

AGENDA ITEM 6 (ACTION ITEM) DEFERRAL OF FEE INCREASE

Section 8856 of the Government Code authorizes the Commission to charge a fee of up to \$5,000 on public debt issuance reported to the Commission. The Commission has set fees below the statutory maximum, but given the wording of the resolution approved at its June 10, 2008 meeting, fees are scheduled to increase to their statutory maximum on July 1, 2010. Specifically, on July 1, 2010, the fee on short-term debt is scheduled to increase from \$150 to \$200, while long-term issues are scheduled to increase from \$3,000 to \$5,000. The lead underwriter or purchaser is liable for the fee payment. Fee proceeds are deposited into the CDIAC Fund for expenditure in accordance with the Commission's annual Budget Act appropriation. Staff estimates that without the fee increase, the Commission's reserves and income will be sufficient to cover likely expenditures for Fiscal Year 2010-2011.

Staff recommends deferring the fee increase at this time, but will continue to evaluate the need for any future fee increase, and will present its findings at the next Commission meeting. Moreover, staff recommends amending the previously approved fee schedule to provide that an affirmative Commission action is required prior to any increase in fees.

Finally, given the timing of this Commission hearing, staff requests that this resolution be retroactive to July 1, 2010.

STAFF RECOMMENDATION

Staff recommends adoption of Resolution 10-03, thereby deferring the scheduled fee increase.

Reporting Fee Schedule

Date of Adoption: July 15, 2010

Effective July 1, 2010

Pursuant to Section 8856 of the California Government Code, the California Debt and Investment Advisory Commission (CDIAC) adopted the following fee schedule.

ISSUES PURCHASED BY AGENCIES OF THE FEDERAL GOVERNMENT: No fee shall be charged on any issue purchased by an agency of the federal government.

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.

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 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:

For such issues sold on July 1, 2010, the fee will be equal to one hundred and fifty dollars (\$150).

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:

For such issues sold on July 1, 2010, the fee will be equal to 1.5 basis points (0.00015) not to exceed three thousand dollars (\$3,000).

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).

ALL PROPOSED AND FINAL SALES TO BE REPORTED TO THE CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION: Nothing in this fee schedule relieves 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 Section 8855 of the California Government Code.

FUTURE FEE INCREASES: Nothing in this fee schedule shall prevent the Commission from increasing fees at a future meeting if it is determined that additional fees are required to cover likely expenditures.