

AGENDA ITEM 2 (ACTION ITEM)

APPROVAL OF MINUTES FROM JUNE 17, 2021 MEETING

Minutes

California Debt and Investment
Advisory Commission Meeting
June 17, 2021, 1:00 PM

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

ITEM 1. ROLL CALL

Deputy Treasurer Tim Schaefer called the meeting to order at 1:04 p.m.

Present at the meeting were Tim Schaefer, Deputy Treasurer, representative for State Treasurer Fiona Ma; Thomas Todd, Program Budget Manager, Department of Finance, representative for Governor Gavin Newsom; Lynn Paquin, Deputy State Controller, representative for State Controller Betty Yee; Ash Kalra, Assemblymember and Lakshmi Kommi, Debt Management Director, City of San Diego.

Steven Bradford, Senator, was absent. Deputy Treasurer Schaefer declared a quorum.

Sandie Arnott, Treasurer-Tax Collector, County of San Mateo and Sabrina Cervantes, Assemblymember joined the meeting at 1:13 p.m. and 1:26 p.m. respectively.

Mr. Todd, Ms. Paquin, Assemblymember Cervantes, and Commissioners Arnott and Kommi 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 17, 2020 (ACTION ITEM)

Mr. Schaefer moved to the first order of business, Item 2, approval of minutes from the June 17, 2020, meeting. Assemblymember Kalra made a motion to approve the minutes as presented. Ms. Paquin seconded the motion. Mr. Schaefer asked the members of the public for their comment, seeing none, the secretary called the roll.

APPROVAL OF JUNE 17, 2020 MINUTES

	AYE	NAY	ABSENT	ABSTAIN
THOMAS TODD	X			
LYNN PAQUIN	X			
SENATOR BRADFORD			X	
ASSEMBLYMEMBER CERVANTES			X	
ASSEMBLYMEMBER KALRA	X			
SANDIE ARNOTT			X	
LAKSHMI KOMMI				X
DEPUTY TREASURER SCHAEFER				X

Mr. Schaefer asked Executive Director, Robert Berry, to present Information Item 3 on the agenda.

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

Executive Director Berry began with a brief overview of CDIAC's budget, accomplishments for the year ending June 30 and strategy for the upcoming Fiscal Year (FY), 2021-2022. CDIAC's proposed budget for FY 2021-22 is \$4.048 million, a 6% increase from FY 2020-21 total budget authority largely due to a total negative adjustment of \$152,000 in FY 2020-21 for compensation and benefits. Total budget authority includes \$3,868 million in baseline expenditure authority and \$180,000 in reimbursement authority comprised of fees paid by seminar attendees and program participants. CDIAC is authorized for 21 full-time staff and one student assistant; currently there are three vacant positions with the anticipation of one more vacancy. Mr. Berry congratulated staff member, Richard Brown, for being elected President of Service Employees International Union (SEIU). Next, he reported that although last year he expected CDIAC's FY 2020-21 fee revenue to drop 20% it actually increased 39%. The unexpected growth in revenue can be attributed to the 18% increase in California debt issuance during the 2020 calendar year, the highest level in the last 10 years. However, CDIAC projects its FY 2021-22 revenues will fall by approximately

3%. The largest factors contributing to the decline, according to the SIF-MA survey, will be federal stimulus and general economic weakness/slow growth. Expenditures for FY 2021-22 are projected to increase 9% from the prior FY, due to an increase in personnel costs and the costs associated with several critical projects.

Next, Mr. Berry continued to review CDIAC's accomplishments of FY 2020-21, beginning by recognizing the efforts of CDIAC's Data Collection and Analysis Unit, consisting of seven staff members. It is projected that by the conclusion of FY 2020-21, CDIAC will have processed over 14,000 reports, a 14% increase over the prior year inclusive of the following reports: Report of Proposed, Report of Final Sale, Marks-Roos Yearly Fiscal Status Report, Mello-Roos Yearly Fiscal Status Report, and Annual Debt Transparency Report (ADTR). Specifically the ADTR, showed an increase of 30% in the number of reports due to CDIAC from the prior year. CDIAC began its End-to-End (E2E) database enhancement project in May 2021 in an effort to enhance the user experience, improve data validity, and increase issuer compliance, while expanding CDIAC's capacity to processing the ever-increasing volume of reports.

Mr. Berry then proceeded with highlighting the Continuing and Topical Education Program (Education Program). He elaborated on CDIAC's educational programs that reached 2,640 participants, a substantial increase of 160% from last year's. CDIAC's commitment to continue its high-quality educational mission during the pandemic, ultimately, created 13 webinars, nearly 20 hours of educational assets on fundamental and topical debt issuance and investment subjects. The response to the online offerings was outstanding, reaching nearly 1,200 unique participants from nearly 547 different organizations. Sixty-five percent of attendance was from CDIAC's core constituency - representatives of cities, counties, special districts, and K-14 school districts. The replays are available on-demand from CDIAC's website, accompanied by transcripts and custom curated collections of supporting documents and resources.

CDIAC continued its work on providing web-based training and resources. Mr. Berry highlighted the progress on Elect-ed, CDIAC's series of on-demand, online training for elected officials. During the fiscal year, CDIAC laid the foundation for a summer 2021 launch of the first four modules of the Elect>Ed debt issuance and administration curriculum by procuring a learning management system (LMS). As a complement to the debt issuance and administration curriculum CDIAC is also producing Pensions for Elected Officials. CDIAC expanded its online resource libraries to include A Climate Resources webpage and established a COVID-19 Disclosure Dashboard. Mr. Berry then played a short clip of Module 3 Elect>Ed for the commissioners. Mr. Schaefer asked the commission if they had any questions on the material presented thus far.

Assemblymember Kalra expressed his support for the online continuing education and referenced the amazing turnout in attendance CDIAC has experienced from pivoting its educational events from in-person to virtual. He solidified his support by offering to promote CDIAC's future events to his constituents. Ms. Paquin congratulated CDIAC for its efforts to embrace this change and the amazing gain achieved in attendance and outreach. Ms. Paquin asked the Executive Director, if CDIAC has experienced any drop in issuers reporting due to the challenges of the pandemic. Mr. Berry responded that compliance with CDIAC's statute for filing of debt issuance is very strong but where compliance needs to be built is in the Annual Debt Transparency Report which is at about 50%. He emphasized that the ADTR compliance rate is why CDIAC needs the online filing interface to be built to remove any technical deterrent to getting the annual information filed easily. In response to Mr. Schaefer asking for any additional comments, Commissioner Kommi expressed her support of CDIAC's work in spite of COVID-19 and remote work and wanted to flag both Mello-Roos financing and enhanced infrastructure financing districts (EIFDs) as important topics for CDIAC to continue to provide on-going education and outreach about. She noted that she recently became aware of community choice energy aggregators (CCAs) forming rapidly around the state including one that recently filed for bankruptcy and wanted to make sure CDIAC staff consider providing education or guidance on them and their formation. Mr. Schaefer agreed and stated that CCAs need to be on CDIAC's work plan for the upcoming year.

Mr. Berry continued by highlighting the research and guidance accomplishments of CDIAC's Policy Research Unit for FY 2020-21. Last fall, the *Climate Change Disclosure Among California Enterprise Issuers* set the stage for CDIAC's pre-conference at the *Bond Buyer California Public Finance Conference*. CDIAC released two investments related issue briefs: *Investing in Callable Securities* and *Benefits and Limitations of Option-Adjusted Spread*. Designed as a capstone project built out of CDIAC's webinar program on COVID-19 disclosures, which aired in the first half of 2020, CDIAC published *Top Covid-19 Disclosure "Hacks"*. CDIAC continued its long-standing research tradition with the publishing of its recurring publications including the *Local Agency Investment Guidelines* (LAIG) and *K-14 Voter Approved General Obligation Bonds: Authorized, But Unissued* report as well as meeting its statutory requirement to produce *Debt Line*, CDIAC's monthly newsletter.

Mr. Berry continued by discussing CDIAC's strategic objectives for FY 2021-22. A key project is the End-To-End (E2E) Enhancement of CDIAC's database with the first phase underway to enhance our online data collection interface to increase data validity, issuer compliance and processing capacity and projected to take about one year to complete. The second phase of the E2E project will involve the redesign and deployment

of the next generation of DebtWatch. CDIAC would like to engage an application design firm in the fall of 2021, with the goal of deploying a new system in May 2022 prior to the renewal of the current vendor contract. He then reported on CDIAC's new education delivery methods to implement a hybrid model allowing increased access, utility and consumption of educational programming and guidance using current technologies and contemporary methods. CDIAC plans to deliver new training with the installation of the LMS in the coming year. The launch of the first four modules of the debt issuance and administration curriculum of "Elect>Ed" is targeted for August of 2021, with the full curriculum targeted for the end of calendar year 2022. Education programs for FY 2021-22 will include Topical Webinars, Prerequisite Programs, *The Bond Buyer* Pre-conference, Public Funds Investment Program and Debt Essentials. For research, CDIAC plans to conduct an asset inventory, scope a revision of the *California Investment Primer* that will include an update of the material, format, organization and possibly the development of an interactive application. He also noted the annual update to our most anticipated publication, *Local Agency Investment Guidelines* (LAIG) may include an interactive application as well. Lastly, CDIAC will create an internal team to develop a plan and strategy to enhance CDIAC's brand that we can use across all our communications. CDIAC intends to position itself for its post pandemic reemergence featuring a return to in-person educational events, debut of innovative technology and CDIAC's 40th anniversary.

Mr. Berry concluded the Executive Director's Report by thanking CDIAC staff for their hard work and congratulated them on their accomplishments. In conclusion, Commissioners Arnott, Kommi and Mr. Schaefer mirrored the Executive Director's sentiments towards CDIAC's staff.

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 FY 2020-21 and 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 notified the commission that the report is available on CDIAC's website, then offered to address any questions about the report.

ITEM 5. AMEND CONTRACT DELEGATION AUTHORITY FY 2020-21 (ACTION ITEM)

Mr. Berry pointed out that Government Code Section 8857 authorizes the Commission to delegate to the executive director the authority to enter into contracts on its behalf. On June 17, 2020, the Commission approved Resolution 20-01, authorizing the executive director to enter into contracts

and interagency agreements in fiscal year FY 2020-21 with the following limitations: \$1,800,000 in total, with a single contract authority limited to \$300,000, excluding the interagency agreement between CDIAC and the State Treasurer's Office (STO), which is limited to \$425,000.

On May 11, 2021, CDIAC released a Request for Offer (RFO) for IT Consulting – Software Development services for phase one of the E2E Online Filing Interface Project. CDIAC worked closely with STO Information Technology Division (ITD) to develop the Scope of Work for this RFO. STO ITD has advised CDIAC that the scope of the project estimates costs to be between \$400,000 and \$500,000.

Based on current budget authority and projected expenditures, CDIAC has adequate unencumbered spending authority to execute this contract in the current FY 2020-21. CDIAC has included \$500,000 for this project as part of financial planning for FY 2020-21.

Resolution 20-02 amends Resolution 20-01 to delegate to the executive director an increase in single contract authority for FY 2020-21 from \$400,000 to \$500,000 for the sole purpose of executing a contract for IT Consulting – Software Development services for the Online Filing Interface Project.

Mr. Berry respectfully requested the delegation of contract authority as specified in Resolution 20-02. Assemblymember Kalra made a motion to approve Resolution 20-02. Commissioner Arnott seconded the motion.

APPROVAL OF RESOLUTION 20-02- CONTRACT DELEGATION

	AYE	NAY	ABSENT	ABSTAIN
THOMAS TODD	X			
LYNN PAQUIN	X			
SENATOR BRADFORD			X	
ASSEMBLYMEMBER CERVANTES	X			
ASSEMBLYMEMBER KALRA	X			
SANDIE ARNOTT	X			
LAKSHMI KOMMI	X			
DEPUTY TREASURER SCHAEFER	X			

ITEM 6. CONTRACT DELEGATION AUTHORITY FY 2021-22 (ACTION ITEM)

This contract delegation provides authority for the upcoming FY 2021-22 and authorizes the commission to delegate the Executive Director the

authority to enter into contracts on their behalf. Given the current fiscal year expense projections for CDIAC’s operating expense and equipment (OE&E), the proposed budget authority for FY 2021-22 OE&E, the contracts and agreements in place in FY 2020-21 and projected for FY 2021-22, staff recommends that the contract authority delegated to the executive director in FY 2021-22 be decreased to \$300,000 for a single contract and remain at \$1,800,000 for all contracts cumulatively.

Resolution 21-01 delegates to the executive director cumulative contract authority of \$1,800,000, with any single contract authority limited to \$300,000, not including the interagency administrative services agreement authority, which is limited to \$425,000.

Mr. Berry respectfully requested the delegation of contract authority as specified in Resolution 21-01. Assemblymember Kalra made a motion to approve Resolution 20-02. Commissioner Arnott seconded the motion.

In response to Commissioner Kommi’s question regarding the contract authority limiting cumulative individual contracts, Mr. Berry responded that the practice has been to set it each fiscal year. He also confirmed for her that CDIAC does not anticipate a need for expanded single contract authority above \$300,000 for FY 2021-22.

APPROVAL OF RESOLUTION 21-01- CONTRACT DELEGATION

	AYE	NAY	ABSENT	ABSTAIN
THOMAS TODD	X			
LYNN PAQUIN	X			
SENATOR BRADFORD			X	
ASSEMBLYMEMBER CERVANTES	X			
ASSEMBLYMEMBER KALRA	X			
SANDIE ARNOTT	X			
LAKSHMI KOMMI	X			
DEPUTY TREASURER SCHAEFER	X			

ITEM 7. PUBLIC COMMENT

Mr. Schaefer then opened the meeting up for public comment. Hearing and seeing none, he thanked everyone for their attendance.

ITEM 8. ADJOURNMENT

The meeting was adjourned at 2:03 p.m.