

Advancing California Finance Authority

Governing Board

April 17, 2025

Agenda Item 6.a.

ABAG Finance Authority for Nonprofit Corporations (ABAG FAN)

Subject:

Adoption of ACFA Resolution No. 2025-001, Approval of ABAG Finance Authority for Nonprofit Corporations (ABAG FAN) Fiscal Year 2025-26 Operating Budget

Background:

Staff requests approval from the Advancing California Finance Authority (ACFA) Governing Board for the ABAG Finance Authority for Nonprofit Corporations (FAN) Fiscal Year (FY) 2025-26 Operating Budget. The proposed Operating Budget results in a \$214,316 deficit, funded with a draw from fund balance.

Operating Revenue

Proposed operating revenues for FY 2025-26 is approximately \$660,000, a decrease of \$61,000 from the FY 2024-25 budget, primarily due to a decrease in Administrative Fees, Interest Income and Project Monitoring Fees.

Forecasted investment revenue is projected at \$105,000, a 10% decrease from the previous year. This interest income decrease is due to a lower balance than prior year and lower anticipated interest yield.

Financial Services Revenue is budgeted at \$20,000, consistent with FY 2024-25 budget due to the continuing high interest rate environment resulting in fewer refinancing activities.

FAN earns fees on the administration of the existing bond portfolio, some of which are based on outstanding par amount. As bond issues amortize and mature, the administration fees decrease. Staff expect these fees to continue to diminish as the existing portfolio matures.

The existing Community Facilities Districts (CFD) debt includes cost recovery provisions which allow FAN to recover from the districts the costs of administering the CFD bond portfolio. The proposed FY 2025-26 CFD Cost Recovery fees increase approximately \$32,000.

Project monitoring fee revenue remains mostly unchanged as these fees are required by the regulatory agreements and continue even after bond issues have matured or been paid off.

Operating Expense

Proposed operating expenditures for FY 2025-26, including staff costs, are approximately \$714,000, a decrease of \$2,000 or 0.3% from FY 2024-25. Highlights include:

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- A reduction of \$8,000 in financial advisory consulting fees due to fewer refinancing or restructuring activities.
- Legal fees increased by \$2,700.
- Financing fees, audit, and other miscellaneous costs remain the same.
- Staff costs and overhead increase approximately 1%, which includes an anticipated 3% cost of living adjustment and a decrease to MTC's overhead rate.

Transfer to ABAG Administration

FAN is currently in "run-off" mode, with no new loan origination activity. Retained earnings and future fee revenue are in excess of funding needs for loan administration. As ABAG continues to face financial challenges due to increases to its unfunded pension liability, staff is proposing a \$160,000 transfer to ABAG to assist with balancing the FY 2025-26 ABAG Administration budget. This draw from fund balance will leave approximately \$3.4 million in estimated balance at the end of FY 2025-26.

Issues:

None

Recommended Action:

The Advancing California Finance Authority (ACFA) Governing Board is requested to adopt Resolution No. 2025-001 approving the ABAG Finance Authority for Nonprofit Corporations (ABAG FAN) Fiscal Year 2025-26 Operating Budget.

Attachments:

- ABAG FAN Proposed FY 2025-26 Operating Budget
- ACFA Resolution 2025-001, Approval of ABAG FAN Fiscal Year 2025-26 Operating Budget

Reviewed:



Andrew Fremier