

Advancing California Finance Authority

Governing Board

May 21, 2026

Agenda Item 6.a.

ABAG Finance Authority for Nonprofit Corporations (ABAG FAN)

Subject:

Adoption of the Advancing California Finance Authority (ACFA) Resolution No. 2026-001, authorizing approval of the Association of Bay Area Governments Finance Authority for Nonprofit Corporations (ABAG FAN) Fiscal Year 2026-27 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) 2026-27 Operating Budget. The proposed Operating Budget results in a \$43,346 deficit, funded with a draw from fund balance.

Operating Revenue

Proposed operating revenues for FY 2026-27 are \$676,723, an increase of \$17,202 over the FY 2025-26 budget, primarily due to an increase in Community Facilities District (CFD) Cost Recovery Fees and Financial Services Revenue partially offset by a decrease in Administrative Fees and Project Monitoring Fees.

Forecasted investment income is projected at \$105,990, a 1% increase from the previous year.

Financial Services Revenue is budgeted at \$30,000, a \$10,000 increase due to a higher volume of transactions.

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. For FY 2026-27, Administrative Fees are anticipated to decrease 16% to \$74,232.

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 2026-27 CFD Cost Recovery fees increased approximately \$24,627 or 10% to \$275,920.

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

Total proposed operating expenditures for FY 2026–27, including staff costs, are \$630,070, representing a decrease of \$83,767 (12%) compared to the FY 2025–26 budget.

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Key Highlights:

- **Consulting Costs:** Decreased by \$32,869, primarily due to reductions in Windemere CFD-related costs of \$8,168 and a \$57,750 decrease in bond counsel expenses. These reductions are partially offset by modest increases in other consulting services.
- **Operating Costs:** Financing fees, audit services, general operations, and miscellaneous expenses remain generally consistent with FY 2025-26 levels, while legal fees decreased by \$7,750.
- **Staff Costs and Overhead:** Decreased by approximately 13%, primarily due to changes in the Metropolitan Transportation Commission's (MTC) Indirect Cost Allocation Plan (ICAP) methodology, which resulted in lower allocated working hours. This decrease is partially offset by the inclusion of a 3.8% Cost-of-Living Adjustment (COLA), consistent with Metropolitan Transportation Commission Memorandums of Understanding.

Overall, the proposed budget reflects a reduction in expenditures while maintaining core operational functions and services.

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 \$90,000 transfer to ABAG to assist with balancing the FY 2026-27 ABAG Administration budget. This draw from fund balance will leave approximately \$3.7 million in estimated ABAG FAN fund balance at the end of FY 2026-27.

Issues:

None

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Recommended Action:

The Advancing California Finance Authority (ACFA) Governing Board is requested to adopt Resolution No. 2026-001, approving the ABAG Finance Authority for Nonprofit Corporations (ABAG FAN) Fiscal Year 2026-27 Operating Budget.

Attachments:

- A. Association of Bay Area Governments Finance Authority for Nonprofit Corporations (ABAG FAN) Proposed FY 2026-27 Operating Budget
- B. Advancing California Finance Authority (ACFA) Resolution 2026-001, approval of the Association of Bay Area Governments Finance Authority for Nonprofit Corporations (ABAG FAN) Fiscal Year 2026-27 Operating Budget

Reviewed:



Andrew Fremier