



NEWS...

From the Desk of California State Treasurer Fiona Ma, CPA



DECEMBER 2019

Dear Reader,

We recently marked two significant milestones in programs benefitting homeowners, renters and owner-operators of trucks. Turn to page six for details on one of our programs that supported the purchase of 25,000 cleaner burning trucks and another that has provided \$10 million in energy efficiency loans.

Also in November we issued \$500 million of California Health Facilities Financing Authority bonds to provide funding to the Department of Housing and Community Development's [No Place Like Home Program](#). This incredible program helps provide permanent housing for people who are homeless and in need of mental health services.

I had the additional pleasure of joining staff and participants taking part in the Local Agency Investment Fund's ([LAIF](#)) annual conference in November. The fund serves as a checking account for 2,373 agencies throughout the state, including cities, counties and special districts. But, unlike most checking accounts, it gets a great interest rate – 2.34 percent in the quarter that ended on September, 30. The program's motto? "Your Money is Safe with LAIF."

The good work we accomplish here in the State Treasurer's Office is not the result of one person alone. It requires the best efforts of a whole lot of talented, hard-working smiling people. Many of them are standing beside me in the photo above!

In Peace & Friendship,

Fiona

TABLE OF CONTENTS

Welcome from Treasurer Fiona Ma	1
Since You Asked	2
Heart of the Treasury	5
The ABCs of the BCAs	6-7
Ask Fiona	8
Top Billing	9
Tax Tip	9
The Vault	10-11
The Ma Squad	12

This newsletter is not intended to be and should not be used for making investment decisions about State of California bonds or notes. Potential investors should always obtain and read the Official Statement published by the State for each issue of bonds or notes.



Since You Asked...

People I meet will sometimes want to know more about who I am, my policy concerns, and the path I traveled to become California State Treasurer. So today, a little more than one year into my election as California's 34th State Treasurer, I am sharing those replies with newsletter readers.

To begin with, San Francisco is home and I am married to Jason Hodge. Jason is a full-time firefighter in Ventura County and an elected member of the Oxnard Harbor Commission.

I never dreamed I would become an elected official when I was growing up. My parents steered me early in the direction of becoming an accountant. I am grateful they did.

I received my B.S. degree from the Rochester (New York) Institute of Technology, which offered a CPA path and two mandatory paid internships. I received my M.S. degree in Tax from Golden Gate University in San Francisco. I earned an MBA from Pepperdine University. And I have been a licensed Certified Public Accountant (CPA) since 1992.

My first job out of school was with Ernst & Whinney's Real Estate Tax Group in San Francisco. Ernst & Whinney helped me afford graduate school. It was a good place to work. But there were no women or minority partners at that time in the firm. I left after 5 years.

I then started my own CPA practice. I also became president of the Asian Business Association and took my first steps onto the path of public service. I was suddenly testifying on behalf of legislative bills and lobbying for more business opportunities for minority-owned and women-owned businesses.

I was appointed to the City and County of San Francisco Assessment Appeals Board (as an alternate member). It was a part-time position working with then state Senator John Burton. I handled tax and business related constituent issues.

It took eight years, but in time my parents gave me their blessing and I ran for a seat on the San Francisco Board of Supervisors (2002-2006). I followed that with election to the California State Assembly (2006-2012). Next, I went on to win a seat on the State Board of Equalization (BOE), which handles state taxes, fees and revenues – everything except income taxes.

I discovered I am made for public service. I am an extreme extrovert, for one thing. I enjoy all things related to people. I find meetings and socializing to be animating and energizing.



Rochester Institute of Technology's 1985 women's tennis team. Treasurer Ma is in the front row, second from right.

I also work well with mentors. John Burton had a big influence on my public service career. He was my first political boss and mentor. He not only served in the California State Assembly and Senate, he also served as chairman of the California Democratic Party.

He always stressed loyalty. "Remember who brought you to the dance," he'll say. And he always supports those who don't have a voice and those who need the most help. He consistently stands up for what is right. Even if he is the only one standing. I try to follow these guiding principles every day.

My father has also had a large influence on me. I was recently asked what it means to be a trailblazer and I immediately thought of how he encouraged us to try everything. And to do our best. I excelled in sports and I especially liked team sports. I think that's because I have a competitive spirit and a talent for working with others. I'm also a problem solver. I love taking on big complex projects, finding solutions, and recruiting the best and brightest to execute the plan that gets things done.

But I don't think I aspired to be a trailblazer until I found public service. Being able to directly help people hooked me. As did being able to level the playing field by changing laws. It was inspiring. And now, being able to control, finance and fund trillions and billions of dollars every day as California State Treasurer – well, how great is that!

I am inspired by people with big visions and big ideas. People who want to make the world a better place every day, regardless of how large or small their contribution. People who are guided in action by a sense of the greater good rather than money and material things. People who are passionate and really good at what they do.

I most admire people who are driven by a sense of compassion and a personal commitment to pull others up behind them. I have had hundreds of interns come through the elected offices I have held over the years. And I'm proud that one of my recent interns in the State Treasurer's Office just started working at a large minority-owned public finance firm.

In addition to finding a mentor who can help you advance up the corporate or government ladder, I advise people to always say yes when leadership roles are offered. Be

curious and seize every opportunity to learn. Also, listen to, and learn, what motivates others and work collaboratively with them to meet shared goals. Develop great ethics and values. Treat people with respect.

I believe what goes around, comes around. As I believe in being truthful, because lies will eventually catch up with a person. I also believe the truth not only sets us free, it liberates us to focus more energy on doing good.

People also ask me to describe a typical working day in the State Treasurer's Office. There is no typical day.

As the state's banker, my team manages more than \$2 trillion in transactions, close to \$100 billion in short term investments, and we issue or administer more than \$90 billion in bonds. I also chair 16 boards, commissions and authorities that fund a spectrum of programs critical to the financial wellbeing of Californians, including housing, schools, hospitals, transportation, advanced manufacturing, green tech, recycling, small businesses and more.

Among the authorities and commissions are the [ScholarShare529](#), [CalSavers](#) and [CalABLE](#) programs.

These are programs that help families save for college, workers save for retirement, and persons with disabilities to cover unexpected expenses. I also offer free small business and other financial workshops to inform stakeholders about these and the other programs I oversee. We are proactively bringing government to the people. And I find this very rewarding.

In addition, I am a voting member of the boards that oversee the California Public Employees' Retirement System (CalPERS), the California State Teachers' Retirement System (CalSTRS), the California Earthquake Authority, IBank, and the California Housing Finance Authority.

CalSTRS and CalPERS pose an ongoing challenge as we work to ensure California's pension funds, the largest in the nation, stay on a financially strong and secure trajectory. Our goal is to earn a 7 percent return on investments each year.

What keeps me awake at night now is the thought of another recession. I never saw a surplus during my first 10 years as an elected official, including my time in the Assembly during the Great Recession. Difficult financial



Treasurer Ma attending the groundbreaking ceremony for Day Creek Villas in Rancho Cucamonga, which will provide 140 units of affordable housing for seniors age 62 and older.

choices had to be made. Fortunately, we have a solid rainy day fund today and credit rating agencies agree that California is prepared for the future.

We also have a severe housing crisis, the result of decades of too little action. This has created a unique opportunity. We are trying to find creative and practical solutions that recognize we face more than a lack of housing. It's about housing, yes, but it's also about jobs and wealth inequality. In short, it's about improving the financial well-being of Californians in danger of being left behind.

My office is at the heart of this effort, administering the state's affordable housing tax credit programs, which provide incentives to developers to build workforce, affordable, senior, and disabled housing. We're also working with private-public partnerships that can bring both housing and jobs to communities.

I've been working, for example, to bring high speed [Virgin Trains USA to California](#). Initially, this project would link Victorville (near Los Angeles) to Las Vegas. The Victorville station, as well as the maintenance yard would jump-start economic development, as well as housing construction, while also creating high-paying jobs in the High Desert, an area that has been economically depressed.

So there you have it, a brief tour and highlights along the path of public service that leads to the present moment... and one of the best jobs in the world.

Heart of the Treasury

Meet the people in the State Treasurer's Office whose public service inspires us and is making a difference.

Meet [CalSavers](#) Policy Director Eric Lawyer, November's Employee of the Month. Not only is he a consummate professional, Eric, who has worked for the state for six years, is a true leader in the CalSavers program. His varied experiences allow him to adjust to the fluctuating workflow of the office. He is able to go full speed ahead to lead conferences and hunker down and focus on massive writing and analysis projects, including the crafting of regulations necessary to establish a new program.

Eric consistently shows a willingness to go above and beyond to solve the unique issues facing the CalSavers program, earning the respect of his peers in the process.

In his spare time Eric enjoys the outdoors and photography. His office is filled with great pictures taken during his many adventures.

Congratulations Eric!



November STO Employee of the Month Eric Lawyer proudly displays some of his work to the appreciation of his boss, CalSavers Executive Director Katie Selenski.



From left to right: CalSavers team members Alyssa Delacruz, Carolina Hernandez, Brian Gould, November Employee-of-the-Month Eric Lawyer, State Treasurer Fiona Ma's Chief of Staff, Genevieve Jopanda, CalSavers Executive Director Katie Selenski, Angela Duvane, Jonathan Herrera.



ABCs of the BCAs

Financing and Investing in California Families, Businesses and Infrastructure ... Through 26 Boards, Commissions and Authorities (BCAs) Treasurer Ma is a Member of or Chairs

FEATURED BCAs

California Alternative Energy and Advanced Transportation Financing Authority ([CAEATFA](#))

California Pollution Control Financing Authority ([CPCFA](#))

Home Loans

This month Treasurer Ma celebrates the work of the Residential Energy Efficiency Loan (REEL) program – which has spurred private lenders to loan more than \$10 million to homeowners and renters in almost 600 separate loans for energy efficiency projects.

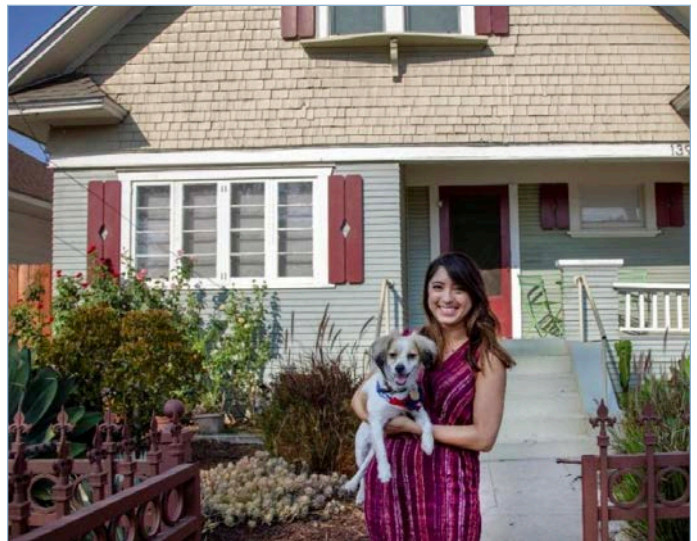
Since its launch in July 2016 as a pilot program, REEL has helped California homeowners and renters in 36 counties make their homes more comfortable and energy efficient through financing that eliminates the upfront cost barriers to such improvements as high-efficiency HVACs, water heaters and new insulation. More than half of the loans went to borrowers in low-to-moderate income brackets as part of the program's goal of making energy efficiency savings available to all Californians.

"REEL is an example of how innovative programs can help reduce California's energy consumption and cut greenhouse gas emissions while also benefiting residents economically. It's a true win-win."

– **CAEATFA Board Chair Treasurer Ma**

David and Juliana Maziarz of Los Angeles wanted to make upgrades to their beloved but drafty historic home and were able to do them all at once through REEL and start saving energy right away. For \$307 a month (total cost: \$34,323.58), they installed attic insulation, low-flow showerheads and faucets; replaced windows; and sealed the whole building, including air ducts. They also installed garage roof gutters as the non-energy part of their retrofit.

REEL -- which falls under the California Alternative Energy and Advanced Transportation Financing Authority ([CAEATFA](#)), an authority chaired by Treasurer Ma -- encourages energy efficiency improvements to California homes by facilitating lower interest rates and longer payback times on project financing. The program accomplishes this by contributing to a loan loss reserve fund that functions as an insurance pool for the lenders, enabling them to offer broader eligibility and better terms to borrowers.



"We've been saving to make the upgrades the home has needed. The REEL program allowed us to make all of the upgrades in a single project."

– **Juliana Maziarz**

Interest rates for the REEL program currently range from 3.9-to-9.15 percent, with payback periods of up to 15 years. Loans of \$1,500 to \$50,000 are available. Seven credit unions are enrolled as REEL lenders. Four of them offer financing to borrowers with FICO scores as low as 580. (Lenders use FICO scores, which range between 300 and 850, to assess credit risks. Scores above 650 generally indicate a very good credit history. Some lenders consider a score below 620 as subprime.)

Renters, as well as homeowners, can participate in REEL because unlike other green financing programs, REEL does not rely on property liens to securitize loans. REEL is also unique in that it allows 30 percent of the loan amount to finance non-energy improvements such as landscaping, garage gutters, and other home needs.

REEL is one of three pilot financing programs under [the California Hub for Energy Efficiency Financing](#) designed to test the viability of energy efficiency lending in the private capital market. The Hub is supported and funded by California's investor-owned utilities, authorized by the California Public Utilities Commission, and implemented by the California Alternative Energy and Advanced Transportation Financing Authority housed in the State Treasurer's Office.

For more information about REEL, visit [GoGreenFinancing.com](https://www.go-green-finance.com).

Truck Loans

A new milestone was set recently in the landmark program managed by the [California Pollution Control Financing Authority](#) (CPCFA) and the [California Air Resources Board](#) (CARB) with the financing of the 25,000th clean burning diesel truck.

Over the past decade the program has removed the equivalent of 4 million passenger cars from roadways and 145 tons per year of particulate matter.

"California's aggressive targets for newer and cleaner diesel, natural gas and zero emission vehicles are necessary to protect our communities and the environment."

– CPCFA Board Chair Treasurer Ma

The program provides private lenders with an incentive to offer owner-operators truck loans with more favorable terms and interest rates than they otherwise might get. In 2019, the Capital Access Program to date has enrolled 4,410 loans to California small business owners for the purchase of 4,257 trucks.

The program is on track for its largest year ever. That's because California truck owners must replace vehicles that use engines manufactured before 2010, a requirement under CARB's Truck and Bus Regulation. Beginning in 2020, the Department of Motor Vehicles cannot register any vehicle that does not meet the requirements of the Truck and Bus Regulation.

For more information on the California Capital Access Program, including small business financing opportunities, visit the program's webpage at: <https://www.treasurer.ca.gov/cpcfa/calcap/>. Interested in borrowing terms and conditions? Check out the online tools for truck loan borrowers to see if you qualify for the On-Road Heavy Duty Vehicle Air Quality Loan Program.

Note: Each month we will be sharing information on one of our BCAs and explain how the programs behind the acronym are enhancing the lives of Californians all across the state -- and how you, your family, or your business can share in, and contribute to, California's prosperity.

Calendar of Upcoming BCA Events

Boards, Commissions and Authorities (BCAs) within the State Treasurer's Office

December

19 ScholarShare Investment Board Meeting

1 PM | 915 Capitol Mall, Room 587

Details: Public Participation Via Phone: (877) 810-9415 Participant Code: 6535126

<https://www.treasurer.ca.gov/scholarshare/meeting/index.asp>

For a full roster of additional meetings, public presentations, deadlines for grants, and more, for ALL boards, commissions and authorities (BCAs) please go to the Treasurer's website: <https://www.treasurer.ca.gov/>



Ask Fiona

Dear Fiona,

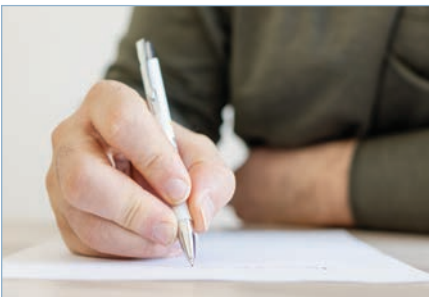
I am a third grade student and my class is studying California government. I learned that you are California's 34th State Treasurer. I would like to know what you like most about your job.

Sincerely,
Bridgette

Dear Bridgette,

I hope you are enjoying learning about California government. I love my job as State Treasurer! I love that I am able to work on all the policy areas that I am passionate about and also finance them. California's current financial condition allows me to issue bonds, loans, and grants to fix problems directly. I also love helping my constituents. My job allows me to fight in support of jobs, housing, finances, and the environment. Words cannot express how much I enjoy being California's State Banker. It is an honor and privilege to serve you!

Sincerely,
Fiona



Have a Question for the Treasurer?

Readers: Send your questions for California State Treasurer Fiona Ma via email to: AskFiona@treasurer.ca.gov

Address letters to: California State Treasurer Fiona Ma
Post Office Box 942809, Sacramento, CA 94209-0001

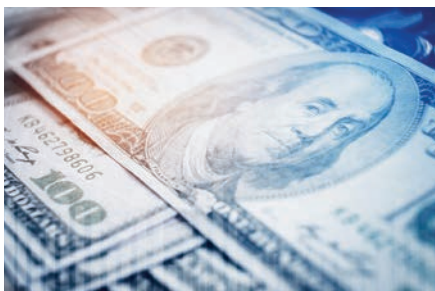


Top Billing

A monthly update on key legislation for Treasurer Ma

Note:

With the end of the 2019 legislative session, Top Billing is on hiatus. Look for news of key legislation for Treasurer Ma to return early next year.



A Tax Tip

Making voluntary contributions on state tax forms for domestic violence programs and processing of rape kits

Treasurer Ma encourages Californians to make charitable donations to the state's voluntary contribution funds. A list of funds can be found at the State of California Franchise Tax Board's [website](#). Here are two funds on that list the Treasurer helped establish:

- Rape Kit Backlog Voluntary Tax Contribution Fund. Used for DNA testing in the processing of rape kits. In the first 10 months of 2019 the fund raised \$296,587. (2017; [AB 280](#))
- California Domestic Violence Victims Fund. Used for the distribution of funds to active recipients under the Comprehensive Statewide Domestic Violence Program within the Office of Emergency Services. In the first 10 months of 2019 the fund raised \$215,973. (2016; [AB1399](#))

How to Contribute

Make individual voluntary contributions on your original tax return. Contributions must be \$1 or more, in whole dollar amounts.

Use one of the following tax returns:

- [California Resident Income Tax Return \(Form 540 2EZ\)](#)
- [California Resident Income Tax Return \(Form 540\)](#)
- [Nonresidents or Part-Year Residents \(Short Form 540NR\)](#)
- [Nonresidents or Part-Year Residents \(Long Form 540NR\)](#)
- [California Fiduciary Income Tax Return \(Form 541\)](#)



The Vault

Calendar of recent and upcoming public finance activities and bond sales

September 5

Various Purpose General Obligation Bonds and Various Purpose General Obligation Refunding Bonds (\$2.4 billion)

The \$2,405,320,000 sale included \$1.741 billion of refunding bonds to refinance previously issued bonds under 24 different bond acts for debt service savings, and converts \$250 million of variable rate bonds to a fixed rate. The refunding is expected to save taxpayers \$690 million over the next 20 years (or \$588 million on a present value basis). Final yields to investors ranged from a low of 1.07% for a 2020 maturity with a 3% coupon to a high of 2.72% and 2.07% for 2049 maturities with 3% and 5% coupons, respectively. The all-in true interest cost was 2.54%.

September 17

State Public Works Board Lease Revenue Refunding Bonds, 2019 Series B (\$60.9 million)

There were 11 bids from broker-dealers, with UBS Financial Services Inc. submitting the winning bid at an all-in true interest cost of 1.837%. The refinancing of bonds issued in 2006-2007 will result in a savings of \$15.7 million to taxpayers over the next 14 years (or \$14.4 million on present value basis.)

October 16

Federally Taxable Various Purpose General Obligation Bonds and Various Purpose General Obligation Refunding Bonds (\$1.13 billion)

The bonds were sold via two separate competitive bids, the first was for \$680.13 million of bonds to provide funds for voter-approved projects and programs. The bonds attracted 11 bids from broker-dealers, with BofA Securities submitting the winning bid at an all-in true interest cost of 2.359%. The second was for \$457.4 million of refunding bonds to refinance previously issued GO bonds. The

refunding bonds attracted 10 bids from broker-dealers, with Morgan Stanley & Co. submitting the winning bid at an all-in true interest cost of 2.39%. The refinancing will result in a savings of \$37.8 million to taxpayers over the next 20 years (or \$31.6 million on present value basis).

October 29

State Public Works Board Lease Revenue Bonds, 2019 Series C (\$313.3 million)

Proceeds will provide funding for Department of Forestry and Fire (CalFire) to fund the Lone Academy Dormitory project; four California Department of Corrections and Rehabilitation (CDCR) jail projects: (1) the Riverside County Jail project; (2) the Santa Barbara County Jail project; (3) the Tulare County Jail project; (4) the Sutter County Jail project; and Health Care Facility Improvement Program projects at 19 correctional facilities operated by CDCR. Loop Capital Markets LLC and Siebert Cisneros Shank & Co., LLC served as joint senior managing underwriters, with Alamo Capital serving as co-senior manager. In addition, there were also 11 co-managers to round out the syndicate. The all-in true interest cost was 2.599% and final yields to investors ranged from 1.08% in 2020 to 2.29% in 2044.

November 13

Various Purpose General Obligation Bonds and Various Purpose General Obligation Refunding Bonds (\$685 million)

The sale included \$397 million of Various Purpose GO Bonds and \$288 million of Various Purpose GO Refunding Bonds. The \$397 million of Various Purpose Bonds will be used to paydown commercial paper notes that provided interim financing for projects under 15 bond acts approved by voters between 1998 and 2018. The \$288 million of Refunding Bonds will be used to refinance bonds issued in 2009, at a savings to California taxpayers

of \$154.9 million over the remaining life of the bonds, or \$122.7 million on a present value basis. The State received bids from 12 broker-dealers. Due to strong interest in the bond sale, the State obtained low-cost long-term financing for vital voter-approved infrastructure projects throughout California and reduced debt service costs associated with previously issued bonds.

November 19

California Health Facilities Financing Authority: No Place Like Home Program Senior Revenue Bonds (Social Bonds - Federally Taxable)

(\$500 million)

Proceeds will provide funding to the Department of Housing and Community Development's No Place Like Home Program to assist in the production of permanent supportive housing for persons who are experiencing homelessness, chronic homelessness or who are at risk of chronic homelessness, and who are in need of mental health services. The 15-year fixed rate revenue bonds were sold by an underwriting syndicate of 15 broker-dealers led by Raymond James & Associates, Inc. and Citigroup Global Markets Inc. The bonds are rated Aa3 by Moody's Investors Service, AA- by Fitch Ratings and AA- by Standard & Poor's. The all-in true interest rate on the bonds, which are subject to federal income tax, is 2.77%. Yields to investors ranged

from 1.896% for the 2021 maturity to 3.034% for the 2034 maturity. The syndicate generated in excess of \$2.3 billion of total orders from over 100 unique investors, including \$84 million directly from international investors, \$596 million from 13 investors with Environmental, Social and Governance (ESG) and Socially Responsible Investing (SRI) objectives, and \$200 million from 18 local government investment funds.

December 5

IBank, California State Teachers' Retirement System (CalSTRS) Headquarters Expansion Lease Revenue Bonds, Series 2019 (Green Bonds)

(\$281 million)

Proceeds will be used to construct, furnish and equip an expansion to the existing headquarters of CalSTRS in the City of West Sacramento.

More information about the upcoming fall bond sales can be found at [BuyCaliforniaBonds.com](https://www.buycaliforniabonds.com).

The bond issuances described above (including the amounts and timing thereof) are preliminary and subject to change or cancellation based on market conditions or other factors as determined by the State Treasurer.





The Ma Squad



With my Local Agency Investment Fund (LAIF) team members, Nicole Mah, Nicole Milliron and Laurieanne Blanco at the 2019 LAIF Conference. LAIF investment funds from local governments are combined with the State's General Fund and other surplus money in a Pooled Money Investment Account (PMIA) to maximize returns for taxpayers. The conference provides updates on the PMIA's goals and objectives, as well as on LAIF operations. Treasurer Ma expressed an appreciative thank you to all LAIF representatives who attended this year's reception and conference.



Visiting with friends of the 24 Carrot Certified Organic Farm owned by Bay Area native Ben Hansen. The farm stand operation joins with other local businesses to feed the local community. From left to right: farmhand Aly Schmaultz, El Dorado county Chamber of Commerce President Gordon Helm, Ben Hansen, farm manager Allison Ryan, Treasurer Ma, Seth Doulton of the Treasurer's external affairs team, El Dorado County Chamber of Commerce CEO Laural Brent-Bumb.



With American Quartz Group, Inc. CEO and President Tommy Hu, marking the opening of his new business in Barstow. American Quartz Group is the first quartz surfaces manufacturer on the West Coast, and only one of a few in the nation.



At the 2019 National Federation of the Blind California Convention with my friend Jonathan Lyens moments before speaking about serving as State Treasurer and the benefits of the California Achieving a Better Life Experience ([CalABLE](#)) program, whose board I chair. At the lectern is National Federation of the Blind of California President Tim Elder.