



NEWS...

From the Desk of California State Treasurer Fiona Ma, CPA



FEBRUARY 2020

Dear Friends,

The late Steve Jobs once noted, “Things don’t have to change the world to be important.” He could have been speaking about California’s ambitious tech project known as FI\$Cal. This new technology system will not change the world, but it is changing the way California State government operates and tracks trillions of dollars flowing through accounts each year.

From the start, the State Treasurer’s Office has played a leading role in the development of FI\$Cal – the largest single integrated financial system in the public sector. It has taken about 15 years and considerable state resources but the end of the project is now in sight. The State Treasurer’s portion of FI\$Cal is largely complete.

For an overview of the work accomplished to date and the historical development of the FI\$Cal Project, please see page 3.

To my friends at UC Davis Health, in Asian Commercial Professionals, and the women executives who participated in the Silicon Valley Leadership Group lunch – keep up the amazing work! (And enjoy the photos in the Ma Squad archive on pages 11 and 12.)

On another note, I’d like to remind all of our Local Agency Investment Fund Online participants that we have recently completed a security update and if you have not accessed your accounts since late August you will need to re-register using your LAIF account number, PIN and unique ID. If you need help, contact the LAIF staff at (916) 653-3001.

In Peace & Friendship,

Fiona

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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.

Heart of the Treasury

New Directors Appointed to Investments Division and California Debt and Investment Advisory Commission (CDIAC)

California State Treasurer Fiona Ma fills two key positions with the appointments of Kristin Szakaly-Moore to Director of the Investments Division and Robert Berry to the position of Executive Director of the California Debt and Investment Advisory Commission (CDIAC).

Kristin Szakaly-Moore

New Investment Division Director

Kristin Szakaly-Moore is a 25-year veteran of the State Treasurer's Office (STO). As Director of Investments she will manage the state's Pooled Money Investment Account (PMIA), which invests temporarily idle surplus state funds to help the state manage its cash flow. In January, the PMIA portfolio held more than \$85 billion. The portfolio includes a Time Deposit Program that deposits state funds in community banks headquartered in California. Banks can use the money to increase lending in their communities, supporting economic development. As of January, the Time Deposit Program reported deposits in 69 banks and credit unions totaling \$4.7 billion.

Ms. Szakaly-Moore previously served as Treasury Manager of the STO Centralized Treasury and Securities Management Division (CTSMD), a position she held since 2008. There she developed long-range cash flow forecasts used by the Investment Division in planning investment strategies and managed staff overseeing the financial services and securities clearance functions of the State Treasury, which handles more than \$2 trillion flowing through state accounts each year.

Prior to her role at CTSMD, she served as Director of Policy Research and Acting Executive Director of CDIAC, where she managed and oversaw the development of research products, educational seminars and reporting of data on state and local government debt issuance and public fund investments. In particular, she served as editor of CDIAC's first Investment Primer and authored numerous articles



New Investment Division Director Kristin Szakaly-Moore

on topical investment issues. She has extensive analytical experience, having conducted research and developed revenue forecasting models throughout her career. She also has published journal articles on public finance topics and on economic markets for pollution control.

Before working for the State, Ms. Szakaly-Moore worked as a Visiting Assistant Professor in the Political Science Department at UCLA, teaching courses in statistics and political economy and conducting research on public finance issues. She received an M.S. and Ph.D. in Social Sciences from Caltech and a B.A. in Economics from U.C. Berkeley.

Robert Berry

*New California Debt and Investment Advisory Commission
Executive Director*

Robert Berry, now Executive Director of the California Debt and Investment Advisory Commission, (CDIAC), was previously CDIAC's Deputy Executive Director, a position he assumed in late 2010.

CDIAC provides information, education and technical assistance on public debt, investments and economic development financing tools to local public agencies and public finance professionals. It is the state's clearinghouse for debt issuance information and compiles data from all municipal debt issuers in California. The data collected is available to governmental agencies and the public. CDIAC also organizes educational seminars on public finance matters, the debt issuance process and investment of public funds.

In addition to providing operational and administrative direction for CDIAC's educational, data collection and research functions, Mr. Berry has assisted CDIAC's research team in conceptualizing and carrying out some of its more extensive research projects, including those related to interest rate swaps, capital appreciation bonds, K-14 general obligation bond authorization and issuance, and debt management policies.

Mr. Berry was also instrumental in the development and adoption of CDIAC's first ever set of regulations and ushering in the Treasurer's first online data transparency site, DebtWatch. Prior to joining CDIAC, he was a manager



New California Debt and Investment Advisory Commission Executive Director Robert Berry

in the Capital Markets Group of Panattoni Development Company, once one of the largest private merchant development companies in the country.

As a registered representative and manager of the company's private equity placement program, Mr. Berry was responsible for placing investments of high net worth individuals across 29 US, Canadian, and Eastern European markets. Preceding his years in real estate finance, Mr. Berry worked for more than fourteen years in economic development as a business attraction and retention specialist with the State of California. He earned a bachelor's degree in economics and a Masters of Business Administration from the University of California, Davis.





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

FI\$Cal Support Team

Note: STO's boards, commissions and authorities were successfully added to FI\$Cal in 2018.

The Financial Information System for California, or FI\$Cal as it is known, is the largest single integrated financial system in the public sector. Unprecedented in its scope and complexity, [FI\\$Cal](#) integrates state government processes in the areas of budgeting, accounting, cash management, and procurement. Its ultimate goal is to consolidate the state's financial systems into a common platform and eliminate thousands of aging and decentralized legacy systems and applications.

The FI\$Cal support team in the State Treasurer's Office is housed within the [Centralized Treasury and Securities Management Division](#) (CTSMD) and it serves the entire office, including the 16 boards, commissions, and authorities overseen by Treasurer Ma.

In 2005, the Department of Finance (DOF) began a project called the Budget Information System (BIS). BIS aimed to meet DOF's budget development and administrative needs. Shortly after starting that project, however, the focus shifted to modernizing and replacing the state's entire financial management infrastructure.

The California Department of Technology (CDT), which provides oversight of state technology projects, requires Special Project Reports (SPR). The first SPR renamed the project "FI\$Cal", extended the schedule, and increased the scope of the project.

In addition to scope, schedule, and cost, an SPR also notes when a deviation would require additional SPRs. There have been numerous changes to the project; it is now operating under its eighth SPR.



Back row (left to right): Jimmy Tran (STO Support), Jamel Bounar (STO Support), Nuo Li (STO Support), Nitish Mishra (STO Consultant), Yassar Dahbour (STO Support), Loan Lee (STO Support), Brittney Trost (STO Support), Xochilt Becerra (STO Executive Office), Rita Clark (STO Executive Office). Front row (left to right): Genevieve Jopanda (STO Chief of Staff), Neeraj Chauhan (FI\$Cal Chief Deputy Director), Shela Tobias-Daniel (STO/FI\$Cal Partner Business Executive), Andre Rivera (STO Steering Committee Member), State Treasurer Fiona Ma, Miriam Barcellona Ingenito (FI\$Cal Director) Not pictured is Thuy Troung (STO Support).

During the first year of the project state officials realized they needed the support and partnership of state entities that control government financial processes. That partnership, memorialized in a Memorandum of Understanding, brought together DOF (the project sponsor), the State Treasurer's Office (STO), State Controller (SCO), and the Department of General Services (DGS) in order to guide the project and serve as its Steering Committee.

Each partner provided business and information technology expertise to the project. Their responsibilities included defining business requirements, aiding in the building and testing of system functionality, acting as liaisons between the project and partnering agency staffs to ensure all business and technical requirements are met, and providing on-going maintenance support to the project and end users.

After continued planning and a lengthy procurement process, in 2012 the state contracted with Accenture to customize existing off-the-shelf software, PeopleSoft, to address the state's financial management needs.

In 2016, state law created the Department of FI\$Cal to maintain and operate the system and support its users. The department will assume full responsibility for the system once it is accepted by the state, which is now slated for July 2022 if all requirements are met.

Functionality Implemented to Date

2015

FI\$Cal project integrates the state's procurement processes into the FI\$Cal system, launching [Cal eProcure](#). DOF prepares Governor Edmund Gerald Brown Jr.'s proposed budget for the first time using Hyperion in the FI\$Cal system; and the STO Administration Division went live with their accounting and procurement processes.

2016

STO Administration Division successfully closes their accounting books using FI\$Cal for FY 2016-2017.

2017

STO successfully implements functionality in FI\$Cal that requires all departments to report whether or not they have

any bank accounts outside the Centralized Treasury. This was a manual process prior to FI\$Cal.

2018

Centralized Treasury and Securities Management Division successfully implements its cash management functionality statewide. \$2 trillion in banking transactions are now accounted for in FI\$Cal. STO's boards, commissions, and authorities are successfully added to FI\$Cal, and the project launches the pilot for its financial transparency website called "Open FI\$Cal".

2019

FI\$Cal adds to Open FI\$Cal nonconfidential expenditure data from state departments using the system. STO's Administration Division successfully closes the STO's boards, commissions, and authorities accounting books for FY 2018-2019.

Today, there are 152 departments using the FI\$Cal system with about 18,000 users supported by 244 state employees. The number of departments using the system represents a significant percentage of all state government departments, including those handling the majority of state expenditures.

In August of 2019 Special Project Report 8 was issued, resetting the overall scope of the project to only include the minimal viable functionality needed by the SCO for FI\$Cal to become the statewide book of record on the state's financial activities. SPR 8 also extended the completion schedule by one year to a projected end date of July 2020. The project cost increased by \$144,901,954 and the total cost of the project now stands at \$1,063,071,368.

Should the SPR 8 scope be changed in the future and increase by more than 10% what is planned, or should the schedule slip by 90 days or costs increase by more than \$13 million, FI\$Cal will be required to submit another SPR.

Meanwhile, in order for FI\$Cal to become the state's book of record, the State Controller's Office must be able to use FI\$Cal data to produce the Budgetary/Legal Basis Annual Report (BLBAR) and the Comprehensive Annual Financial Report (CAFR). The current goal is to deliver minimal viable functionality by July 2020, and then compare FI\$Cal to SCO's legacy systems for one year (2020-2021) to ensure the two systems match. By FY 2022 the SCO is expected to produce the BLBAR and CAFR using only FI\$Cal.

As for the State Treasurer's Office, we have already successfully implemented our control functionality. Any remaining functionality that would affect the STO, such as bond, loan, investment, and Pooled Money Investment Account (PMIA) functionality, would only require that STO provide data.

FI\$Cal has certainly experienced growing pains during a challenging transition period. However, working together we continue to work through each new challenge.

The FI\$Cal team within the State Treasurer's Office is a knowledgeable and dedicated group and committed to this critically important project's overall success.

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.

CAEATFA NEWS

New Sales Tax Exclusions Awarded to Cutting-Edge Companies

The [California Alternative Energy and Advanced Transportation Financing Authority](#) (CAEATFA) is off to a great start in supporting innovative companies that save energy, reduce pollution, and cut the emissions of greenhouse gases, while retaining and often adding jobs.

At its meeting on January 21, CAEATFA awarded \$20 million in sales tax benefits to six different applicants, including \$10 million to **AltAir Paramount LLC**, the only commercial producer of renewable jet fuel in the world.

The Los Angeles County-based company plans to purchase \$119 million of equipment to upgrade and expand the facilities it uses to turn non-food grade vegetable oils and beef fat into renewable diesel and jet fuel. The effort supports 136 production-related jobs, 450 construction jobs and will prevent the emission of 2.3 million metric tons of CO2 each year.

AltAir supplies fuel to United Airlines, Boeing, UPS, KLM airlines and many other companies.

Best Express Foods Inc., located in Stockton, received a sales tax exclusion of up to \$465,000 on the purchase of \$5.5 million in equipment, including production equipment, a walk-in cooler, and solar panels. The new equipment will support 58 jobs and help reduce energy consumption and solid waste.

East Valley Water District was awarded a \$5 million sales tax exclusion to convert raw wastewater and food waste into biogas at the Sterling Natural Resource Center plant

near Highland in San Bernardino County. The biogas will be converted into electricity to support facility operations and sold to Southern California Edison.

Three applicants working to turn methane produced by dairy cows into biogas also received awards.

- **Merced Pipeline LLC** received a \$2.6 million state sales tax exclusion for the purchase of equipment to build covered lagoon digester systems at 11 neighboring dairies and a centralized biogas conditioning facility. Gas captured at the dairies will be turned into renewable natural gas at the centralized facility for use as transportation fuel.
- **Five Points Pipeline LLC** was awarded a \$1.25 million state sales tax exclusion to build dairy digesters in Fresno County that will capture biogas from five neighboring dairy farms and a centralized biogas conditioning facility that will produce renewable natural gas from the captured biogas and inject it into the PG&E natural gas pipeline for use as transportation fuel.
- **Aemetis Biogas LLC** received a \$733,000 state sales tax exclusion for the purchase of equipment to build a new dairy digester cluster and a centralized conditioning facility in parts of Stanislaus and Merced Counties. The dairy biogas will be collected and cleaned to produce renewable natural gas to be sold as transportation fuel at an on-site fueling station.

Calendar of Upcoming BCA Events

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

February

12

California Debt Limit Allocation Committee

11 AM | 915 Capitol Mall, Room 587, Sacramento CA 95814

Details: Public Call-In: (888) 557-8511 Participant Code: 5651115

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

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



Ask Fiona

Dear Fiona,

I am excited and pleased to hear about the actions you have taken to urge CalSTRS to divest from fossil fuels. Is there anything I can do as a private citizen to offer support of this endeavor? Keep up the great work!

Sincerely,
Erin

Dear Erin,

Thank you for sharing your support of fossil fuel divestment. Climate change is an issue of great concern to me. Climate change threatens our quality of life and poses material risks to communities. It is my goal to address the causes of climate change and build a more resilient infrastructure system in California. I believe that where we invest our money reflects our values, and we should be valuing a clean energy future for California.

There are several things you can do to help support fossil fuel divestment and promote a low-carbon economy for

California. You may wish to contact your [legislators](#) to see how you can be supportive in the passage of key climate bills. You can also reach out to [Fossil Free California](#) and inquire about how you can be supportive in its various fossil free divestment campaigns. Additionally, you can contact the [CalSTRS](#) and [CalPERS](#) Boards and urge them to divest from fossil fuels.

Again, thank you for joining me in taking a stand for fossil fuel divestment.

Sincerely,
Fiona

Have a Question for the Treasurer?

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

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



The Vault

Calendar of recent and upcoming public finance activities and bond sales

February 5

Trustees of the California State University Systemwide Revenue Bonds, Series 2020B (Taxable) (\$813 million)

Proceeds will be used to finance and refinance the acquisition, construction, improvement and renovation of various CSU facilities, as well as refund certain outstanding bonds.

<https://www.buycaliforniabonds.com/state-of-california-ca/bond-offering/i27?offeringId=21752>

February 20

California Earthquake Authority: Revenue Bonds, Series 2020A-1 and 2020A-2 (Federally Taxable) (\$700 million)

Proceeds will be used to enhance the CEA's claim-paying capacity for damages resulting from earthquake events.

<https://www.buycaliforniabonds.com/state-of-california-ca/bonds/bond-offering/i27?offeringId=20779>

February 27

Regents of the University of California – Medical Center Pooled Revenue Bonds, 2020 Series N (Taxable) (Par TBD)

Proceeds will be used to finance or refinance certain improvements to various UC medical centers.

<https://www.buycaliforniabonds.com/state-of-california-ca/bonds/bond-offering/i27?offeringId=20473>

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.



A Tax Tip

Once again, tax filing season is upon us. Which means that now is a good time to look into qualifying for federal and state earned income tax credits that can put cash back in your pocket.

The [California Earned Income Tax Credit](#) (CalEITC) is a cashback tax credit designed to benefit low- and middle-income families. According to the website [CalEITC4Me.org](#), a public-private campaign that encourages families to file, last year more than 2 million people filed for the credit and received a total of \$395 million.

You qualify for the CalEITC if you are 18 or older, have a qualifying dependent, and you made less than \$30,000 in 2019. The amount you get back depends on your income and number of qualifying dependents. If you earned the maximum of \$30,000 and claimed only yourself, for example, the CalEITC works out to be \$240. With three or more dependents, the amount increases to \$2,982. To explore how much you could get back try using the free [CalEITC4Me calculator](#).

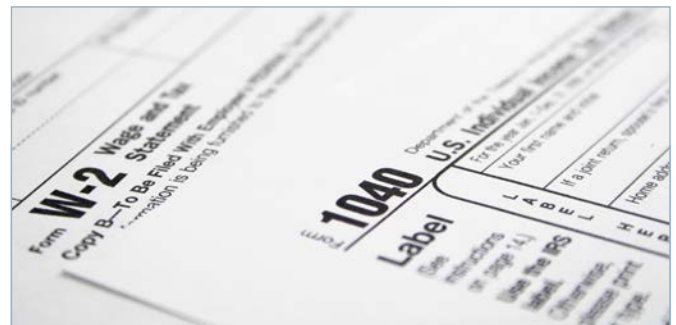
This year, your family may also be eligible for the [Young Child Tax Credit](#) (YCTC). An estimated 400,000 California families with at least one child younger than age 6 as of Dec. 31, 2019 will qualify for the credit, worth an additional \$1,000.

Don't forget to also visit the IRS website to find out if you qualify for the [federal EITC](#). (If you qualify for the California tax credit, it is likely you also qualify for the federal credit.)

Lastly, if you find out that you are eligible for tax credits but did not file for them in recent years, you may still be able to [file amended claims](#) for those credits going back three tax years.

What's it worth to you? Well, between the CalEITC, federal EITC, and the Young Child Tax Credit a family could receive as much as \$8,053 when filing their tax returns, according to [CalEITC4Me.org](#).

- ✓ Check if you qualify for Young Child Tax Credit
- ✓ Check if you qualify for CalEITC & Federal EITC
- ✓ File taxes by April 15th



Need help filing your returns?

If you make less than \$56,000 annually or you are over 60 years old try these free programs:

[Volunteer Income Tax Assistance](#) (VITA)

[Tax Counseling for the Elderly](#) (TCE)



The Ma Squad



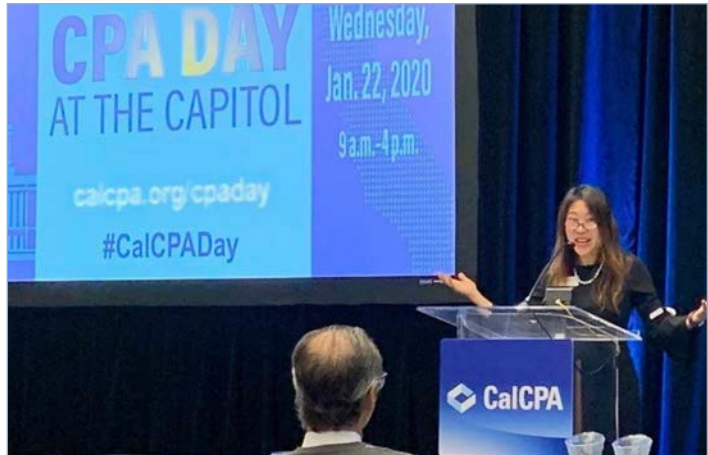
Treasurer Ma accompanies UC Davis Health Vice Chancellor of Human Health Sciences and CEO David Lubarsky on a tour of the UC Davis Children's Surgery Center. The center was built and opened in 2018 with funds from the [California Health Facilities Financing Authority \(CHFFA\)](#). The 20,000-square-foot pediatric facility spans two floors and features state-of-the-art technology. It is the first hospital on the West Coast to be verified a Level I Children's Surgery Center by the American College of Surgeons (ACS).



Treasurer Ma at the Southland Regional Association of Realtors for a BizFed seminar on the CalSavers Retirement Savings Program. Left to right: BizFed Chief Development Officer and BizFed Institute President Kevin G. Harbour, Sr., BizFed Operations and Project Manager Robert L. Duarte Jr., Treasurer Ma, BizFed Strategic Partners Manager Mitchell Veyra, CalSavers Outreach Manager Jonathan Herrera.



Senior attorney Spencer Walker, receiving a resolution for 25 years of state service; Treasurer Ma (in holiday costume); Joyce Ward-Green (19 years), a CDIAC manager, and former Investments Division Director Bill Dowell (40 years), both of whom hold their retirement resolutions; and Chief of Staff Genevieve Jopanda (also in holiday costume).



Treasurer Fiona Ma, CPA, speaking during CPA Day at the Capitol, an event hosted by CalCPA.



The Ma Squad



At the annual Women Executive Lunch organized by the Silicon Valley Leadership Group, Treasurer Ma joined more than 20 women executives from a spectrum of industries to discuss the challenges women face in leadership roles.



Treasurer Ma joins Asian Commercial Professionals (ACP) at CBRE offices in San Francisco to share her thoughts on the state economy and also on resources available to the commercial real estate industry.



Gong Hei Fat Choy! Treasurer Ma wishes everyone a prosperous year of the Rat!