

JULY 2022

News...

from the desk of
California State Treasurer Fiona Ma, CPA



WELCOME LETTER

Dear Friends,

Water has become the great democratizing force across the West. As the summer wears on, wildfire, drought, and water conservation are top of mind for many Californians. I am dedicating this month's newsletter to water issues as we proceed into the third year of what Governor Newsom has called the state's "drought emergency."

As the State of California's primary banker, I understand that the financing of water infrastructure is only effective when we achieve equal access. Californians' access to safe and affordable water should be the same regardless of whether one lives in Palo Alto or in Calexico. Water infrastructure and related capital investments must serve as an equalizing force for all Californians to levels accepted under Assembly Bill 685 (AB 685). AB 685 was passed in 2012 and created an ongoing obligation for relevant state agencies to consider the human right to water in executing policy, budgetary, and programmatic duties. Please turn to page 2 to read an "Ask Fiona" piece about the State Treasurer's Office's role in financing critical water-related projects and what the state is doing to improve water quality and supply. Additionally, our main story on page 4 covers some examples of water infrastructure projects that the California Pollution Control Financing Authority (CPCFA), which I chair, has financed around the state.

In Peace and Friendship,

A handwritten signature in black ink, appearing to be "Fiona Ma".

Fiona Ma, CPA
California State Treasurer

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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.



[HTTPS://WWW.TREASURER.CA.GOV](https://www.treasurer.ca.gov)

ASK FIONA

To: Treasurer Fiona Ma

From: Isabella

Dear Fiona,

I'm writing to you as a concerned citizen. Access to safe drinking water is a human right; however, contaminated drinking water continues to impact California communities, especially disadvantaged communities. Nearly one million Californians are served by water systems that are not up to state and federal water standards. Climate change is dramatically affecting California's water quality, availability, and affordability. What is the state doing to improve water quality and supply?

Sincerely,
Isabella

To: Isabella

From: Treasurer Fiona Ma

Dear Isabella,

The federal Safe Drinking Water Act was enacted in 1974, which sets certain standards for drinking water. California has enacted its own safe drinking water legislation to implement federal law and establish additional state standards. In 2012, then Governor Jerry Brown signed Assembly Bill 685 (AB 685), declaring that "every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes." This legislation made California the first state in the country to adopt a policy recognizing the human right to safe water.

Since the passage of AB 685, California has made considerable progress towards providing clean drinking water to its residents. The Safe and Affordable Drinking Water (SADW) Fund was established in 2019 to "...help water systems provide an adequate and affordable supply of safe drinking water in both the near and long terms..." and to "...bring true environmental justice to our state and begin to address the continuing disproportionate

Have a Question for the Treasurer?



Send emails to:

AskFiona@treasurer.ca.gov, with the subject line: "Ask Fiona"

Address letters to:

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

ASK FIONA

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- Food for Thought:

The State Water Resources Control Board (Water Board) and the California Department of Water Resources (DWR) play instrumental roles in providing clean drinking water to Californians. Both agencies are committed to environmental justice and seek to engage and collaborate with disadvantaged communities in decision-making processes.

The Water Board provides regulatory oversight of California's public water systems. Through programs such as the Safe Drinking Water State Revolving Fund, Safe and Affordable Drinking Water (SADW) Fund, and funding from state bonds, the State Water Board helps provide financing through grants or loans for infrastructure projects to address water quality problems. The Water Board also provides oversight of the Safe and Affordable Funding for Equity and Resilience (SAFER) program, which addresses funding gaps and implements sustainable solutions to water systems, especially those serving disadvantaged communities.

DWR manages the majority of California's water resources, systems, and infrastructure, including the State Water Project. The State Water Project is a statewide complex system of dams, water storage facilities, aqueducts, pumping stations and electric generation facilities that have been constructed by DWR to deliver water and protect against flooding. It supplies water to 29 local water agencies, serving a population of 27 million, or 69% of California's population.

environmental burdens in the state by creating a fund to provide safe drinking water in every California community, for every Californian."

As the agent for sale on all state bonds, including bonds for the State Water Resources Control Board (Water Board) and the Department of Water Resources (DWR), my office plays a significant role in financing critical water-related projects. Without ready access to capital to finance these projects, California would be challenged to live up to the high standards set forth in AB 685. There are currently 65 voter-approved general obligation acts that have bonds outstanding. Approximately 25% of these bond acts provide funding for water-related projects. The Water Board bond proceeds are used to provide financial assistance to local governments for safe drinking water projects, while DWR bond proceeds finance certain State Water Project capital improvements and other water-related projects.

The California Pollution Control Financing Authority's Tax-Exempt Bond Program, also provides tax-exempt bond financing for projects, other than state owned or sponsored projects, that improve drinking water distribution systems. Please turn to page 4 to learn more about the Tax-Exempt Bond Program.

Adapting to the water effects of climate change can be challenging, but through investments in communities, and coordination among water systems and local and state agencies, we can respond effectively to keep water clean, accessible, and affordable.

Sincerely,
Fiona

Achieving Water-Related Policy Objectives

Contributions to achieving California's water-related policy objectives have been part of the mission of the California Pollution Control Financing Authority (CPCFA), chaired by State Treasurer Fiona Ma, since its founding in 1972. Bonds to control water and air pollution for a variety of California industries were CPCFA's first financing mechanism. Today, private companies with qualified projects serving a public purpose in the categories of water furnishing, wastewater, and solid waste and recycling can access the tax-exempt bond market through CPCFA acting as a conduit issuer. CPCFA also intersects with water projects through the issuance of bond anticipation notes and the review of rate reduction bonds.

Projects in CPCFA's tax-exempt categories of water furnishing and wastewater are key to California's goals to provide safe, reliable drinking water for all California residents. The State Water Resources Control Board's second annual Drinking Water Needs Assessment recognizes the impact the third year of drought has had throughout California and identifies approximately 11% of the water systems analyzed as failing to meet one or more goals to provide safe, accessible, or affordable drinking water, and/or to maintain a sustainable water system. Public investments such as the Safe and Affordable Funding for Equity and Resilience (SAFER) program and an additional \$5.2 billion in state drought and water resilience funding are important, yet private capital invested through CPCFA issuances are also crucial for new and existing water and wastewater systems. Water distribution and treatment occurs through a diverse network of public and privately-owned water purveyors.

CPCFA's water furnishing conduit issuances, such as the 2016 San Jose Water Company tax-exempt private activity notes worth \$70,000,000, allow private water providers to prevent the pollution and contamination of drinking water and improve the quality of water. San Jose Water Company made upgrades to its treatment plants, wells, reservoirs, tanks, pump stations and other functionally related structures and equipment throughout their service area in various portions of incorporated and unincorporated Santa Clara County.



San Jose Water Company project under construction. (Photo Credit: CPCFA)

Achieving Water-Related Policy Objectives

CONTINUED



San Jose Water Company completed project. (Photo Credit: HDR, Inc.)

In addition to the issuance of tax-exempt private activity bonds/notes and taxable bond anticipation notes, CPCFA is tasked with coordinating the review of certain rate reduction bonds to finance and/or refinance certain water, wastewater and electrical utility projects approved by joint powers authorities. Rate reduction issuances are designed to allow California local agencies that own and operate utilities to access financial structures to lower the cost of financing projects, including water projects integral to reliably delivering drinking water to Californians.

CPCFA is prepared to continue offering these types of financing mechanisms to fulfill its role in supporting the State's water-related policy objectives. CPCFA is proud of its 50 years of contributions to the residents of California.

California Drought Action



As the West coast endures drought conditions for a third consecutive year, California continues to face challenges, including water shortages, increased wildfire activity, and balancing the diminished water for agricultural production with concern for the environment and endangered species.

[Save Our Water](#) is a statewide, water conservation program created in 2009 by the Association of California Water Agencies and the California Department of Water Resources. The campaign was recently expanded to include multilingual advertising and media engagement to connect more Californians with the information and resources necessary to save water. The program aims to make water conservation a daily habit for California residents.

The State Water Board also issued two [Emergency Water Conservation Regulations](#) earlier this year. The first regulation prohibits certain wasteful water use practices statewide and encourages Californians to monitor their water use more closely while building habits to use water wisely. The second regulation bans using potable (drinkable) water on decorative or non-functional grass at commercial, industrial, and institutional properties – including areas of nonfunctional turf under homeowners’ association control.

It is critical that we all work together to make water conservation a part of life. Last summer, Governor Newsom called on Californians to voluntarily reduce water use by 15%. Turn to page 7 for some simple water-saving tips from Save Our Water that we can all use to make a difference and improve drought resilience in our state.



Save Our Water Tips

SAVE OUR WATER

Since water is a limited resource and it is important to each of us every day, water conservation is essential. By following these water conservation tips you can help conserve water every day.

INSIDE THE HOME

Kitchen

- » Wash vegetables in a container, not under running water.
- » Use dishwasher for full loads only.
- » Washing dishes by hand uses more water than a dishwasher. Save up to 24 gallons of water per load by using a dishwasher.

Laundry Room

- » Use washing machine for full loads only. You can save 15–45 gallons per load.
- » Check with your local water agency for any current rebate.

Bathroom

- » Install low-flow shower heads.
- » Take shorter showers. (Showers kept under 5 minutes can save you about 12.5 gallons per shower.)
- » If you take a bath, fill bathtub less than halfway. (You can save 17–25 gallons per bath.)
- » Install a high efficiency (HET) toilet. You can save 6–35 gallons per day. (Check with your local water agency for current rebate).
- » Install aerators on bathroom faucets. (Most homes built after 1980 already have these features.)
- » Turn water off when brushing teeth, washing hands or shaving.

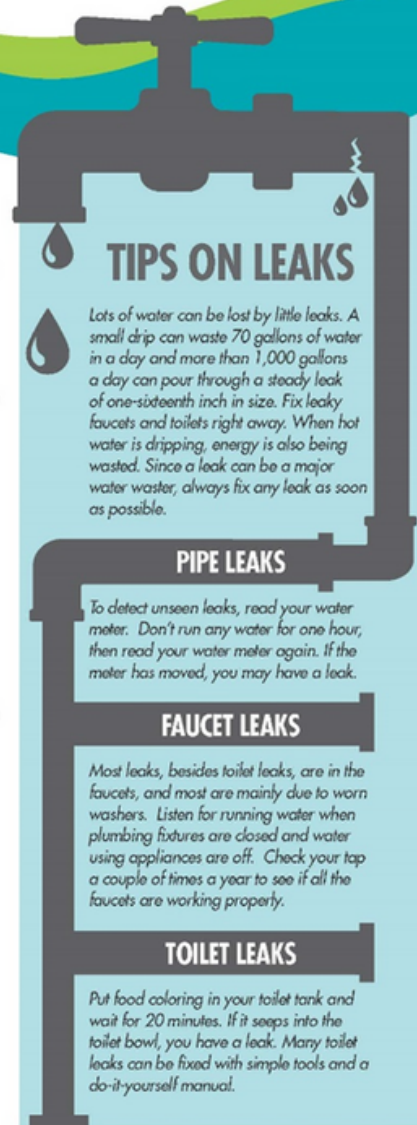
OUTSIDE THE HOME

Landscape

- » Water in the morning when it is cooler and use a layer of mulch to help retain soil moisture.
- » Check your sprinkler system frequently and adjust sprinklers so only your lawn is watered and not the house, sidewalk, or street.
- » Choose water-efficient irrigation systems such as drip irrigation for your trees, shrubs, and flowers.
- » Water deeply but less frequently to create healthier and stronger landscapes.
- » Plant drought-resistant trees and plants.

Clean-up

- » Use a broom to clean driveways, sidewalks, patios and walkways.
- » Wash cars with a bucket, sponge, and hose with self-closing nozzle.



For more water saving tips and ideas, visit:



SCAN ME

The Vault



More information about the upcoming bond sales can be found at:

BuyCaliforniaBonds.com

Week of Aug 14, 2022

The Regents of the University of California General Revenue Bonds 2022 – Approximately \$1 billion

Proceeds of the upcoming bond sale will finance or and refinance all or a portion of certain projects of the University, as authorized by the Regents.

Week of Aug 28, 2022

State of California Department of Veterans Affairs (CalVets) General Obligation Bonds Series CU – Approximately \$150 million

Proceeds from the upcoming bond sale will provide funding for CalVets Farm and Home Purchase Program, which provides home loans to veterans in California.

Week of Sept 11, 2022

State of California Department of Veterans Affairs (CalVets) Home Purchase Revenue Bonds 2022 Series A – Approximately \$90 million

Proceeds from the upcoming bond sale will provide funding for CalVets Farm and Home Purchase Program, which provides home loans to veterans in California.

Week of Sept 11, 2022

Department of Water Resources (DWR) Central Valley Project Water System Revenue Bonds, Series BF - Approximately \$250 million

Proceeds of the upcoming sale will be used to finance and refinance certain State Water Project capital improvements and refund certain of DWR's outstanding Water System Revenue Bonds.

Week of Sept 26, 2022

California Earthquake Authority (CEA) Revenue Bonds Series 2022A (Federally Taxable) – TBD

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

Note:

The bond issuances described (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.

Top Billing

The Qualified ABLE Program: Tax Advantaged Savings Accounts

Assembly Bill 2216, Jacqui Irwin (D-Thousand Oaks)

<https://a44.asmdc.org/>

Treasurer Fiona Ma sponsors this bill which will provide updates and clarity to the California ABLE Act to conform with certain changes in federal law. This bill, in accordance with federal law, will allow working CalABLE account holders to contribute above the annual limit of \$16,000, update protection from Medi-Cal recovery to only apply to CalABLE account owners who are California residents, and allow Medicaid to seek recovery upon the death of an ABLE account holder for reimbursement of healthcare services rendered during their lifetime.

State Supplementary Program

Senate Bill 973, Robert Hertzberg (D- Van Nuys)

<https://sd18.senate.ca.gov/>

Treasurer Fiona Ma sponsors this bill which authorizes, but does not require, California Department of Social Services to contract with either the Social Security Administration or another state that is able and willing to administer the State Supplementary Program (SSP). The intent of this bill is to direct more resources toward those most in need by reducing the costs of administering the SSP for the Aged, Blind, and Disabled.



In the Community

May 27 - Treasurer Fiona Ma toured the Southeast Asian Development Center of San Francisco (SEADC). SEADC celebrated its 45th Anniversary of service to the community, serving thousands of at-risk youth, low-income families, and immigrants. In addition to providing ESL courses, SEADC offers free afterschool support for students from kindergarten to 12th grade, provides drop-in translation services, and helps coordinate assistance for housing, health, and other resources. SEADC also offers behavioral health services and provides the Southeast Asian community with counseling, linkages, and referrals.



Treasurer Fiona Ma with Judy Young, Executive Director, Southeast Asian Development Center. (Photo Credit: External Affairs Division, State Treasurer's Office)

"I extend my sincere congratulations to the Southeast Asian Development Center as they mark 45 years of service. What began as a young journalist's desire to help Vietnam War refugees transition to a new life in America, has grown into an organization that is a pillar of the community providing vital services to Southeast Asians and more. I congratulate Judy Young and the SEADC team and thank them for their tireless work, ensuring everyone's voice is heard."

- Treasurer Fiona Ma



Treasurer Ma with students from Loyola Marymount University's Executive MBA programs. (Photo Credit: External Affairs Division, State Treasurer's Office)

June 6 – Students from Loyola Marymount University's (LMU) Executive MBA program visited the State Treasurer's Office to learn more about the office's resources for businesses and how the business community can better partner to spur innovation in their respective sectors. Treasurer Fiona Ma welcomed the students and shared how her professional experience gave her the drive to be more responsive and supportive to the residents and businesses of California. The students also learned about the programs and resources from the ScholarShare Investment Board, CalSavers Retirement Savings Board, and California Pollution Control Financing Authority. LMU's Executive MBA program is a 22-month program designed for accomplished professionals and is ranked 27th in the nation by U.S. News & World Report in 2021.

"Meeting with State Treasurer Fiona Ma was indeed a great opportunity for our Executive Students to gain a greater understanding of her background, her role, the abundant resources and innovative programs provided to the public by the State Treasurer's Office. We appreciate the engaging and informative conversations with the Treasurer and her staff."

- Clarence Griffin, LMU Faculty Member

In the Community

CONTINUED



Treasurer Ma with leadership and founding members of the Asian Women Leadership in Philanthropy Fund.
(Photo Credit: Asian Pacific Community Fund)

June 9 - The Asian Pacific Community Fund was founded in 1990, "in response to the need for alternative funding for Los Angeles-based nonprofit organizations serving API communities...To raise funds for community organizations serving API communities, APCF initiated employee giving campaigns at various workplaces...". At APCF's 16th Annual "Giving for All Seasons" Fundraising Gala, Treasurer Ma spoke and presented certificates to the leadership and founding members of the Asian Women Leadership in Philanthropy Fund (AWLPF). AWLPF was founded in 2021 to harness the leadership, power, and fundraising prowess amongst Asian American Women in philanthropy and "invest in community-based organizations focusing on advocating and empowering underserved Asian American women and girls."

"I congratulate APCF on thirty-two years, exceeding our expectations, highlighting the importance of philanthropy, investing in the future for non-profit organizations and empowering our Asian American and Pacific Islander communities to grow, thrive, and succeed."

- Treasurer Fiona Ma



From left to right: John Taylor, Professor Emeritus of Mycology, University of California Berkeley; Matteo Garbelotto, University of California Statewide Forest Pathology Specialist and Professor of Extension, University of California Berkeley; and Treasurer Fiona Ma
(Photo Credit: IUFRO)

June 20 - Treasurer Fiona Ma delivered the inaugural address at the 10th International Union of Forest Research Organizations (IUFRO) Berkeley 2022 Forest Phytophthora Conference. The Treasurer shared with the visiting scientists and plant pathologists the importance of California's trees and forests and the state's need of healthy trees for the pursuit of its climate goals. She implored the conference attendees to continue their work to produce clear and defensible science-based estimates of the societal, ecological, and economic costs that plant diseases incur to help elected officials in making the most effective decisions.

"Wildfires in California are becoming more frequent, all while threatening lives, displacing Californians, and adversely affecting our environment. My office helped counties affected by wildfires rebuild their communities through federal emergency tax credits, but it does not erase those communities' pain. As policymakers, it is important to seek the answers to why this is happening so we can determine how to prevent these devastating effects. I look forward to seeing the research produced at the IUFRO conference and how those facts can help the us curb wildfires in California."

- Treasurer Fiona Ma

Calendar of Upcoming BCA Meetings

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

JULY



- | | |
|----|---|
| 19 | <u>CA Pollution Control Financing Authority (CPCFA)</u> Board Meeting |
| 20 | <u>CA Debt Limit Allocation Committee (CDLAC)</u> Board Meeting |
| 20 | <u>CA Tax Credit Allocation Committee (CTCAC)</u> Board Meeting |
| 20 | <u>Pooled Money Investments Board (PMIB)</u> Board Meeting |
| 25 | <u>CA School Finance Authority (CSFA)</u> Board Meeting |
| 28 | <u>CA Educational Facilities Authority (CEFA)</u> Board Meeting |
| 28 | <u>CA Health Facilities Financing Authority</u> Board Meeting |

Teleconference information, other scheduled BCA meetings, agendas, application deadlines, and more, may be accessed as the information is posted or updated on the Treasurer's website:

<https://www.treasurer.ca.gov/>

Meeting dates and times may change; please check the BCA links included above for such notices, as well as for teleconference details.

Note: The State Treasurer's Office provides essential services for the citizens of California. In order to protect the health of our community in response to COVID-19, the BCAs have modified standard committee meeting procedures. Participants, interested parties, and non-essential staff are requested to join meetings via teleconference. Social distancing measures also have been adopted at meeting locations, which will limit the space available for in-person attendees. Public participation and comment periods will not be impacted.

Upcoming Events

In the
month of

July

CalABLE's Current Events:

Click [here](#) to view a list of CalABLE's current events today.



CalSavers Webinar Schedule:

CalSavers hosts five to eight interactive webinars per week for employers and savers in multiple languages. Click [here](#) to sign up for a free session today.



ScholarShare 529, Live On-Line Webinar Schedule:

ScholarShare 529 hosts a number of webinars per month, so please check their [webinar page](#) to learn more about the program.



The California Debt and Investment Advisory Commission (CDIAC) Events and Training Schedule:

CDIAC offers a variety of training tools for local public agencies and other public finance professionals to learn about debt issuance and public fund investments. Click [here](#) to access on-demand education, view previous seminars and webinars, and register for upcoming events.



California Pollution Control Financing Authority (CPCFA)'s California Capital Access Program (CalCAP) Heavy-Duty Vehicle Air Quality Loan Program will be at the **Virtual One-Stop Truck Event** held by the *California Air Resources Board (CARB)* on **Wed, Aug 3rd at 8:45AM PT.**

Attendees will be able to access presentations on regulatory compliance, financial assistance, and new technology options. Follow the [link](#) here for more information and to register for the event.



California Tax Credit Allocation Committee (CTCAC) Compliance Workshops:

The CTCAC Compliance Monitoring program is currently offering its Basic Compliance Workshop. The Basic Workshop offers an overview of general compliance as it relates to the management of a tax credit property and the audit process. For more information and to register for these workshops, please see the [Basic Compliance memo](#).

