

**ASSEMBLY BILL**

**No. 2274**

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**Introduced by Assembly Member Gordon**

February 21, 2014

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An act to amend Sections 8855 and 8856 of the Government Code, relating to state government.

LEGISLATIVE COUNSEL'S DIGEST

AB 2274, as introduced, Gordon. The California Debt and Investment Advisory Commission.

Existing law establishes the California Debt and Investment Advisory Commission to, among other things, maintain contact with state and municipal bond issuers, underwriters, investors, and credit rating agencies to improve the market for state and local government debt issues, and assist state and local governments to prepare, market, and sell its new debt issues. Existing law authorizes the commission to charge a fee to a lead underwriter or purchaser, as specified, with the funds collected to be used, upon appropriation, for the expenses of the commission and the Treasurer.

This bill would modify the reporting and notice requirements an issuer of debt is required to make to the commission before a proposed sale of debt issue and after a sale of debt issue. This bill would also expand the commission's authorization to charge fees relating to the principal amount of a debt issue to include also charging a fee to a lender. This bill would also make technical, nonsubstantive changes.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 8855 of the Government Code is amended  
2 to read:  
3 8855. (a) There is created the California Debt and Investment  
4 Advisory Commission, consisting of nine members, selected as  
5 follows:  
6 (1) The Treasurer, or his or her designee.  
7 (2) The Governor or the Director of Finance.  
8 (3) The Controller, or his or her designee.  
9 (4) Two local government finance officers appointed by the  
10 Treasurer, one each from among persons employed by a county  
11 and by a city or a city and county of this state, experienced in the  
12 issuance and sale of municipal bonds and nominated by  
13 associations affiliated with these agencies.  
14 (5) Two Members of the Assembly appointed by the Speaker  
15 of the Assembly.  
16 (6) Two Members of the Senate appointed by the Senate  
17 Committee on Rules.  
18 (b) (1) The term of office of an appointed member is four years,  
19 but appointed members serve at the pleasure of the appointing  
20 power. In case of a vacancy for any cause, the appointing power  
21 shall make an appointment to become effective immediately for  
22 the unexpired term.  
23 (2) Any legislators appointed to the commission shall meet with  
24 and participate in the activities of the commission to the extent  
25 that the participation is not incompatible with their respective  
26 positions as Members of the Legislature. For purposes of this  
27 chapter, the Members of the Legislature shall constitute a joint  
28 interim legislative committee on the subject of this chapter.  
29 (c) The Treasurer shall serve as chairperson of the commission  
30 and shall preside at meetings of the commission.  
31 (d) Appointed members of the commission shall not receive a  
32 salary, but shall be entitled to a per diem allowance of fifty dollars  
33 (\$50) for each day's attendance at a meeting of the commission  
34 not to exceed three hundred dollars (\$300) in any month, and  
35 reimbursement for expenses incurred in the performance of their  
36 duties under this chapter, including travel and other necessary  
37 expenses.

- 1 (e) The commission may adopt bylaws for the regulation of its  
2 affairs and the conduct of its business.
- 3 (f) The commission shall meet on the call of the chairperson,  
4 at the request of a majority of the members, or at the request of  
5 the Governor. A majority of all nonlegislative members of the  
6 commission constitutes a quorum for the transaction of business.
- 7 (g) The office of the Treasurer shall furnish all administrative  
8 assistance required by the commission.
- 9 (h) The commission shall do all of the following:
- 10 (1) Assist all state financing authorities and commissions in  
11 carrying out their responsibilities as prescribed by law, including  
12 assistance with respect to federal legislation pending in Congress.
- 13 (2) Upon request of any state or local government units, to assist  
14 them in the planning, preparation, marketing, and sale of new debt  
15 issues to reduce cost and to assist in protecting the issuer's credit.
- 16 (3) Collect, maintain, and provide comprehensive information  
17 on all state and all local debt authorization and issuance, and serve  
18 as a statistical clearinghouse for all state and local debt issues. This  
19 information shall be readily available upon request by any public  
20 official or any member of the public.
- 21 (4) Maintain contact with state and municipal bond issuers,  
22 underwriters, credit rating agencies, investors, and others to  
23 improve the market for state and local government debt issues.
- 24 (5) Undertake or commission studies on methods to reduce the  
25 costs and improve credit ratings of state and local issues.
- 26 (6) Recommend changes in state laws and local practices to  
27 improve the sale and servicing of state and local debts.
- 28 (7) Establish a continuing education program for local officials  
29 having direct or supervisory responsibility over municipal  
30 investments and debt issuance. The commission shall undertake  
31 these and any other activities necessary to disclose investment and  
32 debt issuance practices and strategies that may be conducive for  
33 oversight purposes.
- 34 (8) Collect, maintain, and provide information on local agency  
35 investments of public funds for local agency investment.
- 36 (9) Publish a monthly newsletter describing and evaluating the  
37 operations of the commission during the preceding month.
- 38 (i) The issuer of any proposed ~~new~~ debt issue of state or local  
39 government shall, no later than 30 days prior to the sale of any  
40 debt issue ~~at public or private sale, give written notice of the~~

1 ~~proposed sale, submit a report of the proposed issuance to the~~  
 2 ~~commission, by mail, postage prepaid, or commission by any other~~  
 3 ~~method approved by the commission. This subdivision shall also~~  
 4 ~~apply to any nonprofit public benefit corporation incorporated for~~  
 5 ~~the purpose of acquiring student loans. The notice shall include~~  
 6 ~~the proposed sale date, the name of the issuer, the type of debt~~  
 7 ~~issue, and the estimated principal amount of the debt. commission~~  
 8 ~~may require information to be submitted in the report of proposed~~  
 9 ~~debt issuance that it considers appropriate. Failure to give this~~  
 10 ~~notice submit the report shall not affect the validity of the sale.~~

11 (j) The issuer of any new debt issue of state or local government,  
 12 not later than ~~45~~ 21 days after the signing of the bond purchase  
 13 contract in a negotiated or private financing, or after the acceptance  
 14 of a bid in a competitive offering, sale of the debt, shall submit a  
 15 report of final sale to the commission by mail, postage prepaid, or  
 16 by any other method approved by the commission. A copy of the  
 17 final official statement for the issue shall accompany the report of  
 18 final sale. If there is no official statement, the issuer shall provide  
 19 each of the following documents, if they exist, along with the report  
 20 of final sale:

- 21 (1) Other disclosure document.
- 22 (2) Indenture.
- 23 (3) Installment sales agreement.
- 24 (4) Loan agreement or promissory note.
- 25 (5) *Promissory note.*
- 26 ~~(5)~~
- 27 (6) Bond purchase contract.
- 28 ~~(6)~~
- 29 (7) Resolution authorizing the issue.
- 30 ~~(7)~~
- 31 (8) Bond specimen.

32 The commission may require information to be submitted in the  
 33 report of final sale that it considers appropriate. The issuer may  
 34 redact confidential information contained in the documents if the  
 35 redacted information is not information that is otherwise required  
 36 to be reported to the commission.

37 SEC. 2. Section 8856 of the Government Code is amended to  
 38 read:

39 8856. (a) In carrying out the purposes of this chapter, the  
 40 commission may charge fees to the lead underwriter ~~or~~, the

1 purchaser, *or the lender* in an amount equal to one-fortieth of 1  
2 percent of the principal amount of the issue, but not to exceed five  
3 thousand dollars (\$5,000) for any one issue. Amounts received  
4 under this section shall be deposited in the California Debt and  
5 Investment Advisory Commission Fund, which is hereby created  
6 in the State Treasury. All money in the fund shall be available,  
7 when appropriated, for expenses of the commission and the  
8 Treasurer.

9 (b) Until fees are received by the advisory commission and  
10 appropriated pursuant to this chapter for the expenses of the  
11 commission and the Treasurer, the commission may borrow the  
12 moneys required for the purpose of meeting necessary expenses  
13 of initial organization and operation of the commission.

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