



Building A Stronger California

FINANCING JOBS, HEALTH CARE, EDUCATION, BETTER COMMUNITIES AND A CLEANER ENVIRONMENT

2012 Edition

California State Treasurer's Office | Bill Lockyer, Treasurer





THE STATE TREASURER'S JOB

- The State Constitution adopted in 1849 established the State Treasurer's Office (STO) as the guardian and cashier of the State's money.
- The California Bank Act of 1907 expanded the Treasurer's powers to include investment of State revenues.
- Today, the Treasurer invests monies on behalf of State government and more than 2,781 cities, counties, schools and other local agencies.
- The Treasurer sells the State's bonds, including voter approved infrastructure bonds, and administers the State's bond program.
- The Treasurer serves on the boards of the California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System (CalSTRS), the nation's two largest public pension funds.
- The Treasurer chairs authorities that finance a wide range of projects, including schools, health care, affordable housing, transportation, economic development, alternative energy and pollution cleanup.
- The Treasurer chairs the ScholarShare Investment Board (SIB), which administers the State's college tuition savings plan.

Balance Sheet 2011

BOND ISSUANCE

\$14.9 billion

INVESTMENT EARNINGS

\$291 million

HEALTH CARE

\$2.5 billion

EDUCATION

\$1.3 billion

COLLEGE SAVINGS

\$4 billion

HOUSING

\$4.05 billion

ECONOMIC DEVELOPMENT

\$837.2 million

GREEN INVESTMENTS

\$836 million

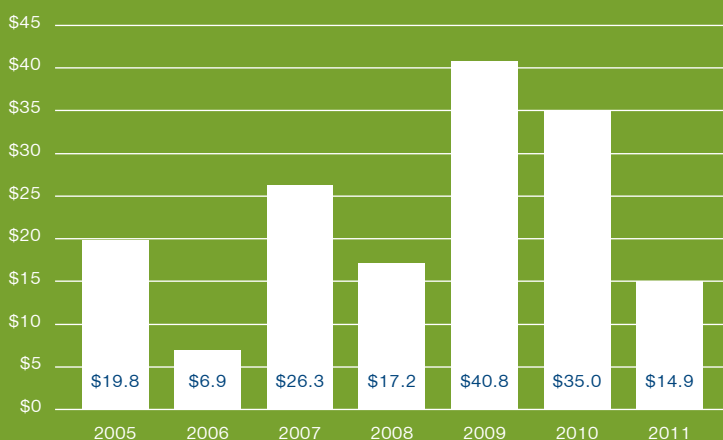
SELLING BONDS TO BUILD CALIFORNIA

The STO manages the sale of voter-approved infrastructure bonds, as well as other types of bonds and notes.

Since 2006, California voters have approved more than \$54 billion of general obligation bonds to build schools, roads, housing, parks, levees and other vital public works. These projects will help California build its future. By purchasing these bonds, Californians can make a direct investment in that future.

State Bond Issuance **2011**
TOTAL **\$14.9 BILLION***

HISTORICAL STATE ISSUED DEBT
Dollars in Billions



Highlights

GENERAL OBLIGATION BONDS

- Issued \$4.371 billion of bonds.
- Raised \$1.841 billion of new money for infrastructure projects.
- Financed approximately 800 projects.
- Refunded \$1.305 billion of bonds, saving taxpayers \$151.6 million on debt service payments.
- Received 3,901 orders totaling \$1.136 billion from retail, or individual, investors.
- Issued no bonds in first half of 2011 to save money on debt service in 2011 12 fiscal year.

LEASE REVENUE BONDS

- Issued \$1.09 billion for State Public Works Board (SPWB)
- Funded 19 capital projects for 7 separate State agencies.

- Projects included building new health care facilities, universities and courthouses.
- Issued no bonds in first half of 2011 to save money on debt service in 2011 12 fiscal year.

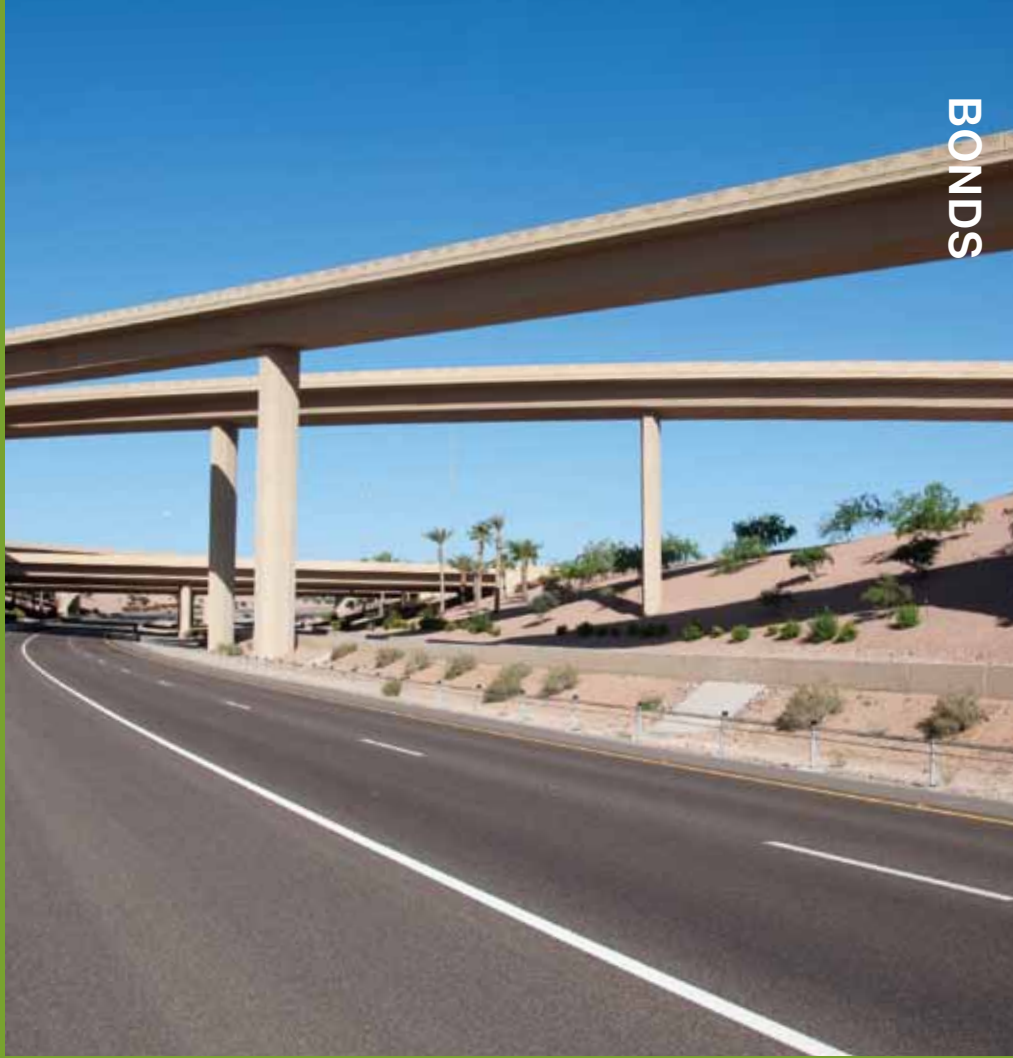
CASH FLOW BORROWING

- In July 2011, due to uncertainty surrounding the federal debt ceiling and a potential negative effect on the State's liquidity, sold \$5.4 billion of interim revenue anticipation notes (RANs) to a consortium of eight banks. The interest rate was 0.237 percent.
- In September 2011, issued \$5.4 billion of regular RANs to retire the interim RANs sold in July. Interest rates were 0.38 percent for a May 2012 maturity and 0.40 percent for a June 2012 maturity. Retail investors ordered \$3.6 billion of the RANs.

FOR MORE INFORMATION:

www.buycaliforniabonds.com
(800) 900 3873
InvestorRelations@treasurer.ca.gov

*Includes the sale of bonds and publicly offered cash flow notes for the State (including Economic Recovery Bonds), and bonds for the University of California, California State University, Public Works Board, Department of Water Resources, and the Department of Veterans Affairs.



SMART INVESTMENTS WITH TAXPAYER MONEY

The STO manages the investment of taxpayer money through the Pooled Money Investment Account (PMIA). The PMIA includes the Local Agency Investment Fund (LAIF), which offers local governments the opportunity to invest temporarily idle funds efficiently, safely and at competitive yields. Through its Time Deposit Program, the PMIA boosts local economies by investing in 61 community-based financial institutions throughout California.

2011

TOTAL PMIA PORTFOLIO **\$67.876 BILLION**

TIME DEPOSITS INVESTED IN COMMUNITY BANKS, CREDIT UNIONS AND SAVINGS BANKS **\$4.135 BILLION**

LAIF DEPOSITS **\$22.714 BILLION**

LAIF PARTICIPANTS **2,781**

EARNINGS **\$291 MILLION**

Highlights

PMIA STEADY DURING 2011 ROLLER COASTER RIDE

- Avoided any loss of principal during a turbulent year which saw an unprecedented debt crisis grip the European credit markets, and cause a great deal of uncertainty and market volatility.
- 2011 was marked by more than 90 bank failures nationally, including 5 in California. But the Time Deposit Program did not lose principal on any investment; finishing the year with nearly 200 deposits.
- Purchased \$400 million of World Bank green bonds to support projects that fight climate change.
- Supported California small businesses by purchasing the guaranteed portion of nearly 100 SBA loans, amounting to more than \$70 million in 2011.
- Expanded outreach to local agencies through educational seminars and training opportunities throughout the state.
- Provided safe haven for more than \$2 billion of bond proceeds for local agencies.
- Upgraded LAIF system to further automate processes and implement additional security measures.

FOR MORE INFORMATION:

Investments Division

(916) 653-3147

www.treasurer.ca.gov/pmia-laif



HEALTH CARE

The STO provides low cost financing for clinics and hospitals through the California Health Facilities Financing Authority (CHFFA). With grants, tax exempt bonds and loans, CHFFA helps nonprofit and governmental health facilities pay for capital improvements and other needs.

2011

LOW COST LOANS

\$4.9 MILLION

12 health facilities received low cost loans to support approximately 255,000 patient visits.

CHILDREN'S HOSPITAL GRANTS

\$132.1 MILLION

9 children's hospitals received grants to serve the State's most seriously-ill children.

BOND FINANCING

\$2.4 BILLION

10 hospitals and 6 clinics received bond financing to remodel or build facilities, purchase equipment or refinance tax exempt bonds.

TOTAL

\$2.5 BILLION

Highlights

BOND FINANCING PROGRAM CHFFA approved an \$800 million financing request for Sutter Health. A portion of the proceeds will be used to construct and equip a 250,000 square foot, 13 story urban replacement facility on a new site in Oakland. The Patient Care Pavilion will include 180 medical/surgical beds, 58 acute rehabilitation beds and a new emergency department with 30 exam bays.

HELP II LOAN PROGRAM CHFFA approved a \$346,700 financing request for the California Family Life Center in Riverside County. The proceeds will be used to purchase a 2,844 square foot house for a group home that provides residential services to at risk youth.

FOR MORE INFORMATION:

**California Health Facilities
Financing Authority (CHFFA)**

(916) 653 2799

www.treasurer.ca.gov/chffa



EDUCATION

The STO helps fund education programs through the California School Finance Authority (CSFA) and the California Educational Facilities Authority (CEFA).

2011

CHARTER SCHOOL LEASE, CONSTRUCTION OR REMODEL \$188.8 MILLION

CSFA approved grants and loans for charter schools via 3 programs. Through the federally funded State Charter School Facilities Incentive Grants Program, CSFA awarded \$11.8 million in new grants to 40 charter schools, and disbursed \$11 million under multi year grants to 121 charter schools serving 34,617 public school students. Through the Charter School Facilities Program (CSFP) and Propositions 55 and 1D, CSFA awarded more than \$77 million to 27 charter schools for new construction and renovation. Additionally, CSFA allocated, issued and/or awarded \$89 million in revenue anticipation notes and qualified school construction bonds for charter school facilities and working capital needs.

COLLEGE LAND PURCHASE, CONSTRUCTION, REMODEL OR EQUIPMENT LEASE \$1.2 BILLION

CEFA completed 8 bond financings for California private colleges and universities.

TOTAL \$1.389 BILLION

Highlights

PROJECT OF THE YEAR: UNIVERSITY HIGH SCHOOL The school is located on the California State University Fresno (CSUF) campus, and has 470 students. UHS received nearly \$18.7 million for new construction and renovation under the Charter School Facilities Program, co administered by CSFA and the State Allocation Board. With these funds, UHS in 2011 completed a 22 classroom (including 4 science labs and 3 music rooms), 2 story school facility and moved in for its first full academic year. UHS received one of the highest student performance scores among California charter schools in the 2011-12 academic year – an Academic Performance Index (API) score of 917 out of 1,000 points. More than 98 percent of UHS graduates go to college.

HARVEY MUDD COLLEGE (HMC) GOES FOR GOLD CEFA approved \$15 million in tax exempt bond financing for HMC, located in Claremont. One of the projects includes construction of a new 70,000 square foot Teaching and Learning Building featuring classrooms, lecture facilities, faculty offices and administrative space. HMC has set high Leadership in Energy and Environmental Design (LEED) goals, requiring all new buildings on campus be certified at least LEED Silver or equivalent. The Teaching and Learning Building is on track to receive LEED Gold certification. The building will be a model for sustainable campus building design and construction.

FOR MORE INFORMATION:

California School Finance Authority (CSFA)
(213) 620 4467
www.treasurer.ca.gov/csfa

California Educational Facilities Authority (CEFA)
(916) 653 2872
www.treasurer.ca.gov/cefa



SAVING FOR COLLEGE

ScholarShare, California's 529 college savings plan, is administered by the ScholarShare Investment Board (SIB), chaired by the State Treasurer. ScholarShare is managed by TIAA-CREF Tuition Financing Inc. (TFI). Earnings grow tax-deferred. Disbursements are federal and state tax-free when used for tuition or other qualified higher education expenses.

ASSETS

2011
\$4.2 BILLION

ACCOUNTS*

250,000

Highlights

NEW PROGRAM MANAGEMENT In November 2011, ScholarShare transitioned management of the program to TFI. With this change, ScholarShare offers reduced fees, an expanded investment line-up, and an enhanced website with college savings tools.

EXPANDING OUTREACH As part of its ScholarShare Outreach and Public Education (SCOPE) plan, ScholarShare promoted the importance of higher education and saving for college, and raised awareness of the ScholarShare program. This effort included partnering with a variety of organizations and agencies that promote education, learning, development, college preparation and financial planning. Some of the 2011 efforts:

- Participation in events held by California organizations and government agencies such as: State Franchise Tax Board; Departments of Health Services, Motor Vehicles,

Personnel Administration, Social Services and Transportation; and the California State Employees Association.

- Partnerships with organizations that support education and help families prepare for college. Partners included: California Student Opportunity and Access Program (Cal-SOAP); Parent Institute for Quality Education (PIQE); California Gaining Early Awareness & Readiness for Undergraduate Programs (GEAR UP); Intersegmental Coordinating Committee (ICC); UC Early Academic Outreach Program (EAOP); College Making it Happen; Asian Pacific and Chicano/Latino Youth Leadership Programs; College OPTIONS; and CSU Chancellor's Office.
- Partnerships with college alumni associations, including: University of California Los Angeles; University of Southern California and California State University Sacramento.
- Partnerships with university athletic groups such as the Fresno State Bulldogs, San Diego State Aztecs, San Jose State Spartan, and University of California Berkeley Golden Bears.
- Partnerships with Children's Fairyland, Lawrence Hall of Science, Los Angeles Zoo and Botanical Gardens, Natural History Museum of Los Angeles County, Reuben H. Fleet Science Center, New Children's Museum, Tech Museum of Innovation, Radio Disney, Telemundo and several minor league baseball teams.
- Participation in events promoting child development and literacy, such as ScholarShare Children's Book Festival at Fairytale Town in Sacramento and the Orange County Children's Book Festival.

FOR MORE INFORMATION:

The ScholarShare Investment Board
(916) 651-6380
www.treasurer.ca.gov/scholarshare

The ScholarShare College Savings Plan
(800) 544-5248
www.scholarshare.com

**Number of open accounts as of 12/31/11



HOUSING

The STO helps provide California families affordable housing through the California Debt Limit Allocation Committee (CDLAC) and the California Tax Credit Allocation Committee (CTCAC). CDLAC awards tax exempt bond financing, while CTCAC allocates state and federal low income housing tax credits that create or preserve affordable apartments.

2011

CONSTRUCTION/REMODEL

\$1.78 BILLION

CTCAC tax credits helped finance 16,500 low income rental units.

AFFORDABLE APARTMENTS/ LOW INTEREST MORTGAGES

\$2.27 BILLION

CDLAC tax exempt bonds helped finance 12,173 affordable apartment units, and 2,404 low interest mortgages for first time or low income homebuyers.

TOTAL

\$4.05 BILLION

Highlights

AFFORDABLE HOUSING, HISTORIC RESTORATION AND CULTURAL PRESERVATION

CDLAC provided \$15 million of tax exempt allocation to renovate multiple buildings at Dunbar Village on Central Avenue in Los Angeles. The buildings are the historic Dunbar Hotel, and the Somerville I & II affordable housing developments. Located in the original

jazz district, the Dunbar Hotel was host to many jazz greats who played in the former Club Alabam downstairs. The hotel will provide 41 senior units, and the adjacent Somerville I & II complexes 42 family units. Sustainable building methods will be used throughout the rehabilitation of the buildings, expected to be complete in the spring of 2013.

USING FEDERAL STIMULUS TO HELP LOW INCOME FAMILIES In 2011, CTCAC finished disbursing \$477 million of American Recovery and Reinvestment Act of 2009 (ARRA) funds to develop affordable housing projects. In addition, California disbursed almost all \$324 million of ARRA Tax Credit Assistance Program (TCAP) funds. These two stimulus programs created more than 9,000 affordable housing units, and created or retained about 9,000 jobs.

AFFORDABLE HOUSING FOR HOMELESS AND DISABLED VETERANS CTCAC provided more than \$20 million in federal low income housing tax credits to rehabilitate the Sepulveda U.S. Veterans Administration medical buildings in Los Angeles. The rehabilitated facilities will house 147 homeless and disabled veterans. Facilities will include accessible studio apartments, common dining areas, classroom space and on site support services.

FOR MORE INFORMATION CONTACT:

**California Debt Limit
Allocation Committee (CDLAC)**
(916) 653 3255
www.treasurer.ca.gov/cdlac

**California Tax Credit
Allocation Committee (CTCAC)**
(916) 654 6340
www.treasurer.ca.gov/ctcac



ECONOMIC DEVELOPMENT

The STO stimulates statewide job growth and economic development through the California Industrial Development Financing Advisory Commission (CIDFAC) and the California Pollution Control Financing Authority (CPCFA).

2011

BUILDING AND EXPANDING MANUFACTURING PLANTS

\$13.8 MILLION

CIDFAC approved industrial development bond (IDB) financing for 2 projects that created 98 manufacturing jobs.

SMALL BUSINESS LOANS

\$101 MILLION

CPCFA provided loan portfolio insurance for more than 1,500 small businesses, helping create or preserve 8,423 jobs. The loans ranged in size from \$500 to \$3.5 million. CPCFA's contribution totaled \$7.966 million. More than two thirds of the loans were for amounts of less than \$50,000.

TOTAL

\$114.8 MILLION

Highlights

MANUFACTURING BRAZED COMPONENTS AND GOOD JOBS CIDFAC provided \$5 million of bond financing to California Brazing to purchase and equip an existing manufacturing facility in the City of Newark. California Brazing manufactures brazed components and assemblies for semiconductor manufacturing equipment used by the defense, aerospace and mining industries. Upon completion, California Brazing will provide 20 full time jobs with health care benefits and above average wages.

HELPING SMALL BUSINESSES GROW CPCFA was the recipient of an \$84 million allocation from the State Small Business Credit Initiative Act to support the California Capital Access Program (CalCAP). CalCAP also has partnered with the Air Resources Board to help finance cleaner, newer diesel trucks and equipment. These programs allowed CalCAP to provide participating banks and community lenders loan portfolio insurance that covered almost \$101 million in loans to small businesses that have difficulty obtaining capital. The number of small businesses assisted in 2011 increased 60 percent over 2010 and reached an all time annual high of 1,508. The number of jobs created or retained in California as a result of CalCAP assistance increased more than 300 percent in 2011.

FOR MORE INFORMATION:

**California Pollution Control
Financing Authority (CPCFA)**

(916) 654 5610

www.treasurer.ca.gov/cpcfca

**California Industrial Development
Financing Advisory Commission
(CIDFAC)**

(916) 653 3843

www.treasurer.ca.gov/cidfac

GREEN INVESTMENTS

The STO is committed to keeping California's environment clean and its economy thriving. That is why many applicants who seek financing before the STO's boards, commissions and authorities must verify their projects' environmental benefits.

The California Pollution Control Financing Authority (CPCFA) and the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) are most prominently involved with financing green projects. These projects focus on environmental cleanup, pollution reduction, energy efficiency and renewable energy generation.

Other financing authorities – the California Industrial Development Financing Advisory Commission (CIDFAC), the California Tax Credit Allocation Committee (CTCAC) and the California Debt Limitation Allocation Committee (CDLAC) – help produce environmental benefits. During their application and competitive scoring processes, CIDFAC, CTCAC and CDLAC reward projects that use sustainable building methods or create green jobs.

2011

TAX EXEMPT BONDS FOR POLLUTION CONTROL

\$73.5 MILLION

CPCFA approved tax exempt bonds for 5 green projects that: improved fuel efficiency, air and water quality, and waste and recycling collection; helped the state meet clean fuel mandates; and provided renewable energy equipment.

SALES AND USE TAX EXEMPTION FOR GREEN MANUFACTURING

\$46.3 MILLION

CAEATFA approved \$46.3 million of sales and use tax exclusions on the purchase of equipment used in 12 green manufacturing projects. The projects are expected to generate more than \$18 million of environmental benefits and \$63 million of economic benefits. The projects are expected to create at least 2,300 jobs in California.

QUALIFIED ENERGY CONSERVATION BONDS (QECB)

\$35.97 MILLION

CDLAC awarded QECBs to 4 energy efficient or green technology projects creating 408 new jobs. In one of the projects, Santa Barbara County sold bonds to finance a solar facility that will produce 1.78 million kilowatt hours (kWh) of electricity each year. The project will help the County offset about 35 percent of the non-renewable energy it uses, and cut the county's carbon dioxide emissions by 1,227 metric tons of carbon dioxide, the equivalent of taking 241 passenger vehicles off the road.

BROWNFIELD CLEANUP

\$10.3 MILLION

Under its CALReUSE remediation program, CPCFA distributed more than \$10.3 million for brownfield cleanup in 2011. The remediation program ultimately will finance \$55 million in cleanups. The program provides grants and low interest loans to spur the cleanup and redevelopment of brownfields for residential and mixed use development within California's infill areas.

ENERGY EFFICIENT LOW INCOME HOUSING

\$670 MILLION

CTCAC awarded tax credits to help finance more than 80 affordable housing projects committed to sustainable building standards. These developments provide more than 4,500 housing units, with tax credit awards totaling more than \$670 million. The projects incorporate green building design and construction, including water-saving and energy-efficiency design, material and resources conservation, and healthy living environments.

TOTAL

\$836 MILLION

Highlights

ENERGY EFFICIENT LOW INCOME HOUSING CTCAC provided more than \$7 million of affordable housing tax credits to finance Jefferson Park Terrace, an affordable housing development in Los Angeles built to LEED standards. The building design incorporates energy efficiency, noise reduction, sustainable common space and water conservation landscaping. The complex is on the site of the original Fatburger stand.

CREATING A SOLAR CAMPUS The Yuba Community College District (YCCD) will use available land and parking lots at 4 of their campuses to offset approximately 85 percent of the school's electricity charges. This clean, renewable energy system is expected to generate 7.14 million kWh of electricity. CDLAC allocated \$21.4 million of QECB financing to this project.



INCREASING RECYCLING CPCFA issued \$7.265 million of tax exempt solid waste disposal bonds for Recycling Industries, Inc. to acquire land, renovate and expand an existing operation, and purchase and install new sorting equipment. The expanded capacity of the operation will allow the company to divert up to an estimated 20,000 tons of material from the landfill. Recycling Industries, Inc. is a privately owned small business founded in Sacramento, California in 1981. It is one of California's fastest growing recycling businesses.

TURNING BROWNFIELDS INTO OPPORTUNITY CPCFA's brownfield remediation program provided the 15th and Commercial project with a \$582,500 grant to clean up a brownfield in San Diego. The cleanup paved the way for a new mixed use, 12 story building. A transit oriented development, 15th and Commercial is close to bus and trolley lines, as well as recreation and retail centers.

FOR MORE INFORMATION:

California Pollution Control Financing Authority (CPCFA)

(916) 654 5610

www.treasurer.ca.gov/cpcfafa

California Industrial Development Financing Advisory Commission (CIDFAC)

(916) 653 3843

www.treasurer.ca.gov/cidfafa

California Tax Credit Allocation Committee (CTCAC)

(916) 654 6340

www.treasurer.ca.gov/ctcac

California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA)

(916) 651 8157

www.treasurer.ca.gov/caeatfa

California Debt Limit Allocation Committee (CDLAC)

(916) 653 3255

www.treasurer.ca.gov/cdlac



The Treasurer Chairs these Boards, Authorities and Commissions

- California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA)
- California Debt and Investment Advisory Commission (CDIAC)
- California Debt Limit Allocation Committee (CDLAC)
- California Educational Facilities Authority (CEFA)
- California Health Facilities Financing Authority (CHFFA)
- California Industrial Development Financing Advisory Commission (CIDFAC)
- California Pollution Control Financing Authority (CPCFA)
- California School Finance Authority (CSFA)
- California Tax Credit Allocation Committee (CTCAC)
- California Transportation Financing Authority (CTFA)
- California Urban Waterfront Area Restoration Financing Authority (CUWARFA)
- Local Investment Advisory Board (LIAB)
- Pooled Money Investment Board (PMIB)
- ScholarShare Investment Board (SIB)

The Treasurer is a Member of these Boards and Committees

- California Earthquake Authority (CEA)
- California Healthy Food Financing Initiative (CHFFI)
- California Housing Finance Agency (CalHFA)
- California Infrastructure and Economic Development Bank (I Bank)
- California Public Library Construction and Renovation Board
- Commission on State Mandates (CSM)
- Economic Recovery Financing Committee
- Pension Obligation Bond Committee
- California Public Employees Retirement System Board of Administration (CalPERS)
- State Public Works Board (SPWB)
- California State Teachers Retirement System Board (CalSTRS)
- Veterans Debenture Finance Committee
- Veterans Finance Committee of 1943

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