

# NEWS...

## From the Desk of California State Treasurer Fiona Ma, CPA



### AUGUST 2020

Dear Friends,

In the heat of August you might find yourself thinking about upgrading to a more efficient energy system for your home or business. If so, this newsletter is for you. Working with investor-owned utilities we offer a credit enhancement that makes heating and cooling upgrades affordable. Read how the ‘Hub’ can help you or your business on page five.

Of course, to worry about heating and cooling a home you first need to own one. Sadly, home ownership is out of reach of many – especially families in the “missing middle.” These are people in the housing market’s hollowed out center, trapped between the bookends of unaffordable, high-priced homes and lower costing alternatives for which they don’t qualify because their incomes are too high.

I suspect there may be more creative, out-of-the-box ideas and strategies about how to help this missing middle than we are aware. We’re just not hearing them. So I invite you to help. And spread the word. We’re looking for great ideas and strategies! Read more on page four.

Lastly, an important reminder to women that California requires publicly owned companies headquartered here to have a certain number of women on their boards of directors by the end of 2021. Interested? Good! Read page two to learn how to add your name to my registry of interested women and to take part in an upcoming online workshop that will cover everything you need to know to approach a company about a board seat.

In Peace & Friendship,

Fiona Ma  
California State Treasurer Fiona Ma, CPA

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



# Ask Fiona

If you have a question, please email me at [askfiona@treasurer.ca.gov](mailto:askfiona@treasurer.ca.gov)

Dear Fiona,

I read that you created a registry for women interested in serving on corporate boards. I am an executive with an extensive background in accounting and finance. I have worked for large global corporations as well as start-ups and I currently serve as CFO for a private corporation. I would love to serve on a corporate board, but I am finding it difficult to get traction. How do I add my name to your registry? Also, what tips can you share in how to bolster my board potential and better position myself for board service?

Sincerely,  
Cora

Dear Cora,

I commend you on your initiative to serve on a corporate board. California has made improvements in increasing the number of women serving on its public corporations. However, we still have more work to do to achieve equitable gender representation on corporate boards.

In 2018, California became the first state to require public companies to include women on their boards when Gov. Edmund G. Brown, Jr. signed into law Senate Bill 826 (SB 826), also known as "Women on Boards." SB 826 required public companies with principal executive offices in California to meet certain requirements by the close of 2021. The companies must have at least two female members on boards with five directors, and at least three female members if they have six or more directors.

To help bring women and corporations together, I created a database of women interested in serving on corporate boards in California. To be included in my Women on Board Registry List, please email your resume to [womensregistry@treasurer.ca.gov](mailto:womensregistry@treasurer.ca.gov).

In an effort to accelerate the number of women named to public company boards in California I have teamed up with several professional women's groups to provide a free virtual workshop. *What it Takes to Land a Board Seat* will take place August 13, 2020, from 1:00 pm to 3:00 pm. You can register online at <https://bit.ly/aug13WOB>.

During this webinar we will discuss how to prepare, network, and apply to serve on a corporate board. The program was developed in concert with the Thirty Percent Coalition, National Association of Women Business Owners, 2020 Women on Boards, California Women Lead, and Women in Public Finance.

I wish you luck on your journey to serve on a corporate board!

Stay safe and vigilant!

Sincerely,  
Fiona



## Have a Question for the Treasurer?

**Readers:** Send your questions for California State Treasurer Fiona Ma via email to:

[AskFiona@treasurer.ca.gov](mailto:AskFiona@treasurer.ca.gov)

### Address letters to:

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

# Nancee Robles Appointed CPCFA Executive Director

California State Treasurer Fiona Ma appointed Nancee Robles executive director of the California Pollution Control Financing Authority (CPCFA). The authority provides low-cost innovative financing to California businesses and issues tax-exempt private activity bonds to qualified waste and recycling projects, as well as to projects that control pollution and improve water supply.

In addition, CPCFA administers the California Capital Access Program (CalCAP), which encourages financial institutions to make loans to small businesses and provides for specialty programs targeted to building an improved infrastructure for zero- and partial-emission vehicles.

Ms. Robles most recently served as Acting Executive Director of IBank, an agency that finances public infrastructure and private development to promote jobs, the economy, and the quality of life in California communities. She also is no stranger to CPCFA. She began her state service there, managing its CalCAP and Collateral Support Programs.



# Wanted:

## Your Out-of-the-Box Strategies for Housing California's 'Missing Middle'

State Treasurer Fiona Ma is leading the charge to find solutions to California's workforce and middle-income housing crisis.

In 2019, she convened the Housing, Economic Development, Jobs and Opportunity Zone Ad Hoc Committee and tasked this diverse group of thought leaders with developing innovative solutions and out-of-the box strategies that can advance the state's housing and economic development goals.

Now she invites all Californians to work with her and the ad hoc committee to identify creative ideas and strategies that can produce more homes for California families in need of housing – especially those counted among the "missing middle."

Prior to the dissolution of local redevelopment agencies in 2012, affordable housing programs in California focused on households earning up to 120 percent of area median income. Since 2012, affordable housing programs in the state have largely been limited to benefitting those earning no more than 60 percent of area median income.

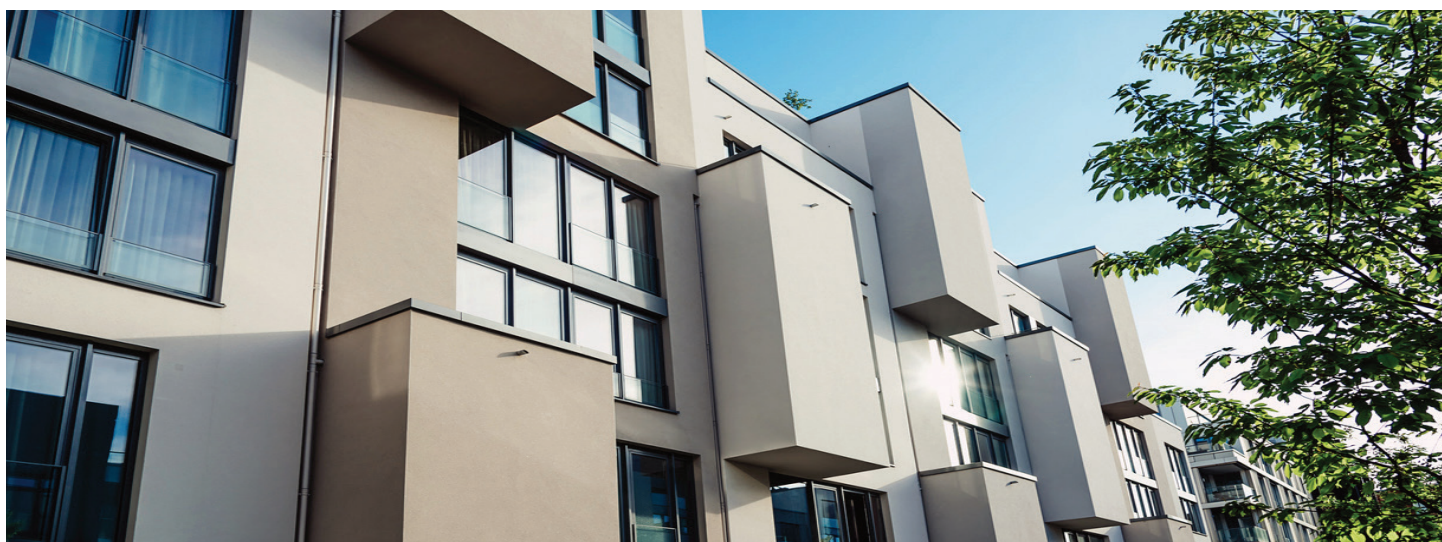
As housing costs in the state have rapidly increased, many California communities find they have market rate rental housing suitable for higher income residents and subsidized

rental housing for lower-income residents. Left out are middle-income households that cannot afford the former and do not qualify for the latter. These households are known as the "missing middle."

As of 2018, California ranked next to last among states in its shortage of housing units. The National Low Income Housing Coalition estimates 1.3 million renters in California have incomes at, or below, federal poverty guidelines. Yet, there are just 286,844 affordable units across the state.

California's missing middle includes workers who are critical to our economy and critical to individual communities. They provide health care, public safety and other services. Most of the missing middle work in the service sector, meaning they need to be near job centers, where housing costs are often highest.

If you have ideas or examples of good public-private partnerships that are helping with these issues, please contact Diana Yang, Administrator for the Treasurer's Housing, Economic, Jobs and Opportunity Zone Ad Hoc Committee at [diana.yang@treasurer.ca.gov](mailto:diana.yang@treasurer.ca.gov), or 916-203-1425.





# ABCs of the BCAs

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

FEATURED

## California Hub for Energy Efficiency Financing (CHEEF)

### The Hub Helps Homeowners and Businesses Afford Energy Efficiency Upgrades

These dog days of August are a reminder that California summers can take a heavy toll on home and work cooling costs, not to mention the state's power grid, as people struggle to cope with the heat. Because of the pandemic we are spending even more time at home and many of us are seeing our electric bills spike higher as a result. In just a few months, most of us will be turning on the furnace to stave off the winter chill, bringing on another increase in energy use, another round of high bills.

According to the California Public Utilities Commission (CPUC), electricity usage across California rises 14 percent on average each summer and as much as 36 percent in the Central Valley. Natural gas use spikes 41 percent each winter. Seasonal bumps in energy use and expenses, and the attendant rise in greenhouse gas emissions, do not have to be so dramatic. Energy use across the state could be cut by as much as 18 percent if California's 13 million buildings were more energy efficient.

How is cost-saving efficiency achieved in houses, apartments and commercial buildings? More high-efficiency HVACs, lighting and water heaters, for starters. More insulation, cool roofs that reflect sunlight and windows that keep out drafts. More Energy Star appliances and efficient technologies like heat pumps and variable frequency drives. These energy efficiency measures can save a home or business thousands of dollars over time. The challenge for many businesses and homeowners is how to fit such long-term investments into a budget.

Enter the State Treasurer's [California Hub for Energy Efficiency Financing](#) (CHEEF). The Hub's financing programs for single-family residential, small business and affordable multifamily housing make it easy for Californians of all income levels to invest in energy efficiency improvements that can reduce energy use, save money and increase comfort – all while helping the Golden State reach its climate goals.



Sammie Allen, Sr. of Ridgecrest used REEL to install energy efficient air conditioning equipment and obtained an APR of 5.50 percent on his \$12,000 loan. His payments are just \$250 a month.

Housed in the [California Alternative Energy and Advanced Transportation Financing Authority](#) (CAEATFA) within the State Treasurer's Office, the Hub works to increase the availability of more affordable financing for energy efficiency improvements. Through its online energy efficiency marketplace at [GoGreenFinancing.com](#), Californians can research which energy efficiency measures qualify for financing, find a contractor to perform the installation, and locate a lender with attractive rates and terms. The Hub's programs are available to any resident or business who receives an energy bill from an investor-owned utility (IOU): PG&E, SCE, SDG&E and/or SoCal Gas.

Financing through the State Treasurer's Office can mean the difference between being able to afford an emergency replacement and doing without. Even if equipment is functioning, inefficiencies are far more noticeable when all activities are suddenly centered in the home, as we have seen with the shift to teleworking and online distance learning under COVID-19 stay-at-home orders.

"Right now, when people are juggling so many challenges – from changes to working hours to homeschooling kids – the last thing anyone needs is a broken air conditioner or an unaffordable energy bill," says Treasurer Fiona Ma. "Our programs help Californians undertake the energy efficiency improvements that can make their homes and businesses more comfortable and lower their energy costs. That can be a big help at a time like this."

### Improving Access to Financing

Each of the Hub's three financing programs serves a unique sector. The Residential Energy Efficiency Loan (REEL) Program finances energy retrofits of up to \$50,000 for homeowners and renters of single-family dwellings. The Small Business Energy Efficiency Financing (SBF) Program offers financing



The Flores family used REEL to install a tankless water heater, high-efficiency furnace and smart thermostat in their El Cajon home. They also put a heat pump in a rental unit and took advantage of REEL's non-energy financing option to install a water filtration/softener system. Monthly payments on their \$15,900 REEL loan are just \$146.76.

of up to \$5 million for small businesses and nonprofits. The Affordable Multifamily Energy Efficiency Financing (AMF) Program targets deed-restricted multifamily housing for low- to moderate-income Californians. Each program has its own features and requirements, but they share a common solution to increasing access to financing. It is known as a credit enhancement.

The California Public Utilities Commission has authorized the use of IOU ratepayer program funds to pay for the Hub's administration as well as the credit enhancement.

Provided to participating private lenders, the credit enhancement helps mitigate the risk of customer default so lenders can offer attractive rates and terms to a broader range of customers, including those who are credit-challenged. The credit enhancement operates as what is known as a 'loss reserve,' which functions a little like an insurance policy for lenders. For every energy efficiency loan or financing agreement enrolled through the Hub, CAEATFA moves a percentage of the loan's value into the loss reserve. If a borrower defaults, the lender can recover as much as 90 percent of the financed amount from the loss reserve. In return, lenders extend or improve credit terms for energy efficiency projects.

On average, REEL customers see interest rate reductions of over five percentage points (500 basis points) by financing through REEL in comparison to other personal, unsecured loans. As of July 2020, REEL interest rates ranged from 3.48 percent to 8.12 percent, compared with up to 20.8 percent for non-REEL loans. Customers are also able to extend loan terms out to 10- to 15-years, making monthly payments much more affordable than the typical five-year unsecured personal loan that is available on the market.

### Fostering Energy Equity

REEL allows customers who otherwise would not have access to attractive and affordable financing to make energy upgrades to their homes. In addition to offering better rates and terms, REEL lenders finance improvements for tenants and borrowers who have lower credit scores. Because of the credit enhancement offered through REEL, traditionally underserved borrowers can enjoy the same energy savings and comfort as other California residents. Nearly one-third (28 percent) of REEL borrowers have a FICO score of 700 or under, and 52 percent of upgraded properties are located in low- to moderate-income census tracts.



## Breathing Cleaner Air During Fire Season

Indoor air quality and energy efficiency have more in common than you might think. During bad air events like the 2018 wildfire season, pollutants can make their way into a home or place of business through gaps around windows, doors and ducts. Replacing windows and sealing those gaps through weatherization (also called air sealing) not only improves the quality of the air inside a building and the health of the occupants, it improved energy efficiency. In places like California's Central Valley, where summer brings hot temperatures and higher levels of ozone and particulates, that's a true win-win. The Hub's programs support window replacements, air sealing, Energy Star air purifiers and HVACs with robust intake filter systems. Visit [GoGreenFinancing.com](https://www.gogreenfinancing.com) to learn more.

The AMF Program allows for the financing of energy retrofits not just in common areas of apartment buildings, like hallways and laundry rooms, but inside units as well (think air conditioners, refrigerators and stoves). This makes more energy savings possible while sharing the benefits of the upgrades directly with low- and moderate-income Californians who rent rather than own a home.

Finance companies working with the Small Business Energy Efficiency Financing program find the State Treasurer's credit enhancement program allows them to finance energy efficiency projects for businesses that may lack an extensive credit history, including newer businesses and those in the cannabis industry.

The State Treasurer's energy efficiency financing programs make use of financing instruments that can leverage private capital to enhance the financial wellbeing of households, businesses, the environment and the overall economy of California.

The savings to families are indicated in the photo captions.

## Contact Us!



If you are a **homeowner, renter, small business owner or affordable multifamily property owner** interested in making energy efficiency upgrades, visit [GoGreenFinancing.com](https://www.gogreenfinancing.com) to learn what projects qualify and to find a participating contractor and financing provider.



If you work with a **local or regional government** and want to let your constituents know about the Hub's programs, visit [GoGreenFinancing.com/partners](https://www.gogreenfinancing.com/partners) for links to pages with downloadable marketing materials, or email [traci.hukill@treasurer.ca.gov](mailto:traci.hukill@treasurer.ca.gov).

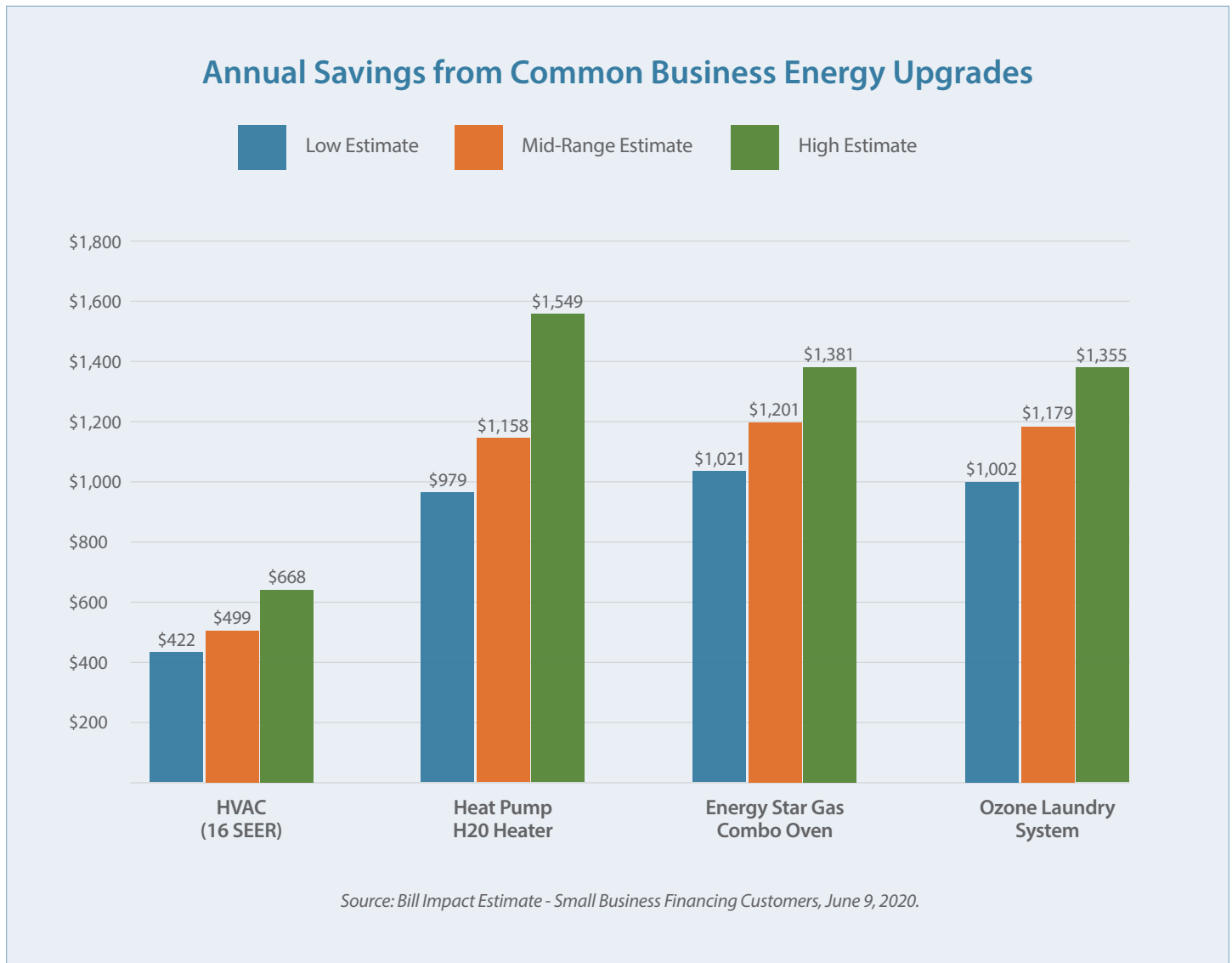


If you are a **lender or finance company** interested in partnering with the Hub, visit [GoGreenFinancing.com/partners](https://www.gogreenfinancing.com/partners) to access program details or email [kaylee.damico@treasurer.ca.gov](mailto:kaylee.damico@treasurer.ca.gov).



If you are a **contractor or energy professional** interested in partnering with the Hub, visit [GoGreenFinancing.com/partners](https://www.gogreenfinancing.com/partners) to view program details or email [gogreen@frontierenergy.com](mailto:gogreen@frontierenergy.com).

The chart below shows the range of possible savings for businesses.



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





# Calendar of Upcoming BCA Events

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

## August

### 7 **California Debt Limit Allocation Committee**

9 AM | 915 Capitol Mall, Room 587, Sacramento, CA

Public Participation Call-In Number\* (888) 557-8511 | Participant Code: 5651115

*Teleconference information, other scheduled BCA meetings, agendas, deadlines for grants, and more, may be accessed as the information is posted or updated on the Treasurer's website: <https://www.treasurer.ca.gov/>*

*Additional BCA meetings in August: [CalABLE](#) (Aug. 18), [CDLAC](#) (Aug. 7), [CHFFA](#) (Aug. 27), [CSFA](#) (Aug. 27). Meeting date and times may change; please check the BCA links included here for such notices, as well as for teleconference details.*

*BCA webinars in August: [CalABLE](#) (Aug. 19) | [CalSavers](#) (weekly) | [CSFA](#) (Aug. 25) | [ScholarShare](#) (Aug. 19)*

*Note:\* The State Treasurer's Office provides essential services for the citizens of California. As we work to further protect the health of our community in response to COVID-19, the BCAs are modifying standard committee meeting procedures. Participants, interested parties, and non-essential staff are requested to join the meeting via teleconference. Further, social distancing measures will be put in place at the meeting location, which will substantially limit the space available for in-person attendees. Public participation and comment periods will not be impacted.*



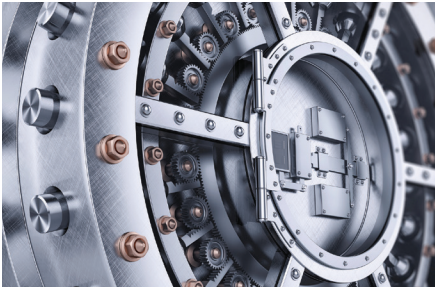
## Top Billing

A Monthly Update on Key Legislation for Treasurer Ma

### **ScholarShare Creditor Protection**

Senate Bill 898, Bob Wieckowski (D-Fremont) <https://sd10.senate.ca.gov>

Would exempt higher education ScholarShare 529 college saving accounts from creditors outside of bankruptcy cases.



# The Vault

Calendar of recent and upcoming public finance activities and bond sales

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## July 9

### **The Regents of the University of California General Revenue Bonds, 2020 Series BE, BF (Taxable) and BG (Taxable)** (\$2.65 billion)

Proceeds of the \$2,650,000,000 sale will finance working capital purposes, finance various capital projects, refinance outstanding commercial paper and refinance previously issued bonds for debt service savings. The tax-exempt series BE bonds consist of maturities from 2021 to 2050, with yields ranging from 0.15 percent to 2.50 percent. The taxable series' BF and BG bonds consist of maturities from 2021 to 2040 with yields ranging from 0.33 percent to 2.50 percent. The combined all-in true interest cost was 2.15 percent.

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## July 29

### **Department of Water Resources Central Valley Project Water System Revenue Bonds, Series BB, BC (Taxable)** (\$1.059 billion)

Proceeds of the \$1,059,000,000 sale will finance and refinance certain State Water Project capital improvements and refund certain of DWR's outstanding Water System Revenue Bonds. The refunding bonds are expected to save \$55.6 million in debt service costs over the next 15 years, or \$47.3 million on a present value basis. The tax-exempt Series BB bonds consist of maturities from 2022 to 2035, with yields ranging from 0.12 percent to 1.00 percent. The federally taxable Series BC bonds consist of maturities from 2020 to 2035, with yields ranging from 0.13 percent to 1.789 percent. The all-in true interest cost is 1.27 percent.

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## Week of August 24

### **Trustees of the California State University Systemwide Revenue Bonds, Series 2020 C, D (Taxable), E (Taxable)** (Approximately \$800 million)

Proceeds of the upcoming sale are expected to finance and refinance the acquisition, construction, renovation and improvement of certain facilities of the CSU.

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## September 10

### **State of California Department of Veterans Affairs Home Purchase Revenue Bonds Series 2020 A**

(Approximately \$97 million)

Proceeds of the upcoming sale will provide funding for the California Department of Veterans Affairs Farm and Home Purchase Program.

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## September 22

### **State of California Department of Veterans Affairs General Obligation Bonds Series CT**

(Approximately \$100 million)

Proceeds of the upcoming sale will provide funding for the California Department of Veterans Affairs Farm and Home Purchase Program.

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

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



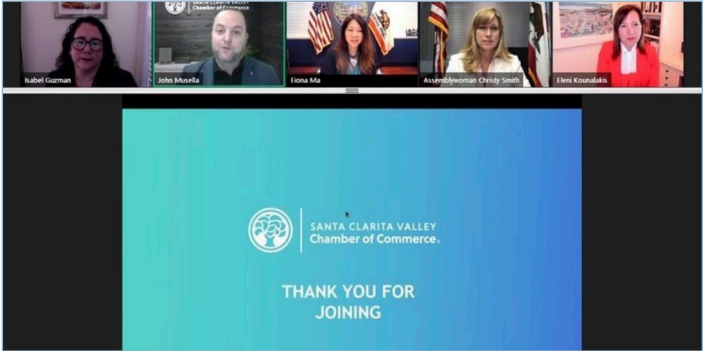
# The Ma Squad



Treasurer Ma has handed out 30,000 masks to help fight COVID-19 in partnership with the nonprofit Asian Pacific Islander American Public Affairs (APAPA) group. Ten thousand masks went to the I Am Sac Foundation run by Stevante Clark, seen here with the Treasurer.



Updating participants in Hayward Rotary Club's monthly meeting on the response of the State Treasurer's Office to COVID-19 and federal stimulus programs. Left-to-right, Noah Starr of the Treasurer's External Affairs Team, Hayward City Councilmember Sara Lamnin, Hayward City Mayor Barbara Halliday, Assemblymember Bill Quirk, and Rotary Club members Mona Diamantine and Ed Avelar.



The Santa Clarita Valley Chamber of Commerce hosted a virtual roundtable with (left-to-right) Office of the Small Business Advocate Director Isabel Guzman, Chamber President and Chief Strategist John Musella, Treasurer Ma, Santa Clarita Assemblywoman Christy Smith, and California Lieutenant Governor Eleni Kounalakis. The roundtable focused on how to help California rebuild in the wake of COVID-19.



Treasurer Ma was the keynote speaker for a webinar on "The Impact on Economics and Health Under COVID-19." The event was co-hosted by the National Association of Chinese American Bankers (NACAB) and the Chinese American Professional Association (CAPA). Not visible are NACAB President Sandy Ho and CAPA Chairman Sherman Lee.



Taking part in speed networking with the Orange County Business Council as part of their Sacramento Virtual Advocacy Summit are (top row, left-to-right) Senior Vice President of Advocacy and Government Affairs Jennifer Ward, President and CEO Lucy Dunn, and California Secretary of State Alex Padilla. To the right of Treasurer Ma (bottom row) is HNTB Chief Sales Officer Kevin Haboian.