

AGENDA ITEM 2 (ACTION ITEM)

APPROVAL OF MINUTES FROM JULY 2010 MEETING

Minutes

California Debt and Investment
Advisory Commission Meeting
July 15, 2010, 1:30 PM

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

1. ROLL CALL

Katie Carroll mentioned the passing of Senator Cox, a Commission member and led the observance of a moment of silence.

Katie Carroll called the meeting to order at 1:40 pm. Members present included: Katie Carroll, representative for Treasurer Bill Lockyer; Dave O'Toole, representative for State Controller John Chiang; Sheri Pemberton, representative for Assembly Member Ted Lieu; Cynthia Bryant, representative for Director of Finance Ana Matosantos. After roll call was taken, Katie Carroll declared a quorum was present.

2. APPROVAL OF THE MINUTES (FROM JUNE 10, 2008 MEETING)

Ms. Carroll asked if members had any changes, questions or comments to the minutes from the June 10, 2008 California Debt and Investment Advisory Commission (CDIAC) meeting. Hearing none, Ms. Bryant motioned to adopt the minutes; Mr. O'Toole seconded the motion. The minutes were unanimously approved by roll call vote. Katie Carroll: Aye; Cynthia Bryant: Aye; David O'Toole: Aye; Sheri Pemberton: Aye.

3. EXECUTIVE DIRECTOR'S REPORT

Katie Carroll introduced Hugo López as CDIAC's interim Executive Director. Mr. López presented a summary of CDIAC's budget, noting that

since the last board meeting the most significant change is the increase in staff with three staff added as part of the 2008-2009 Budget Change Proposal. He stated that the new staff will be more proactive within our research unit in aiding local governments with research data and reporting. Mr. López presented the employee organizational chart noting several vacancies and that CDIAC will continue to fill these positions going forward. He also acknowledged the retirement of Pat Brubaker, a member of the Data Unit, and thanked her for her dedication and service.

Mr. López then continued to present a three-year history of incoming funds and expenditures broken down between fees and education seminars. It was also explained that CDIAC recently loaned the General Fund \$2 million with repayment scheduled in the next few years. He also noted that an upturn of the economy will contribute to CDIAC's fiscal health.

As part of his report to the Commission, Mr. López presented charts on CDIAC activities. He presented monthly debt issuance statistics for the current fiscal year compared to the average of the past two years, both in terms of number of issuances and volume. Then he presented graphs on CDIAC's educational seminar's attendance, enrollment and outreach. Mr. O'Toole questioned the reasons for the downward trend in attendance of the seminars in the last two years. Mr. López indicated that over the past two years there are two factors that contributed to declining enrollment, namely the cut in travel and training budgets due to the economy and the change in CDIAC marketing strategies. CDIAC is currently only using ListServ to market seminars. To increase attendance, CDIAC will return to a proven method that includes direct mail of seminar announcements as well as lowering seminar fees. Ms. Carroll asked how much the seminar fees will be dropped. Mr. López stated, depending on the type of seminar whether it was a one or one and one-half day seminar, he estimated the one day seminar would drop approximately \$50 and one-and- one-half day seminar would be \$75-\$100. Ms. Carroll asked what the different type of constituents that are attending the education seminars, and is there a difference in the type of attendance from 2008 to present time. Mr. López requested a response from the CDIAC staff. Linda Louie, a staff member of CDIAC, said it had not.

Ms. Carroll asked if there were any questions. Hearing none, she thanked Mr. López for his presentation.

4. ACTION ITEMS

ITEM 4. Resolution 10-01: Contract Delegation Authority

Mr. López asked the Commission to delegate to the Executive Director the ability to enter into contracts. More specifically, Mr. López requested that the Commission to increase the delegation amount from \$1.1 mil-

lion to \$1.5 million. This increase in authority is needed since service orders and purchase orders now count as part of the total contract delegation. Mr. López stated that this is an “up to” amount, although he does not anticipate CDIAC will actually execute \$1.5 million in contracts he would like to have the flexibility to do so. Mr. López also pointed out that in the resolution itself there are some restrictions and caps in place for significantly large contracts without returning back to the Commission for approval. Ms. Carroll asked if there were any questions or comments. Mr. O’Toole questioned the regulatory change and noted that the initial delegation of authority of \$650,000 to \$1.1 million, and now to \$1.5 million (\$400,000) would be for the two bills pending legislative approval, AB 155 & AB 2579, as mentioned in the staff analysis. Mr. López responded by stating that the requested increase is not all due to the two legislative bills, but other pieces. Again he stated that the requested amount is a safety net and an “up to” amount as there are a couple of bills pending that would be necessary to contract quickly. He continued to note that CDIAC’s total budget is not large, so if the bills passed, it would be necessary to convene another commission meeting to obtain authority, and this request would be a stopgap measure. Mr. López also indicated that the total contract amount for last year was \$1.1 million, so a cushion was added. Ms. Carroll asked if there were any other questions or comments. Hearing none, Mr. O’Toole motioned to approve the measure; Ms. Bryant seconded. Ms. Carroll asked for any public comment; hearing none, the resolution was unanimously approved by roll call vote. Katie Carroll: Aye; Dave O’Toole: Aye; Cynthia Bryant: Aye; Sheri Pemberton: Aye.

ITEM 5. Resolution 10-02: Commission Staff Work Plan

Mr. López presented CDIAC’s general work plan for the upcoming year providing an update of each unit.

The Data Collection Unit is currently updating the debt issuance database and reconciling the data to ensure accuracy. The percentage of online submittals for debt issuance has increased and CDIAC continues to work with the industry to get complete reporting.

Mr. Lopez provided an outline of reports the Research Unit will work on during the year. The list also included updates to existing CDIAC reports. As indicated earlier, there are several vacancies in this unit and the goal is to fill these positions quickly. Ms. Carroll asked, in terms of general research, if CDIAC has been conducting research on how the current fiscal crisis and the economic crisis is affecting our local constituency, and particularly their ability to issue and service their debt. Mr. López stated that this is definitely something CDIAC is looking at and has started to look at the federal stimulus monies and the impact to local governments,

what impedes local governments now, and what their obstacles are. Ms. Carroll thanked Mr. López and is looking forward to the research data so that it will be able to further assist our local governments. Mr. López noted that CDIAC has a contract with California State University (CSU) and that are looking at similar things such as pool costs that will also help some of our local governments.

Mr. López then reported on the Education Unit. Core debt seminars are currently under review to determine if they are still relevant and reaching the intended target audience. Staff will continue to evaluate the educational courses to guarantee that CDIAC is providing the best resources available.

Ms. Bryant questioned that if the two pending bills become law, would it significantly impact the workload of the staff and asked for a comment. She specifically suggested that if the bills are passed, that the commission convenes to discuss the impact these bills would create as it would be a significant departure from what CDIAC is currently doing. Mr. López agreed, and said even if one of these two bills were enacted, CDIAC would have to come back to the Commission and get approval for additional funding in the form of a budget contract proposal, as well as the authority to go forward in the new program direction. Mr. O'Toole asked if both of the bills fail, presuming that the additional funding is for the two pending bills, how CDIAC would go about lowering the delegation authority. Mr. López stated CDIAC would go back to the past year's actual usage and based on that figure, CDIAC would then come back with a recommendation. He noted again last year's actual usage was \$1.1 million and are asking for an "up to" amount. It is not something we would come back and report to the Commission on. Ms. Carroll asked for any further questions or comments from the public. Hearing none, Ms. Bryant motioned to approve the resolution; Mr. O'Toole seconded the motion. The resolution was unanimously approved by roll call vote. Katie Carroll: Aye; Cynthia Bryant: Aye; David O'Toole: Aye; Sheri Pemberton: Aye.

ITEM 6. Resolution 10-03: Fee Schedule

Mr. López requested two items regarding CDIAC's filing fee schedule. He requested to defer the fee increase scheduled for July 1, 2010 and then proposed to slightly change the wording of the fee resolution. Mr. López noted that the fee resolution includes an automatic fee increase absent of the vote of the Commission. He requested that the fees remain at the current level unless the Commission approves an increase. Ms. Carroll questioned if any of the pending legislation passed, would require fees to be increased? Mr. López stated that given the fund condition (noting the \$2 million loan to the General Fund), CDIAC would have some flexibility for a few more years before an increase in fees is needed. Ms.

Carroll asked for further questions or public comment. Hearing none, Mr. O'Toole motioned to approve the resolution; Ms. Bryant seconded the motion. The resolution was unanimously approved by roll call vote. Katie Carroll: Aye; Cynthia Bryant: Aye; Dave O'Toole: Aye; Sheri Pemberton: Aye.

7. PUBLIC COMMENT

Ms. Carroll asked for any public comments prior to adjourning. A member of the staff, Catherine Walline, made a positive comment about CDIAC's current management.

8. ADJOURNMENT

There being no further business, the meeting was adjourned at 2:15 pm.

