

**APPROVED MINUTES**  
**CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION MEETING**  
**July 2, 2007**  
**2:00 PM**

Jesse M. Unruh State Office Building  
915 Capitol Mall, Room 587  
Sacramento, California 95814

**1) ROLL CALL**

Treasurer Bill Lockyer called the meeting to order at 2:00 pm. Members present included: Treasurer Bill Lockyer; Cindy Aronberg (via teleconference), representative for State Controller John Chiang; José Cisneros, Treasurer and Tax Collector for the City and County of San Francisco; and Jay Goldstone, Chief Finance Officer for the City of San Diego. After roll call was taken, Treasurer Lockyer declared that a quorum was present. Anne Sheehan, representative for Governor Schwarzenegger, arrived at 2:02 pm (during Agenda Item 3).

**2) APPROVAL OF THE MINUTES (from December 5, 2006 meeting)**

A motion was made by Mr. Cisneros to adopt the minutes of the December 5, 2006 California Debt and Investment Advisory Commission (CDIAC) meeting and Mr. Goldstone seconded the motion. The minutes were unanimously approved by roll call vote. Bill Lockyer: Aye; Cindy Aronberg: Aye; José Cisneros: Aye; Jay Goldstone: Aye.

**3) EXECUTIVE DIRECTOR'S REPORT**

John Decker presented a summary of CDIAC's data collection activities, seminars, and publications since the December 5, 2006 Commission Meeting. Mr. Decker presented statistics for the ten most popular publications accessed on the CDIAC website in the past six months. Mr. Decker gave a brief overview of the publications CDIAC produced since the last commission meeting. Copies of these publications were made available to Commission members and other interested parties at the meeting.

Mr. Decker covered the enrollment statistics for the various CDIAC seminars that had taken place since the last Commission Meeting. Mr. Decker also shared statistics regarding the number of times debt issuance information has been accessed from CDIAC's website (through both the tabular listings and searchable database). The searchable database also will soon be accessible through the State Treasurer's Office website.

The last topic covered by Mr. Decker in his Executive Director's Report was data collection compliance problems, specifically with certain cost of issuance data fields. Mr. Lockyer mentioned that it was his understanding CDIAC was thinking of eliminating or narrowing some of the fields. Mr. Decker agreed that some fields may

be eliminated based on their relevance in the current market and after consultation with interested parties.

Mr. Lockyer asked if the other cost of issuance fields pertaining to financing team fees are getting disclosed adequately. Mr. Decker indicated that he would not say it was adequate and that CDIAC wants to work with bond counsels to increase the compliance rate. Frank Moore stated that CDIAC plans to send out a letter to the municipal finance community stating that CDIAC will be more vigilant about sending reports back for missing information.

Mr. Lockyer asked Mr. Cisneros and Mr. Goldstone if having this data is helpful for them for conducting cost comparisons of bond issuance fees. Mr. Goldstone indicated it is particularly helpful for small cities and infrequent issuers, but he was not sure what leverage was available for enforcing compliance. Mr. Lockyer suggested modest changes in state codes may be needed with a penalty for noncompliance. Ms. Sheehan asked Mr. Cisneros and Mr. Goldstone if the fee information is required to be reported to them and if they are required to report it to their legislative bodies. Mr. Goldstone indicated it varies from locality to locality. One of the hindrances is that the information is not always publicly disclosed. Mr. Cisneros indicated that reaching out to the community may be the best way of encouraging compliance.

Mr. Lockyer encouraged Mr. Decker and CDIAC staff to do what they can and to keep the Commission informed.

#### **4) INFORMATIONAL ITEMS**

##### **ITEM 4.a. CONTRACTING ACTIVITIES UPDATE**

Mr. Moore updated members on contracts and interagency agreements entered into on behalf of the Commission since the December 5, 2006 Commission Meeting. Mr. Moore stated that two of the on-going contracts are extensions of continuing contracts. Funds allocated under the contracts were not completely used for either the credit card payment processing contract with NOVA Information Systems or the DEBT LINE printing and mailing contract with SourceOne Communications; therefore, these contracts were extended into future years. Mr. Moore indicated that more information would be shared at the next Commission Meeting on the 2007-2008 SourceOne Communications contract.

Mr. Moore also discussed the temporary help contract CDIAC had with Aerotek for addressing some of CDIAC's work backlog. Mr. Lockyer questioned why the contract was for \$4,999 instead of \$5,000. Mr. Moore responded that Department of Personnel Administration (DPA) guidelines limit the amount of personnel services contracts to under \$5,000. The final, on-going contract Mr. Moore mentioned was for the California Automated Travel Expense Reimbursement System (CalATERS), developed by the State Controller's Office, for automated handling of travel expense claims.

Mr. Moore stated that all of the one-time contracts are for CDIAC seminar programs. Currently, CDIAC staff provides commission members detailed information on

seminar contracts after each seminar occurs; therefore, Mr. Moore did not go into detail about these contracts.

Mr. Lockyer asked if there were any questions. There were no questions.

#### **Item 4.b. Seminar Activities for Fall 2007**

Linda Louie discussed the seminar and workshop schedule for Fall 2007. Upcoming seminars and workshops will include CDIAC's pre-conference seminar on municipal disclosure issues at the Bond Buyer's 17<sup>th</sup> Annual California Public Finance Conference (Annual Conference). CDIAC's newest commission member, Mr. Goldstone, will be the keynote luncheon speaker. A few of the sub-topics for this seminar include disclosure compliance, Securities and Exchange Commission (SEC) regulations, the future of the Central Post Office, and disclosure due diligence programs.

CDIAC will also host three of its core seminar programs this fall: Fundamentals of Debt Financing, Investing Public Funds: Fundamentals of Managing Your Portfolio, and Understanding Municipal Securities Regulations.

Ms. Louie stated that a mix of bankers and issuers, about half and half, come to the CDIAC pre-conference seminar offered at the Bond Buyer's Annual Conference. This is an alternative educational opportunity which private entity representatives can attend. Ms. Louie stated that only public sector professionals are allowed to attend CDIAC's Understanding Municipal Securities Regulations seminar.

Ms. Louie stated that CDIAC's Continuing Education and Outreach Unit likes to add one to two new seminars a year. CDIAC staff focus on major cities for the core workshops and seminars with outreach to underserved cities on specific topic needs. One-day workshops are structured to serve about 80 attendees while one-and-a-half-day seminars are attended by up to about 140 attendees.

According to Ms. Louie, the Continuing Education and Outreach Unit tries to think outside of the box to deliver information. For the first time, staff created a DVD for the Land-Secured Financing seminar and have provided it to the speakers of the program. Orders for the DVD also will be made available free of charge on CDIAC's website until all copies are gone. Ms. Louie considers "real time" education (i.e., attending actual seminars) to be very important, with the DVD serving as a supplemental resource for topic review.

Mr. Lockyer questioned Ms. Louie regarding how the seminars and workshops are evaluated and what the feedback is like. Ms. Louie responded with some examples of feedback from recent seminar surveys. Mr. Lockyer further asked what the attendees' views were on the content of the seminars. Ms. Louie shared information about the positive comments on the resources provided and the quality of the seminars and workshops.

Mr. Lockyer asked if there were any other questions. There were none.

#### **Item 4.c. Update on Research Reports/Publications**

Kristin Szakaly-Moore shared the current status on various research projects with the Commission. Of the eleven research projects listed in the Commission packet, Ms. Szakaly-Moore provided additional information on the following five:

- *Local Agency Investment Guidelines: Update of 2007 Statutory Changes and Consensus Recommendations*
- *Privatization vs. Public-Private Partnerships (PPPs): A Comparative Analysis*
- Trends in General Obligation (GO) Bond Issuance
- Certificate of Deposit Account Registry Service (CDARS)
- Public Debt Issuance Databases

Ms. Szakaly-Moore stated that the completed *Local Agency Investment Guidelines* provides guidance, not legal opinions, and that a similar document has been done on an annual basis since the late 1990s. Ms. Szakaly-Moore mentioned that *Privatization vs. PPPs: A Comparative Analysis* provides core information on the differences between these alternative financing tools with brief examples. Trends in GO Bond Issuance is a historical analysis on GO Bonds. Ms. Szakaly-Moore further commented that the CDARS report will focus on describing this new type of investment that is covered by the Federal Deposit Insurance Corporation and is available to local agencies.

Mr. Lockyer asked if there were any questions.

Ms. Sheehan asked about the follow-up report on PPPs listed in the Commission packet. Ms. Szakaly-Moore answered that the follow-up would be in a question/answer format to help issuers with the decision making process in choosing whether or not to enter into a PPP.

Mr. Lockyer stated the presentations were over and thanked everyone.

#### **5) PUBLIC COMMENT**

Mr. Lockyer asked for any public comments prior to adjourning. There were none.

#### **6) ADJOURNMENT**

There being no further business, the meeting was adjourned at 2:28 pm with a unanimous roll call vote taken. Bill Lockyer: Aye; Anne Sheehan: Aye; Cindy Aronberg: Aye; José Cisneros: Aye; Jay Goldstone: Aye.