2020 HIGHLIGHTS...

From the Desk of California State Treasurer Fiona Ma

JANUARY 2021

Dear Friends,

The year 2020 challenged us in myriad ways. And from one instance to the next Californians on the whole put forward their best effort to rise to the occasion. This is no less true of the California State Treasurer's Office.

Important day to day work is often carried out quietly and in the background. At other times – as when we met reassuringly strong investor confidence in our bonds despite market uncertainties stirred by the pandemic – we drew a national spotlight. Both categories of accomplishment deserve to be highlighted. And both are celebrated in the following pages.

Our achievements in 2020 resulted from the work of a talented corps of state employees who maintained, or expanded, essential public programs and services even as they learned to quickly adapt to new processes involving workplace health precautions, best telecommuting practices, and the powerful potential of communicating with small business owners and taxpayers using video streaming platforms that have rapidly gained popularity.

While the coronavirus pandemic was shaking up work routines and personal lives and sending shock waves through the health care system and the economy, my staff and I were vigilantly ensuring that California's public financing mechanism continued to smoothly and fully function so the state could go on without missing a beat selling bonds that support vital public activities.

In 2020, my office served as the agent of sale on more than $20 billion in debt. Bonds were issued to fund the building of educational facilities, water projects, correctional facilities, transportation projects, parks, stem cell research, flood control, disaster preparedness, environmental projects, housing, and other vital infrastructure. These efforts encompassed everything from helping health care centers to offset the financial impact of COVID-19 on public services to providing housing for homeless persons who need mental health services.

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The Bond Buyer, an independent trade publication that serves the nation's municipal bond industry, in 2020 bestowed its national "Deal of the Year" award on us for the inaugural $500 million offering of bonds for California's "No Place Like Home (NPLH)" Program established by the state legislature. NPLH was the first large municipal bond program created to invest in homeless housing infrastructure and secured directly by taxes on high-income residents. This prestigious award singled out our California bond from among more than 12,000 individual offerings in the United States this past year. I was also honored to receive from The Bond Buyer and Northeast Women in Public Finance (NEWPF) the annual Freda Johnson Public Sector Award for Trailblazing Women in Public Finance.

We also brought a renewed emphasis in 2020 to listening and responding to the voices and urgent needs of Californians. When local communities asked financing committees I chair to direct more resources to building housing in communities ravaged by wildfire, we obliged them, directing $91 million of federal emergency tax credits for financing low-income housing to the counties of Sonoma, Butte, Lake, Los Angeles, Mendocino, Napa, Orange, San Diego, Santa Barbara, Shasta, Ventura and Yuba.

On the legislative front, in 2020 I sponsored and supported impactful legislation ultimately signed into law by Governor Gavin Newsom. There is now, for instance, a law protecting a family's college savings account from creditors. I also provided advice and information to policy-making bodies on state and federal disaster relief and economic recovery and stimulus.

A central function of the State Treasurer's Office involves managing financing programs that support businesses seeking to expand, purchase equipment, retain workers, create jobs, upgrade energy systems, install electric vehicle charging stations, and more. In these and other programs my office oversees we continue to achieve new milestones.

Examples that shine through the highlights in this report include our three savings programs serving persons with disabilities, families with higher education aspirations, and private sector workers preparing for retirement. More than 7,300 employers have registered for CalSavers, the groundbreaking new retirement savings program for private sector workers whose board I chair. More than 96,000 people are now participating. And funded accounts total more than $28 million.

These days we spread the word about such programs to chambers of commerce, other business groups, and individuals through video streaming platforms like Zoom. Of course, we are doing a lot of webinars. While no replacement for in-person meetings, these new ways of communicating are proving very effective, providing easy public access and encouraging a high level of participation. Still, I don't think any of us anticipated 600 would register for the webinar I co-hosted in August offering women tips on what it takes to land a seat on the boards of public corporations headquartered in California. This webinar grew out of my interest in ensuring the success of a recent law that mandates these companies increase the number of women on boards.

I was also honored in 2020 to be named to the Vatican's Council for Inclusive Capitalism, a historic collaboration of CEOs and global leaders working with Pope Francis to make economics more inclusive and sustainable. In addition to being a vital component of Catholic social teaching, these goals are of increasing urgency to compassionate policymakers everywhere.

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While acknowledging the upheaval, pain, loss and tragedy we faced in 2020, I invite you to join me in recognizing the ongoing efforts and programs within the State Treasurer's Office that help during these challenging times to keep the normal and necessary business of public life on track.

Please be assured that we will continue to work just as hard in 2021 to enhance the financial well-being and future of every business and community and each individual in California.

In Peace & Friendship,

Fiona Ma
CALIFORNIA STATE TREASURER FIONA MA, CPA

WE SHORED UP MORE CALIFORNIANS' SAVINGS SO YOU MAY RETIRE, LIVE WITH DISABILITIES, OR PURSUE HIGHER EDUCATION WITH GREATER EASE...

CalSavers, the state's groundbreaking retirement savings program for private sector workers, celebrated a tremendous surge in the number of people joining the ranks of Californians who are preparing now for their post-employment years.

CalSavers passed its first milestone for employers and experienced major saver growth in 2020 despite the challenges of the pandemic. By the end of the year more than 96,000 people were actively participating with funded accounts amounting to more than $28 million, more than 7,300 employers were registered, and the surge has only really just begun.

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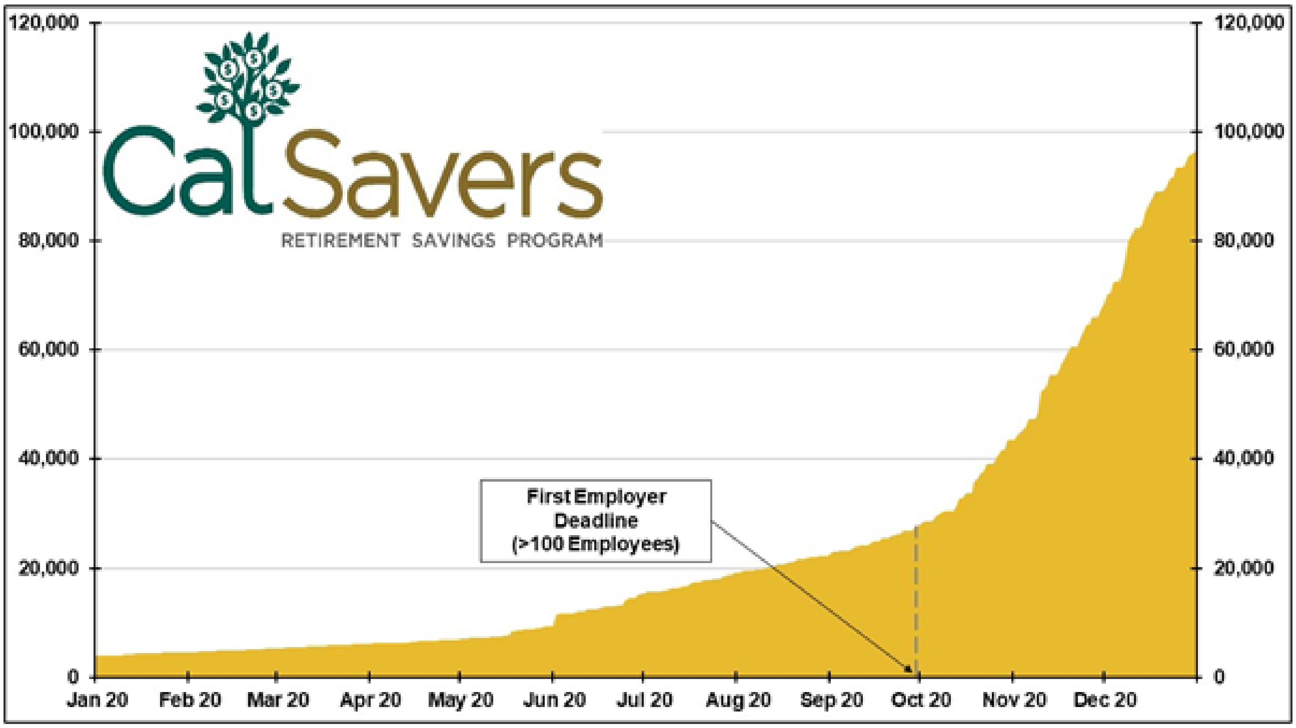
Growth in CalSavers Funded Accounts 2020



CalSavers provides access to a simple, portable retirement savings option and levels the playing field for hard-working Californians who don't have access to a retirement plan at work—all at no cost to the state and taxpayers.

Looking ahead to 2021, we expect rapid growth driven by employers with between 50 and 100 employees. We will continue to pound the pavement—and the webinar circuit—as we reach out to employers, improve technology, add new educational content for savers to support them on their savings journeys, and collaborate with other state agency partners to broaden the program.

With more employer deadlines coming up in 2021 and 2022, tens of thousands more employers will come aboard and help provide a path to retirement security for workers who have been left out – until now.

Learn more at https://www.treasurer.ca.gov/calsavers/index.asp.

And if you're an employer looking to sign up, visit www.calsavers.com.

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ScholarShare 529, meanwhile, has continued to beckon to more California families with its steady emphasis on the wisdom and benefit of securely saving today for a child's future education.

A tax-advantaged plan such as ScholarShare 529 can help families generate as much as 25 percent more cash for school than a traditional savings plan. Furthermore, plans like ScholarShare 529's are often credited with helping graduates avoid the need to acquire burdensome student loan debt that today average $21,000 to $22,000 per student.

The program achieved new record growth in 2020 with total new accounts opened and new contributions exceeding 2019's figures by 18.8 percent and 14.5 percent respectively. Families are also saving more, as reflected in the total assets which topped $11 billion for the first time this past November. College, or additional learning and certification in the skilled trades, remains a constant priority for many. Californians who save through ScholarShare 529 for these purposes have withdrawn more than $4 billion to date.

ScholarShare 529 also launched its 2020 Matching Grant Program, which offers eligible low-to moderate-income families the opportunity to receive a dollar-for-dollar match of up to $200 for contributions made to a new ScholarShare 529 account -- and a $25 bonus for establishing recurring monthly contributions. This is the third year this popular program has been offered, with more than 1,000 applications submitted in 2020.

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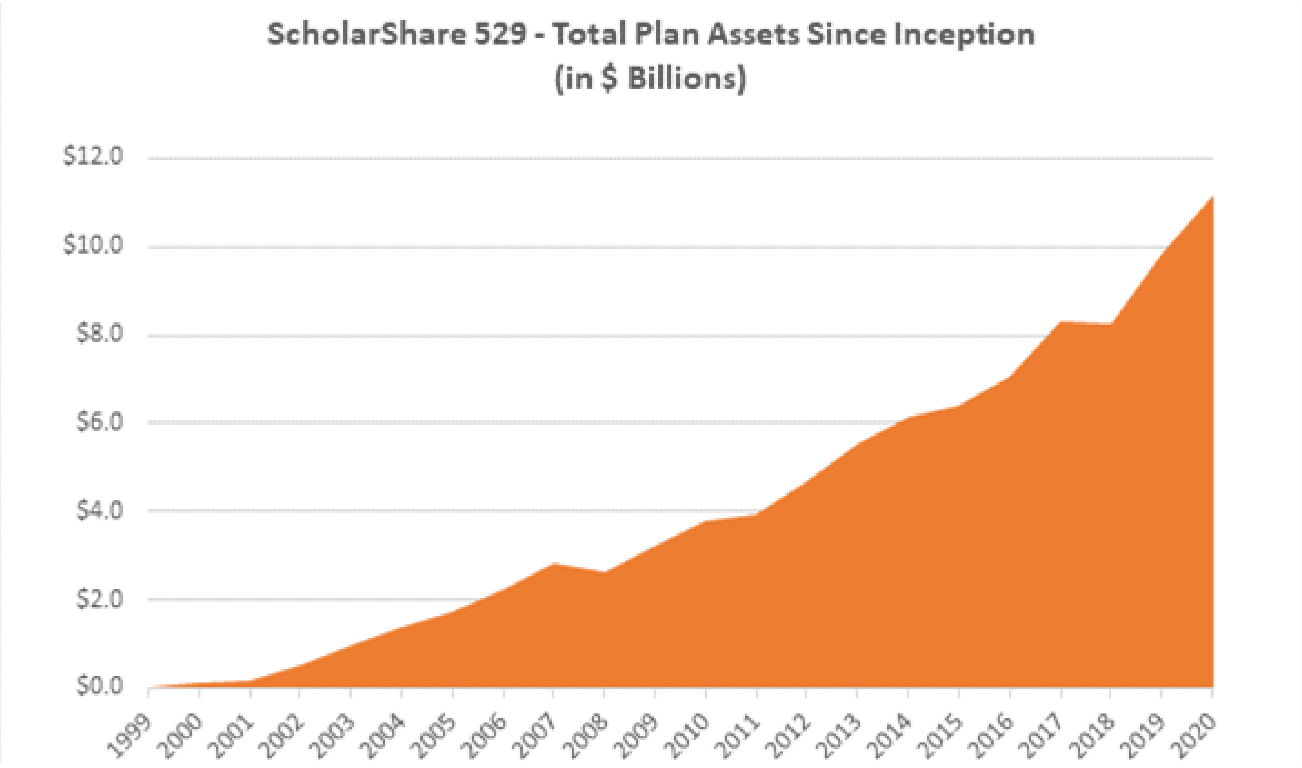

ScholarShare 529 also marked an increase in the number of employers introducing workers to the benefits of its Workplace Savings Program, which is easy to use, requires no contract or requirements, and adds no cost to the employer. Thirty-four additional employers have joined this outreach effort, bringing the total to 1,067. Among them are Nevada County, the City of Chico, and the high-tech firm NetGear.

In 2020, fees charged to participants also were reduced – making them among the lowest in the country. Fees for ScholarShare 529's "passive enrollment year" portfolios, the plan's most popular investment options, are 10 percent lower. This is anticipated to amount to $2 million in savings annually for participants.

Lastly, we are proud to report on the passage into law of Senate Bill 898. This legislation, authored by Senator Bob Wieckowski and sponsored by Treasurer Ma, protects a family's ScholarShare 529 accounts from creditors when they fall on hard times.

Learn more at https://www.treasurer.ca.gov/scholarshare/index.asp

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CalABLE Ambassador Antonio Contreras

CalABLE, California's savings and investment program for individuals with disabilities is the state's version of the federal Achieving a Better Life Experience (ABLE) Act of 2014. A person's assets are protected in an ABLE account from being counted as a resource during means-testing for benefits they might receive through such programs as SSI or Medi-Cal.

CalABLE allows individuals to save tax- and penalty-free. They also may access their funds for a broad range of qualified expenses that help to improve health, independence and quality of life.

CalABLE, in only its second year of operation, achieved 5,640 enrollments with more than $33 million in assets under management. It is now recognized as among the fastest growing ABLE programs in the nation, moving up the rankings from eleventh place to sixth in 2020.

CalABLE's shift to virtual communication platforms resulted in outreach to 1,200 participants. A monthly webinar series, meanwhile, attracted 1,800 participants and generated 3,600 views on YouTube. Also in 2020, we selected eight participants from across California to become "ambassadors" for the program. The ambassadors share with others their experiences managing their CalABLE accounts.

Treasurer Ma accepted the role of chairperson for the ABLE committee of the National Association of State Treasurers (NAST), placing California in a firm leadership position among the nation's ABLE programs. This means, among other things, a leadership role in promoting the passage of the ABLE Age Adjustment Act, a bill currently making its way through congress that could increase the overall number of people eligible to open an ABLE account.

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Meanwhile, we also welcomed two new board participants in 2020: Carla Castaneda, the delegate for the Director of the Department of Developmental Services; and Kathleen Barajas, the delegate for the Chairperson of the State Independent Living Council.

CalABLE looks forward in 2021 to expanding public awareness about itself. In January, we will have a new marketing firm onboard to help us broaden the base of the CalABLE brand. CalABLE also will offer financial literacy education to potential and current account holders while encouraging them to set long-term financial goals to increase their financial security.

Learn more at https://www.treasurer.ca.gov/able/index.asp

WE DIDN'T MISS A BEAT DURING THIS CHALLENGING TIME MANAGING CALIFORNIA'S DEBT, HANDLING ITS BANKING, STRENGTHENING THE INVESTMENT POWER OF LOCAL GOVERNMENTS, AND KEEPING YOU INFORMED...

IAs of December 1, 2020, the State Treasurer served as agent for sale on over $20 billion in debt. Approximately $17.3 billion of that debt was state debt, with conduit debt accounting for another $3.4 billion of the total. (Conduit debt is issued for a third party.)

The **Public Finance Division (PFD)** of the State Treasurer's Office timely and accurately processed approximately 1,100 claim schedules (essentially requests for bondholders to be paid) accounting for $17.5 billion in debt service payments (including the refunding of bonds) in 2020.

But let's roll the tape back to March, 2020 for a moment to better capture one of the year's highlights. As the financial markets reacted to the economic implications of the COVID-19 pandemic, the 10-year Municipal Market Data index (a measure of borrowing rates for governmental issuers, like California) rose from 0.78 percent on March 9 to 2.79 percent on March 20. During this period, the municipal market was essentially shut down with only a few issues pricing. More importantly, short term borrowing rates for governments using variable rate debt came under significant stress.

Over the course of the next few weeks, with support of the federal government to restore liquidity to the financial markets, the municipal market slowly re-opened. Issuers and investors remained cautious in the face of the ongoing volatility and uncertainty.

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The PFD planned and executed its April 2020 General Obligations (GO) Bond Sale against this challenging backdrop. The successful pricing of the $1.4 billion offering – which was more than three times larger than any financing that had come to market since the start of the pandemic – gave confidence to market participants that the municipal market was open for business.

The sale helped drive overall new issue volume during the week of April 13 to near pre-pandemic levels. Importantly, the offering not only helped to demonstrate that a large financing could be successfully priced at appropriate market levels, it also showed that despite the uncertain impact of the pandemic on California's finances a broad range of investors were willing to support the sale.

2020 Issuance by Program (as of Dec. 1)

Program	Total
General Obligation Bonds	$7,373,235,000
State Public Works Board	702,210,000
UC Regents	4,598,740,000
California State University	2,203,280,000
Department of Water Resources	1,059,360,000
Department of Veterans Affairs	193,860,000
California Earthquake Authority	700,000,000
CHFFA No Place Like Home	450,000,000
Conduit	3,378,121,868
Grand Total:	**$20,658,806,868**

Note: State Public Works Board figure includes SPWB 2021A Forward Delivery which settles in October 2021. Department of Veterans Affairs figure includes Veterans GO and Revenue Bonds.

Nearly two-thirds, or $11.1 billion, of state debt issued in 2020 was issued as new money bonds. Slightly more than one-third, or $6.2 billion, was issued as refunding bonds (to refinance existing debt), which provided over $1.8 billion in present value savings to California taxpayers. [See table below.]

Refunding Savings by Program (as of Dec. 1)

Program	Refunding Savings Present Value	Refunding Savings Gross
General Obligation Bonds	$1,539,636,421	$1,815,060,731.46
State Public Works Board	132,950,518	147,686,656.48
UC Regents	4,847,653	5,047,669
California State University	115,160,597	135,105,752
Department of Water Resources	47,317,389	52,237,697
Grand Total:	**$1,839,912,578**	**$2,155,138,506**

Note: Figures exclude conduit bond sales. State Public Works Board figure includes SPWB 2021A Forward Delivery which settles in October 2021.

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In October 2020, the PFD sold a second tranche of the No Place Like Home (NPLH) bonds. As with the inaugural NPLH issuance in 2019 – which drew significant accolades in December when it was named the national "Deal of the Year" by The Bond Buyer, a respected trade publication – the proceeds from the October sale are to be used to fund permanent supportive housing for persons experiencing homelessness and who are also in need of mental health services.

This is a new and innovative credit funded from a portion of taxes raised through Proposition 63, which established a one percent state tax on income in excess of $1 million. The proceeds of the NPLH bonds are intended to fund "social projects" as defined in the Social Bond Principals adopted by the International Capital Markets Association.

In November of 2020, the PFD sold $100 million of variable rate G.O. bonds to fund projects authorized by the Water Quality, Supply, and Infrastructure Improvement Act approved by voters in 2014.

Following the initial weekly interest rate period, the weekly interest rate for the bonds will be determined by the Clarity BidRate Alternative Trading System (Clarity). Clarity is an innovative electronic trading platform that enables a centralized marketplace for bidding, pricing, trading, and analyzing data for municipal variable rate securities. Investors of the bonds participate in a competitive bid process and are able to directly bid each week for the bonds. Bonds are then allocated to investors based on their bid level and the final clearing rate.

Treasurer Ma strongly supports Clarity's goals, which she has noted democratize the variable rate market by creating an investor controlled marketplace that maximizes transparency, leverages technology, and helps to promote a broader and deeper distribution of bonds, which could lead to improving overall the risk for issuers and investors alike.

Follow California bonds at: https://www.buycaliforniabonds.com/state-of-california-ca/i27

Treasurer Ma, top center, at the trading desk in the Investment Division. To her left is Investments Division Director Kristin Szakaly-Moore. Investments Division Assistant Director Jeff Wurm is standing, far right. (Photo predates pandemic.)

The Investments Division, as with other sections of the State Treasurer's Office, managed to surmount a number of unique challenges in 2020. In particular, the majority of the division shifted workflow to accommodate work from home orders, including moving to the use of electronic platforms for managing and sharing information on daily investment trading activities, shifting the processing of Local Agency Investment Fund (LAIF) transactions for participating local agencies from internal phone systems to cell phones, and promoting and increasing LAIF online enrollment from 546 participants before the pandemic to 846 today.

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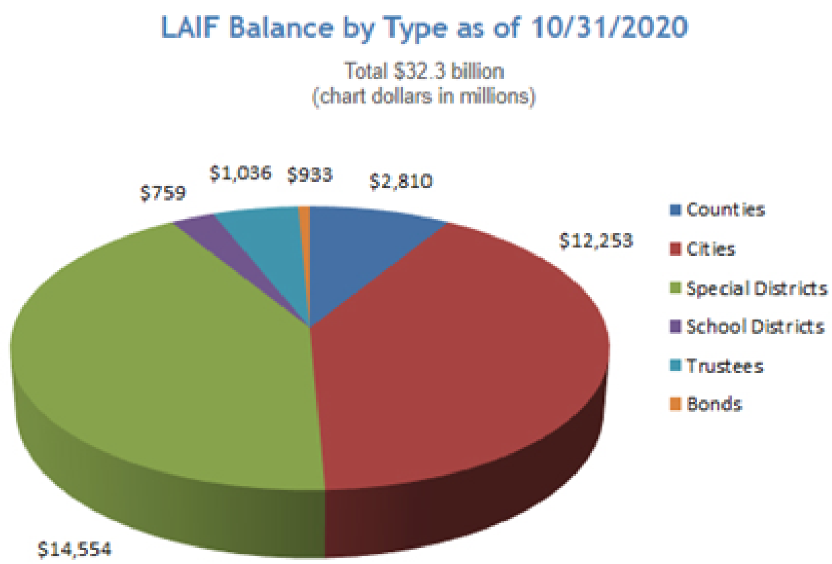
The State Treasurer's Office, through LAIF, provides the opportunity to local agencies to invest using the expertise of the State Treasurer's office investment staff at no additional cost to the taxpayer.



The division managed the consolidated Pooled Money Investment Account (PMIA) portfolio through a highly volatile investment market, created greater safety and liquidity as it reached an all-time high of $115.7 billion in July. In addition, the PMIA experienced the largest workflow in recent history with over 1,000 transactions totaling $51.7 billion in September alone.

INVESTMENT ACTIVITY	September 2020		August 2020	
	NUMBER	AMOUNT ($)	NUMBER	AMOUNT ($)
Pooled Money	916	45,739,362	491	24,450,174
Other	45	3,576,407	78	526,889
Time Deposits	79	2,388,000	69	2,137,490
Total	1,040	51,703,769	638	27,114,553

The LAIF program added 46 new participants and created greater flexibility for local agencies by increasing the per account maximum to $75 million and providing participants additional investment opportunities by adding two emergency account options for CARES Act Funds and PG&E Wildfire Settlement Payments. In addition, staff held an interactive LAIF webinar attended by more than 250 participants in lieu of its annual conference, which was cancelled due to the pandemic.

The Investment Division remains vigilant about safety and liquidity in these extraordinary economic times. LAIF staff are reviewing the potential for further webinars and look forward to a return to the annual in-person conference at a new venue in Southern California next year.

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CDIAC Executive Director Robert Berry and Treasurer Ma about to start a webinar on navigating investor disclosures.

The California Debt and Investment Advisory Commission (CDIAC), in the earliest days of the COVID-19 crisis, established and continually updated three new web pages to provide one-stop access to rapidly changing municipal debt information and to give issuers a better view of how the public finance community was reacting to the crisis.

Even in the face of the pandemic, CDIAC continued educating and training California public finance officials. In January and early March, CDIAC held three days of in-person seminars on advanced public investing and municipal debt disclosures for 135 participants in southern California. Shortly thereafter, the pandemic forced CDIAC to adapt all its programming to an online format and webinars became the norm.

Since the shift to webinars CDIAC has produced over 15 hours of educational content with seven different programs and reached over 1,700 active participants – more than twice the number of participants that would be expected with live programs. And, the topics covered were wide-ranging.

Some topics were directly responsive to the crisis such as COVID-19 related financial disclosure and short-term cash flow borrowing. Others were an adaptation of recurring curriculum on debt issuance fundamentals and the basics of Mello-Roos financing.

CDIAC also used the electronic medium to distribute valuable information and elevate the collective understanding of the public finance community on climate change related financial disclosure and to directly connect public finance officials with Treasurer Ma herself.

CDIAC's research and technical assistance team worked in concert with the continuing education program to provide foundational research and guidance supporting the content presented through the webinar programs.

Top COVID-19 Disclosure "Hacks," a follow-up to an earlier disclosure-focused webinar program, developed a consensus opinion among more than a dozen experts on the approach agencies could take to disclose the impact of COVID-19 on their financial condition.

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Climate Change Disclosure Among California Enterprise Issuers was the culmination of an extensive, first-of-its-kind research project to assess the completeness of climate change financial disclosure among some California issuers. The report was the basis for a three-hour webinar program titled Informing the Investment Decision: Climate Change Disclosure in the Municipal Market.

In addition, CDIAC's research team updated its Local Agency Investment Guidelines, produced reports on authorized but unissued K-14 general obligation bonds and state and local elections, and developed guidance for local agencies on investing in callable securities.

Explore CDIAC at https://www.treasurer.ca.gov/cdiac/index.asp

DebtWatch, a robust public information website, provides multiple views of virtually any community's debt in California. Providing such information is at the core of what CDIAC is all about. DebtWatch provides both the public and policymakers with comprehensive information on all state and all local debt authorization and issuance and serves as a statistical clearinghouse.

The CDIAC data team anticipated processing nearly 13,000 reports of debt issuance and annual financial status filings by the close of 2020. The reported debt issuance volume by state and local agencies is expected to exceed $85 billion and could reach levels not seen for more than 10 years.

Approximately one-third of the debt issued has been directed to K-14 and university facility purposes. More than 40 percent of all debt issuance has been used to refinance existing debt, reduce interest costs and save taxpayer dollars. Detailed information on California public agency debt, both proposed and issued, is available on the DebtWatch website. We invite you to dive in at https://debtwatch.treasurer.ca.gov/

WE PROVIDED NEEDED BONDS, GRANTS, LOANS AND TAX CREDITS TO BUILD HOSPITALS FOR CHILDREN, BLUNT THE IMPACT OF COVID-19 ON CERTAIN HEALTH SERVICES, SPUR IMPROVED DESIGNS FOR SENIOR HEALTH CARE FACILITIES, AND CONSTRUCT SCHOOLS AND AFFORDABLE HOUSING ...

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As the world braced for the anticipated spread of the coronavirus pandemic, the **California Health Facilities Financing Authority (CHFFA)** in April of 2020 created the COVID-19 Emergency HELP Loan Program to provide zero interest rate loans of up to $250,000 for construction, remodeling, renovation, equipment/furnishings, and working capital for facilities impacted by COVID-19.

To date, two loans of $250,000 each have been approved, one for the Asian American Drug Abuse Program, Inc. to house a new residential program, and one for Operation Samahan, Inc. to expand programs and provide COVID-19 screenings and services.

In addition, CHFFA's board approved delegating to CHFFA's Executive Director the power to approve the deferral of existing HELP II loan debt service payments for up to three months to help defray the cost of responding to the COVID-19 pandemic. (See below for additional details on HELP II loans.)

More recently, in December, CHFFA received the prestigious 2020 Bond Buyer's Deal of the Year award for its 2019 inaugural $500 million No Place Like Home bond. The No Place Like Home Program authorizes up to $2 billion of bonds, with the proceeds going to counties for the development of permanent supportive housing for persons who are experiencing homelessness, chronic homelessness, or are at risk of chronic homelessness, and who are in need of mental health services.

In September, CHFFA approved a second tranche of up to $450 million in federally taxable bonds for this groundbreaking effort, which combined voter-approved income tax revenues and a "social bond" designation to help relieve the state's homeless problem.

Treasurer Ma at UC Davis Children's Hospital with members of her staff and Rajvinder Dhamrait, Medical Director of the Children's Surgery Center; Judy Boehmer, Executive Director of Patient Care Services; Allison Brashear, Dean of the UC Davis School of Medicine; David Lubarsky, CEO of UC Davis Health; and Satyan Lakshminrusimha, Chair of Pediatrics.

Voters also approved general obligation (GO) bonds in 2004 ($750 million), in 2008 ($980 million), and in 2018 ($1.5 billion) to improve the health and welfare of California's critically ill children. GO bonds provided the stable and ready source of grant funding for CHFFA grants. In 2020, CHFFA approved grant funding for three children's hospitals – Valley Children's Hospital ($43 million), Lucile Salter Packard Children's Hospital at Stanford ($63.4 million), and Children's Hospital & Research Center at Oakland ($26.3 million). It also provided grant funding for 15 hospitals that provide pediatric services under the California Children's Services Program ($127.7 million – for hospitals located in the counties of Kern, Los Angeles, San Bernardino and Ventura, among other places).

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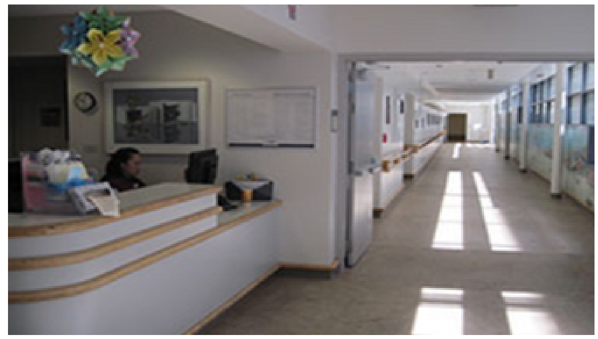
In addition, in 2020 CHFFA approved the issuance of conduit bonds for Stanford Healthcare ($515 million, tax-exempt), Marshal Medical Center ($56 million, tax-exempt, and $26 million, taxable), PIH Health Inc. ($376 million, tax-exempt), On Lok Senior Health Services ($60 million, tax-exempt), and CommonSpirit Health ($1.02 billion, tax-exempt).



The Lifeline Grant Program administered by CHFFA assisted small and rural health facilities, including community-based clinics with little to no access to working capital, at a time when they face the reduction or elimination of federal government assistance. In 2020, CHFFA approved grants for, among others, Women's Community Clinic/Lyon-Martin Health Services ($225,000), CommuniCare Health Centers ($193,000), and 27 Planned Parenthood Mar Monte, Inc. facilities in Northern and Central California ($1.2 million).

The HELP II Loan Program administered by CHFFA provided low-interest rate loans to California's nonprofit small or rural health facilities for the purchase or construction of new facilities, the remodeling or renovation of existing facilities, the purchase of equipment or furnishings, or to refinance existing debt. CHFFA approved HELP II loans for Mayers Memorial Hospital District ($1.5 million) and Community SeniorServ ($1.49 million).

The Community Services Infrastructure (CSI) Grant Program, also managed by CHFFA, assisted jail and prison diversion programs and services by increasing and expanding mental health treatment facilities, substance use disorder treatment facilities, and trauma-centered service facilities in communities across the state. CHFFA approved $48.2 million in funding for projects in the counties of Contra Costa, Los Angeles, Nevada, Riverside, Sacramento, San Joaquin, Solano, and Yolo.

In 2021, CHFFA, anticipates continuing to work with the **California Educational Facilities Authority (CEFA)** on a COVID-19 Task Force focused on establishing new programs designed to help CHFFA and CEFA stakeholders weather the revenue and expenditure impacts of COVID-19 on California's public and non-profit health facilities and private, non-profit institutions of higher learning.

CEFA's **College Access Tax Credit Fund (CATCF)** in 2020 provided a tax credit to taxpayers and businesses that contribute to Cal Grants, the State of California's largest source of educational financial aid. The credit can be used to offset or reduce taxes. Cal Grants provide aid to California undergraduates in need, vocational training students, and those in teacher certification programs. These grants help California students achieve their higher education goals. The CATCF received more than $9.8 million in contributions for Taxable Year 2018 and approximately $808,000 for Taxable Year 2019.

Read more about CEFA at https://www.treasurer.ca.gov/cefa/index.asp

Read more about CHFFA at https://www.treasurer.ca.gov/chffa/index.asp

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The California School Finance Authority (CSFA) in 2020 returned to its original mandate of aiding traditional school districts. It also extended its reach beyond the K-12 educational facility space to work on affordable housing options for community college students. It continued to access federal grants that leverage state dollars. And it maintained a busy schedule meeting the manifold demands of high performing charter schools that are educating some of our neediest students. (See graphic on charter schools below.)

Also in 2020, Treasurer Ma, CSFA, the Mayor's Housing Office of the City of Los Angeles, and the Southern California Association of Non-Profit Housing, hosted two roundtables to begin development of a comprehensive strategy for housing economically vulnerable community college students. The roundtables produced the report: Collaborations to Support Educational Housing: Serving the Needs of California's Underserved Community College Students. The effort reflects the Treasurer's broad and ongoing concern about ensuring infrastructure and safety net resources are available to California's most vulnerable citizens.

Additionally, in September the CSFA board approved an issuance of bonds on behalf of Santa Rosa Junior College for its proposed student housing project. The issue is expected to price and close in the second quarter of 2021.

In June, the pandemic-induced financial crisis compelled Gov. Gavin Newsom and legislative leaders to fashion a 2020-21 budget that included substantial apportionment deferrals for education funding. Up to 70 percent of state aid for California public schools could eventually be deferred.

Anticipating the financial strain on local educational agencies as they attempt to weather these deferrals, CSFA laid the groundwork for a 2021 issuance of two separate, pooled, short-term financing notes on behalf of K-14 districts and charter schools. These bond issuances provide a financing option that offers both affordability and peace of mind to schools and districts.

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Charter School Facility Grant Program (SB740)

CSFA's SB740 Program approved awards for 397 different charter schools that served over 161,000 students for a total funding of $137,272,000.

Charter School Facilities Incentive Grants Program (Incentives Program)

Under the Incentives Program the CSFA approved disbursements totaling more than $127.6 million to 70 schools, which serve more than 33,246 students.

Charter School Facilities Program (CSFP)

The CSFP disbursed $172,448,092 in funds impacting more than 6,189 students; 63.12% are English Learners, Foster Youth, or eligible for Free/Reduced-price meals.

Charter School Revolving Loan Fund Program (CSRLFP)

The CSRLFP conditionally awarded 21 loans to 21 schools, for $5.1 million. As of November 30, 2020, all but three schools received their initial disbursement, totaling $1.74 million.

Meanwhile, CSFA's Conduit Bond Program in 2020 issued a record 16 bond and loan financings that together totaled approximately $360 million, also a record. Many of the financings priced at historically low rates for CSFA issuances, ensuring significant savings to schools as every dollar not spent on financing costs is another dollar that may be spent in the classroom.

In addition to its charter school clients, CSFA in 2020 was the conduit issuer to Grossmont Union High School District — the first non-charter issuance for CSFA in nearly a decade. Tellingly, the $33,185,000 financing achieved an Aa3 credit rating, the highest intrinsic rating for a CSFA issuance. Read more about CSFA at https://www.treasurer.ca.gov/csfa/index.asp

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The Low-Income Housing Tax Credit (LIHTC) program in the State Treasurer's Office is a crucial tool for the production and preservation of affordable rental housing. It is effective in leveraging public and private investments. And it is a major funding source in California for producing and preserving affordable rental housing.

The program, administered by the **California Tax Credit Allocation Committee (CTCAC)**, allocates 9 percent or 4 percent federal tax credits to qualified projects. It also allocates State Tax Credits, working to do so with the **California Debt Limit Allocation Committee (CDLAC)**. CDLAC provides the bond allocation for the 4 percent tax credits required by the IRS.

Through CTCAC, private investors receive federal, and sometimes also state, income tax credits as an incentive to make equity investments in affordable rental housing. Since 1986, nearly three million affordable housing units have been placed in service nationwide thanks to Low-Income Housing Tax Credits.

Because of their unique ability to leverage both public and private investments, CTCAC and CDLAC play important roles in providing affordable housing in California and helping to meet the goal of creating 3.5 million new housing units by 2025 – a feat that will require every sector of the housing community pulling together.

Such an effort, to be successful, must include private sector development of market rate housing, as well as a system of federal, state and local government support for single family and multifamily housing. Both CTCAC and CDLAC are on course to greater efficiency and maximizing the number of units that can be created with the resources available.

CTCAC and CDLAC have provided an increasing number of units of housing since 2017. The number of units increased from 14,091 in 2017 to 19,759 in 2018, and from 21,311 in 2019 to 24,387 in 2020.

TCAC and CDLAC continue to remain focused on the in-depth regulatory review and revision process begun in 2019 by Treasurer Ma. The process – which moves next to additional modernization and alignment through implementation of regulation in 2021 – has included stakeholders, nonprofits, for-profits and minority groups. Treasurer Ma organized visits to 15 cities in 2019 alone to collect feedback on changes developers, tenants, advocates, and others wished to see.

Some proposed regulations were published on January 22, 2020. Four public hearings were held to solicit comments statewide. And the changes were adopted by CTCAC on April 3.

2020 HIGHLIGHTS...

The changes included long-awaited modernization and simplification of environmental, energy, and financial regulatory requirements and processes. They also included such things as the removal of "cosmetic rehabilitation" from the list of qualifying projects, which provides additional tax credits for substantive rehabilitation projects.

CTCAC also moved in 2020 to close a loophole that failed to protect tenants from being displaced from their homes without adequate relocation assistance. It also moved forward to reintroduce SRO, or "Single Room Occupancy," projects as a housing category type; older SRO projects are once again eligible for 9 percent and 4 percent tax credits that may be used for rehabilitation and restructuring projects.

The governor and lawmakers contributed to the urgency with which the two programs have worked throughout 2020 on new regulations when they increased the annual State Tax Credit allocation for housing from $100 million to $600 million.

In September CTCAC met with representatives from San Francisco Unified School District to discuss workforce housing for school district employees. CTCAC was also approached by Los Angeles Unified School District regarding the same issues. It was concluded that CTCAC could approve affordable low-income housing projects that give a preference to school district employees without violating federal public use requirements – a decision that paves the way for such projects in the future and will contribute to community economic development.

On December 20, 2019, the U.S. Congress passed the Further Consolidated Appropriations Act of 2020 carried by Rep. Mike Thompson. This legislation provided CTCAC with an additional $98 million in 2020 in Federal Tax Credits for its 9 percent program -- in addition to the $100 million annually it already receives. The additional $98 million was marked to be used in 2020-21 for projects in declared disaster areas, including 13 California counties struck by wildfires in 2017 and 2018.

For more information on CDLAC go to: https://www.treasurer.ca.gov/cdlac/index.asp.

Find more information on CTCAC at: https://www.treasurer.ca.gov/ctcac/index.asp.

WE MARKED NEW MILESTONES IN FINANCING CALIFORNIA BUSINESS EXPANSIONS, EQUIPMENT PURCHASES, AND GREEN ENERGY CONVERSIONS – AT THE SAME TIME AS WE STEPPED UP OUR EFFORTS TO LET BUSINESS KNOW ABOUT THE GROWING NUMBER OF PROGRAMS AVAILABLE TO THEM ...

2020 HIGHLIGHTS...

Among the many programs that fall under the aegis of the State Treasurer's Office that benefit business, the **Time Deposit Program** overseen by the Investments Division, stands out. The Time Deposit Program in 2020 directed deposits of about $4.5 billion into nearly 80 financial institutions statewide. These deposits by the State Treasurer are intended to stimulate local economies by supporting financial institutions that serve small business and other interests within communities they know best.

In 2020 the **California Alternative Energy & Advanced Transportation Financing Authority (CAEATFA)** worked diligently to ensure the seamless availability of its programs while continuing to refine programs already in alignment with California's long-term goals.

CAEATFA adopted modified **Sales and Use Tax Exclusion (STE) Program** regulations to prioritize projects located in areas of higher unemployment and to promote job creation, environmental benefits, and recycling. At the same time, it addressed the program's oversubscription over the last two years and balanced the ability to ensure a broad distribution of sales tax exclusion awards against assistance for larger, scalable projects.

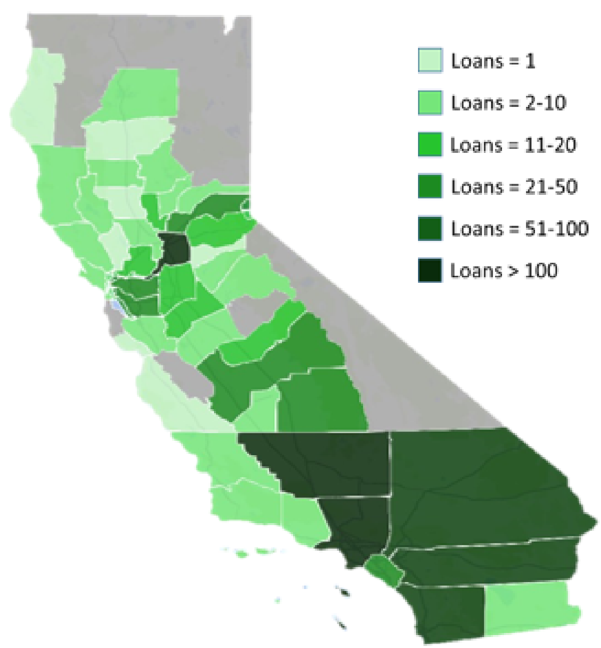
By year's end, the STE Program had approved 24 applications for a total of $100 million in sales and use tax exclusion awards to California manufacturers and recyclers, with two-thirds of the projects located in areas of higher unemployment. These projects are anticipated to provide an estimated $220 million in net benefits to the state and support more than 17,500 jobs.

The **California Hub for Energy Efficiency Financing (CHEEF)** saw significant growth in its private capital financing programs to help Californians make their homes and businesses more energy efficient.

The **Residential Energy Efficiency Loan Assistance (REEL) Program** reached several milestones: over 1,000 loans enrolled and more than $16 million financed, the highest volume of new loans enrolled in a single quarter. It also received approval to transition from a pilot to a full-scale program from the California Public Utilities Commission.

REEL Loans Enrolled by County

Program Inception (Q3 2016) – Oct. 31, 2020



2020 HIGHLIGHTS...

Meanwhile, the Small Business Energy Efficiency Financing (SBF) Program benefited from increased virtual outreach, and the Affordable Multifamily Energy Efficiency Program launched a new financing product. Additionally, we launched the Spanish language version of GoGreenFinancing.com, the customer-facing platform for the financing programs.

All of CAEATFA's programs have ambitious initiatives planned for 2021. The CHEEF team will modify the REEL and SBF programs to improve operations and allow for scale. The STE Program has already received applications oversubscribing the 2021 general pool by $20.75 million, with funds still remaining in the newly created pool set aside for small projects. Also under development in 2021 are programs to support low-interest financing of Property Assessed Clean Energy efficiency projects in commercial buildings and to utilize CAEATFA's conduit issuance authority for bonds financing green projects.

For more information on CAEATFA go to https://www.treasurer.ca.gov/caeatfa/index.asp.

Small businesses burdened by the effects of wildfire and the coronavirus pandemic in 2020 turned to the **California Pollution Control Financing Authority (CPCFA)**, through its **California Capital Access Program (CalCAP).** The program extended the opportunity for participating financial institutions to receive supplemental contributions for loans made to borrowers located in state-designated emergency or disaster areas and those directly impacted by the pandemic.

CPCFA in 2020 also issued tax-exempt and taxable green bonds for forest management. A total of $15,120,000 went to North Fork Community Power, LLC to finance the construction of a forestry residue fueled biomass power plant project located in North Fork in Madera County. The feedstock is provided by suppliers who collect dead and felled trees from local forested areas, reducing fire risk. This feedstock is subjected to heat without sufficient oxygen to enable combustion and is thus converted from a solid into a hydrogen rich gas. The gas is used to fuel generators producing electricity that is then sold to PG&E. Once fully operational, the plant will employ 15 full-time employees.

In addition, we issued our first taxable bond anticipation note (BAN) transaction. The $25 million note for Mission Rock Utilities, Inc. will fund district heating and cooling, sewage recycling and water furnishing facilities for a new and unique mixed-use waterfront neighborhood in downtown San Francisco. The Mission Rock development includes commercial buildings, parks, a community garden area, and residential homes. Affordable housing will make up 40 percent of the homes built. A cornerstone of the Mission Rock project is its sustainability strategy which calls for advanced environmental stewardship and strategy.

Find out more about CPCFA at: https://www.treasurer.ca.gov/cpcfa/index.asp

2020 HIGHLIGHTS...

Members of the Treasurer's External and Constituent Affairs team pose for a composite virtual group portrait that also reflects their new post-pandemic work environment.

The External Affairs and Constituent Affairs group within the State Treasurer's Office helps to keep business, civic, cultural, consumer, and other vital public groups informed about the qualifications and benefits of a broad range of programs overseen by the State Treasurer.

Over the year, the External Affairs team produced and supported over 120 virtual educational outreach events – the result of quickly pivoting from physical on-site efforts such as our small business seminars to a greater digital and online presence. The team also pivoted to emphasizing programs and financial tools within the State Treasurer's Office that could most help individuals and small businesses get through the pandemic.

These small business webinars and workshops were often produced in partnership with local groups, recorded, and are publicly available at https://www.youtube.com/c/CaliforniaStateTreasurersOffice/. As Shelter in Place restrictions were being introduced, the team early on began pushing out useful information culled from seven digital databases on the Treasurer's website. These easy to navigate and up-to-date resources included not only answers to frequently asked questions about COVID-19, but also useful information on taxes, food access and relief efforts helpful to small businesses, individuals, and seniors.

The Constituent Affairs team meanwhile answered more than 700 queries and requests for help in 2020. Californians hit hard by the COVID-19 pandemic sought assistance with such issues as how to file unemployment claims and where to turn for rental assistance. There were concerns about missing stimulus payments and questions about where to turn for financial support.

The team acted as a liaison to other government agencies, including the state Employment Development Department (EDD), Franchise Tax Board (FTB), and the U.S. Internal Revenue Service (IRS), to help resolve taxpayer difficulties.

The Treasurer's intern program, which is overseen by the External Affairs team, also continued during the pandemic in an online format. Twenty interns completed the program, which includes financial literacy activities and policy analysis.

2020 HIGHLIGHTS...

WE ALSO MADE GREAT PROGRESS ON EXISTING INITIATIVES AND JOINED A VERY IMPORTANT NEW ONE...

The Treasurer, working with her External Affairs team and in partnership with such organizations as the Thirty Percent Coalition, also made significant strides in promoting greater diversity in corporate boardrooms in California through her **Women's Registry** database. The database currently includes 387 women who receive news of board opportunities and other information. (To join the registry, use the Google Form at https://bit.ly/WomensRegistryForm.)

In August, nearly 600 women registered for a two-hour Zoom webinar on how to land a seat on traditionally male-dominated boards that govern public companies headquartered in California. Legislation signed into law by then Gov. Edmund G. Brown, Jr., requires that by the end of 2021 corporations with their principal executive offices in California must include at least two female directors if a board has five members, and three female directors if a board has six or more members.

A new, related law the Treasurer had a hand in passing in 2020 calls for the addition of more individuals from underrepresented communities to corporate boards in California (AB 979, Holden). She also provided input on legislation in 2020 at the state and federal level that focused on economic recovery, disaster relief, and stimulating the economy.

Bills the Treasurer actively sponsored, supported and provided technical assistance on that were also signed into law by Governor Gavin Newsom in 2020 include SB 898 (Wieckowski), which exempts higher education ScholarShare 529 college saving accounts from creditors outside of bankruptcy cases; AB 1525 (Jones-Sawyer), which incentivizes banks and credit unions to provide banking services to the cannabis industry by facilitating access to licensees' track and trace data; and SB 1441 (McGuire), which removes the sunset on local governments' ability to collect Utility User Taxes (UUTs) on retail sales of prepaid wireless telecommunication products and services.

In December Treasurer Ma was named to the Council for Inclusive Capitalism. This historic collaboration of CEOs and global leaders is working with the moral guidance of Pope Francis to harness the power of business to make economies more inclusive and sustainable. It includes global leaders across different sectors and industries who are committed to best practices for the development of inclusive economies and societies. The council is guided by an approach that provides equality of opportunity for all people to pursue prosperity and quality of life, irrespective of criteria such as socio-economic background, gender, ethnicity, religion or age; equitable outcomes for those who have the same opportunities and seize them in the same way; fairness across generations so that one generation does not overburden the planet or realize near-term benefits that incur long-term costs, at the cost of future generations; and, fairness to those in society whose circumstances prevent them from full economic participation in the economy.

2020 HIGHLIGHTS...

Capping a very full year, financial industry leaders honored Treasurer Ma in 2020 by naming her the winner of the 10th Annual Freda Johnson Public Sector Award for Trailblazing Women in Public Finance, emphasizing her success in breaking through numerous glass ceilings and for her commitment to mentoring young women in the workplace.

The award, sponsored by Northeast Women in Public Finance (NEWPF) and The Bond Buyer newspaper, is presented annually to a woman who “is a role model as to how to be a leader; has introduced innovative practices, financings or programs that have provided benefits to the municipal industry; developed individuals in the industry, actively serves as a mentor; promotes the participation and professional growth of women in public finance; and, demonstrates the highest levels of professionalism and integrity, reflecting positively on the public finance industry.”

California State Treasurer Fiona Ma, CPA

Press Release

FOR IMMEDIATE RELEASE
Contact: Mark DeSio
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PR 20:40
August 18, 2020

Six Hundred Women Registered for August Webinar on What It Takes to Get a Corporate Board Seat in California

Next Webinar on Sept. 29 for Companies Explores Ways to Add Diversity to Boards

SACRAMENTO – If there was any question about the interest women have in learning how to land a seat on traditionally male-dominated boards that govern public companies headquartered in California, the August 13 webinar cohosted by California Treasurer Fiona Ma answered it.

More than six-hundred women registered for the nearly two-hour long Zoom webinar.

“The success of this webinar is part of the larger narrative of social change sweeping through our lives and our culture,” Treasurer Ma said. “The day has come for this push forward for

Treasurer Ma, the NEWPF added, “has maintained a lifelong focus and commitment to promoting women and encouraging diversity at work.”

Named for Freda Johnson, whose outstanding and successful career in public finance has inspired so many women in the municipal bond industry, the award recognizes those serving or who have served in public finance and epitomize the qualities that Freda brought to our industry as a “trailblazer,” leader, innovator and mentor. She was also Executive Vice President and head of the Public Finance Division at Moody’s Investors Service from 1979 through 1990.

… AND AS WE BID 2020 FAREWELL THERE IS ONE LAST BIT OF BUSINESS TO TEND TO …

Congratulations to the brave contestants and these winners of our annual (and first virtual) ugly sweater contest!

Jean Shih, CDIAC - 1st Place

Tom Dear, CSFA - 2nd Place

Daren Shearer. CAEATFA - 3rd Place