

AGENDA ITEM 2 (ACTION ITEM)

APPROVAL OF MINUTES FROM JUNE 17, 2020 MEETING

Minutes

California Debt and Investment
Advisory Commission Meeting
June 17, 2020, 11:00 AM

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

ITEM 1. ROLL CALL

Treasurer Fiona Ma, CPA called the meeting to order at 11:07 a.m.

Present at the meeting were Treasurer Fiona Ma, CPA, State Treasurer; Gayle Miller, Chief Deputy Director, Department of Finance, representative for Governor Gavin Newsom; Lynn Paquin, Deputy State Controller, representative for State Controller Betty Yee; Steven Bradford, Senator; John M. W. Moorlach, Senator; Sabrina Cervantes, Assemblymember; Sandie Arnott, Treasurer-Tax Collector, County of San Mateo and Nadia Sesay, Executive Director, San Francisco Office of Community Investment and Infrastructure. Ash Kalra, Assemblymember, was absent. Treasurer Ma declared a quorum.

Ms. Miller, Ms. Paquin and Commissioners Bradford, Cervantes, Arnott and Sesay participated remotely from teleconferencing locations pursuant to Executive Order N-29-20, Paragraph 3.¹ There were no members of the public present.

¹ State of California, Executive Department, [Executive Order N-29-20](#), March 17, 2020.

ITEM 2: APPROVAL OF THE MINUTES FROM JUNE 13, 2019 (ACTION ITEM)

Treasurer Ma moved to the first order of business, Item 2, approval of minutes from the June 13, 2019, meeting. Commissioner Arnott requested correction to her name in the minutes, correct spelling is “Sandie Arnott.” Senator Moorlach made a motion to approve the minutes as amended. Commissioner Arnott seconded the motion. Treasurer Ma asked the members of the public for their comment, seeing none, the secretary called the roll.

APPROVAL OF JUNE 13, 2019 MINUTES

	AYE	NAY	ABSENT	ABSTAIN
GAYLE MILLER	X			
LYNN PAQUIN	X			
SENATOR BRADFORD	X			
SENATOR MOORLACH	X			
ASSEMBLYMEMBER CERVANTES	X			
ASSEMBLYMEMBER KALRA			X	
SANDIE ARNOTT	X			
NADIA SESAY	X			
TREASURER MA	X			

Treasurer Ma asked newly appointed Executive Director, Robert Berry, to present Information Item 3 on the agenda.

ITEM 3. EXECUTIVE DIRECTOR’S REPORT (INFORMATION ITEM)

Executive Director Robert Berry first acknowledged CDIAC’s newly appointed Deputy Executive Director, Angel Hernandez. Then Mr. Berry disclosed that this report was prepared prior to the start of the COVID-19 pandemic and that he would point-out areas where CDIAC is working to adapt to the evolving situation.

Mr. Berry began with a brief overview of CDIAC’s activities for the upcoming Fiscal Year (FY), 2020-2021. CDIAC’s budget authority for FY 2020-21 increased 0.5% to approximately \$3.983 million - \$180,000 in authority comes from reimbursements comprised of fees paid by seminar attendees and program participants. A significant 20% reduction in fund balance for FY 2020-21 is expected, given the unprecedented uncertainty presented by the COVID-19 pandemic and its effect on California debt issuance. Expenditures for FY 2020-21 are projected to be nearly \$4.0 million, an increase of 10% from the prior FY, due to an increase

in personnel costs and the costs associated with several critical projects. CDIAC is authorized for 21 full-time staff and one student assistant; currently there are six vacant positions.

Commissioner Arnott requested the number of vacancies in the budget proposal as shown in the minutes. Mr. Berry acknowledged Ms. Arnott's request and confirmed that CDIAC had three vacancies last year.

Next, Mr. Berry continued to review CDIAC's accomplishments for FY 2019-20. He recognized the efforts of CDIAC's Data Collection and Analysis Unit, consisting of seven staff members who collectively processed 11,500 reports, including the Report of Proposed, the Report of Final Sale, the Marks-Roos Yearly Fiscal Status Report, the Mello-Roos Yearly Fiscal Status Report, and the Annual Debt Transparency Report (ADTR). Specifically the ADTR, showed an increase of 52% in the number of reports due to CDIAC from the prior year. At only a 50% compliance rate, Mr. Berry noted that if all filers complied with the ADTR submission, as required by law, there would have been an additional 4,000 reports to process. Managing the growth of ADTR submissions is a critical aspect of CDIAC's future planning. Finally, Mr. Berry elaborated on process improvements implemented for data collection and reporting, that consist of an enhancement to DebtWatch for the ADTR and continued efforts to digitize and make available CDIAC's repository of hard-copy issuance documents.

Mr. Berry then proceeded with highlighting the Continuing and Topical Education Program (Education Program). He directed the Commissioners to the screen where a list of FY 2019-20 completed seminars and webinars were showcased. A total of 1,000 constituents individually participated in six seminars and seven webinars. Due to the COVID-19 pandemic, CDIAC's in-person programs concluded on March 3, 2020, and postponed the remaining scheduled in-person programs. CDIAC canvassed our constituents for topics relevant to local agencies navigating the COVID19 pandemic. CDIAC began webinar programming with two webinars *Navigating Investor Disclosures During the COVID-19 Crisis* (hosted by Treasurer Ma) in May 2020 and *TRANS: Established Tool for Extraordinary Times* in June 2020. These two webinars combined had over 500 participants, the largest turn out CDIAC has experienced with its online programming. Additionally, CDIAC's Education Program established online repositories with information on green bonds, socially responsible investing and municipal debt resources for the COVID-19 pandemic.

Just prior to the start of FY 2020-21, CDIAC commenced work to produce an additional four modules of the Elected Officials Training (EOT). CDIAC completed *Why Do Public Agencies Issue Debt?* (Module 1), installed corrections and enhancements to *What You need to Know before Issuing Debt* (Module 2) and began production of *Debt Structure: Form fol-*

lows Function (Module 3). An excerpt of the Module 1 video was played for the Commission.

CDIAC is working with a steering committee of public organizations, which includes the California Association of County Treasurers and Tax Collectors and it was noted that Commissioner Arnott is a member of that steering committee. The steering committee is made up of representatives of the leading public finance organizations representing school districts, community college districts, cities, counties and special districts and include the League of California Cities (the League), the California Municipal Treasurers Association (CMTA), the California Society of Municipal Finance Officers (CSMFO) and the California Special Districts Association (CSDA), and they help CDIAC ensure the content is relevant and accurate.

Commissioner Sesay remarked that having the EOT as a tool is very useful and more so, if it could be made part of an orientation for newly elected officials. Treasurer Ma agreed that the educating of our elected officials is very helpful during this time. Mr. Berry commented that he will consult the steering committee on the possibility of rolling out the EOT curriculum as each module becomes available. Treasurer Ma said that Pension Obligation Bonds (POBs) would be an interesting topic to include in the EOT curriculum and inquired whether it would be included. Mr. Berry responded that POBs are not part of the curriculum for EOT, however he revealed that CDIAC is working in conjunction with Deputy Treasurer Schaefer on producing a pre-recorded two-part series on POBs. Senator Moorlach added that the recent May 2020 issue of *Debt Line* included an article on POBs and declared that due to the COVID-19 pandemic, his Senate Bill 1067 related to POBs was dropped.

Mr. Berry continued with highlighting the accomplishments of CDIAC's Research and Guidance Unit for FY 2019-20. In the spring of 2019, CDIAC released the *California Debt Financing Guide (Debt Financing Guide)*, a completely re-envisioned replacement for CDIAC's flagship publication, the *California Debt Issuance Primer* launched as an enhanced searchable PDF. Following a six-month development process with an external vendor, CDIAC launched the new *Debt Financing Guide* application last month. An interactive, relational and web-based application that may be customized by the user to include personalized annotations. Additional completed research projects include the 2020 updates for the *K-14 Voter Approved General Obligation Bonds: Authorized, But Unissued* report and the *Local Agency Investment Guidelines* (LAIG). CDIAC continued its long-standing research tradition of compiling and analyzing results of the bond and tax measures for local elections in 2019 and the statewide 2020 primary election. Furthermore, CDIAC produced foundational policy research focused on the topic of socially responsible investing (SRI) and issued the brief, *Socially Responsible Investing – What Does It Mean and What's the Risk?* Lastly,

CDIAC's groundbreaking report on *Climate Change Disclosures in Initial Offerings* is scheduled for completion in late June.

Next, Mr. Berry highlighted key objectives from CDIAC's Strategic Plan for FY 2020-21. By calendar year-end of 2021, CDIAC plans to achieve an End-To-End Enhancement of the California Debt Database to enhance the user experience with CDIAC's online data collection interface to increase data validity, issuer compliance and processing capacity. CDIAC will also redesign and deploy the next generation of DebtWatch to improve data access and utility and give issuers a more active role in data management. CDIAC will develop certain enhancements with internal IT capacity and the balance by contracting with external vendors utilizing FY 2020-21 and FY 2021-22 budget authority.

Regardless of the COVID-19 pandemic, CDIAC intends to fulfill its statutory obligations to produce continuing education. He directed the Commission to a list of programs proposed for the next fiscal year and stated that CDIAC is working to identify the programs or portions of programs that can be delivered electronically. He added that the programs not conducive to webcasts will be postponed to a time when they can be conducted in-person, where the health of the participants including our CDIAC staff can be safeguarded. Prior to the COVID-19 pandemic, CDIAC's goal has been to implement new technologies with contemporary delivery methods to increase access, utility and consumption of our programs. CDIAC will conduct a feasibility analysis on the financial, operational and strategic implications of developing and distributing educational curriculum through new training modes. CDIAC will evaluate the feasibility of developing a new hosted environment for the delivery of its products and services that integrates with a learning management system to provide an interactive and guided learning experience. CDIAC will continue the development of the previously mentioned EOT project and will procure a subscription to a learning management system (LMS).

Our overall research strategy is to develop analyses, reports and tools that improve the practice of public finance and can be foundational to other products, services or research. CDIAC will strive to build upon the foundation in the *Debt Financing Guide*, and scope a revision of our *California Public Fund Investment Primer* that was last updated eleven years ago.

CDIAC's communication strategy will be to engage a consultant to help CDIAC reshape and reimage its brand and develop an integrated communications strategy that can be utilized across all products and mediums of communication. This will include mass communication, targeted engagement, social media and creative tools. The last component of CDIAC's strategic plan is to rebuild technical advisory groups: one on debt administration and the other on public funds investing. The groups will be small, less than 10 members each, and will be convened on an ad hoc basis repre-

senting the public and private sectors of the public finance community in making recommendations on research and educational curricula.

Virtually surrounded by all the members of the CDIAC team, Mr. Berry concluded the Executive Director's Report by thanking them for their hard work and congratulated them on their accomplishments. Finally, he concluded that with their continued dedication to the mission, CDIAC shall achieve all of the aforementioned proposed goals.

Treasurer Ma recognized CDIAC's staff for their proactive approach in dealing with the unprecedented circumstances of COVID-19 to ensure the fulfilment of their mission and vision along with all the Commission members and Stakeholders. She ended by mentioning that now more than ever, we need to do more to alleviate and educate our constituents.

ITEM 4. COMMISSION STAFF REPORT (INFORMATION ITEM)

Mr. Berry stated that agenda Item 4, Commission Staff Report, is a detailed description of CDIAC's operations during Fiscal Year 2019-20 and how a high-level summary of these accomplishments were provided during the presentation of agenda Item 3, Executive Director's Report. In consideration of the Commissioners' time, he then offered to address any specific questions or concerns about the report.

ITEM 5. CONTRACT DELEGATION AUTHORITY (ACTION ITEM)

Mr. Berry pointed out that the Commission must delegate the authority to the Executive Director to act on the Commission's behalf to sign contracts. This delegation covers just about every expenditure made by CDIAC; however, this delegation is principally used for contracting for seminar programs or consulting services, such as for the development of the elected officials training, and the *Debt Financing Guide*.

Resolution 20-01 requests delegation of this authority with the following limitations: \$1,800,000 in total, with a single contract authority limited to \$400,000, excluding the interagency agreement between CDIAC and the State Treasurer's Office, which is limited to \$425,000. Mr. Berry respectfully requested the delegation of contract authority as specified in Resolution 20-01. Commissioner Sesay made a motion to approve Resolution 20-01. Ms. Miller seconded the motion.

APPROVAL OF RESOLUTION 20-01- CONTRACT DELEGATION

	AYE	NAY	ABSENT	ABSTAIN
GAYLE MILLER	X			
LYNN PAQUIN	X			
SENATOR BRADFORD	X			
SENATOR MOORLACH	X			
ASSEMBLYMEMBER CERVANTES	X			
ASSEMBLYMEMBER KALRA			X	
SANDIE ARNOTT	X			
NADIA SESAY	X			
TREASURER MA	X			

ITEM 6. PUBLIC COMMENT

Treasurer Ma then opened the meeting up for public comment. Hearing and seeing none, the Treasurer thanked everyone for their attendance.

ITEM 7. ADJOURNMENT

The meeting was adjourned at 12:12 p.m.