YEAR-END HIGHLIGHTS...

From the Desk of California State Treasurer Fiona Ma, CPA

2019

Dear Friends,

The second half of the year went by just as fast as the first six months. In this "Highlights" report, top-line achievements made by the State Treasurer's Office (STO) from July through December of 2019 are noted. Accomplishments for the first half of the year were reported at the end of June.

Pursuant to state law, the State Treasurer serves as agent for sale on all state bonds. From July to December 15, 2019, the STO sold $8.3 billion of bonds, including:

- $4.23 billion of voter-approved general obligation bonds, including $1.74 billion for new projects and $2.49 billion of bonds to refinance older bonds at lower rates.
- $596 million of revenue bonds for the Trustees of the California State University.
- $500 million of revenue bonds issued by the California Health Facilities Financing Authority for the Department of Housing and Community Development's No Place Like Home Program.
- $374.2 million of lease revenue bonds for the State Public Works Board.
- $272.6 million of lease revenue bonds issued by the California Infrastructure and Economic Development Bank for the California State Teacher's Retirement System.
- $2.33 billion of conduit revenue bonds issued by various state financing authorities, including those chaired by the State Treasurer.

Continued on page 12

TABLE OF CONTENTS

Welcome from Treasurer Fiona Ma 1

Overview 2-4

Financial Wellness 5-7

Environment 8-9

Jobs 10-11

Community Outreach 11

Housing 12

This progress report 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.

Overview

Legislation

Treasurer Ma actively sponsored legislation during her first year in office with the following signed into law by Governor Newsom in the latter half of the year:

- AB 853 (Smith) – Addresses one of the greatest financial burdens of paying for college — rent. This legislation authorizes ScholarShare 529, California's college savings plan, to pay rent and other qualified expenses directly to the institution from the beneficiary's ScholarShare account, if the beneficiary makes the request.
- AB 872 (Aguiar-Curry) – Closes a loophole in the tax code by protecting children living on a small family farm from a property tax reassessment in the event they become owners of the farm after the death of a parent, under limited circumstances. This bill is narrowly drafted to address an inequity in California's complicated reassessment laws.
- AB 1287 (Nazarian) – Requires California Department of Aging, in partnership with other departments and in consultation with stakeholders, to develop a plan and strategy for statewide implementation of the No Wrong Door system (connecting individuals to long-term services) on or before July 2, 2020.
- SB 527 (McGuire) – Adds language to a California law known as the Williamson Act clarifying that cannabis and hemp cultivation count as "agricultural" or "compatible uses" under agricultural land conservation contracts, thereby making cannabis and hemp cultivation presumptively permissible activities under such contracts.
- AB 57 (Low) – Changes how a candidate's name is translated and listed on local ballots. Requires that if a jurisdiction provides a translation of the candidate's alphabet-based names into a character-based language, such as Chinese, Japanese, or Korean, phonetic transliterations of the alphabet-based name of candidates be provided, unless a candidate can prove that their birth name is different or that they have been known by a different name in the relevant community for at least two years.
- AB 1583 (Eggman) – The Sales Tax Exclusion Program, operated by the California Alternative Energy and Advanced Transportation Financing Authority, which is chaired by Treasurer Ma, was set to expire in 2021. But thanks to Assembly Bill 1583, also known as the "California Recycling Market Development Act," the program will continue for an additional five years. AB 1583 also updates California's recycling programs to adapt to significant challenges in the marketplace and extends a successful sales tax incentive program administered by the Treasurer's office.

Divestment from Fossil Fuels

Treasurer Ma, an ex officio Board Member of the California State Teachers Retirement System (CalSTRS), broke ranks in September with the CalSTRS Board's Investment Committee and stood with public school students and teachers in their demands for fossil fuel divestment. They urged the board to divest from fossil fuels to protect teachers' retirement savings and address the climate crisis.

Interstate Bullet Train

The California Debt Limit Allocation Committee conditionally approved a $300 million tax-exempt private bond allocation for an interstate bullet train from the High Desert north of San Bernardino to Las Vegas, a project completely separate from the state's high-speed rail plan. The bonds, when issued, will give the Virgin Trains USA-XpressWest project about half what's needed to build out the system, which will feature electric trains that run mostly across desert lands roughly parallel to Interstate 15. The system's maintenance yard is planned for California.

California's ScholarShare 529 College Savings Plan Earns Gold

Morningstar, a leading provider of independent investment research, awarded ScholarShare 529 a "Gold" Morningstar Analyst Rating in October 2019. Only three other 529 plans nationally received this recognition.

ScholarShare 529 recently launched a platform designed to assist local governments and non-profits interested in launching their own Children's Savings Account (CSA) program. Governor Newsom's budget included $50 million to spur and expand children's savings account (CSA) programs for children statewide. The California Kids Investment and Development Savings Program will receive a $25 million one-time General Fund allocation to establish a college savings account for every child born on or after July 1, 2020. Also, the Child Savings Account Grant Program will receive a $25 million one-time General Fund allocation to support new and existing CSA programs administered by local governments and nonprofit organizations, giving priority to those that open savings accounts for students at schools in lower-income neighborhoods and programs that invest a minimum of $100 to open each account. This program will be run by the Student Aid Commission.

Gig Workers, Others Register for CalSavers

"Gig" workers, self-employed, and people working for non-mandated employers began registering in October for the state's pioneering new retirement savings program, CalSavers. *(Read more on page 5.)*

First of its Kind for People with Disabilities

CalABLE and the National Disability Institute (NDI) launched a new website in October called the AchievABLE Corner, the first initiative of its kind to provide financial resources and tools for current and potential ABLE account holders on everything from the eligibility requirements, to opening a CalABLE account, to setting and achieving financial goals. The AchievABLE Corner can be accessed through the CalABLE website.

CalABLE is housed in the STO and allows people with disabilities to save money and invest like never before. NDI is one of the nation's premier advocacy organizations and a recognized leader in promoting the benefits of the federal ABLE Act for people with disabilities.

New Housing, Economic Development, Jobs and Opportunity Zone Ad Hoc Committee

Treasurer Ma created the 12-member committee in October to assist her office in developing out-of-the-box strategies to advance her housing and economic development goals, including: 1) Increase housing production; 2) Increase efficiencies in the use of resources she has available for housing production and economic development; 3) Incentivize/spur new technology; 4) Increase opportunities for people of color in the development and investment space; 5) Empower people to be part of the development happening in their communities; and 6) Increase opportunities for wealth building for all individuals irrespective of their zip code.

Children's Hospital Programs

Treasurer Ma visited nine children's hospitals that are receiving funding from the California Health Facilities Financing Authority (CHFFA) under the Children's Bond Acts of 2004 and 2008. In the Children's Hospital Bond Act of 2018 (Proposition 4) first funding round, on July 25, 2019, CHFFA approved$9.8 million in grant funds for Valley Children's Hospital to reimburse the cost of patient

care equipment, information technology devices, and renovating and equipping a fluoroscopy room, a new multi-fusion digital radiography room, and an oncology intravenous room to comply with new quality standards. Treasurer Ma is chair of CHFFA.

At the UCLA Mattel Children's Hospital (Los Angeles) where proceeds from the Children's Hospital Program helped pay for the pediatric-associated costs of a 525-bed replacement hospital, including a neonatal intensive care unit, pediatric intensive care unit, and medical-surgical beds. Additional funds helped construct a 266-bed replacement hospital at the hospital's Santa Monica campus. The Treasurer and her team met with Johnese Spisso, President and Chief Operating Officer; Dr. Sherin Devaskar, Department of Pediatrics; Santiago Munoz, Chief Strategy Officer; Richard Azar, Chief Operating Officer; and Rhonda Curry, Chief Communications Officer.

Schools

The California School Finance Authority's (CSFA) SB740 program approved and made awards to 347 different charter schools that serve 156,284 students for a total funding of $34.848 million. In addition, the CSFA awarded more than $14 million to 26 schools under the Charter School Incentive Grants Program, assisting more than 12,250 students. Finally, the CSFA awarded 24 loans, a total of more than $5.2 million, to 24 schools through its Charter School Revolving Loan Fund Program.

Community Services Infrastructure Grant Program

Chapter 33, Statutes of 2016 (Senate Bill 843, Section 52) established the Community Services Infrastructure (CSI) Grant Program with the goal of promoting 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 local communities. In the CSI Program's first funding round, CHFFA received ten applications, and on July 25, 2019, the Authority approved eight of these for a total amount of $18.2 million. These eight projects are in Los Angeles, Plumas, Riverside, San Joaquin, San Luis Obispo, Santa Cruz, Sonoma, and Yolo counties and are expected to expand jail diversion programs and serve an estimated 2,022 justice- involved individuals annually.

Lifeline Grant Program

The Lifeline Grant Program, authorized by Chapter 52, Statutes of 2017 (Senate Bill 97), assists small and rural health facilities, including community-based clinics, that may be adversely affected financially by a reduction or elimination of federal government assistance and that have little to no access to working capital. Planned Parenthood Northern California, a group of rural health centers that provides family planning, reproductive services, and sexual health services to the residents of Butte, Humboldt, Lake, and Mendocino Counties, applied for a total of $134,068 in grant awards for its Chico, Clearlake, Eureka, and Ukiah facilities, under what is called "the Title X trigger." On June 20, 2019, the United States Court of Appeals for the Ninth Circuit ruled that the Trump Administration's family planning rule could go into effect immediately. The new rule would make health centers ineligible to receive Title X family planning funding if they provide abortion referrals or services. Planned Parenthood Northern California was thus ineligible to receive $705,664 in Title X funds it otherwise would have received. The four facilities would have received $134,000 of that total. At its October 31, 2019 meeting, CHFFA approved final allocations to Planned Parenthood of Northern California in a total amount of $134,068 to cover the reduced federal funding for the current fiscal year.

FINANCIAL WELLNESS

FOR INDIVIDUALS

Expanding Access to Portable Retirement Savings Accounts for Private Sector Workers

CalSavers, the groundbreaking new retirement savings program, completed its pilot project and opened fully statewide in July. By December, the program had more than 3,200 funded accounts and $1.2 million in assets, all well before the first deadline for employers to comply with the new law in June 2020. See calsavers.com or a schedule of the three-year rollout. In October, CalSavers opened for "gig" workers, the self-employed, and any other self-enrollment. The program will provide access to a simple, portable retirement savings option for the more than seven million hard-working Californians who don't have access to a retirement plan at work.

Children's Education Savings Account Platform

In December, ScholarShare 529 announced the launch of its Children's Savings Account (CSA) platform designed to support local governments and non-profit organizations interested in establishing a local CSA program. The ScholarShare 529 platform is intended to support organizations that currently administer a citywide or regional CSA program or that may implement one through the CSA Grant Program. The ScholarShare 529 platform uses leading-edge technology to empower local governments and nonprofit organizations to deliver a CSA program with minimal administrative burden.

California Kids Investment and Development Savings Program

Established in 2019 with the signing of budget bills Senate Bill 77 and AB 114, the California Kids Investment and Development Savings (KIDS) program provides the ScholarShare Investment Board with $25 million in state funding for the purpose of establishing a children's savings account (CSA) program. Every child born in California after July 1, 2020 will be getting a CSA with a seed deposit of no less than $25, and parents and guardians will be encouraged to open a separate ScholarShare 529 account of their own in order to help families statewide save as much as possible for future higher education expenses. The program is expected to launch no later than January 2021.

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.

Financial Help for People with Disabilities

CalABLE, a program that provides tax-advantaged savings opportunities for people with disabilities, launched its formal marketing effort of digital ads, videos and tailored publications to bolster its strong grassroots education and promotional efforts. This outreach has led to more than 2,800 account openings and nearly $11.6 million in assets under management in less than a year. The CalABLE team was instrumental in the passage of AB 91 through the state Legislature. Among other tax related changes, AB 91 now allows owners to transfer their (529) college savings programs to a (529A) CalABLE account without any taxes or penalties. This new law conforms with changes added to the Federal ABLE Act in 2017.

No Place Like Home

The STO sold $500 million in revenue bonds for the State's No Place Like Home (NPLH) program, a groundbreaking effort to use voter-approved income tax revenues earmarked to help relieve the state's homeless problem. The bonds were designated as "Social Bonds" because they follow the Social Bond Principles adopted by the International Capital Markets Association. They are the first portion of bonds authorized by Proposition 2, which was approved by voters in November 2018.

FOR LOCAL GOVERNMENTS

Public Debt Issuance and Investment Education

The California Debt and Investment Advisory Commission (CDIAC) provided continuing education and training to more than 700 public finance officials through CDIAC-produced programs delivered through webinars or in-person seminars.

Drawing together over 30 faculty experts from the public and private sectors, CDIAC produced three separate days of in-person training for over 150 participants covering topics related to on-going debt administration, bond funds accountability, and compliance with newly amended federal disclosure requirements. Preparing issuers with the knowledge necessary to carry out their post debt issuance disclosure and administrative responsibilities is a critical component of CDIAC's continuing education program.

CDIAC also delivered a number of programs to support public officials engaged in the investment of surplus funds. Three one-day workshops focusing on analytics and benchmarking provided over 50 public professionals with the knowledge, techniques, and tools to balance investment portfolio performance and prudence.

Research, Guidance and Technical Assistance

CDIAC's research team completed and published the issue brief *Socially Responsible Investing: What Does it Mean and What is the Risk?* The publication provides guidance to public funds investment professionals that are considering or beginning to implement a socially responsible investment (SRI) strategy in the management of their public portfolio.

As a companion to their issues brief, CDIAC produced a webinar by the same name. An audience of 75 investment professionals logged-on to learn about legal requirements, policy adaptation, practices of other agencies, and credit analysis using metrics of social responsibility.

CDIAC also expanded the reach of its technical assistance on public fund investing through webinar presentations to the California Association of County Treasurers and Tax Collectors and the California Society of Municipal Finance Officers, as well as a presentation to the annual conference of the Local Agency Investment Fund.

Public Debt Disclosure and Transparency

CDIAC's core function is to provide the public with comprehensive information on all state and all local debt authorization and issuance, serving as a public debt statistical clearinghouse. In the last half of 2019, CDIAC's data collection and analysis team received and processed 860 reports of debt issuance by state and local agencies accounting for nearly $36 billion.

CDIAC was also notified of an additional $16 billion of debt proposed for issuance in 2020. Over $5 billion is slated for educational purposes. Detailed information on California public agency debt, both proposed and issued, is available on the Treasurer's DebtWatch website.

HEALTH

Bond Sales

(CHFFA) approved:

- Up to $590 million in tax-exempt revenue bonds for Providence St. Joseph Health to consolidate prior debt by refunding or refinancing a line of credit and a bank loan, as well as redeeming certain CHFFA Bonds issued on behalf of Providence Health & Services and St. Joseph Health System. The original bonds were used for the construction, expansion, remodeling, renovation, furnishing and equipping of Providence Holy Cross Medical Center, Mission Hospital, St. Jude Medical Center, Santa Rosa Memorial Hospital, Queen

of the Valley Medical Center, and St. Joseph Hospital of Eureka, among other hospitals.

- Up to $99.4 million in tax-exempt bonds for Scripps Health to refund outstanding CHFFA bonds. Refunding the outstanding bonds is expected to provide Scripps with a net present value savings of approximately $28.1 million over the life of the bonds. The original bonds were used to equip administrative support facilities, construct a parking structure and central energy plant, renovate an emergency department, health care facility building improvements, seismic upgrades, renovations, new pharmacy facilities, and to acquire and install equipment.

HELP II Loan Program

The HELP II Loan Program provides low-interest rate loans to California's nonprofit small or rural health facilities in an efficient, timely, and cost effective manner. HELP II loans may be used to purchase or construct new facilities, remodel or renovate existing facilities, purchase equipment or furnishings, and refinance existing debt. CHFFA approved the following HELP II loans:

- Redwoods Rural Health Center Inc., a community clinic in Redway, CA, was approved for a $1.5 million HELP II loan to renovate existing medical and dental buildings, accommodate parking needs, and replace aging HVAC systems.
- Unicare Community Health Center Inc., a community clinic in Ontario, CA, was approved for a $529,054 HELP II loan to purchase medical equipment and information technology to offer improved and a greater variety of services for its patients.
- Hart Community Homes Inc. of Fullerton, CA, was approved for a $1,330,000 HELP II loan to purchase an existing apartment complex. As an additional group home under Hart Homes' not-for-profit organization, the purchase of the facility is expected to add eight bedrooms to be used as shelter for at-risk young adults.
- TLC Child & Family Services of Sebastopol, CA, was approved for a $480,000 HELP II loan to purchase a house to be used for transitional housing for clients who are transitioning from TLC's foster care services.

EDUCATION

Charter School Facilities Program

Four schools were determined by the STO to be financially sound for the general obligation bond proceed apportionments as part of the Charter School Facilities Program. The total apportioned was $52.5 million for six projects (four rehabilitation projects and two new construction projects) and are expected to serve 4,696 students in Alameda, Sacramento, San Joaquin, and Sonoma counties.

The school in Sonoma County, Roseland Charter School, was greatly affected by the wildfires over the past few years and the approved projects will provide financial relief and bring some normalcy to the students and their parents.

Additionally, the California School Finance Authority issued $221.5 million in bond debt for 16 charter schools serving approximately 20,700 students.

Revenue Bond Sales

The California Educational Facilities Authority (CEFA), chaired by Treasurer Ma, approved:

- Up to $65 million in tax-exempt revenue bonds for Loyola Marymount University to refund two prior CEFA bonds. The refunding of these bonds is expected to provide Loyola Marymount with a net present value savings of approximately $12.8 million. The original bonds were used to repurpose, improve, renovate, and convert a campus library and to finance certain seismic and safety improvements and upgrades to other administrative and academic educational facilities.
- The College Access Tax Credit Program (CATCP) provides a tax credit to taxpayers and businesses who 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. CATCP has received nearly$6.4 million in contributions for Tax Year 2017 and $9.9 million for Tax Year 2018.

ENVIRONMENT

California Green Bond Development Committee

The committee held its first meeting in June and its second in November. It is an ad hoc group appointed by the State Treasurer to promote and expand the use of green bonds for climate-resilient infrastructure in California. The wider use of green bonds will be a catalyst for greater investment in climate-friendly investments.

The intent of the Treasurer is to enlist persons with backgrounds in governmental finance, infrastructure development and finance, facilities management, climate-change accounting and measurement, environmental and finance policy, and related disciplines. Consistent with the Treasurer's philosophy of inclusive and transparent government, the committee is designed to exemplify the principles of diversity, equity, and inclusion.

It is anticipated that the committee will partner with other University of California and State of California departments to assist in the development, publicity, and implementation of strategies developed or adopted by the committee. It is expected to meet at least three times annually.

The committee has adopted a charter and approved a work plan. Members of the committee were deeply involved with the second annual Green Bonds California 2019 conference held in mid-October with the support of the Milken Institute. Results of this assembly will shape the conversation around the big issues and the strategies that can be deployed to grow green, social and sustainability bond markets exponentially in the coming years. Treasurer Ma was the keynote speaker at this event.

CalSTRS Headquarters Expansion

In December, the STO sold $272.6 million of lease revenue bonds to fund a cutting-edge expansion of California State Teachers' Retirement System (CalSTRS) headquarters using innovative designs to achieve energy and resource savings while enhancing workforce well-being. The project is located in West Sacramento and designated "Green Bonds – Climate Bond Certified." It will use green building practices, including green technologies, sustainable construction, energy conservation, and whole-building integrated efficiency measures, while also promoting employee wellness goals. The bonds will be issued by the California Infrastructure and Economic Development Bank (IBANK).

Treasurer Ma tours rPlanet Earth in Vernon, the only vertically integrated PET plastic recycling manufacturer in the world. The visit was part of a day-long up-close and personal tour of rPlanet Earth and three other innovate manufacturing businesses -- General Dynamics-NAASCO in San Diego, Edwards Lifesciences in Irvine, and Trademark Brewing in Long Beach. Collectively, the four received more than $33 million in sales tax exclusions through the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA), whose board the Treasurer chairs. CAEATFA promotes high-tech and green manufacturing and recycling, providing select businesses with 100-percent sales and use tax exclusions on purchases of qualified tangible property over three years. A bill authored by Assemblymember Susan Eggman (AB 1583) and sponsored by Treasurer Ma, extends the program another five years and has been signed into law by Gov. Gavin Newsom.

Webinar Series

The California Debt and Investment Advisory Commission (CDIAC) held a three-part webinar series called Green Bonds

in the Golden State: A Practical Path for Issuers. The program explained the risks and benefits of a green bond issuance and how to strike the proper balance between strong financial and environmental stewardship. It was produced in collaboration with the Goldman School of Public Policy at the University of California, Berkeley. There were over 225 participants.

Hub for Energy Efficiency Financing Programs

In October, CAEATFA launched two new green energy efficiency financing programs to help California meet its ambitious climate goal of doubling energy savings by 2030. The Small Business Energy Efficiency Financing (SBF) program and Affordable Multifamily Energy Efficiency Financing Program (AMF) program are aimed at reducing the cost of financing energy efficiency improvements for small businesses, nonprofits, and owners of affordable housing. Such improvements range from HVAC systems, energy efficient appliances and lighting to manufacturing equipment and custom projects. In both programs, the state contributes to a loan loss reserve fund that functions as an insurance pool for the lenders, enabling them to offer better terms to borrowers, including lower monthly payments and broader eligibility. These two programs join the existing residential energy efficiency loan (REEL) assistance program, which hit a milestone of $10 million in financing residential retrofits. More information can be found at www.gogreenfinancing.com.

Green Bond Sale for Rice Waste Recycling Plant

In August, the STO sold $73.7 million in tax-exempt green bonds for CalPlant I, LLC, a company that will turn rice straw into medium density fiberboard at its Willows plant in the Sacramento Valley. The fiberboard can be used in manufacturing flooring, furniture, doors, shelves and other products. The bond sale was authorized by the California Pollution Control Financing Authority (CPCFA).

Rice straw is a waste product created by approximately 500,000 acres of rice grown and harvested in California each year. Currently, most rice straw is eliminated by flooding fields and allowing the straw to decompose, which releases methane gas. The new plant will avoid that process for about 275,000 tons annually, and save an estimated 17.8 billion gallons of water and prevent about 57,000 tons of methane, a greenhouse gas, from being released into the atmosphere.

Cleaner Burning Heavy-Duty Trucks

The California Capital Access Program (CalCAP), administered by the CPCFA, partners with lenders to finance cleaner heavy-duty trucks to transport goods throughout California. Funded by the California Air Resources Board (CARB), the CalCAP program hit a milestone in November by supporting over 25,000 loans to small business owner-operators to upgrade their vehicles to cleaner fuel technologies in compliance with CARB's Statewide Truck and Bus Rule. The exhaust from older diesel trucks including those manufactured before 2010 poses a significant health risk, especially to vulnerable populations who live along major transportation corridors. Cleaner diesel, compressed natural gas, hybrid and battery electric vehicles qualify.

Treasurer Ma chairs a meeting of the California Debt & Investment Advisory Commission, one of 16 boards, commissions and authorities for which she is responsible.

JOBS

Private Activity, Tax-Exempt Bonds

In September, the California Debt Limit Allocation Committee (CDLAC) board, chaired by Treasurer Ma, approved a provisional private activity bond allocation of $300 million for Virgin Trains USA / XpressWest to finance a ground-breaking high-speed rail line that will connect Southern California to Las Vegas. Early projections estimate 10,000 construction jobs and more than 1,200 housing units.

Sales Tax Benefits for Manufacturers and Recyclers

The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA), chaired by Treasurer Ma, supports California's mission to provide financial incentives to cutting-edge companies by offering a sales and use tax exclusion to certain manufacturers to promote alternative energy and advanced transportation, advanced manufacturers, and recyclers. These manufacturers create high-paying, permanent jobs that bolster the state's economy. Here are a few examples of sales tax benefits before the annual $100 million sales tax exclusion award cap was reached in July:

- CAEATFA approved up to $20 million in sales tax benefits to Edwards Lifesciences of Irvine to upgrade and expand a facility that makes devices to treat cardiovascular disease. The benefit is intended to support the retention and creation of 974 production jobs and 90 construction jobs.
- Sioneer Stockton, LLC, received a $1.2 million sales tax benefit to purchase $15 million of equipment to expand its glass recycling facility. The facility will help retain 13 jobs and create 15 construction jobs. It will divert 63,600 tons of glass from landfills. The glass recycling technology used by Sioneer also reduces the carbon impact of cement when combined with pozzolan, a fine glass powder.
- Entekra of Modesto received a $1.7 million sales tax benefit to purchase $20 million in equipment to build a new facility in Modesto for the production of 3,000 pre-engineered structural shells for residential buildings each year. It will help create and retain 218 full-time jobs, 50 construction jobs, and produce 30 percent less waste than the standard industry manufacturing process.
- Allogene Therapeutics, Inc., a clinical stage biotechnology company, received a $3 million sales and use tax benefit to build a new allogeneic chimeric antigen receptors ("CAR") T cell manufacturing facility

Getting familiar with a privately operated high- speed rail system serving South Florida. California and Nevada are supporting a similar high-speed rail system that would link Los Angeles and Las Vegas and could create 10,000 jobs. Some of the funding would come through the sale of tax-exempt private activity bonds approved by the California Debt Limit Allocation Committee (CDLAC) under the aegis of the State Treasurer's Office.

in Newark. Allogene is developing a pipeline of allogeneic CAR T (AlloCAR TTM) cell therapies with the goal of delivering readily available cell therapy on-demand, more reliably, and at greater scale to more patients with hematologic and refractory cancers.

The facility will support a total of 176 production-related jobs and 30 construction jobs. Additionally, Allogene represents that its new facility will conserve water usage by 97 percent relative to the industry standard manufacturing process.

The sales and use tax exclusion program is currently authorized through 2026..

Community Outreach

One priority of the Treasurer's External Affairs team is to build strong, strategic relationships with groups with missions similar to the Treasurer's and her programs. This included outreach to Economic Development Corporations and chambers around the state to promote affordable housing, small business incentives, energy efficiency, retrofit financing, and much more. External Affairs also:

- Sponsored more than 20 small business and financial empowerment workshops and conferences throughout California serving hundreds of constituents and providing information on the numerous Boards, Committees and Authorities (BCAs) chaired by Treasurer Ma, including CalSavers, ScholarShare 529, TCAC, CDLAC, CalABLE, CPCFA, and CAEATFA. The events gave constituents direct access to a staff person on the Treasurer's team.
- Community outreach workshops are tailored to industry and location and the region's economic culture. The External Affairs team has created custom programs for Asian Pacific Islander (API) small business owners and veterans groups.
- The team fosters strong partnerships with outside agencies, local governments and nonprofits, including CalHFA, CalVet, the Small Business Majority, Go-Biz, IBank, Main Street Launch and CalCPA, so workshop attendees can get one-on-one consultations during workshops.
- External Affairs participated in more than 30 events this year, including workshops, expos, community tours and other outreach events, engaging with thousands of Californians and providing resources to the public.
- Over the summer, the External Affairs Northern California team recruited and mentored a group of 12 interns who participated in a six-week MaSquad training program. Each intern successfully completed an individual presentation on a selected BCA, provided a thorough analysis of legislative bills, and learned the importance of financial empowerment. The interns also assisted in conducting research, updating constituent databases, and supporting office duties.

Treasurer Ma and members of her team in Florida for the 2019 annual conference of the National Association of State Treasurers (NAST). Treasurer Ma is hosting NAST's 2020 national conference in San Diego. (From left to right: Legislative Director Kasey O'Conner, Chief of Staff Genevieve Jopanda, Deputy Treasurer for Public Finance Timothy Schaefer, Deputy Director-Northern California External Affairs Noah Starr, CalABLE Executive Director Dante Allen, State Treasurer Fiona Ma, CalSavers Executive Director Katie Selenski.)

HOUSING

New State Tax Credits and Regulation Changes

The California Tax Credit Allocation Committee (CTCAC) administers federal and state low-income housing tax credit programs. Traditionally CTCAC has administered approximately $100 million per year in state tax credits. With the passage this year of AB 101, CTCAC is providing an additional $500 million in state tax credits specifically to target new construction of affordable units beginning in 2020.

In October 2019, new regulation changes that streamline the application process for these new state tax credits were approved by CTCAC, which is chaired by the Treasurer. The regulation changes will promote production, spur new innovations, and improve cost containment efforts involving affordable housing.

These new regulations require winning projects to be "shovel-ready" within 180 days of tax credit allocation and also favor projects that maximize the amount of new housing units that will be produced with the number of tax credits allocated. This will move the needle by decreasing barriers in the application process and will ultimately fast-track housing production.

As such, the new regulations should go a long way toward encouraging the development of new affordable housing units as quickly as possible. The first application deadline for a portion of the new state tax credits under the proposed regulations was November 15, 2019 for consideration at the January 15, 2020 CTCAC meeting.

California Tax Credit Allocation Committee

- Financed over 14,000 affordable housing units with low-income federal and state tax credits.
- Reserved just under $244 million in annual federal tax credits and more than $47 million in total state tax credits for 149 low-income housing tax credit projects.

California Debt Limit Allocation Committee

- Awarded $3.9 billion in bond allocation for multifamily projects and $258 million in single-family projects for a total of more than 15,000 units of low-income housing tax credit projects.

Continued from page 1

The refunding of older, higher-interest General Obligation (GO) bonds in favor of today's lower interest rates will save taxpayers $883 million over the next 20 years, or $742.7 billion on a present value basis. Also of note was the bond-rating upgrades from Fitch Ratings and Moody's Investor Investors Service in August and October. Fitch Ratings upgraded California's GO bond rating from "AA-" to "AA" and Moody's Investors Service upgraded the state's GO bonds to "Aa2" from "Aa3." In publicizing the rating change, Fitch cited, among other reasons, reductions in budgetary borrowings, and the continuing commitment to set aside funds for California's rainy day fund.

I want to thank you in advance for reading this latest update of STO activities. I am very proud of our successes in the first year of my administration. It is an honor and privilege to serve you -- #ILoveMyJob.

In Peace & Friendship,

Fiona