3%	\$22,068	87.7%	-51.2%
Certificates of Participation/Leases	\$21	0.2%	\$80	0.3%	-73.8%
Notes					
Bond anticipation note	\$45	0.4%	\$0	0.0%	N/A
Revenue anticipation note	1,500	12.2	3,000	11.9	-50.0
Other note	0	0.0	19	0.1	-100.0
Subtotal Notes	\$1,545	12.5%	\$3,019	12.0%	-48.8%
Total	\$12,345	100.0%	\$25,167	100.0%	-51.0%

* Does not include student loan corporations. Totals may not add and percentages may not be exact due to rounding.

B. State Issuance by Purpose

As shown in Figure 14, state issuance for all purpose types decreased from 2005 to 2006, with the most significant decreases in “other purpose” (-90.6 percent), capital improvements (-73.6 percent), and commercial and industrial development (-68.8 percent). The reason for the decline in these categories is that there were bond issues for unique purposes in 2005: “other purpose” included a large tobacco securitization bond issuance; capital improvements included a power/transmission generation bond, and commercial and industrial development included bonds for pollution control.

Figure 14
State Bond Issuance by Purpose¹
2006 and 2005
(Dollars in Millions)

Purpose	2006		2005		Percent Change 2005 to 2006
	Volume	Percent of Total Issuance	Volume	Percent of Total Issuance	
Capital Improvements	\$1,302	10.5%	\$4,938	19.6%	-73.6%
Commercial and Industrial Development	226	1.8	723	2.9	-68.8
Education	5,639	45.7	8,775	34.9	-35.7
Hospital and Health Care Facilities	1,305	10.6	1,583	6.3	-17.6
Housing	2,059	16.7	2,707	10.8	-23.9
Interim Financing	1,500	12.2	3,080	12.2	-51.3
Other Purpose	315	2.6	3,361	13.4	-90.6
Total	\$12,345	100.0%	\$25,167	100.0%	-51.0%

¹ Does not include student loan corporations. Totals may not add and percentages may not be exact due to rounding.





SECTION IV.

LOCAL AGENCY BOND ISSUANCE

A. Local Agency Issuance by Type

The total volume of issuance for local agencies slightly increased from \$45.2 billion in 2005 to \$45.8 billion in 2006 (1.4 percent) (see Figure 15 on page 21). The largest increases in local agency issuance were for the following:

- **Other Notes:** Issuance in this category increased from \$255.6 million in 2005 to \$1.3 billion in 2006 (397.8 percent) due to the issuance of \$972.3 million for seismic improvements of the San Francisco-Oakland Bay Bridge.
- **Tax Allocation Notes:** The 275.7 percent increase in tax allocation note issuance can be credited to a variety of bond issuances for redevelopment purposes.

The following is a list of some of the types of local agency issuance that declined in 2006:

- **Grant Anticipation Notes and Other Debt:** No grant anticipation note or other debt issued in 2006.
- **Revenue Anticipation Notes:** Decreased from \$523.5 million in 2005 to \$22.8 million in 2006 (-95.7 percent).
- **Sales Tax Revenue Bonds:** Decreased from \$1,457.7 billion in 2005 to \$739.0 million in 2006 (-49.3 percent).

Figure 15
Local Agency Issuance by Type¹
2006 and 2005
(Dollars in Millions)

Type	2006		2005		Percent Change 2005 to 2006
	Volume	Percent of Total Issuance	Volume	Percent of Total Issuance	
Bonds					
Conduit revenue bond	\$4,288	9.4%	\$3,851	8.5%	11.4%
General obligation bond	10,352	22.6	11,591	25.7	-10.7
Limited tax obligation bond	2,204	4.8	2,658	5.9	-17.1
Public enterprise revenue bond	7,946	17.4	5,387	11.9	47.5
Public lease revenue bond	2,061	4.5	1,918	4.2	7.5
Revenue bond (Pool)	1,749	3.8	2,500	5.5	-30.1
Sales tax revenue bond	739	1.6	1,458	3.2	-49.3
Special assessment bond	441	1.0	484	1.1	-8.9
Tax allocation bond	3,657	8.0	2,804	6.2	30.4
Other bond	2,140	4.7	2,470	5.5	-13.3
Subtotal Bonds	\$35,578	77.7%	\$35,120	77.7%	1.3%
Certificates of Participation/Leases	\$3,570	7.8%	\$2,792	6.2%	27.9%
Commercial Paper	\$525	1.1%	\$896	2.0%	-41.4%
Notes					
Bond anticipation note	\$44	0.1%	\$55	0.1%	-20.0%
Grant anticipation note	0	0.0	35	0.1	-100.0
Revenue anticipation note	23	0.1	523	1.2	-95.7
Tax allocation note	58	0.1	16	0.0 ²	275.7
Tax and revenue anticipation note	4,725	10.3	5,490	12.2	-13.9
Other note	1,272	2.8	256	0.6	397.8
Subtotal Notes	\$6,121	13.4%	\$6,374	14.1%	-4.0%
Other Debt	\$0	0.0%	\$1	0.0% ³	-100.0%
Total	\$45,794	100.0%	\$45,182	100.0%	1.4%

¹ Does not include student loan corporations. Totals may not add and percentages may not be exact due to rounding.

² Actual percent of 2005 tax allocation notes is 0.034 percent.

³ Actual percent of 2005 other debt is 0.002 percent.

B. Local Agency Issuance by Purpose

As shown in Figure 16, the majority of the bond issuance in 2006 was used for capital improvements (\$17.2 billion) and education (\$12.0 billion). The majority of capital improvements were in public enterprise revenue bonds (\$7.9 billion); of this, \$2.3 billion was issued for water projects and \$2.2 billion for bridges (reconstruction and seismic improvements/retrofit). A significant portion of the bonds for education were general obligation bonds (\$9.5 billion), which were issued for K-12 school facilities and college/university facilities. Capital improvements and redevelopment had the largest increases from 2005 to 2006 (20.1 percent and 30.3 percent, respectively). In the area redevelopment, most of the bonds issued were tax allocation bonds (\$3.5 billion).

Interim financing and “other” and experienced the greatest declines (-16.6 percent and -40.2 percent, respectively). Bonds in the “other” category were comprised of tobacco securitization bonds (\$625.8 million) and insurance/pension fund bonds (\$355.4 million).

Figure 16
Local Agency Issuance by Purpose*
2006 and 2005
(Dollars in Millions)

Purpose	2006		2005		Percent Change 2005 to 2006
	Volume	Percent of Total Issuance	Volume	Percent of Total Issuance	
Capital Improvements	\$17,243	37.7%	\$14,354	31.8%	20.1%
Commercial and Industrial Development	375	0.8	389	0.9	-3.7
Education	12,010	26.2	13,248	29.3	-9.3
Hospital and Health Care Facilities	2,348	5.1	2,483	5.5	-5.4
Housing	2,495	5.4	2,166	4.8	15.2
Interim Financing	5,416	11.8	6,493	14.4	-16.6
Redevelopment	4,233	9.2	3,249	7.2	30.3
Other	1,673	3.7	2,800	6.2	-40.2
Total	\$45,794	100.0%	\$45,182	100.0%	1.4%

* Does not include student loan corporations. Totals may not add and percentages may not be exact due to rounding.

**C. Local Agency Issuance
by County of Origin**

Figure 17 shows the total amount of issuance as well as refunding amounts by county. Of the 58 counties, issuers in Los Angeles county issued \$9.7 billion (21.3 percent) of all local bonds issued in 2006. Of this total, 29.6 percent was for refunding. The "multiple" category, which includes issuances that overlap at least two county boundaries, was the second largest issuer (\$7.5 billion). About a quarter of this amount was for refundings.

Eighteen of the 58 counties that issued bonds in 2006, did not have any refundings. Of these counties, Butte county had the largest bond issuance volume (\$48.9 million).

Alpine, Inyo, Modoc, and Trinity counties were the only four counties that did not have any public issuance.

**Figure 17
2006 Local Agency Issuance
by County of Origin and Refunding
(Dollars in Millions)**

County	Number of Issues	Volume	Percent of Total	Refunded Amount	Percent of Issues Refunded
Alameda	38	\$4,059	8.9%	\$68	1.7%
Amador	5	43	0.1	20	47.3
Butte	8	49	0.1	0	0.0
Calaveras	8	40	0.1	28	69.1
Colusa	1	3	0.0	0	0.0
Contra Costa	44	1,134	2.5	243	21.4
Del Norte	3	10	0.0	0	0.0
El Dorado	6	69	0.2	26	38.4
Fresno	23	359	0.8	25	6.9
Glenn	1	5	0.0	0	0.0
Humboldt	4	26	0.1	4	16.8
Imperial	18	180	0.4	22	12.0
Kern	45	664	1.5	126	19.0
Kings	2	10	0.0	0	0.0
Lake	4	24	0.1	6	24.7
Lassen	2	2	0.0	2	96.4
Los Angeles	192	9,735	21.3	2,885	29.6
Madera	9	117	0.3	6	5.5
Marin	22	301	0.7	1	0.4
Mariposa	1	5	0.0	0	0.0
Mendocino	3	47	0.1	0	0.0
Merced	11	47	0.1	0	0.0
Mono	3	7	0.0	0	0.0
Monterey	23	323	0.7	61	18.7
Napa	2	40	0.1	0	0.0
Nevada	4	36	0.1	8	23.4
Orange	53	1,796	3.9	163	9.1
Placer	30	538	1.2	53	9.9
Plumas	2	2	0.0	0	0.0
Riverside	151	2,904	6.3	529	18.2
Sacramento	44	2,084	4.6	303	14.5
San Benito	3	129	0.3	11	8.7
San Bernardino	54	1,220	2.7	160	13.1
San Diego	78	3,677	8.0	1,361	37.0
San Francisco	22	2,227	4.9	1,236	55.5
San Joaquin	20	443	1.0	81	18.3
San Luis Obispo	8	70	0.2	21	29.4
San Mateo	25	1,060	2.3	270	25.5
Santa Barbara	16	242	0.5	149	61.6
Santa Clara	45	2,673	5.8	1,618	60.6
Santa Cruz	11	126	0.3	10	7.5
Shasta	7	35	0.1	0	0.0
Sierra	1	2	0.0	0	0.0
Siskiyou	3	7	0.0	0	0.0
Solano	16	253	0.6	129	51.1
Sonoma	14	196	0.4	11	5.8
Stanislaus	16	293	0.6	29	9.9
Sutter	3	43	0.1	0	0.0
Tehama*	1	0	0.0	0	0.0
Tulare	10	252	0.6	81	32.2
Tuolumne	2	8	0.0	0	0.0
Ventura	26	498	1.1	75	15.1
Yolo	13	136	0.3	55	40.7
Yuba	4	49	0.1	0	0.0
Multiple	233	7,495	16.4	2,024	27.0
Total	1,393	\$45,794	100.0%	\$11,900	26.0%

*Actual amount issued is \$350,000.



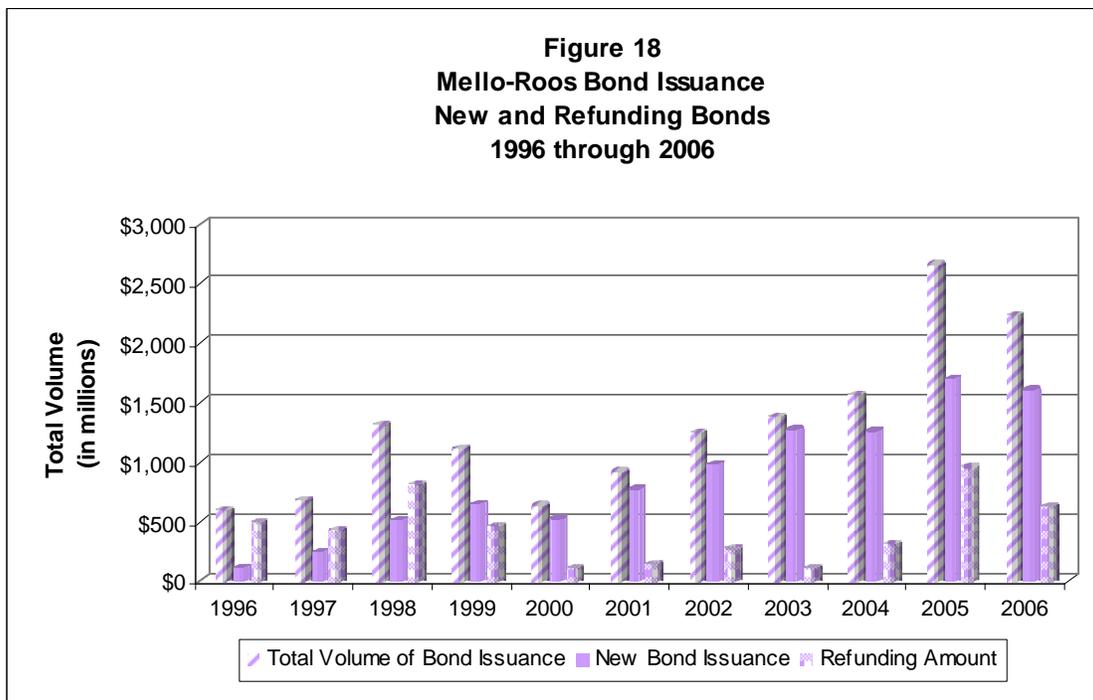
SECTION V.

MELLO-ROOS COMMUNITY
FACILITIES DISTRICTS BOND ISSUANCE

A. Overview

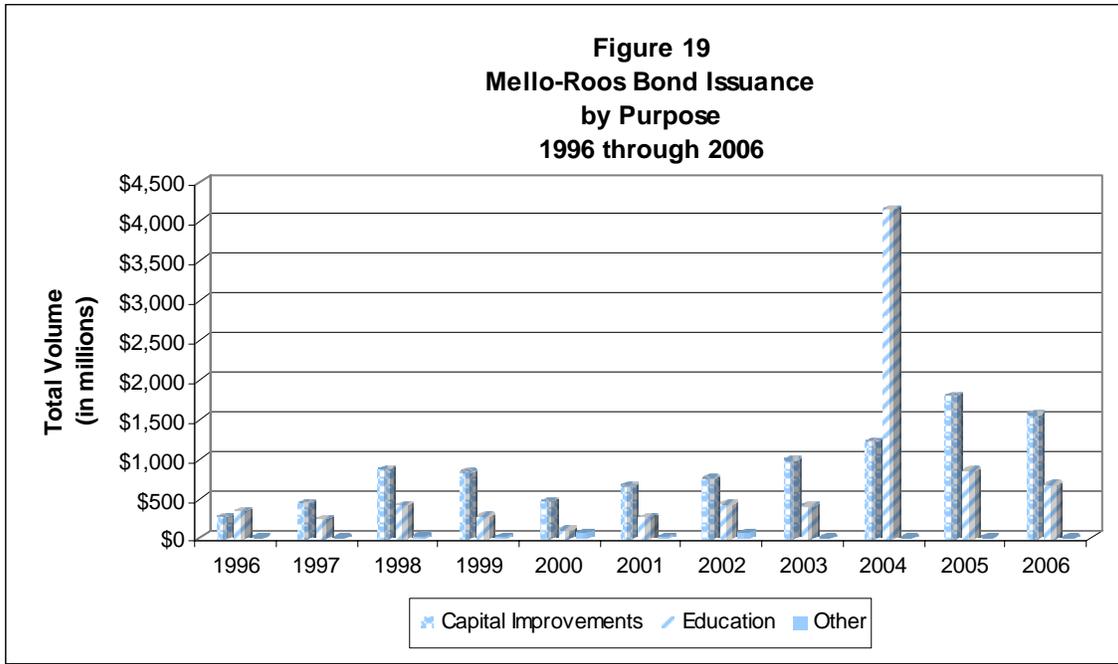
The Mello-Roos Community Facilities Act of 1982 established a means for public agencies to structure a separate communities facility district (CFD) to finance school facilities and capital improvements, such as libraries, parks, public utilities, etc.

Figure 18 shows the change in Mello-Roos bond issuance (new and refunding bonds) from 1996 through 2006. In 2006, Mello-Roos CFDs sold 184 issues, a decrease of 2.6 percent from the 189 issues sold in 2005. The volume of 2006 Mello-Roos issues also decreased from \$2.7 billion in 2005 to \$2.2 billion in 2006 (-15.9 percent). New issuance decreased from \$1.7 billion in 2005 to \$1.6 billion in 2006 (-5.6 percent), and refunding bonds decreased from \$958.6 million in 2005 to \$632.0 million in 2006 (-34.1 percent).



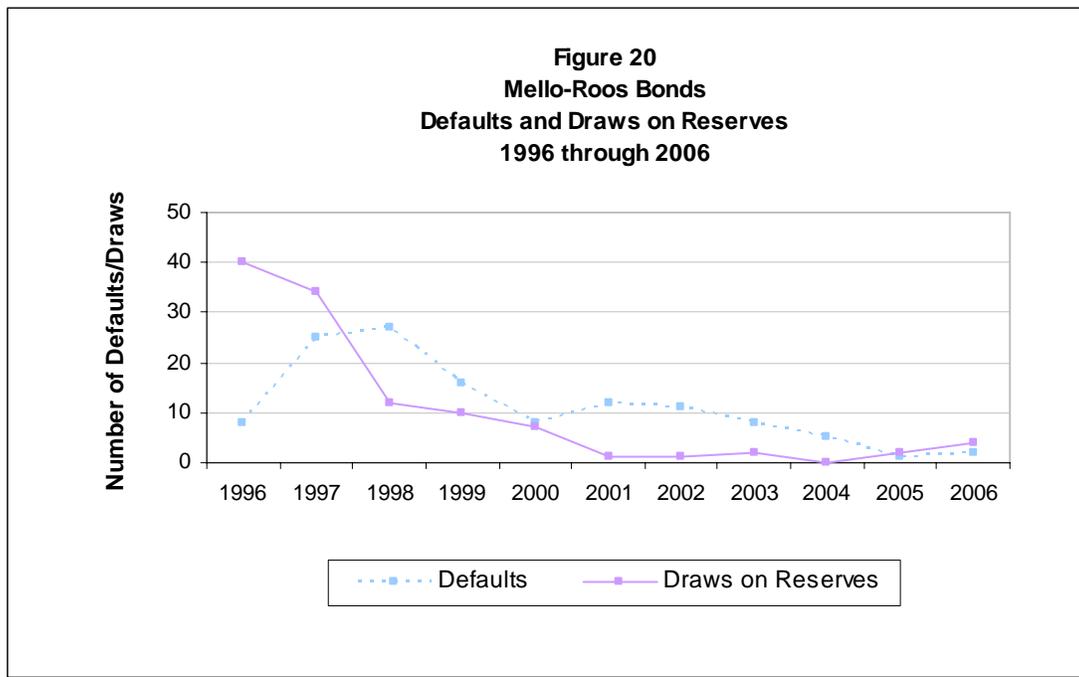
B. Mello-Roos Bond Issuance by Purpose

Figure 15 shows the dollar amount of Mello-Roos bonds issued by purpose from 1996 through 2006. With the exception of 2004, the predominant purpose for the past ten years has been capital improvements. Mello-Roos bonds for capital improvements decreased 13.4 percent, from \$1.8 billion in 2005 to \$1.6 billion in 2006. Mello-Roos bond issuance for education purposes also decreased from \$854.3 million in 2005 to \$677.3 million in 2006 (-20.7 percent). There was no issuance in the “other” category in 2006.



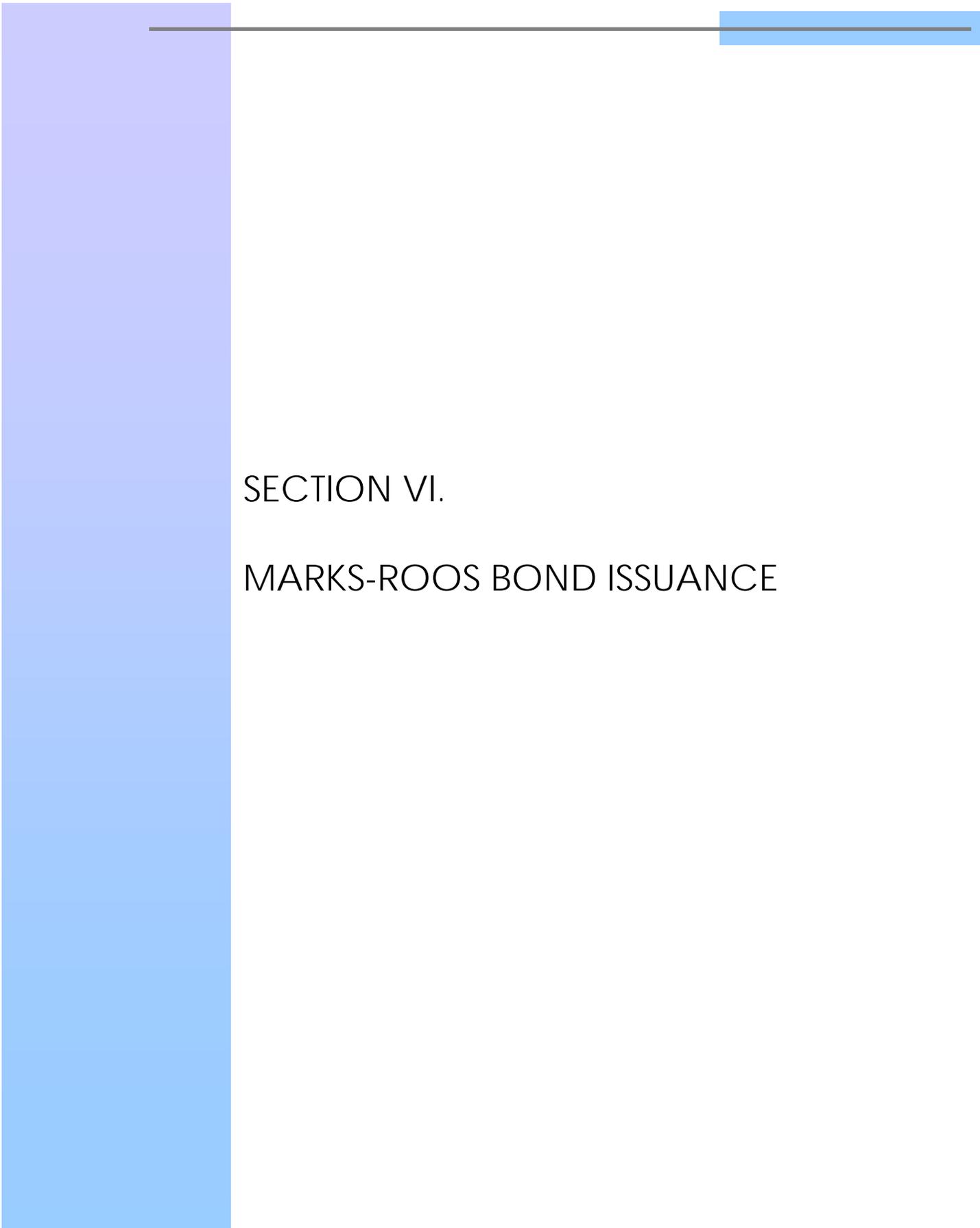
C. Defaults and Draws on Reserves

As required by California Government Code Section 53359.5, issuers of defaulted (i.e., non-payment of principal and interest on any scheduled payment date) Mello-Roos bonds or Mello-Roos bonds that have a draw on reserve funds to pay principal and interest on bonds must report this information to CDIAC on a yearly basis. Figure 20 shows Mello-Roos bonds that have defaulted or have had draws on reserves from 1996 through 2006. Mello-Roos bond defaults peaked at 27 in 1998. After experiencing a steady decline of defaults since 2002, defaults increased minimally from one in 2005 to two in 2006. The number of draws on reserves in 2006 was four, a 100.0 percent increase from 2005.



CDIAC periodically reports on defaults and draws on reserves on its website at www.treasurer.ca.gov/cdiac.⁹ Information also may be obtained through contacting CDIAC directly.

⁹ Additional information on Mello-Roos CFDs and their defaults/draws on reserves is available in CDIAC's *Mello-Roos Community Facilities Districts Yearly Fiscal Status Report*. This report contains information on Mello-Roos CFD defaults and draws on reserves reported through November 2003.



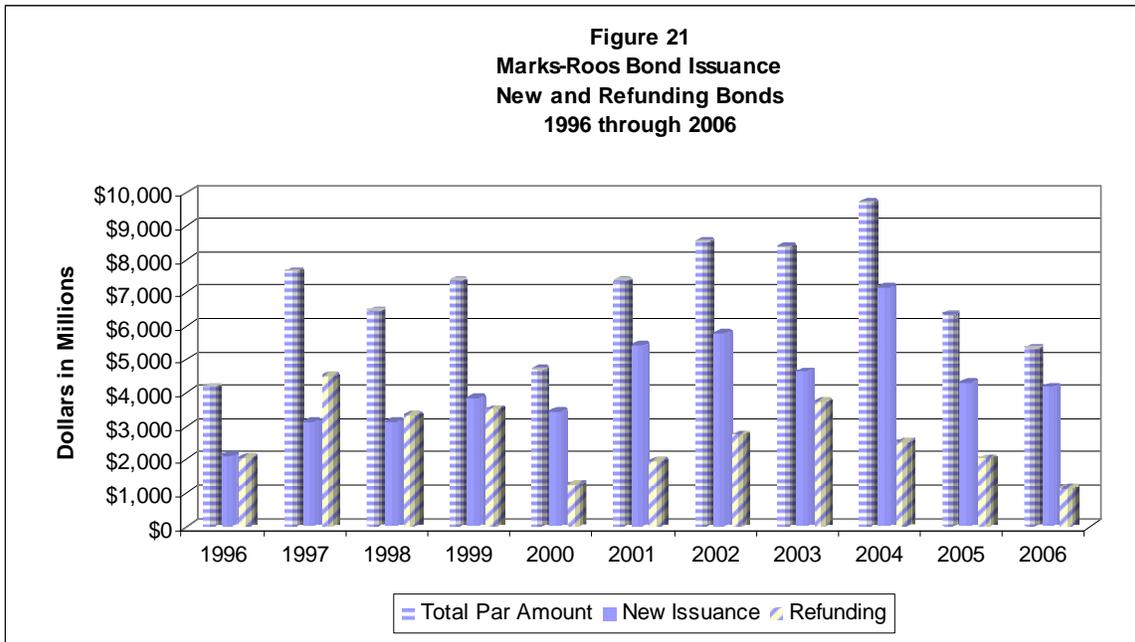
SECTION VI.

MARKS-ROOS BOND ISSUANCE

A. Overview

The Marks-Roos Local Bond Pooling Act of 1985 allows Joint Powers Authorities (JPAs) to issue bonds for a variety of purposes. Chapter 723, Statutes of 2001, required certain JPAs issuing Marks-Roos bonds to file copies of any public hearing notice and resolutions of intent to issue debt with CDIAC and the Office of the Attorney General. Exemptions to this requirement are granted to JPAs issuing Marks-Roos bonds for certain purposes under Government Code Section 6586.5 (et seq.) and Article 1 of the Marks-Roos Act. These exemptions include issuance for transportation, under grounding of utility and communication lines, public school facilities, and public highways.

Figure 21 compares total, new, and refunding bond issuance from 1996 through 2006. New bond issuance decreased 16.1 percent, from almost \$6.4 billion in 2005 to \$5.3 billion in 2006. Refundings also decreased 43.8 percent from \$2.0 billion in 2005 to \$1.1 billion in 2006.



B. Marks-Roos Bond Issuance by Purpose

Figure 22 compares Marks-Roos bond issuance by purpose for 2005 and 2006. As in recent years, the largest volume of Marks-Roos bond issuance was for capital improvements purposes. The volume of capital improvement bonds issued increased from \$3.1 billion in 2005 to \$3.5 billion in 2006 (10.7 percent). Although the volume of bonds issued for capital improvement purposes was the largest, bond issuance for housing purposes had the largest year over year increase (127.1 percent).

Those categories with the greatest year over year decline in issuance included “other” purposes (-92.2 percent) and education (-38.9 percent).

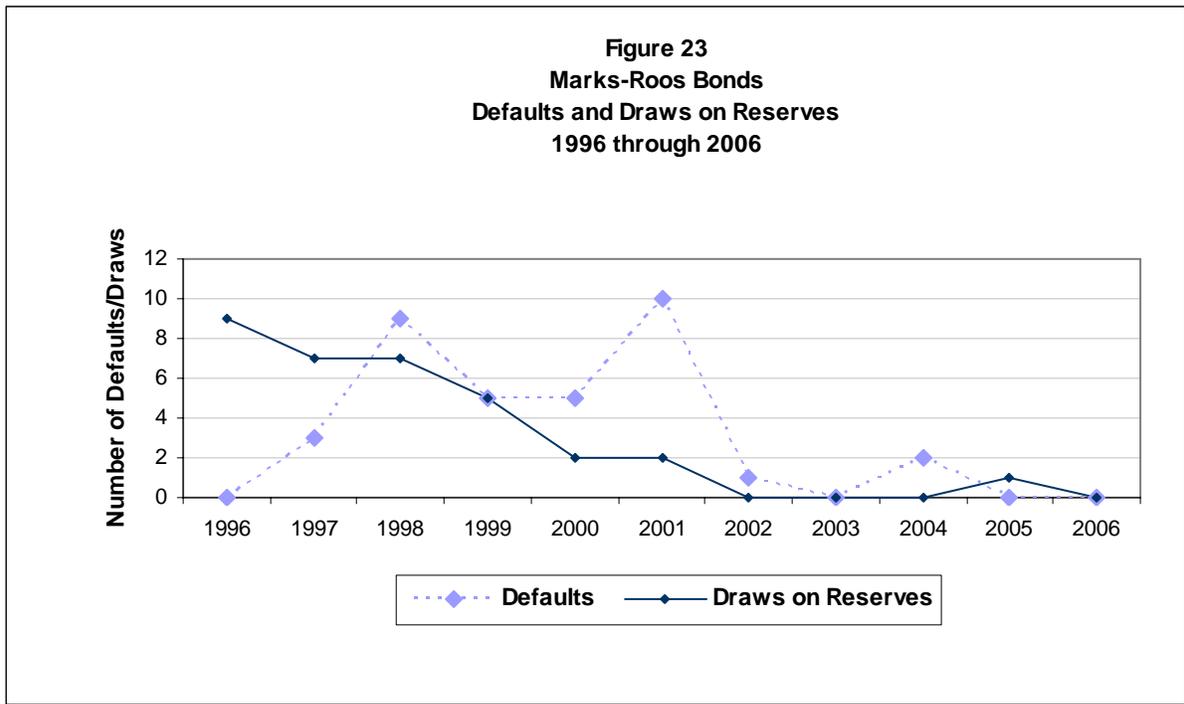
Figure 22
Marks-Roos Bond Issuance by Purpose*
2006 and 2005
(Dollars in Millions)

Purpose	2006		2005		Percent Change 2005 to 2006
	Volume	Percent of Total	Volume	Percent of Total	
Capital Improvements	\$3,472	65.1%	\$3,136	49.4%	10.7%
Commercial and Industrial Development	5	0.1	0	0.0	N/A
Education	491	9.2	804	12.7	-38.9
Housing	46	0.9	20	0.3	127.1
Interim Financing	14	0.3	18	0.3	-22.2
Other	98	1.8	1,254	19.7	-92.2
Redevelopment	1,206	22.6	1,120	17.6	7.7
Total	\$5,332	100.0%	\$6,352	100.0%	-16.1%

*Totals may not add and percentages may not be exact due to rounding.

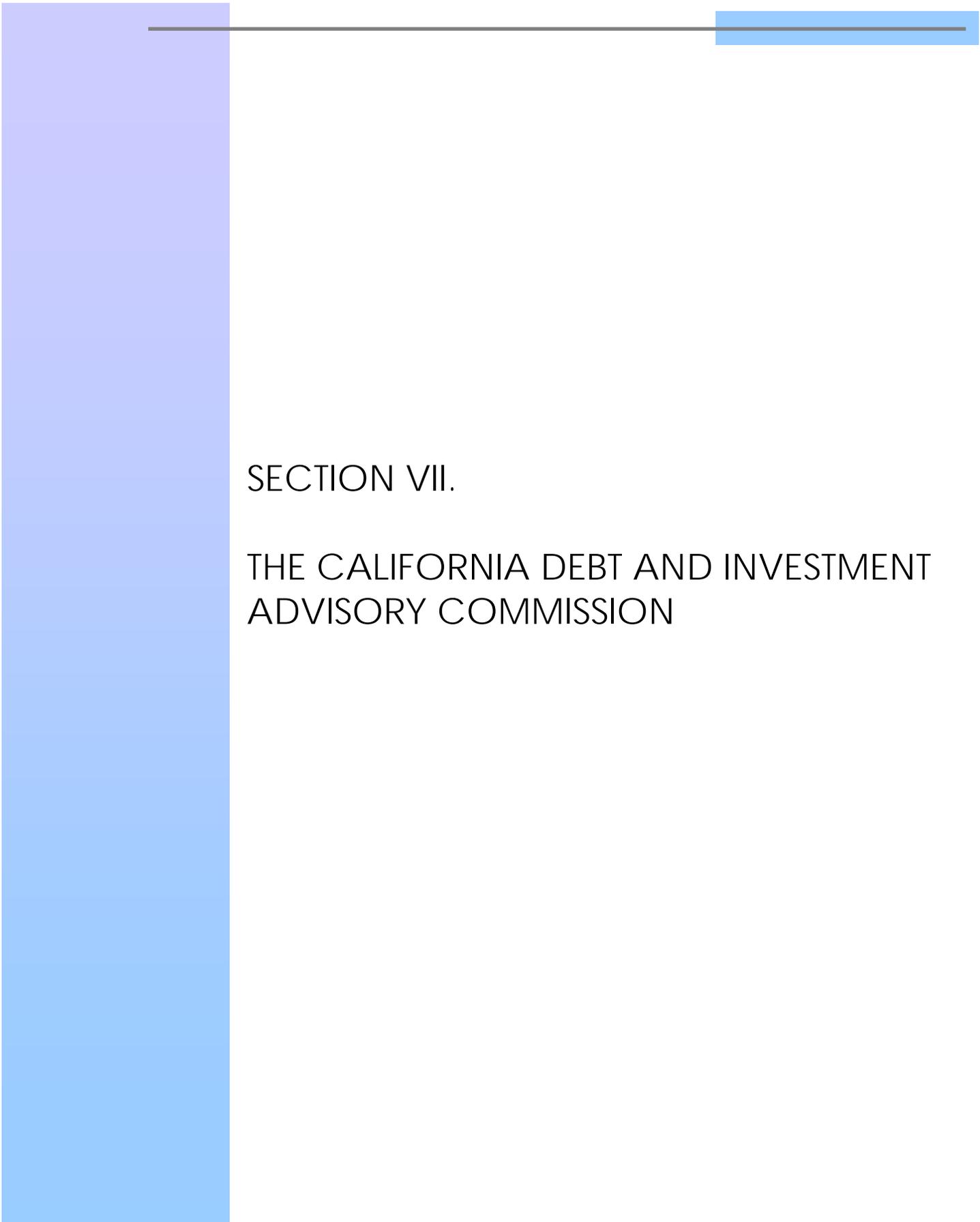
C. Defaults and Draws on Reserves

From 1996 through 2006, Marks-Roos bond defaults and draws on reserves have varied significantly (see Figure 23). As in 2005, there were no defaults reported for 2006. In addition, there were no draws in 2006, whereas there was one draw in 2005.



CDIAC periodically reports on defaults and draws on reserves on its website at www.treasurer.ca.gov/cdiac. Additional information may be obtained by contacting CDIAC directly.¹⁰

¹⁰ Additional information on Marks-Roos issuances and their defaults/draws on reserves up to November 2003 is available in CDIAC's *Marks-Roos Yearly Fiscal Status Report*. This report contains information on Marks-Roos defaults and draws on reserves reported through November 2003.



SECTION VII.

THE CALIFORNIA DEBT AND INVESTMENT
ADVISORY COMMISSION

The California Debt and Investment Advisory Commission (CDIAC) provides information, education and technical assistance on debt issuance and public fund investments to state and local public agencies and other public finance professionals. CDIAC was created in 1981 with the passage of Chapter 1088, Statutes of 1981 (AB 1192, Costa). This legislation established the California Debt Advisory Commission as the State's clearinghouse for public issuance information and required it to assist state and local agencies with the monitoring, issuance, and management of public financings (see Appendix A). The Commission's name was changed to the California Debt and Investment Advisory Commission with the passage of Chapter 833, Statutes of 1996 (AB 1197, Takasugi) and its mission was expanded to cover public fund investments. CDIAC is specifically required to:

- Serve as the State's clearinghouse for public issuance information.
- Publish a monthly newsletter.
- Maintain contact with participants in the municipal finance industry to improve the market for public issuance.
- Provide technical assistance to state and local governments to reduce issuance costs and protect the issuers' credit.
- Undertake or commission studies on methods to reduce issuance costs and improve credit ratings.
- Recommend legislative changes to improve the sale and payment of public issuances.
- Assist state financing authorities and commissions in carrying out their responsibilities.
- Collect specific financing information on public issuance through Mello-Roos Community Facilities Districts after January 1, 1993 or as a member of a Marks-Roos Bond Pool beginning January 1, 1996; collect reports of draws on reserves or defaults from Mello-Roos Community Facilities Districts and Marks-Roos bond pools from public financing agencies required to report within 10 days of each occurrence.
- In conjunction with statewide associations representing local agency financial managers and elected officials, develop a continuing education program aimed at state and local officials who have direct or supervisory responsibility for the investment of public funds and issuance of public debt.
- In accordance with the passage of Chapter 723, Statutes of 2000 (AB 2300, Florez), beginning January 1, 2001, receive notices of public hearings and copies of resolutions adopted by Joint Powers Authorities for certain bonds authorized pursuant to Marks-Roos Local Bond Pooling Act of 1985.

A. Commission Members

CDIAC consists of nine members, including the State Treasurer, the Governor or the Director of Finance, the State Controller, two local government finance officials, two State Assembly Members, and two State Senators. The State Treasurer serves as the Chairperson and appoints the two local government officials. The Speaker of the Assembly appoints the Assembly representatives and the Senate Rules Committee appoints the Senate representatives. Appointed members serve four-year terms, or at the pleasure of their appointing power.

B. Commission Programs

In order to carry out its mission of assisting state and local agencies on matters related to debt issuance and the investment of public funds, CDIAC engages in a wide range of activities and functions. These activities can be classified into three general program areas: data collection, policy research, and technical assistance.

1. Data Collection

In compliance with its statutory requirements, CDIAC maintains a public issuance database. The public issuance repository is one of the most comprehensive and accessible databases of California public issuance in existence. Depending on the needs of state and local governments and market conditions, the volume of data processed may range from 2,500 to 4,000 individual public issuance reports received each year. Data from these reports are the basis for public issuance statistics and analyses released by CDIAC.

As the State's clearinghouse for public issuance information, the Commission has collected data on all public issuance in California since January 1, 1982. All state and local government issuers are required to submit issue-related information to CDIAC 30 days prior to the proposed sale date. In addition, no later than 45 days from the actual sale date, issuers are required to submit a report of final sale to the Commission. The information reported to CDIAC includes the sale date, the name of the issuer, the type of sale, the principal amount, the type of instrument, the source(s) of repayment, the purpose of the financing, the rating of the issue, and the members of the financing team.

In addition to reporting proposed bond issuance and final bond sale information to CDIAC, Mello-Roos and Marks-Roos bond issuers must submit a yearly fiscal status report. As of January 1, 1993, Section 53359.5 of the California Government Code requires Mello-Roos bond issuers to report specific information to CDIAC by completing and submitting a yearly fiscal status report by October 30th of each year. Furthermore, Section 6599.1 of the California Government Code requires that all Marks-Roos bond issuers, after January 1, 1996, also report certain information to CDIAC by October 30th of each year.

CDIAC has instituted, for use by all bond counsels and issuers or their representatives, reporting forms to report public issuance pursuant to California Government Code Sections 8855(k)-(l). On June 29, 2006, CDIAC began accepting debt issuance reporting forms (e.g., *Report of Proposed Debt Issuance*, *Report of Final Sale*, *Mello-Roos Yearly Fiscal Status Report*, *Marks-Roos Yearly Fiscal Status Reports for Local Obligors*, and *Marks-Roos Yearly Fiscal Status Reports for Authority Issuers*) through electronic submission in addition to accepting mail-in forms. Issuers can access and submit the electronic forms by visiting CDIAC's website at www.treasurer.ca.gov/cdiac/reporting.asp. The mail-in forms may be obtained directly from CDIAC or through CDIAC's website at www.treasurer.ca.gov/cdiac/reporting_mail.asp.

ACCESS TO CDIAC DEBT ISSUANCE DATA

E-mail Distribution

Subscribers receive an e-mail each month containing data on sold issues reported to CDIAC in the previous 30-day period. E-mail subscribers receive this information free of charge. Data from previous months and years are also available via e-mail free of charge.

Print Distribution

Printed debt issuance data is available free of charge on CDIAC's website located at www.treasurer.ca.gov/cdiac or by contacting CDIAC at (916) 653-3269.

CDIAC On-Line

Debt issuance data is located on CDIAC's website at www.treasurer.ca.gov/cdiac/debtdata/debtdata.asp. In addition, through CDIAC's Debt Issuance Interface, individuals are able to search the commission's database to obtain information on California bond issues at www.treasurer.ca.gov/cdiac/debtdata/database.asp.

The results of the report submissions are published in a calendar of debt issuance in the *DEBT LINE* monthly newsletter and in annual reports of public issuance (for a complete list of CDIAC publications, see Appendix C).

2. Policy Research

CDIAC's mandated duties include some that are intended to improve the market for, and the marketability of, public issuance in California. Such functions include efforts to maintain contact with participants in the municipal finance industry, to undertake or commission studies of various aspects of the market in order to provide guidance to state and local government issuers, and to recommend legislative changes in matters affecting public issuers. To fulfill these functions, CDIAC's Policy Research Unit draws on information from CDIAC's public issuance database, public and private experts throughout the municipal finance industry, periodicals and journals, and other existing resources. Research staff are knowledgeable of developments and events in the municipal finance industry and work in conjunction with CDIAC's Executive Director and with input and advice from Commission members and industry participants to determine what areas of interest to conduct research and analysis. Research staff prepare their findings and recommendations in the form of issue briefs, technical reports, and articles for the *DEBT LINE* monthly newsletter.

Since 1996, the Commission also has been charged with providing education and assistance to local government officials on public investments. This mandate has led to the publication of several reports, issue briefs, and a California Public Fund Investment Primer.

CDIAC researches issues that are of current interest and have practical relevance to public finance practitioners. In addition, to providing general education reference material, these projects are designed to keep issuers/investors apprised of emerging trends in public finance and preserve the integrity and viability of the public finance market by alerting policy makers to potential problem areas.

Publications completed in 2006 included:

- 2005 Annual Report
- 2005 Calendar of Debt Issuance
- 2005 Summary of Debt Issuance
- Updated California Debt Issuance Primer
- Investment Policy Reporting Practices: An Informational Guide
- OPEBs and GASB 45: A Question and Answer Guide
- State and Local Tax and Bond Ballot Measures: Results of the June 2006 Primary Election
- Tools to Revitalize California Communities

Debt Line Articles completed in 2006 included:

- Amending the Mello-Roos Act
- CDIAC Reviews Second Quarter 2005 Investment Portfolio Reports from Counties and Cities
- Duration and Its Use in Public Agency Investment Portfolios
- Highlights of the 2006-07 California State Budget and Its Impact on Local Government
- Review of AB 2300 Reporting Requirements
- Summary of Government Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions"

3. *Technical Assistance*

CDIAC places a high priority on making its data and expertise available to public agencies in useful forms. Accessibility is the crux of the technical assistance program. CDIAC's formal technical assistance program has two components. The first component is responding to inquiries concerning California public issuance and public fund investment. The Commission receives daily contacts from public and private sector professionals regarding requests for data on public issuance and information on the nature and application of public finance. Typical requests include information for lists of different types of financings over a specified period of time and for specific types of issuers, such as joint powers authorities and community facility districts, that have issued bonds covering specific years.

The second component of CDIAC's technical assistance program is the seminar program. Since 1984, CDIAC has organized educational seminars focusing on public finance matters. Offered at various locations throughout the State, CDIAC seminars are designed to: (1) introduce public officials who are new to the field of public finance to the bond issuance and public fund investment process; (2) strengthen the expertise of public officials who are familiar with the municipal bond issuance process and the investment of public funds; and (3) inform public officials about current topics that may affect public issuance and the investment of public funds. The majority of the public officials who attend CDIAC seminars are from local agencies, while the remainder are from state and federal agencies.

CDIAC offered the following seminars in 2006:

The ABC's of School Debt Financing, January 12, 2006, Hilton Hotel, Sacramento, CA and January 19, 2006, Hilton Hotel Mission Valley, San Diego, CA

The ABCs of School Debt Financing was a one-day seminar designed for school administrators interested in learning about the use of debt issuance for schools. The workshop presented aspects of the debt issuance process and administration including the fine-tuning of debt policies, working with oversight committees, the mechanics of school debt financing, and the types of instruments utilized.

CDIAC at the California Society of Municipal Finance Officers Annual Conference, February 21-24, 2006, Palm Springs, CA

CDIAC offered two one-hour sessions at the California Society of Municipal Finance Officers Annual Conference: 1) Understanding Callable Securities and 2) Community Facility District Financing for Services and Infrastructure. The first session provided public officials a description of the principal characteristics of callable securities with respect to bond financing and portfolio management. An underwriter and investment advisor presented the potential advantages and/or hazards of owning such instruments, and the tools available to measure the relative value of callable securities compared to non-callable securities. The second session provided a brief overview on the use of community facilities districts (CFDs) to generate special tax proceeds as a revenue for local government agencies.

CDIAC at the California Budget Project Conference: 2006 and Beyond, What is Next for California, March 16, 2006, Sacramento, California

CDIAC participated in an afternoon workshop session entitled "Everything You Wanted to Know About Debt" - An Overview of 2005 Local Bond Issuance in California. This session provided the issuance process for a variety of bond types, an explanation of terms, and 2005 data of local agency bond issuance.

The Mechanics of a Bond Sale, March 16-17, 2006, Foster City, CA

The one and one-half day seminar was designed to provide public officials and their staff with an in-depth understanding of the debt issuance process, including developing a debt policy/plan of finance and considerations essential to structuring a financing. The program also focused on the various legal documents required in a bond transaction, the importance of credit enhancement, and information on

marketing and pricing the bond. In addition, topics included understanding arbitrage rebate and the investment of bond proceeds.

Current Practices in Assessing and Using Developer Impact Fees, May 4, 2006, Riverside, CA and May 5, 2006, Sacramento, CA

This one-day workshop was designed to provide information on the legal and administrative aspects of establishing and managing an impact fee program. The workshop addressed methods used by cities and counties to apply revenues generated from fees to capital improvement projects. The workshop highlighted current practices, including techniques to finance fees or allocate credits and direct payment to reimburse developers.

Living with an Issue: On-Going Debt Administration Seminar, May 19, 2006, San Jose, CA

This one-day debt management seminar is the third course in a series of CDIAC's debt administration seminars and is designed to provide issuers with the information and the steps necessary to develop a systematic on-going debt management system. The main illustration is the administration of fixed general obligation bonds. In addition, other important matters related to post bond issuance were covered, such as arbitrage rebate, refundings, and continuing disclosure. The program was intended to provide issuers with the concepts and tools necessary to take ownership of their debt through the life of a bond.

Dynamics of Marketing and Pricing Bonds Workshop, June 9, 2006, San Francisco, CA

This was a one-day workshop designed to provide issuers with an understanding of how bonds are marketed and priced. A panel of speakers led participants through the negotiated and competitive bond sale process and the factors that go into pricing bonds. In addition, participants had the opportunity to view the pricing desk of an underwriting firm.

The Fundamentals of Cashflow Forecasting, September 13, 2006, San Mateo, CA

This one-day intermediate workshop was designed to help investment officers design useful cash flow models to assist them in determining appropriate portfolio structures for their agency's investments. An in-depth discussion and hands-on curriculum were used to assist attendees in further developing their cash flow forecasting skills and managing their investment portfolios.

CDIAC Pre-Conference at the Bond Buyer's 16th Annual California Public Finance Conference, September 25, 2006, San Francisco, CA

The Pre-conference program focused on the disclosure of other post employment benefits (OPEBs), highlighting the requirements of Governmental Accounting Standards Board Statement No. 45, the issues and problems surrounding its implementation, and its impact on state and local governments. This was the fifth consecutive year that CDIAC has hosted the Pre-conference program.

The Fundamentals of Debt Financing, October 12-13, 2006, San Diego, CA

This one and one-half day seminar was designed to provide participants with fundamental terms, concepts and processes relating to debt issuance. Topics covered in this course include: roles and responsibilities of the issuer as well as other members of the financing team; types of long-term financing; an overview of initial and continuing disclosure; how credit ratings and investor needs can be incorporated into an issuer's bond structure; and the fundamentals of a bond sale.

Advanced Concepts and Practices for Investing Public Funds, November 16-17, 2006, Long Beach, CA

This one and one-half day seminar was designed to provide public officials and their staff involved in the investment of public funds with the opportunity to obtain information about investment economics, investment products, forecasting and cash flow analysis, investment objectives, and performance measurements.

C. Commission Funding and Expenditures

The Commission is funded out of the CDIAC Fund, mandated by California Government Code Section 8856. The CDIAC Fund is supported by fees levied on public issuance reported to the Commission. Specifically, the Commission is authorized to charge a fee to the lead underwriter or purchaser of a debt issue equal to 2.5 basis points or not more than \$5,000 for each issue.

In an effort to draw down excess funds that had accumulated in CDIAC's reserve as a result of a 1995 fee increase, the Commission approved a two-phase fee reduction in February of 1998. The first phase reduced fees below the level needed to fully fund current operations in order to spend down the excess balance in the reserve. The second phase was planned to provide for an increase in fees to a level necessary to fully fund operations for the next fiscal year. When it was determined that there was still a need to spend down the excess funds in the reserve, the Commission deferred the planned fee increase for another year. Since that time, CDIAC has annually deferred the fee increase. Currently, the fee increase has been deferred until July 1, 2008. A copy of the revised fee schedule can be found in Appendix B.

Figure 24
California Debt and Investment Advisory Commission
Operating Revenues and Expenditures
Fiscal Year 2005-2006

	Amount
Revenues:	
Beginning balance (7/1/05)	\$1,427,691
Fees and interest earnings	2,474,047
Reimbursements	116,825
General fund loan repayment	5,500,000
Other	3,000
Total Revenues	\$9,521,563
Expenditures:	
Staff salaries	\$796,480
Staff benefits	250,790
General expenses	41,228
Printing	92,786
Communications	13,126
Postage	8,007
In-state travel	12,242
Out-of-state travel	2,126
Training	10,262
Facilities operations	93,646
Consultant/interdepartmental contracts	317,318
Data processing	3,860
Central administrative services	38,636
Major equipment	0
Total Expenditures	\$1,680,507
Ending Balance (6/30/06)	\$7,841,056

As Figure 24 indicates, the Commission began the 2005-06 fiscal year with a fund balance of \$1,427,691 and added to that fees and interest earnings, reimbursements, a general fund loan repayment, and other revenues to total \$9.5 million in resources. Expenses for 2005-06 totaled nearly \$1.7 million, resulting in an ending fund balance of \$7.8 million.





SECTION VIII.

APPENDICES

AUTHORIZING LEGISLATION

STATE OF CALIFORNIA GOVERNMENT CODE

DIVISION 1 OF TITLE 2

Chapter 11.5 CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

§ 8855. Creation; composition; term; officers; compensation; powers and duties

(a) There is created the California Debt and Investment Advisory Commission, consisting of nine members, selected as follows:

(1) The Treasurer, or his or her designee.

(2) The Governor or the Director of Finance.

(3) The Controller, or his or her designee.

(4) Two local government finance officers appointed by the Treasurer, one each from among persons employed by a county and by a city or a city and county of this state, experienced in the issuance and sale of municipal bonds and nominated by associations affiliated with these agencies.

(5) Two Members of the Assembly appointed by the Speaker of the Assembly.

(6) Two Members of the Senate appointed by the Senate Committee on Rules.

(b) (1) The term of office of an appointed member is four years, but appointed members serve at the pleasure of the appointing power. In case of a vacancy for any cause, the appointing power shall make an appointment to become effective immediately for the unexpired term.

(2) Any legislators appointed to the commission shall meet with and participate in the activities of the commission to the extent that the participation is not incompatible with their respective positions as Members of the Legislature. For purposes of this chapter, the Members of the Legislature shall constitute a joint interim legislative committee on the subject of this chapter.

(c) The Treasurer shall serve as chairperson of the commission and shall preside at meetings of the commission.

(d) Appointed members of the commission shall not receive a salary, but shall be entitled to a per diem allowance of fifty dollars (\$50) for each day's attendance at a meeting of the commission not to exceed three hundred dollars (\$300) in any month, and reimbursement for expenses incurred in the performance of their duties under this chapter, including travel and other necessary expenses.

(e) The commission may adopt bylaws for the regulation of its affairs and the conduct of its business.

(f) The commission shall meet on the call of the chairperson, at the request of a majority of the members, or at the request of the Governor. A majority of all nonlegislative members of the commission constitutes a quorum for the transaction of business.

(g) The office of the Treasurer shall furnish all administrative and clerical assistance required by the commission.

(h) The commission shall do all of the following:

(1) Assist all state financing authorities and commissions in carrying out their responsibilities as prescribed by law, including assistance with respect to federal legislation pending in Congress.

(2) Upon request of any state or local government units, to assist them in the planning, preparation, marketing, and sale of new debt issues to reduce cost and to assist in protecting the issuer's credit.

(3) Collect, maintain, and provide comprehensive information on all state and all local debt authorization and issuance, and serve as a statistical clearinghouse for all state and local debt issues. This information shall be readily available upon request by any public official or any member of the public.

(4) Maintain contact with state and municipal bond issuers, underwriters, credit rating agencies, investors, and others to improve the market for state and local government debt issues.

(5) Undertake or commission studies on methods to reduce the costs and improve credit ratings of state and local issues.

(6) Recommend changes in state laws and local practices to improve the sale and servicing of state and local debts.

(7) Establish a continuing education program for local officials having direct or supervisory responsibility over municipal investments, and debt issuance. The commission shall undertake these and any other activities necessary to disclose investment and debt issuance practices and strategies that may be conducive for oversight purposes.

(8) Collect, maintain, and provide information on local agency investments of public funds for local agency investment.

(9) Publish a monthly newsletter describing and evaluating the operations of the commission during the preceding month.

(i) The city, county, or city and county investor of any public funds, no later than 60 days after the close of the second and fourth quarters of each calendar year, shall provide the quarterly reports required pursuant to Section 53646 and, no later than 60 days after the close of the second quarter of each calendar year and 60 days after the subsequent amendment thereto, provide the statement of investment policy required pursuant to Section 53646, to the commission by mail, postage prepaid, or by any other method approved by the commission. The commission shall collect these reports to further its educational responsibilities as described under subdivision (e). Nothing in this section shall be construed to create additional oversight responsibility for the commission or any of its members. Sole responsibility for

control, oversight, and accountability of local investment decisions shall remain with local officials. The commission shall not be considered to have any fiduciary duty with respect to any local agency income report received under this subdivision. In addition, the commission shall not have any legal liability with respect to these investments.

(j) The commission, no later than May 1, 2006, shall report to the Legislature describing its activities since the inception of the local agency investment reporting program regarding the collection and maintenance of information on local agency investment practices and how the commission uses that information to fulfill its statutory goals.

(k) The issuer of any proposed new debt issue of state or local government shall, no later than 30 days prior to the sale of any debt issue at public or private sale, give written notice of the proposed sale to the commission, by mail, postage prepaid. This subdivision shall also apply to any nonprofit public benefit corporation incorporated for the purpose of acquiring student loans. The notice shall include the proposed sale date, the name of the issuer, the type of debt issue, and the estimated principal amount of the debt. Failure to give this notice shall not affect the validity of the sale.

(l) The issuer of any new debt issue of state or local government, not later than 45 days after the signing of the bond purchase contract in a negotiated or private financing, or after the acceptance of a bid in a competitive offering, shall submit a report of final sale to the commission by mail, postage prepaid, or by any other method approved by the commission. A copy of the final official statement for the issue shall accompany the report of final sale. The commission may require information to be submitted in the report of final sale that it considers appropriate.

§ 8856. Fees

(a) In carrying out the purposes of this chapter, the commission may charge fees to the lead underwriter or the purchaser in an amount equal to one-fortieth of 1 percent of the principal amount of the issue, but not to exceed five thousand dollars (\$5,000) for any one issue. Amounts received under this section shall be deposited in the California Debt and Investment Advisory Commission Fund, which is hereby created in the State Treasury. All money in the fund shall be available, when appropriated, for expenses of the commission and the Treasurer.

(b) Until fees are received by the advisory commission and appropriated pursuant to this chapter for the expenses of the commission and the Treasurer, the commission may borrow the moneys required for the purpose of meeting necessary expenses of initial organization and operation of the commission.

§ 8857. Employees

The chairperson of the commission, on its behalf, may employ an executive director and other persons necessary to perform the duties imposed upon it by this chapter. The executive director shall serve at the pleasure of the commission and shall receive compensation as fixed by the commission. The commission may delegate to the executive director the authority to enter contracts on behalf of the commission.

§ 8859. Advice regarding local bond pooling authorities

The commission may, upon request, advise local agencies regarding the formation of local bond pooling authorities pursuant to Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1, and may advise the authorities regarding the planning, preparing, insuring, marketing, and selling of bonds as authorized by that article.

CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

REPORTING FEE SCHEDULE

Date of Adoption: June 27, 2006

EFFECTIVE JULY 1, 2006

Pursuant to Section 8856 of the California Government Code, the California Debt and Investment Advisory Commission (CDIAC) adopted the following two-phased fee schedule effective upon adoption.

1. **Issues Purchased by Agencies of the Federal Government:** No fee shall be charged on any issue purchased by an agency of the Federal Government.
2. **Issues of Less Than \$1,000,000:** No fee shall be charged to the lead underwriter or purchaser of any public debt issue which has a par value amount less than one million dollars (\$1,000,000), regardless of the term of the issue.
3. **Issues with Short-Term Maturities:** Notwithstanding Sections 1 and 2 above, the lead underwriter or purchaser of any public debt issue which has a maturity of eighteen (18) months or less, including those issues sold in a pooled financing (e.g., a TRANs pool), shall be required to pay a fee to the California Debt and Investment Advisory Commission in accordance with the following schedule:
 - A. For such issues sold on July 1, 2006 through June 30, 2008, the fee will be equal to one hundred and fifty dollars (\$150).
 - B. For such issues sold on or after July 1, 2008, the fee will be equal to two hundred dollars (\$200).
4. **Issues with Long-Term Maturities:** Notwithstanding Sections 1, 2, and 3 above, the lead underwriter or purchaser of any public debt issue which has a final maturity greater than eighteen (18) months shall be required to pay a fee to the California Debt and Investment Advisory Commission in accordance with the following fee schedule:
 - A. For such issues sold on July 1, 2006 through June 30, 2008, the fee will be equal to 1.5 basis points (0.00015) not to exceed three thousand dollars (\$3,000).
 - B. For such issues sold on or after July 1, 2008, the fee will be equal to 2.0 basis points (.0002) not to exceed four thousand dollars (\$4,000).
5. **Marks-Roos Financing Authority Issues:** One fee will be assessed for Marks-Roos Financing Authority bond issues where the bond sales occur simultaneously (i.e., reports filed with the Commission are received on the same date, financings are sold on the same date, and with the same financing team).
6. **All Proposed and Final Sales to be Reported to the California Debt and Investment Advisory Commission:** Nothing in this fee schedule shall relieve an issuer from giving written notice of a proposed debt issue no later than 30 days prior to the proposed sale, or to give final sale information within 45 days of the sale, to the California Debt and Investment Advisory Commission as required by Sections 8855(g) and (i) of the California Government Code.

CURRENT LIST OF PUBLICATIONS

For information on how to receive the publications listed below, please call or write the:

*California Debt and Investment Advisory Commission
915 Capitol Mall, Room 400
Sacramento, CA 95814*

*PHONE: (916) 653-3269
FAX: (916) 654-7440
E-MAIL: cdiac@treasurer.ca.gov
or access CDIAC's website at:
www.treasurer.ca.gov/cdiac*

The following materials are available at cost:

DEBT ISSUANCE PRIMER

CALIFORNIA DEBT ISSUANCE PRIMER [CDIAC #06-4]

California Debt and Investment Advisory Commission and Orrick, Herrington & Sutcliffe LLP, Updated March 2006.

A comprehensive Primer on the bond issuance process in California. This Primer is available for \$25.00 per printed copy. It also is available for free in a .pdf format at www.treasurer.ca.gov/cdiac.

PUBLIC FUND INVESTMENT PRIMER

CALIFORNIA PUBLIC FUND INVESTMENT PRIMER [CDIAC #05-02]

California Debt and Investment Advisory Commission and Consultants: Chandler Asset Management, Inc., Fieldman, Rolapp & Associates, and Stradling Yocca Carlson & Rauth, A Joint Venture, March 2005.

A comprehensive Primer on the public investment process in California. This Primer is available for \$25.00 per printed copy. It also is available for free in a .pdf format at www.treasurer.ca.gov/cdiac.

The following publications are provided free of charge to interested parties upon request:

MONTHLY PUBLICATION

DEBT LINE, 1982 to present

The legislatively-mandated newsletter provides a calendar listing of all proposed and sold bond issues reported to CDIAC, as required by law, as well as summary tables and articles related to public issuance and the investment of public funds.

DEBT LINE OFFPRINTS

Selected articles from CDIAC's monthly newsletter, DEBT LINE, relating to public financing and investment issues. These offprints were discontinued in 2005, when DEBT LINE went to an electronic format. A listing of articles may be found on CDIAC's website at www.treasurer.ca.gov/cdiac.

ANNUAL REPORTS

2005 ANNUAL REPORT [CDIAC #06-06]

This report provides the history of the Commission, a profile of its members, a discussion of topical events in California public finance, a review of bond issuance statistics and Commission activities, and a preview of the Commission's planned programs for the following year.

- 2004 ANNUAL REPORT [CDIAC #05-07]**
- 2003 ANNUAL REPORT [CDIAC #04-09]**
- 2002 ANNUAL REPORT [CDIAC #03-7]**
- 2001 ANNUAL REPORT [CDIAC #02-6]**
- 2000 ANNUAL REPORT [CDIAC #01-7]**
- 1999 ANNUAL REPORT [CDIAC #01-2]**
- 1998 ANNUAL REPORT [CDIAC #99-6]**
- 1997 ANNUAL REPORT [CDIAC #98-4]**
- 1996 ANNUAL REPORT [CDIAC #97-5]**
- 1995 ANNUAL REPORT [CDIAC #96-4]**
- 1994 ANNUAL REPORT [CDIAC #95-2]**

2005 CALENDAR OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDIAC #06-08]

This report shows all of the public debt issued in California in calendar year 2005 reported to the California Debt and Investment Advisory Commission. Each bond issue shows the name of the issuer, the county, the type and purpose of the issue, the date of the sale, the principal amount of the bond, and whether or not the issue is a refunding. Each issue also shows the interest rate, the rating, credit enhancement information, the final maturity date, and major participants in the financing (i.e., bond counsel, financial advisor, underwriter, trustee, and credit enhancement provider).

- 2004 CALENDAR OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDIAC #05-09]**
- 2003 CALENDAR OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDIAC #04-11]**
- 2002 CALENDAR OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDIAC #03-9]**
- 2001 CALENDAR OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDIAC #02-8]**
- 2000 CALENDAR OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDIAC #01-9]**
- 1999 CALENDAR OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDIAC #01-4]**
- 1998 CALENDAR OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDIAC #99-4]**
- 1997 CALENDAR OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDIAC #98-3]**
- 1996 CALENDAR OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDIAC #97-6]**
- 1995 CALENDAR OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDIAC #96-3]**
- 1994 CALENDAR OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDIAC #95-8]**
- 1993 CALENDAR OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDIAC #94-5]**
- 1992 CALENDAR OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDIAC #93-6]**
- 1991 CALENDAR OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDIAC #92-5]**
- 1990 CALENDAR OF DEBT ISSUES, June 1, 1990**
- 1989 CALENDAR OF ISSUES, February 15, 1990**
- 1988 CALENDAR OF ISSUES, February 15, 1989**
- 1987 CALENDAR OF ISSUES, February 1, 1988**
- 1986 CALENDAR OF ISSUES, May 15, 1987**

1985 CALENDAR OF ISSUES, March 31, 1986

2005 SUMMARY OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDIAC #06-07]

This summary provides information on the major components of debt issued by public agencies in California in 2005. 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.

2004 SUMMARY OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDIAC #05-08]
2003 SUMMARY OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDIAC #04-10]
2002 SUMMARY OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDIAC #03-8]
2001 SUMMARY OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDIAC #02-7]
2000 SUMMARY OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDIAC #01-8]
1999 SUMMARY OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDIAC #01-3]
1998 SUMMARY OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDIAC #99-1]
1997 SUMMARY OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDIAC #98-5]
1996 SUMMARY OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDIAC #97-7]
1995 SUMMARY OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDAC #96-2]
1994 SUMMARY OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDAC #95-7]
1993 SUMMARY OF CALIFORNIA PUBLIC DEBT ISSUANCE [CDAC #94-4]
1992 SUMMARY OF CALIFORNIA PUBLIC DEBT [CDAC #93-5]
1991 SUMMARY OF CALIFORNIA PUBLIC DEBT [CDAC #92-4]
1990 SUMMARY OF CALIFORNIA PUBLIC DEBT, June 1, 1990
1989 SUMMARY OF CALIFORNIA PUBLIC DEBT, February 15, 1990
1988 SUMMARY OF CALIFORNIA PUBLIC DEBT, February 15, 1989
1987 SUMMARY OF CALIFORNIA PUBLIC DEBT, February 1, 1988
1986 SUMMARY OF CALIFORNIA PUBLIC DEBT, May 15, 1987
1985 SUMMARY OF CALIFORNIA PUBLIC DEBT, March 31, 1986
1985 CALIFORNIA PUBLIC DEBT BY ISSUING AGENCIES, August 15, 1986 *

**Please note that 1985 was the only year that this report was published separately; beginning in 1986 this information was incorporated into the "Summary of California Public Debt".*

2002 MARKS-ROOS YEARLY FISCAL STATUS REPORT, November 2003 [CDIAC 03-05]

This publication uses reports on the financial status of Marks-Roos Local Bond Pooling Act public financing authorities and local obligors who sold debt in California. The information in the publication is cumulative and reflects debt sold between January 1, 1996 and June 30, 2002. It provides information on the fiscal status of debt issued after 1996 and on defaults and draws on reserves reported to CDIAC in calendar year 2002.

1998 MARKS-ROOS BOND POOLING ACT PARTICIPANTS YEARLY FISCAL STATUS REPORT AND DRAW ON RESERVE DEFAULT REPORT, April 1999 [CDIAC 99-3]

1997 MARKS-ROOS BOND POOLING ACT PARTICIPANTS YEARLY FISCAL STATUS REPORT AND DRAW ON RESERVE DEFAULT REPORT, February 1998 [CDIAC #98-1]

1996 MARKS-ROOS BOND POOLING ACT PARTICIPANTS YEARLY FISCAL STATUS REPORT AND DRAW ON RESERVE DEFAULT REPORT, February 1997 [CDIAC #97-4]

2002 MELLO-ROOS COMMUNITY FACILITIES DISTRICTS YEARLY FISCAL STATUS REPORT, November 2003 [CDIAC #03-06]

This publication uses reports on the financial status of Mello-Roos Community Facilities District (CFD) bonds sold in California. The information in the publication is cumulative and reflects CFD bonds sold

between January 1, 1993 and June 30, 2002. It provides information on the fiscal status of bonds sold after 1993 and on defaults and draws on reserves reported to CDIAC in calendar year 2002.

1999/2000 MELLO-ROOS COMMUNITY FACILITIES DISTRICTS YEARLY FISCAL STATUS REPORT, May 2000 [CDIAC #01-6]

1998 MELLO-ROOS COMMUNITY FACILITIES DISTRICTS YEARLY FISCAL STATUS REPORT, April 1999 [CDIAC #99-1]

1997 MELLO-ROOS COMMUNITY FACILITIES DISTRICTS YEARLY FISCAL STATUS REPORT, March 1998, [CDIAC#98-2]

1996 MELLO-ROOS COMMUNITY FACILITIES DISTRICTS YEARLY FISCAL STATUS REPORT, January 1997, [CDIAC #97-1]

1995 MELLO-ROOS COMMUNITY FACILITIES DISTRICTS YEARLY FISCAL STATUS REPORT, January 1996, [CDAC #96-1]

1994 MELLO-ROOS COMMUNITY FACILITIES DISTRICTS YEARLY FISCAL STATUS REPORT, December 1994, [CDAC #94-8]

1993 MELLO-ROOS COMMUNITY FACILITIES DISTRICTS YEARLY FISCAL STATUS REPORT, December 1993, [CDAC #93-9]

ISSUE BRIEF SERIES

Short Reference Documents on Various Public Finance Topics

ISSUE BRIEF NUMBER 1 - COMPETITIVE VS. NEGOTIATED SALE OF DEBT, September 1992

This Issue Brief helps issuers conduct a systemic evaluation of their proposed bond issues and provides general guidelines for public issuers, particularly those who are infrequent participants in the bond market.

ISSUE BRIEF NUMBER 2 - UNDERSTANDING THE UNDERWRITING SPREAD, March 1993

This Issue Brief defines, illustrates, and describes how to negotiate and underwriting spread.

ISSUE BRIEF NUMBER 3 - PREPARING REQUESTS FOR PROPOSALS, October 1994

This Issue Brief acquaints public debt issuers with the request for proposal (RFP) process and assists them in developing quality RFPs to procure outside municipal finance services.

ELECTRONIC DISCLOSURE ISSUE BRIEF, February 2002 [CDIAC #02-2]

This Issue Brief summarizes Securities and Exchange Commission disclosure requirements and gives a number of recommendations to consider when implementing electronic disclosure programs.

INVESTING IN CALLABLE SECURITIES ISSUE BRIEF, May 2002 [CDIAC #02-3]

This Issue Brief provides public investment officials with information to assist in the evaluation of callable securities, provides information on the key characteristics of this security, and concludes with recommendations to consider when considering whether or not to invest in callable securities.

AUCTION RATE SECURITIES ISSUE BRIEF, August 2004 [CDIAC #04-8]

This Issue Brief provides an overview of the market, mechanics, cost, benefits, and risk associated with Auction Rate Securities.

THE FUNDAMENTALS OF INTEREST RATE SWAPS, October 2004 [CDIAC #04-12]

This Issue Brief provides basic information regarding the use of interest rate swaps in municipal finance. It reviews data a financial manager would need to know when considering the use of interest rate swaps in the organization's borrowing program.

PRIVATIZATION VS. PUBLIC-PRIVATE PARTNERSHIPS: A COMPARATIVE ANALYSIS, August 2007 [CDIAC #07-04]

This Issue Brief provides basic information on privatization and public private partnerships to assist public agencies in understanding and evaluating these two financing mechanisms that could be used in the delivery of public projects and/or services. This brief contains examples of both concepts as well as highlights the associated risks and rewards.

SECURITIES LENDING AGREEMENTS, May 2005 [CDIAC #05-05]

This Issue Brief explains the process of investing in securities lending agreements, discusses the different types of collateral used, and explains the benefits and risks associated with participating in these instruments.

DURATION BASICS, January 2007 [CDIAC #06-10]

This Issue Brief provides information on the use of duration as a measure of risk in fixed-income portfolios. It provides an overview of the different types of duration measures and how they are calculated, why duration is an important measure when comparing individual bonds and constructing a portfolio, and the use of convexity in conjunction with duration to provide a more accurate measure of price volatility.

QUALIFIED ZONE ACADEMY BONDS (QZABS), January 2007 [CDIAC #06-12]

This Issue Brief provides information on Qualified Zone Academy Bonds (QZABs). It defines QZABs, provides eligibility and qualification information, explains how QZABs work via an example, discusses administrative considerations and financing requirements, and lists allocation results and additional resources available for further information.

STATE & LOCAL TAX AND BOND BALLOT MEASURES

STATE AND LOCAL BOND AND TAX BALLOT MEASURES: RESULTS OF THE NOVEMBER 2006 GENERAL ELECTION, March 2007 [CDIAC#07-01]

This report presents the results of state and local bond and tax measures that appeared on the November 7, 2006 General Election ballot in California.

STATE AND LOCAL BOND AND TAX BALLOT MEASURES: RESULTS OF THE JUNE 2006 GENERAL ELECTION, June 2006 [CDIAC #06-05]

STATE AND LOCAL BOND AND TAX BALLOT MEASURES: RESULTS OF THE NOVEMBER 2005 GENERAL ELECTION, February 2006 [CDIAC #06-01]

STATE AND LOCAL BOND AND TAX BALLOT MEASURES: RESULTS OF THE NOVEMBER 2004 GENERAL ELECTION, February 2005 [CDIAC #05-01]

STATE AND LOCAL BOND AND TAX BALLOT MEASURES: RESULTS OF THE MARCH 2004 PRIMARY ELECTION, June 2004 [CDIAC #04-02]

STATE AND LOCAL BOND AND TAX BALLOT MEASURES: RESULTS OF THE NOVEMBER 2002 GENERAL ELECTION, March 2003 [CDIAC 03-1]

STATE AND LOCAL BOND AND TAX BALLOT MEASURES: RESULTS OF THE MARCH 2002 PRIMARY ELECTION, June 2002 [CDIAC 02-04]

STATE AND LOCAL BOND AND TAX BALLOT MEASURES: RESULTS OF THE NOVEMBER 2000 GENERAL ELECTION, February 2001 [CDIAC 01-05]

STATE AND LOCAL TAX AND BOND BALLOT MEASURES: RESULTS OF THE March 7, 2000 PRIMARY ELECTION, June 2000 [CDIAC 00-3]

STATE AND LOCAL TAX AND BOND BALLOT MEASURES: RESULTS OF THE NOVEMBER 1998 GENERAL ELECTION, March 1999 [CDIAC #99-2]

STATE AND LOCAL TAX AND BOND BALLOT MEASURES: RESULTS OF THE JUNE 1998 PRIMARY ELECTION, September 1998 [CDIAC #98-7]

STATE AND LOCAL TAX AND BOND BALLOT MEASURES: RESULTS OF THE NOVEMBER 1996 GENERAL ELECTION, March 1997 [CDIAC #97-2]

STATE AND LOCAL TAX AND BOND BALLOT MEASURES: RESULTS OF THE 1996 PRIMARY ELECTION, June 1996 [CDAC #96-5]

STATE AND LOCAL TAX AND BOND BALLOT MEASURES: RESULTS OF THE 1994 PRIMARY AND GENERAL ELECTIONS, December 1994 [CDAC #94-9]

STATE AND LOCAL TAX AND BOND BALLOT MEASURES: RESULTS OF THE 1992 PRIMARY AND GENERAL ELECTIONS, March 1993 [CDAC #93-1]

STATE AND LOCAL TAX AND BOND BALLOT MEASURES: SUMMARY OF GENERAL ELECTION RESULTS, NOVEMBER 6, 1990, February 1991

STATE AND LOCAL TAX AND BOND BALLOT MEASURES: SUMMARY OF PRIMARY ELECTION, JUNE 5, 1990, September 1990

STATE AND COUNTY TAX AND BOND BALLOT MEASURES: SUMMARY OF GENERAL ELECTION, NOVEMBER 8, 1988, February 1989

STATE AND COUNTY TAX AND BOND BALLOT MEASURES: SUMMARY OF GENERAL ELECTION, NOVEMBER 4, 1986, February 1987

MISCELLANEOUS

ANALYSES OF CALIFORNIA PUBLIC DEBT, August 1983

This report looks at: historical patterns of California debt issuance, use, and retirement; market-relevant patterns of debt use by other state and local governments; existing public policies and regulatory processes; and research and analysis of California public debt.

APPRAISAL STANDARDS FOR LAND-SECURED FINANCINGS, Revised July 2004 [CDIAC #04-07]

This report recommends appraisal standards undertaken to establish value-to-lien ration for Mello-Roos special tax bond issues.

ASSESSMENT OF LOCAL GOVERNMENT INVESTMENT POOLS: A SURVEY OF CALIFORNIA COUNTY POOLS, January 2000 [CDIAC #00-1]

This report highlights the techniques that county pools use to achieve safety, liquidity, and yield; the variation in policy and investment choices among pools; and the tradeoffs associated with these investment choices.

BOND INSURANCE AS A FORM OF CREDIT ENHANCEMENT IN CALIFORNIA'S MUNICIPAL BOND MARKET, January 2002 [CDIAC #02-1]

This report provides a useful resource for first-time or infrequent users of bond insurance by summarizing the players, process, costs and benefits of this form of credit enhancement. The report also represents a working framework for the bond insurance decision-making process and provides statistics on the bond insurance market.

CALIFORNIA DEBT ISSUANCE PRIMER HANDBOOK, October 2005, [CDIAC #05-06]

This Handbook is an accompanying document to the California Debt Issuance Primer. It provides a general overview of each major section in the Primer and provides links to these sections.

COPs IN CALIFORNIA: CURRENT ISSUES IN MUNICIPAL LEASING, June 1992 [CDAC #92-6]

A report on the public hearing on lease financing in California held by the Commission on June 18, 1992. This report includes the background staff report prepared for the hearing and testimony provided to the Commission.

DEBT INDICATORS AND CRITERIA FOR THE ASSESSMENT OF CALIFORNIA'S TOTAL OUTSTANDING PUBLIC DEBT, January 1990

This report reviews literature surrounding the issue of fiscal indicators for financial and credit analysis, describes a theoretical framework and recommended set of indicators for potential use by the State in assessing the level of total outstanding debt of California state and local governments, and provides a set of recommendations.

DISCLOSURE GUIDELINES FOR LAND-BASED SECURITIES, September 1996 [CDAC #96-6]

The Guidelines present the disclosure practices recommended for compliance with the Securities and Exchange Commission amendments to Rule 15c2-12 (adopted in November 1994 by the SEC) for land-based financings. It provides background on land-based financings in California, municipal securities regulation, primary market disclosure and continuing disclosure for land-based securities.

GLOSSARY OF LEASING TERMS, November 1997 [CDIAC #97-09]

The purpose of this glossary is to provide a helpful reference tool to public officials responsible for leasing decisions.

GUIDELINES FOR LEASES AND CERTIFICATES OF PARTICIPATION, November 1993 [CDAC #93-8]

The Guidelines are to help public officials understand tax exempt leasing and to apply this tool judiciously.

GUIDELINES FOR MELLO-ROOS FINANCING, October 1991

This report is a reprint of the guidelines included in Mello-Roos Financing in California.

INVESTMENT POLICY REPORTING PRACTICES: AN INFORMATIONAL GUIDE, October 2006 [CDIAC #06-03]

This Guide provides examples of common investment policy reporting practices from local agencies surveyed, assists in assessing the benefits and risks of an agency's investment goals and priorities, identifies alternative investment policy reporting practices, and recommends a California local agency model investment policy. The Guide includes an Appendix that gives definitions and recommendations on various investment policy terms and concepts.

INVESTMENT PORTFOLIO REPORTING PRACTICES: AN INFORMATIONAL GUIDE, October 2004, [CDIAC 04-5]

This Guide describes the purpose behind local government investment portfolio reporting and the information cities and counties should report to their legislative bodies. It also provides visual and written examples from actual city and county portfolios that summarize agency investment activities. These examples are given to provide local agencies with illustrations of additional information they may wish to include in their reports, to the extent that it assists their legislative bodies in meeting their fiduciary responsibilities.

LEASES IN CALIFORNIA: THEIR FORM AND FUNCTION, September 1990

This informational study explains how and why State and local governments in California use tax-exempt leases.

LOCAL AGENCY INVESTMENT GUIDELINES: UPDATE OF 2007 STATUTORY CHANGES AND CONSENSUS RECOMMENDATIONS, May 2007 [CDIAC #07-02]

These Guidelines provide local agencies and other interested parties with information on recent state law changes that affect the investment of public funds. The 2007 Update reflects statutory changes effective January 1, 2007 and newly revised consensus recommendations. The 2007 Update should be used to replace all previous versions of the document.

MELLO-ROOS FINANCING IN CALIFORNIA, September 1991

This report examines the public policy issues and credit quality concerns surrounding the use of Mello-Roos bonds. The report includes guidelines for local government issuers.

OPEBS AND GASB 45: A QUESTION AND ANSWER GUIDE, December 2006 [CDIAC #06-09]

This Guide addresses basic questions regarding the fiscal challenges facing many state and local governments in funding and accounting for other post employment benefits (OPEBs). It provides general implementation information on Government Accounting Standards Board Rule 45 (GASB 45) and options for addressing OPEB liabilities. It also contains a list of resources for further information.

QUICK REFERENCE GUIDE TO DEBT ISSUANCE AND PUBLIC FUND INVESTMENT SEMINARS, August 2007

This Guide contains information on the various bond issuance and public fund investment seminars as well as workshops offered through CDIAC's Continuing Education and Outreach Program. CDIAC's seminars are described and the Guide includes information on the subject matter contained in each program, the duration of the program, who should attend, and how often the program is offered.

RECOMMENDED CHANGES TO THE MARKS-ROOS LOCAL BOND POOLING ACT OF 1985: REPORT TO THE LEGISLATURE AND GOVERNOR, September 1995, [CDIAC #95-1]

The recommendations put forth in this report are intended to curb the potential for abusive Marks-Roos financings in the future, protect the public from unwarranted and unnecessary taxes and assessments, and restore the confidence of investors in this form of infrastructure finance.

RECOMMENDED CHANGES TO THE MELLO-ROOS ACT OF 1982: ORAL AND WRITTEN TESTIMONY, March 1992

A companion report, *Recommended Changes to the Mello-Roos Act of 1982: A Report to the Legislature and Governor*, provides background on the Commission's involvement with the issue of Mello-Roos financing, reviews the testimony presented at a public hearing on the issue conducted in 1992, and gives

recommendations on improving the Mello-Roos Act. The report also provides a transcript of the hearing as well as written testimony.

RECOMMENDED CHANGES TO THE MELLO-ROOS ACT OF 1982: REPORT TO THE LEGISLATURE AND GOVERNOR, March 1992

This report provides background on the Commission's involvement with the issue of Mello-Roos financing, reviews the testimony presented at a public hearing on the issue conducted in 1992, and gives recommendations on improving the Mello-Roos Act. The report also provides a transcript of the hearing as well as written testimony.

RECOMMENDED PRACTICES FOR CALIFORNIA REDEVELOPMENT AGENCIES, April 1995, [CDAC #95-5]

This report assists redevelopment agencies by providing recommended practices and examples of innovation culled from redevelopment activities throughout California.

RECOMMENDED PRACTICES IN THE APPRAISAL OF REAL ESTATE FOR LAND-SECURE FINANCINGS, July 2004 [CDIAC #04-06]

This report makes various recommendations regarding specific practices in the field of appraising real properties securing Mello-Roos or assessment bonds.

REIMBURSEMENTS AND BOND PROCEEDS, October 2003

This report seeks to provide information on reimbursement bonds that may guide issuers in the appropriate use of such bonds.

REPORT OF THE INTERAGENCY MUNICIPAL SECURITIES TASK FORCE, June 1998 [CDIAC #98-6]

This Report reviews the State's approach to the enforcement of its municipal bond laws.

RESPONSE TO SENATE LOCAL GOVERNMENT COMMITTEE REQUEST FOR INFORMATION RELATED TO SENATE BILL 465 (SOTO), July 2003

This report summarizes research completed at the request of the Senate Local Government Committee regarding Senate Bill 465 (Soto), a bill that would create a new category of redevelopment project area, among other things. The report responds to a series of questions asked by the Committee related to mixed-use redevelopment projects near transit stations, including details regarding the project area (for example, size, distance from the transit station, debt incurred) and broader questions regarding the impact of current redevelopment law and SB 465 (Soto).

A REVIEW OF CALIFORNIA STATE AND LOCAL OUTSTANDING GENERAL OBLIGATION DEBT: 1992-93 THROUGH 1998-99, October 2002, [CDIAC #02-5B]

This report reviews state and local general obligation (GO) bonds issued in California from 1992-93 through 1998-99. It also explores the relationship between outstanding GO bonds and prevailing economic and demographic conditions statewide and within various regions of the State.

A REVIEW OF THE MARKS-ROOS LOCAL BOND POOLING ACT OF 1985, September 1998 [CDIAC #98-8]

This report demystifies the "black box" of Marks-Roos financing by providing a factual basis for understanding the historical development of the Marks-Roos Act, and serving as a reference guide on its practical applications.

TOOLS TO REVITALIZE CALIFORNIA COMMUNITIES, January 2006 [CDIAC #05-10]

This guide gives local government officials and private parties who are seeking to revitalize their communities the tools that they need to find the appropriate state financing program to assist their situations. It describes select state agency programs that provide community revitalization financing, illustrates real-life examples of how some of these programs have been used, and lists contact information for those interested in pursuing the programs for use in their communities.

TWENTY QUESTIONS FOR MUNICIPAL INTEREST RATE SWAP ISSUERS, April 2005 [CDIAC #05-04]

This report suggests twenty questions for bond issuers to ask of other transaction participants, their swap advisors or financial advisors, and the swap counterparty. In addition, the report suggests twenty questions for bond issuers to ask themselves before transacting an interest rate swap.

UNDERSTANDING INTEREST RATE SWAP MATH AND PRICING, January 2007 [CDIAC #06-11]

This report provides an overview of interest rate swap math and pricing conventions, including information on the interest rate swap market, the swap dealer's pricing and sales conventions, relevant indices needed to determine pricing, formulas and examples of pricing, and a review of the variables that have an effect on market and termination pricing of an existing swap.

UNDERSTANDING PUBLIC INVESTMENT REPORTING: A HANDBOOK FOR LOCAL ELECTED OFFICIALS, November 2003, [CDIAC 03-02]

This "quick-reference" Handbook is designed to help elected and appointed local government officials, investment oversight committee members, and the agency's legislative body review and interpret investment reports.

THE USE OF GENERAL OBLIGATION BONDS BY THE STATE OF CALIFORNIA, September 1987

This report examines the use of general obligation bonds by the State of California.

THE USE OF POOL FINANCING TECHNIQUES IN CALIFORNIA: A LOOK AT JOINT ISSUANCE TECHNIQUES BY PUBLIC AGENCIES, September 1, 1988

This report presents an historical summary of local pool financings in the State, a glossary of pool terminology, and a description of the different types of pool financing techniques. In addition, several pool programs that illustrate typical pool structures are profiled.

THE USE OF REDEVELOPMENT AND TAX INCREMENT FINANCING BY CITIES AND COUNTIES, October 1984

This report summarizes findings and conclusions on the use of redevelopment and tax increment financing by cities and counties. Specifically, it provides information on the total amount of tax allocation bond indebtedness and tax increment revenue outstanding for redevelopment agencies; the amount of tax increment revenue received by California redevelopment agencies for the fiscal year; whether or not the State would assume any liability in the event of a redevelopment agency bond default; and the total number of housing units eliminated and provided as a result of redevelopment activity.

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