

AMENDED IN ASSEMBLY MAY 1, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2274

Introduced by Assembly Member Gordon

February 21, 2014

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

LEGISLATIVE COUNSEL'S DIGEST

AB 2274, as amended, 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, *and would remove the authority of the commission to borrow moneys required for the purpose of meeting necessary expenses of the commission.* 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

1 duties under this chapter, including travel and other necessary
2 expenses.

3 (e) The commission may adopt bylaws for the regulation of its
4 affairs and the conduct of its business.

5 (f) The commission shall meet on the call of the chairperson,
6 at the request of a majority of the members, or at the request of
7 the Governor. A majority of all nonlegislative members of the
8 commission constitutes a quorum for the transaction of business.

9 (g) The office of the Treasurer shall furnish all administrative
10 assistance required by the commission.

11 (h) The commission shall do all of the following:

12 (1) Assist all state financing authorities and commissions in
13 carrying out their responsibilities as prescribed by law, including
14 assistance with respect to federal legislation pending in Congress.

15 (2) Upon request of any state or local government units, to assist
16 them in the planning, preparation, marketing, and sale of new debt
17 issues to reduce cost and to assist in protecting the issuer's credit.

18 (3) Collect, maintain, and provide comprehensive information
19 on all state and all local debt authorization and issuance, and serve
20 as a statistical clearinghouse for all state and local debt issues. This
21 information shall be readily available upon request by any public
22 official or any member of the public.

23 (4) Maintain contact with state and municipal bond issuers,
24 underwriters, credit rating agencies, investors, and others to
25 improve the market for state and local government debt issues.

26 (5) Undertake or commission studies on methods to reduce the
27 costs and improve credit ratings of state and local issues.

28 (6) Recommend changes in state laws and local practices to
29 improve the sale and servicing of state and local debts.

30 (7) Establish a continuing education program for local officials
31 having direct or supervisory responsibility over municipal
32 investments and debt issuance. The commission shall undertake
33 these and any other activities necessary to disclose investment and
34 debt issuance practices and strategies that may be conducive for
35 oversight purposes.

36 (8) Collect, maintain, and provide information on local agency
37 investments of public funds for local agency investment.

38 (9) Publish a monthly newsletter describing and evaluating the
39 operations of the commission during the preceding month.

1 (i) The issuer of any proposed debt issue of state or local
2 government shall, no later than 30 days prior to the sale of any
3 debt issue, submit a report of the proposed issuance to the
4 commission by any method approved by the commission. This
5 subdivision shall also apply to any nonprofit public benefit
6 corporation incorporated for the purpose of acquiring student loans.
7 The commission may require information to be submitted in the
8 report of proposed debt issuance that it considers appropriate.
9 Failure to submit the report shall not affect the validity of the sale.

10 (j) The issuer of any debt issue of state or local government,
11 not later than 21 days after the sale of the debt, shall submit a report
12 of final sale to the commission ~~by mail, postage prepaid, or by any~~
13 ~~other~~ method approved by the commission. A copy of the final
14 official statement for the issue shall accompany the report of final
15 sale. If there is no official statement, the issuer shall provide each
16 of the following documents, if they exist, along with the report of
17 final sale:

- 18 (1) Other disclosure document.
- 19 (2) Indenture.
- 20 (3) Installment sales agreement.
- 21 (4) Loan agreement.
- 22 (5) Promissory note.
- 23 (6) Bond purchase contract.
- 24 (7) Resolution authorizing the issue.
- 25 (8) Bond specimen.

26 The commission may require information to be submitted in the
27 report of final sale that it considers appropriate. The issuer may
28 redact confidential information contained in the documents if the
29 redacted information is not information that is otherwise required
30 to be reported to the commission.

31 SEC. 2. Section 8856 of the Government Code is amended to
32 read:

33 8856. ~~(a)~~—In carrying out the purposes of this chapter, the
34 commission may charge fees to the lead underwriter, the purchaser,
35 or the lender in an amount equal to one-fortieth of 1 percent of the
36 principal amount of the issue, but not to exceed five thousand
37 dollars (\$5,000) for any one issue. Amounts received under this
38 section shall be deposited in the California Debt and Investment
39 Advisory Commission Fund, which is hereby created in the State

1 Treasury. All money in the fund shall be available, when
2 appropriated, for expenses of the commission and the Treasurer.
3 ~~(b) Until fees are received by the advisory commission and~~
4 ~~appropriated pursuant to this chapter for the expenses of the~~
5 ~~commission and the Treasurer, the commission may borrow the~~
6 ~~moneys required for the purpose of meeting necessary expenses~~
7 ~~of initial organization and operation of the commission.~~

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