

JUNE 2023

News...

from the desk of
California State Treasurer Fiona Ma, CPA



WELCOME LETTER

Dear Friends,

Each June 19th, we celebrate the end of slavery in the United States and acknowledge the sacrifices and contributions made by Black Americans, and challenge ourselves to work toward creating a more conscious and accepting nation. Although we've made strides to create a more inclusive democracy, there is still work to do to achieve racial equality. While small businesses are the backbone of California's economy, many Black entrepreneurs still face difficulty gaining access to capital.

My office is working to remove structural barriers and create opportunities for Black- and minority-owned businesses to increase wealth and boost local employment. We've started a new program designed to broaden access to funding for affordable housing developers and we continue to raise awareness for our small-business loan program. We are also helping to fund charter schools that support and uplift Black students, creating a path to achievement. Please turn to pages 3 to 6 to read about how these programs are helping to achieve economic parity for the Black community.

I'd also like to draw your attention to a new program, the Distressed Hospital Loan Program, which is housed in my office and administered by the California Healthy Facilities Financing Authority. This program will provide a lifeline to struggling hospitals by offering interest-free, working capital loans to nonprofit and publicly-operated hospitals. To learn more about this program, please turn to page 6.

In Peace and Friendship,

A handwritten signature in blue ink, appearing to be "Fiona Ma".

Fiona Ma, CPA
California State Treasurer

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The State Treasurer's Office and its Boards, Commissions and Authorities are hiring! Check out our career opportunities [here](#).

ASK FIONA

Dear Fiona,

I'm in the process of launching a new business. What is the best way to find and apply for local grant and loan programs?

Sincerely,

Emily

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Dear Emily,

Local grant and loan opportunities are frequently established by county and city agencies. When looking for funding opportunities from local agencies, I recommend that you start by contacting the county or city Economic Development Agency or Chamber of Commerce.

California also offers a network of [Small Business Technical Assistance Centers](#) that can assist with identifying funding programs available from your local city or county agencies. You can connect with a small business advisor in your area for free one-on-one consulting and to learn more about local funding opportunities.

Sincerely,

Fiona



Have a Question for the Treasurer?

Address letters to:

California State Treasurer Fiona Ma
Post Office Box 942809
Sacramento, CA 94209-0001

Send emails to:

AskFiona@treasurer.ca.gov, with
the subject line: "Ask Fiona"

The State Treasurer's Office Creates Opportunities for Black-Owned Affordable Housing Developers



Black developers have long faced difficulty in accessing funding for affordable housing projects. To help level the playing field in the development of affordable housing, the California Debt Limit Allocation Committee (CDLAC), chaired by State Treasurer Ma, created incentives to encourage participation of developers with Black and Indigenous People of Color (BIPOC) leadership or ownership. The State Treasurer's Office (STO) is providing a route for emerging BIPOC entities to compete in the affordable housing industry by identifying a portion of the tax-exempt bond allocation for a BIPOC pool. This allocation pool addresses the needs of Blacks and other minority developers who lack equitable access to traditional capital and gives emerging developers a greater chance of receiving tax credit awards.

Michael Johnson, President and Chief Executive Officer of UrbanCore Development LLC, and Reese A. Jarrett, President of E. Smith & Company, became reacquainted as a result of their participation in the formation of the Black Developers Forum in 2020. Having crossed paths years earlier, through their respective careers in the real estate development industry spanning over 40 years, their renewed relationship quickly led to the desire to pursue a real estate development joint venture project. Their mutual interest and efforts in the development of affordable housing became a focus of interest, particularly due to the collective efforts of Governor Newsom, State Treasurer Ma, CDLAC leadership, and the Black Developers Forum, in the creation of the BIPOC pool.



Michael Johnson, President, Urban Core Development LLC (left) and Reese Jarrett, President, E. Smith & Company (right) at the Poppy Grove groundbreaking ceremony.
(Photo credit: Photographers@Large)

Johnson and Jarrett formed a partnership in early 2021 based on an opportunity to develop an affordable housing project on 16 acres in the city of Elk Grove. They were committed to assuring that the BIPOC Pool particularly in its infant stages, was utilized. It was important to demonstrate the need for broadened access to funding for Black developers and other developers of color for the creation of affordable housing.



Poppy Grove groundbreaking ceremony.
Pictured above (left to right): Amit Sarang, CDLAC Analyst; Rod Brewer, City Council Member, City of Elk Grove; Emily Burgos, CDLAC Section Chief; Michael Johnson, President and CEO, UrbanCore Development; City of Elk Grove Mayor Bobbie Singh-Allen; Treasurer Ma; Reese Jarrett, President, E. Smith & Company; and Eddie Fairchild; CDLAC Analyst.
(Photo credit: Photographers@Large)

Jarrett proclaimed, "We are very humbled and grateful to our team, Greystone Housing Impact, Redstone, Goldman Sachs, Brown Construction and HED architects that made it possible for two Black developers to close the financing on the single largest tax credit transaction for the state of California. We sincerely appreciate the efforts on behalf of CDLAC and CTCAC that supported us throughout this effort. We believe strongly that the 387 families and the more than 1500 residents that will live at the Poppy Grove development will be provided a life changing opportunity to reside in the high resource community of Elk Grove. The amenities in the city, such as the highly rated public school system, shopping and recreation facilities will enhance the daily living experience and change the trajectory of the lives of those that reside at Poppy Grove."

In three phases, the partnership achieved the needed state tax-exempt bond allocation, along with tax equity, construction, and permanent financing to fund the 100% affordable housing projects for working families earning between 30%-60% of the average median income. The project secured over \$125 million in tax equity, \$150 million in construction financing and \$45 million in permanent debt financing.

The STO is proud to be a part of the forward progress for BIPOC affordable housing developers. By creating more opportunities for BIPOC developers, the state is also creating communities that provide safe living environments, access to education, and a pathway to homeownership and wealth creation.

Bridging California's Educational Achievement and Resource Gaps

The California School Finance Authority (CSFA), which is chaired by State Treasurer Ma, assists California charter schools that often serve student populations that are socioeconomically and culturally diverse. Since its inception, CSFA has awarded more than \$185 million to over 35 charter schools serving a majority Black student population. In 2022-23, these schools served approximately 8,500 Black students which made up 66% of their student population on average. Given that Black students make up only four percent of California's student population, CSFA is proud to partner with schools that are supporting a student population that is often underserved.



Inner-City Education Foundation (ICEF) View Park Prep High School.
(Photo Credit: ICEF)

One such example is Inner-City Education Foundation (ICEF), located in South Los Angeles. Three of their schools, View Park Elementary, Middle, & High School, have student bodies of which are about 90% Black on each campus. CSFA has awarded nearly \$41 million in program funds to multiple ICEF schools across several programs. According to ICEF, the network is one of the first charter organizations in Los Angeles and has become a leader in California for raising Black and Latinx student achievement and closing the achievement gap. This year, ICEF Vista Middle Academy made the National Schools to Watch list for their positive

culture of focusing on the whole child and keeping the students' holistic social, emotional, and academic needs at the center of everything they do. The schools also serve a student population in which 97% are eligible for free and reduced-price meals.

Additionally, 66% of students at ICEF View Park Elementary and Middle have met or exceeded growth targets in mathematics so far in 2022-2023. Furthermore, ICEF View Park Preparatory High School's class of 2022 graduated 92% of students who met admission requirements for the California State University and University of California systems, which included 100% rate for students with disabilities.

Rex and Margaret Fortune School of Education (Fortune) has locations in both Sacramento and San Bernardino, which boast the second and third highest Black student populations in California. Across the network's twelve campuses serving grades preschool through 12, 70% of schools' students are eligible for free and reduced-priced meals, and 64% are Black. CSFA has awarded over \$25 million in awards to multiple Fortune School campuses across several programs. The schools focus on closing the Black achievement gap by preparing scholars for college starting in preschool. Early College High School graduates have the opportunity to earn an associate degree in a program that is in partnership with Cosumnes River College and Cal Poly San Luis Obispo. Graduates who are accepted into Cal Poly are offered a full ride scholarship.

Both the ICEF and Fortune schools, as with many funding recipients, are dedicated to serving at-risk and lower income student populations to ensure those communities have the same opportunities as their peers. More broadly, they fit both CSFA's and the State Treasurer's mission to help bridge California's achievement and resource gaps.

Opening the Door of Opportunity with CPCFA



The State Treasurer's Office (STO) seeks to open doors for individuals to pursue their dreams and achieve successes. One of the programs creating these opportunities is the California Capital Access Program (CalCAP), administered by the California Pollution Control Financing Authority (CPCFA).

Under the CalCAP umbrella, CalCAP Small Business and CalCAP Collateral Support programs empower California's financial institutions to create entrepreneurship opportunities for communities that have historically been denied access to capital. These programs are funded by the federal State Small Business Credit Initiative (SSBCI) and California was awarded \$1.181 billion by the United States Department of the Treasury in September 2022.

Continuing in its second iteration, SSBCI-funded programs are designed to increase small businesses' access to capital, including businesses in the manufacturing sector, businesses owned by socially and economically disadvantaged individuals (SEDI), and very small businesses characterized as having 10 or fewer employees.

CPCFA has been on the move to inform California's small business owners and the financial institutions that support them about its door-opening programs. CPCFA has been working with the African American Alliance of CDFI CEOs, leaders of Community Development Financial Institutions, to foster greater social impact in California communities by assisting SEDI-owned small businesses through CalCAP.



Urban Land Institute's Urban Marketplace: "Connecting to Capital."

Pictured above (left to right): Treasurer Ma; Michael Banner, President and CEO, Los Angeles Community Development Financial Institution; and Tiffany Haddish. (Photo Credit: Dlugolecki Photography)

CPCFA continues its great partnership with Lendistry, a SEDI-owned financial institution, which has enrolled 121 loans to entrepreneurs through both CalCAP programs. Seeking more great community partners, CPCFA attended and presented on SSBCI 2.0 at the Orange County Inland Empire Minority Business Summit, aimed at the region's policy makers, as well as the Orange County Inland Empire Lender Roundtable. Staff also had the opportunity to participate in the Urban Land Institute's Urban Marketplace event in Los Angeles, joining both State Treasurer Fiona Ma and Tiffany Haddish, to help the region's business owners and entrepreneurs connect to capital.

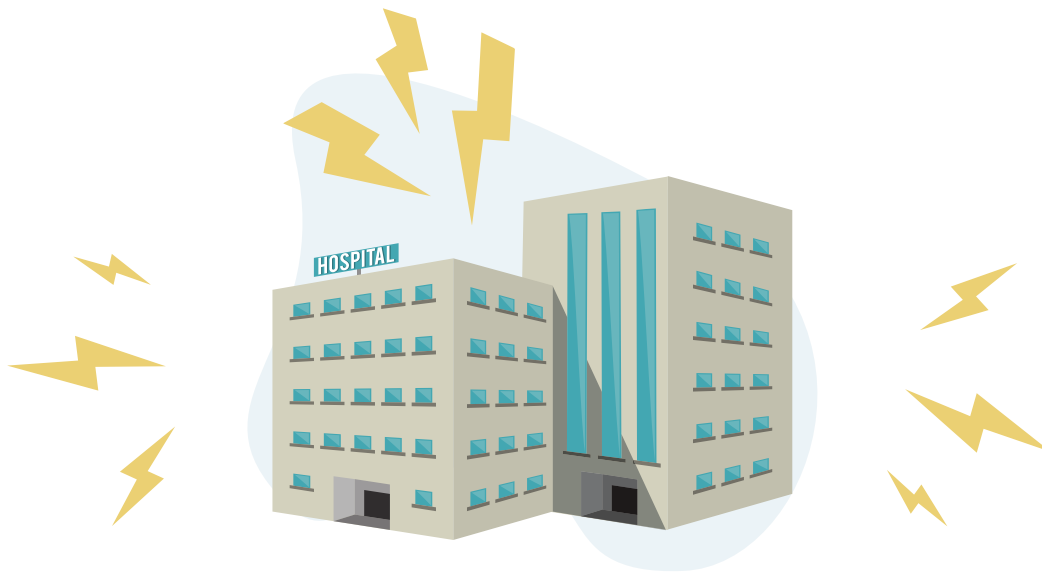
The work certainly continues and CPCFA is excited to share information about CalCAP to help Californians achieve long held dreams and create generational wealth. To learn more about CPCFA's CalCAP programs visit: <https://www.treasurer.ca.gov/cpcfa/calcap/>.

New Program to Help Financially Distressed Hospitals

Governor Gavin Newsom recently signed Assembly Bill 112, which created the [Distressed Hospital Loan Program](#). This program, jointly administered by the California Health Facilities Financing Authority (CHFFA) and the Department of Health Care Access and Information, will offer interest-free, working capital loans to non-profit and publicly-operated financially distressed hospitals that are at risk of closing or governmental entities representing a closed hospital to facilitate its reopening.



Many hospitals, particularly those in underserved areas, have been hit hard by rising costs coupled with immense strains on resources due to the COVID-19 pandemic. The Distressed Hospital Loan Program will provide eligible hospitals with necessary capital to allow them to sustain their operations and continue to deliver critical care to their communities.



The Distresses Hospital Loan Program is currently under development. Loan applications are expected to go live later this month. Please [sign up](#) to receive updates about the program.

Below are a few facts about the program:

- \$150 million available in one-time funding
- Zero percent (0%) interest rate loans
- Loan term is repayable over 72-months, with an initial 18-month payment deferment period at the beginning of the loan term
- Loan Security: 20% of Hospital's Medi-Cal checkwrite payments

State Treasurer's Spotlight

Treasurer Ma Receives Honorary Doctorate from Rochester Institute of Technology

State Treasurer Ma received an Honorary Doctorate of Humane Letters from her alma mater, Rochester Institute of Technology (RIT), during the school's 2023 academic convocation ceremony. RIT awarded Treasurer Ma in recognition of her distinctive dedication to public service and leadership in finance.

Treasurer Ma attended RIT for its CPA-specific accounting tract and the opportunity to play tennis on the varsity team. She credits RIT with being critical in developing her into the person she is today.

During her visit to RIT, Treasurer Ma toured her old stomping grounds and viewed the renovations and new construction that have taken place since she graduated in 1988. One of the highlights of her trip was reconnecting with Ann Nealon, her collegiate tennis coach.



Left photo: Treasurer Ma with her collegiate tennis coach, Ann Nealon.
Right photo: Treasurer Ma receives her Honorary Doctorate Degree.
(Photo Credits: Executive Office, State Treasurer's Office)

— “
It's such an honor to be recognized by RIT. The school holds a special place in my heart and was critical in developing me into the person I am today.

— State Treasurer Fiona Ma — ” —

State Treasurer's Office Welcomes Claudia Quezada as the New Executive California Alternative Energy and Advance Transportation Financing Authority

Claudia Quezada was recently appointed by State Treasurer Ma as executive director of the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA), which encourages private sector activity that helps keep California's air and water clean and advances the state's goal of reducing greenhouse gas emissions.



CAEATFA promotes high-quality green jobs and green industries for California through incentives for recycling and clean manufacturing, and by facilitating private financing for energy efficiency in homes and businesses throughout the state. CAEATFA administers several programs, including a Sales and Use Tax Exclusion program for California manufacturers to incentivize the advanced transportation, alternative energy and recycling industries; the GoGreen Financing programs, which help California residents and small business owners obtain lower-cost financing for energy efficiency retrofits; and the Property Assessed Clean Energy (PACE) Loss Reserve program, which supports residential energy upgrades in enrolled PACE programs by mitigating risk to first mortgage lenders.

As executive director, Quezada will serve the CAEATFA board, which is chaired by Treasurer Ma. She will oversee CAEATFA's programs and lead efforts to develop innovative approaches to energy efficiency financing gaps.

Quezada brings over 15 years of government and board experience, working with multiple chambers of commerce, elected officials, cities, counties, and municipalities in support of workforce diversity, college and career readiness, economic recovery, financial literacy, green projects, and the environment. Quezada received a bachelor's degree in business administration and international relations from California State University, Chico. She holds a master's degree in public administration and policy analysis, and a doctorate in leadership from California State University, East Bay. Quezada is also a Cornell Certified Diversity Professional.

In the Community



April 28 – State Treasurer Fiona Ma toured a state-of-the-art California Department of Veterans Affairs assisted living facility in Redding. She was honored to tour the home, including a portion that honors all branches of the U.S. Military by displaying historical artifacts. Some these artifacts were donated by family members of veterans living in the Redding Veterans Home. Treasurer Ma was grateful for the opportunity to visit with our veterans and extended the assistance of the State Treasurer's Office's programs.

On the left, Treasurer Fiona Ma views a tribute to service men and women at the Redding Veteran's Home, including a yellow child's dress made from parachutes and passed down for generations.

(Photo Credit: External Affairs, State Treasurer's Office)

May 1 – State Treasurer Ma participated at a Roundtable: "Accelerating through Leverage: Project Deal Flow," convened by Treasurer Ma; Matt Horton, Director, Center for Regional Economics & California Center, Milken Institute/Accelerator for America; and Arnab Pal, Senior Advisor & Consultant, US Department of Energy (DOE) Loan Programs Office. The roundtable was part of the 16th Annual VerdeXchange VX2023 Marketmakers' Conference held in Los Angeles. The session was a continuation of an April gathering held in the Inland Empire, which focused on how California can best position itself to access the \$350 billion in loan authority at available through the DOE.



Treasurer Fiona Ma speaking at the Roundtable.

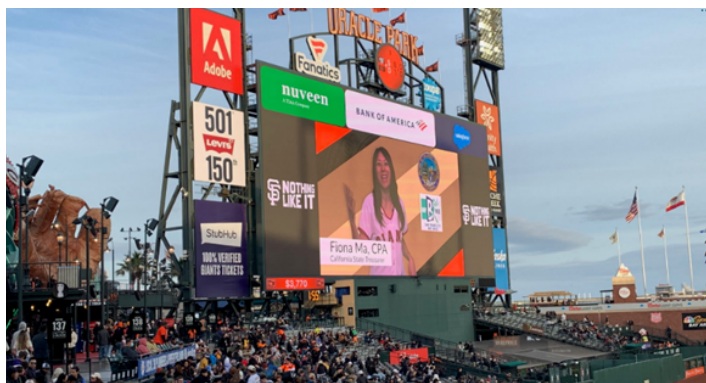
(Photo Credit: John Dlugolecki, VerdeXchange)

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VerdeXchange was honored, once again, to welcome California Treasurer Fiona Ma to VX2023. The Treasurer's contributions were a highlight: with participants benefiting from her instructive insights on how the State could operationalize the federal Inflation Reduction Act and the Infrastructure Investment and Jobs Act; and how both catalyze the State's climate and clean energy project pipeline and accelerate resilient economic development across California - most especially in areas that have historically missed out in past eras of tech-based growth.

– David Abek, Chairman, VerdeXchange 2023

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(Photo credit: External Affairs Division, State Treasurer's Office)

May 8 – State Treasurer Fiona Ma delivered a public service announcement to raise awareness about hepatitis B screenings during a San Francisco Giants game. The Treasurer partnered with SF Hep B Free – Bay Area, a local nonprofit who was onsite to share additional information with baseball fans gathered to see the Giants face the Washington Nationals. About one in 12 Asian American Pacific Islanders has hepatitis B, which makes them 100 times more likely to develop liver cancer. Learn more about how to get tested at: <https://www.sfhpbfree.org/hep-b>.