



AGENDA ITEM 2 (ACTION ITEM)

APPROVAL OF MINUTES FROM JUNE 25, 2025, MEETING

Minutes

California Debt and Investment
Advisory Commission Meeting
June 25, 2025, 10:30 AM

Paul Bonderson State Office Building
901 P Street, Room 102
Sacramento, CA 95814

ITEM 1. ROLL CALL

California State Treasurer Fiona Ma called the meeting to order at 10:33 AM.

Present at the meeting were California State Treasurer Fiona Ma; Senator Timothy Grayson; Sandie Arnott, Treasurer of San Mateo County, and Nikolai Sklaroff, Capital Finance Director for the San Francisco Public Utilities Commission. Also in attendance were CDIAC's Executive Director, Robert Berry, and Deputy Director, Angelica Hernandez.

Assemblymember David Alvarez, Assemblymember Avelino Valencia, Senator Laura Richardson, and California State Governor Gavin Newsom were absent. Treasurer Ma declared a quorum. State Controller Malia Cohen arrived at 10:38 AM.

ITEM 2: APPROVAL OF THE MINUTES FROM JUNE 6, 2024 (ACTION ITEM)

Treasurer Ma moved to the first order of business: Item 2, approval of the minutes from the June 6, 2024 meeting. Commissioner Nikolai Sklaroff made a motion to approve the minutes as presented, and Senator Grayson seconded the motion. Treasurer Ma then asked the members of the public for their comments. Hearing none, the Secretary called the roll.

APPROVAL OF JUNE 6, 2024 MINUTES

	AYE	NAY	ABSENT	ABSTAIN
GOVERNOR GAVIN NEWSOM			X	
STATE CONTROLLER MALIA COHEN	X			
CHIEF DEPUTY DIRECTOR MICHELE PERRAULT				X
ASSEMBLYMEMBER DAVID ALVAREZ			X	
ASSEMBLYMEMBER AVELINO VALENCIA			X	
SENATOR TIMOTHY GRAYSON	X			
SENATOR LAURA RICHARDSON			X	
TREASURER SANDIE ARNOTT				X
COMMISSIONER NIKOLAI SKLAROFF	X			
STATE TREASURER FIONA MA				X

The motion to approve the minutes was carried. Treasurer Ma then asked CDIAC’s Executive Director, Robert Berry, to present Information Item 3 on the agenda.

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

Mr. Berry began with an overview of CDIAC’s budget to provide a high-level review of CDIAC’s accomplishments for fiscal year (FY) 2024–25, followed by planning for FY 2025–26.

CDIAC’s total budget for FY 2025–26 proposed in the May Revision is \$4,469,000. This represents a small increase from the previous year’s enacted budget authority when accounting for mid-year adjustments to the prior year’s authority. Notably, the increase includes a \$135,000 augmentation for IT-related services through the Treasurer’s administrative contract. CDIAC’s total appropriation includes \$180,000 of reimbursement authority. That means CDIAC can spend up to \$4,289,000. CDIAC can also spend each additional dollar of reimbursement that is generated up to \$180,000. Reimbursements are derived from registration fees for CDIAC’s in-person education programs that reimburse for the cost of food and beverage as well as facilities and equipment. Mr. Berry also noted that CDIAC has the authority for 21 full-time positions and that the organization entered FY 2024-25 with all authorized positions intact, despite broader statewide efforts to eliminate budgeted vacancies. He reported that CDIAC had only three vacancies as of the 2025 Commission meeting.

Mr. Berry proceeded to address market conditions, noting that despite elevated interest rates, policy uncertainty ahead of the upcoming election had motivated many issuers to accelerate financing activity. As a result, FY 2024-25 was an exceptionally strong year for long-term debt issuance in California. Fee revenues increased approximately 22% over the previ-

ous year. Given these robust trends, CDIAC anticipates that FY 2025-26 revenues will remain stable at similar levels. On the expenditure front, current year spending is expected to total approximately \$3.725 million, which is 7% higher than last year but 20% below the Commission's authorized budget cap. Approximately 93% of expenditures are fixed, covering personnel, rent, and administrative contracts. To maintain financial sustainability, CDIAC has employed a strategy of managing vacancies, controlling discretionary spending, and prioritizing efficiency gains. Projected expenditures for FY 2025–26 stand at \$3.87 million, reflecting a 4% increase driven largely by personnel cost adjustments.

Mr. Berry then delved into the fund condition. CDIAC's fund balance remains healthy, with a projected year-end balance of \$5.9 million. A small 2% drawdown is anticipated for the coming FY, assuming revenue trends remain favorable and current cost-containment practices continue. Mr. Berry emphasized that despite strong revenues, CDIAC continues to face a structural imbalance between its authorized spending levels and actual revenues. Over the past three fiscal years, revenue has averaged 26% below budget authority, compelling CDIAC to operate below its authorized expenditure ceiling to avoid drawing into reserves. Mr. Berry noted that had CDIAC fully expended its budget authority during that period, the fund balance would be approximately \$3.2 million lower. Treasurer Ma then inquired for clarification from Mr. Berry regarding his reference to a disparity between CDIAC's statutory budget authority and the corresponding revenue streams. Mr. Berry explained that as a fully special-funded agency, CDIAC must align its expenditures with self-generated revenues. Any excess spending would be drawn directly from reserves. The current strategy of expenditure restraint, including selective vacancy retention, is essential to preserving the fund's stability. Senator Grayson then inquired whether the reason CDIAC was not exceeding its spending authority was due to the preservation of staff vacancies. Mr. Berry confirmed that expense containment has primarily been achieved through the deliberate decision not to fill certain positions, thereby generating savings without compromising essential operations.

Mr. Berry then transitioned to a follow-up analysis on CDIAC's issuance fee structure, a topic raised at the 2024 Commission meeting. He explained that CDIAC's issuance fee is set at its statutory maximum—0.025% (2.5 basis points) of the principal amount issued, capped at \$5,000 per issuance. The current cap corresponds to a maximum principal amount of \$20 million, beyond which fees do not increase. Mr. Berry highlighted that approximately half of all reported issuances exceed this cap, meaning that a substantial portion of fee revenue is not inflation-adjusted. An internal review of the past two fiscal years revealed that the median debt issuance was between \$14 and \$15 million, with a corresponding median fee of roughly \$3,600. To address the structural imbalance between spending authority

and fee revenue, Mr. Berry presented a matrix of potential rate scenarios. One scenario would generate a 10-20% increase in revenue—an amount necessary to align expenses with full spending authority. Another scenario Mr. Berry presented preserved current proportionality under existing caps but did not yield sufficient revenue for expanded expenditure levels. Mr. Berry concluded that without legislative changes to increase the fee cap or adjust the structure, CDIAC would need to continue its current strategy of cost control and vacancy management.

Mr. Berry then presented several rate structure scenarios based upon the current statutory structure of CDIAC's fee (rate x maximum fee) that were modeled against the issuance data from the two prior fiscal years. The scenarios included the proposed impact each would have on the various issuing entities. He explained the different options, pointing out the scenario that would maintain the current fee rate and statutory cap, thereby preserving the existing distribution of fee burdens among agencies. This approach would result in no shift of financial responsibility between small and large issuers. Conversely, other combinations would distribute any fee increase more heavily toward large issuers—such as state agencies, counties, cities, and community college districts—whose issuance volumes tend to be significantly higher or result in smaller issuers, including Mello-Roos districts, joint powers authorities (JPAs), Marks-Roos entities, and particularly K-12 school districts, to shoulder a greater share of the increase due to their alignment with median issuance levels.

Mr. Berry emphasized that while current expense management strategies—primarily cost control through vacancy retention—have thus far preserved fund integrity, these methods are becoming increasingly difficult to sustain amid ongoing inflationary pressure. The volatility of issuance activity further complicates fiscal planning and introduces significant swings in revenue collection. Meeting the full intent of the Legislature's spending authority, as granted through the annual budget process, cannot be realized without a reliable process to increase revenues. Mr. Berry noted that a statutory adjustment to the fee structure remains the most direct and viable solution, though he acknowledged that alternative models could be considered. Any such change would necessarily require a policy decision about how to equitably distribute the financial burden of a fee increase on issuing bodies.

Treasurer Ma then inquired when the issuance fee was last increased. Mr. Berry responded that the statutory maximum was last adopted during FY 2017-18. Prior to that, CDIAC had periodically adjusted the fee—either up or down—based on fund balances and issuance activity. However, legal consultation with the Attorney General's office clarified that the Commission lacked the authority to set the fee below the amount established in statute. Since then, CDIAC has operated under the maximum allowable rate, introducing limited exemptions through regulation (e.g., short-

term debt, state and federal loans). Commissioner Sklaroff reflected on the challenges posed by a fee cap that is not indexed to inflation or market growth. He acknowledged the importance of ensuring that small issuers are not disproportionately burdened by fee increases. Commissioner Sklaroff also noted that over time, the cap's flat structure has created a regressive effect, requiring relatively smaller issuers to contribute proportionally more. He raised the possibility of exploring an alternative or complementary funding stream derived from CDIAC's investment-related activities, noting that such activity tends to be more stable than the cyclical nature of debt issuance. Mr. Berry acknowledged the conceptual merit of Commissioner Sklaroff's notion but explained that no formal revenue model has yet been developed on the investment side. He cited that many of the public entities that utilize CDIAC's investment education and services are also debt issuers and therefore already contribute via existing fees.

Controller Cohen then inquired whether filling two of the three vacant positions would enhance the agency's revenue-generating capacity. Mr. Berry affirmed that it would not, clarifying that while additional staff might support expanded operations, they would not produce additional debt issuance or directly lead to increased revenue. Several Commissioners then voiced support for reexamining the statutory structure to allow for more flexible fee-setting authority, ideally tied to inflation or another automatic adjustment system. Commissioner Perrault emphasized the difficulty of managing fiscal operations under a rigid statutory fee model. She encouraged consideration of a system that could adjust modestly over time without requiring formal legislation for every change. Treasurer Ma concurred, noting the early engagement with legislators could help streamline the process and avoid last-minute statutory amendments. Commissioner Sklaroff underscored the importance of designing a system that avoids regressive impacts and better reflects the realities of modern issuance sizes, which have increased dramatically over the past decade. The discussion concluded with consensus that CDIAC should continue to explore options for sustainable revenue models, including statutory changes, sliding scales, and potential cost-sharing with investment-related constituencies.

Mr. Berry continued with the efforts of the Data Collection & Analysis Unit. CDIAC's Data Unit processed and reviewed nearly 18,000 report submissions—a record volume representing a 4% increase over the previous FY. Among these were approximately 1,600 Reports of Final Sale and over 9,000 Annual Debt Transparency Reports (ADTRs), which are required of all debt issuers. Despite the rising volume, CDIAC maintained exemplary turnaround times, reviewing all issuance reports within a single business day on average and publishing all Mello-Roos, Marks-Roos, and ADTR data ahead of internal deadlines. Mr. Berry attributed this efficiency to both staff diligence and the enhanced capabilities of the agen-

cy's newly deployed Debt Watch 2.0 system—a second-generation transparency platform that concludes a multi-year effort to overhaul CDIAC's entire reporting infrastructure. Additional system enhancements introduced over the past year further improved data utility, processing speed, and constituent access. Each upgrade saved hundreds of staff hours that would otherwise have been spent manually assembling data requests for public consumption. These digital improvements not only bolster transparency but also reflect CDIAC's ongoing commitment to high-quality service delivery for California's public finance community.

Mr. Berry proceeded by presenting on CDIAC's Education Unit's efforts. The past FY proved highly productive, with six distinct education programs held across ten calendar days. These events featured a total of 55 expert presenters and reached more than 980 participants. Four of the programs were held in-person.

Among the highlights was the flagship *Debt Essentials* course, hosted in Pomona—a comprehensive, three-day program covering the entire life-cycle of debt issuance and administration. CDIAC also presented its 23rd Pre-Conference Seminar at the California Public Finance Conference, entitled *The Pursuit of Fair and Efficient Pricing*, which addressed systemic pricing disparities and offered practical strategies for issuers. After the new year, CDIAC partnered with the California Municipal Treasurers Association to deliver its annual investment-focused seminar, titled *Advanced Public Funds Investing: The Analytics of Investment Selection*. This two-day program, held in Costa Mesa, explored advanced strategies for managing permissible investments.

In April, the agency concluded its program calendar with a two-day course titled *Municipal Market Disclosure: Fundamentals and Evolving Practices*, also in Costa Mesa. The first day covered foundational principles in securities law, including initial and continuing disclosure requirements. The second day focused on best practices and emerging trends, including evolving expectations for post-issuance compliance and issuer transparency obligations.

Mr. Berry continued his report by highlighting the CDIAC's efforts in public finance education, particularly around disclosure, credit ratings, and outreach to elected officials. One notable development was CDIAC's growing emphasis on evolving areas of municipal disclosure. He cited the increasing importance of addressing structural imbalances—common among local agencies—as well as emerging disclosure concerns related to cyber risk and climate risk. These themes were covered in depth during a well-received session focused on the implications of the federal Financial Data Transparency Act (FDTA), which is expected to transform how public finance data is reported and utilized. CDIAC also successfully produced two widely attended webinars. The first was its *An-*

nual Disclosure Training Webinar, a new program designed to be offered each year. This foundational session provided a thorough overview of disclosure responsibilities, emphasizing how issuers can institutionalize sound disclosure practices across their organizations. The second webinar, titled *Practical Adaptations to the Evolution of Credit Ratings*, explored how credit rating methodologies are shifting and how issuers can respond strategically to secure the most favorable ratings. This particular program was noteworthy for being directly informed by a series of CDIAC-authored research articles on credit ratings—analyses that leveraged the agency’s own data resources.

The Education Portal continues to be a major vehicle for delivering on-line learning content to public finance professionals. Currently, the portal serves over 600 registered users and offers 45 different on-demand courses, free of charge. These online modules allow learners to progress at their own pace and on their own schedule, a model that has proven effective given the time constraints faced by many local officials. A centerpiece of the portal is CDIAC’s Elected Officials Training Series, a suite of eight high-level modules designed specifically for newly elected or appointed officials, particularly those at the local level. These modules offer a comprehensive introduction to debt issuance and fiduciary responsibilities, with each session lasting approximately 20–25 minutes. Mr. Berry explained that the goal of the series is to ensure that elected officials—who often come from diverse professional backgrounds and may not have previous exposure to public finance—are equipped with the basic tools and understanding necessary to make informed decisions. The program includes knowledge checks and cumulative assessments, allowing for certificated completion. Despite the success of the program, multiple Commissioners voiced concerns about the accessibility and visibility of the training materials. Controller Cohen shared her experience as a former county supervisor, noting that there were few, if any, accessible resources at the time to help understand bond mechanics or disclosure obligations. She emphasized that these modules fill an important knowledge gap and should be more prominently featured. She suggested placing a prominent button on the homepage, generating a QR code, or even including access on the back of her business card to make it easier to share at speaking engagements.

Other Commissioners echoed this need for broader outreach. Suggestions included greater engagement with the League of California Cities, Rural County Representatives of California (RCRC), and the California Society of Municipal Finance Officers (CSMFO). Mr. Berry affirmed that CDIAC had previously worked with these entities through an advisory committee during module development and would welcome renewed collaboration. He also mentioned that CDIAC had developed a standalone course catalog page, which allows prospective users to view available courses without needing to first register—a small but meaningful improvement in user

accessibility. Commissioner Perrault recommended strategic outreach to newly elected school board members, given the significant turnover in local education governance. She suggested that CDIAC consider sending an annual informational outreach or engaging directly with training programs like the California School Boards Association's (CSBA) New Board Member Orientation, which occurs each December. Mr. Berry acknowledged the importance of this demographic and committed to exploring consistent engagement efforts with school communities.

Mr. Berry continued by discussing the accomplishments of CDIAC's Research Unit in FY 2024–25.

Among CDIAC's major standalone publications was the completion of the third and final report in its Lease Financing in California series. This concluding report, titled *Recommended Practices for Lease Financing by Public Agencies*, compiles consensus recommendations, developed in consultation with public finance experts across the state. The report builds on the findings of two earlier installments and provides actionable guidance for agencies seeking to enter into lease-financed obligations. CDIAC also published its annual update to the *K-14 Authorized but Unissued Bonds Report*, which identified over \$98 billion in unissued G.O. authority among K-14 districts and community college districts statewide. This marked a significant increase from the prior year, largely driven by \$50 billion in new authorizations approved by voters during the last general election cycle. The Research Unit also released an updated issue brief, *Investments under Government Code 53601—Focus on Securities Issued by Foreign Entities and Foreign Affiliates – 2025 Update* addressing the permissibility of public agency investments in securities issued by foreign entities and affiliates. This update provided critical clarity around the legality of such investments under California Government Code. The brief has helped prevent questionable investment practices and guided agencies toward legally compliant investment decisions. Finally, Mr. Berry highlighted the CDIAC's improved capacity to analyze and publish data from Mello-Roos, Marks-Roos, and Annual Debt Transparency Reports (ADTRs). Working in concert with the data team, CDIAC successfully automated much of the reporting and review process, reducing the publication timeline from several months—or even years in some cases—to a matter of weeks. This development significantly enhanced the timeliness and utility of CDIAC's disclosure and data resources.

Controller Cohen asked about CDIAC's long-referenced "Bible" of California public debt practices. Mr. Berry confirmed that she was referring to the *California Debt Financing Guide*, an extensive reference resource for public agency debt issuance. He noted that the Guide had been converted into a fully interactive web application, complete with user registration, annotation tools, and bookmarks. The application is now available directly from the homepage and offers both a traditional PDF and a

dynamic digital experience, designed to meet the needs of both new and experienced public finance officials.

Mr. Berry reflected on the transformative redevelopment of the office's debt education and transparency resources. He referenced the significant evolution of the California Debt Financing Guide—often referred to internally as the “debt primer”—noting how users previously relied heavily on physical copies adorned with flags, sticky notes, and dog-eared pages. This active engagement inspired the development of a more interactive and relational digital platform. Mr. Berry then detailed the planning for FY 2025-26. He underscored several key initiatives aimed at maintaining and enhancing the new database systems—namely, the Data Portal and Debt Watch. Planned backend improvements include a refined administrative interface, which will afford the data team greater agility in record correction and responsiveness to constituent requests. A concurrent priority is ensuring ADA compliance for portal-generated reports used to fulfill statutory disclosure requirements—a pressing initiative shared with both the Treasurer's Office and CDIAC leadership.

Mr. Berry emphasized ongoing digitization efforts to increase the availability of public documentation and reiterated the office's commitment to its cornerstone publications, including the recurring *K-14 Authorized but Unissued Bonds Report*. These research outputs will be further integrated into the agency's educational programming, as previously demonstrated with the credit ratings and lease-financing research projects. The office is also closely monitoring the regulatory implementation of the federal Financial Data Transparency Act, with a goal of proactively guiding constituents through anticipated compliance challenges. Looking ahead, the office will launch a long-overdue overhaul of the *California Public Funds Investment Primer*. This revision will include updated content, an improved digital format, and an external advisory process modeled on the successful modernization of the debt guide. In terms of public education, new online tutorials, including a Debt Watch walkthrough, will support the adoption of new features. The agency is also engaged in its second annual municipal disclosure webinar and planning a two-part series on lease financing.

Three in-person educational events are scheduled. In September, the two-day *Land-Secured Financing* program in Pleasanton will cover the fundamentals of Mello-Roos and evolving financing objectives. In November, the agency will host its 24th annual pre-conference to *The Bond Buyer's* California Public Finance Conference in San Diego, with a focus on strategies to mitigate fiscal strain from AB 218-related claims. Additionally, the *Fundamentals of Public Funds Investment* program, presented in partnership with the California Municipal Treasurer's Association (CMTA), will be held in Southern California in January. Communications efforts remain robust, with staff leveraging social media (primarily

LinkedIn and X) and an active email listserv reaching over 8,000 stakeholders. Mr. Berry praised his social media staff for their innovative use of QR codes and promotional outreach and pledged to align these efforts with the State Treasurer's Office's new website.

Mr. Berry then took the opportunity to thank the CDIAC staff for their dedication and successful adaptation to increased demands over the past year.

Commissioners Arnott and Sklaroff voiced resounding appreciation for the team's accomplishments, particularly within the constraints of a limited budget. They praised the quality and breadth of educational offerings and emphasized their impact on policymaking and public understanding. Commissioner Sklaroff highlighted remarks made by the SEC's Director of the Office of Municipal Securities regarding Joint Powers Authorities (JPAs), encouraging CDIAC to consider future research or programming centered on JPA oversight, risks, and accountability. Controller Cohen then thanked CDIAC for their hard work and recommended publicizing existing resources more broadly, including through legislative caucuses such as the Women's, Latino, Black, API, and Jewish caucuses. Fiona Ma suggested assigning a staff representative to deliver succinct presentations to these groups, ensuring awareness and equitable access to CDIAC's tools.

Treasurer Ma thanked Mr. Berry for the presentation. Mr. Berry then moved to the next item on the agenda.

ITEM 4. COMMISSION STAFF REPORT (INFORMATION ITEM)

Out of consideration for the Commission's time, Mr. Berry presented the highlights of the 2025 Commission Staff Report during Item 3, and he presented the full report to be included in the meeting package to the Commission. There were no questions from the Commission for Item 4.

ITEM 5. CONTRACT DELEGATION AUTHORITY FY 25–26 (ACTION ITEM)

Mr. Berry then presented the Contract Delegation Authority for FY 2025–26. Government Code Section 8857 authorizes the Commission to delegate to the Executive Director the authority to enter contracts on its behalf. The definition of contracts for the purpose of this delegation includes purchases of goods and services through service orders, standard agreements, and purchase orders. In effect, this includes all CDIAC operating expenses and equipment (OE&E). Resolution 25-01 requests delegation of contract authority to the Executive Director for FY 2025–26, not to exceed \$1.8 million, and any single contract shall not exceed \$400,000 (not including the interagency agreement for administrative

services with the Treasurer’s Office, which shall not exceed \$425,000). The cumulative contract authority request in the resolution will accommodate all of CDIAC’s OE&E expenditures expected for the next fiscal year as it has in the current year. The single contract request is the same as last year, and CDIAC expects it will accommodate any expected contracts during the fiscal year as well. The interagency agreement limitation is based on the estimates from the Treasurer’s Office, Administration, and Information Technology divisions. For the reasons discussed in the staff report, the staff recommended approval of the delegation of contract authority as specified in Resolution 25-01.

Treasurer Ma thanked Mr. Berry, and then asked if there were any questions for Mr. Berry on the staff report. Hearing no questions, Treasurer Ma made a motion to approve the resolution. Commissioners Arnott and Sklaroff seconded the motion. The motion to approve Resolution 25-01 was carried.

APPROVAL OF RESOLUTION 25-01: CONTRACT DELEGATION

	AYE	NAY	ABSENT	ABSTAIN
GOVERNOR GAVIN NEWSOM			X	
STATE CONTROLLER MALIA COHEN				X
CHIEF DEPUTY DIRECTOR MICHELE PERRAULT				X
ASSEMBLYMEMBER DAVID ALVAREZ			X	
ASSEMBLYMEMBER AVELINO VALENCIA			X	
SENATOR TIMOTHY GRAYSON	X			
SENATOR LAURA RICHARDSON			X	
TREASURER SANDIE ARNOTT	X			
COMMISSIONER NIKOLAI SKLAROFF	X			
STATE TREASURER FIONA MA	X			

The motion to approve Resolution 24-01 was carried.

ITEM 6. PUBLIC COMMENT

Treasurer Ma then opened the meeting up for public comment. Hearing none, she thanked everyone for their attendance and adjourned the meeting at 11:42 AM.

ITEM 7. ADJOURNMENT

The meeting adjourned at 11:42 AM.