



375 Beale Street
Suite 700
San Francisco, California
94105

Meeting Agenda - Final

ABAG FAN Executive Committee

*Chair, Charles Lomeli, Treasurer-Tax Collector-County Clerk,
County of Solano*

Thursday, March 7, 2019

10:00 AM

Golden Gate CR 8102

ABAG Finance Authority for Nonprofit Corporations Executive Committee

The ABAG FAN Executive Committee may act on any item on the agenda.

The meeting is scheduled to begin at 10:00 a.m.

Agenda, roster, and webcast available at <http://abag.ca.gov>

For information, contact the Secretary at (415) 820-7913.

Executive Committee Roster

Charles Lomeli, Treasurer-Tax Collector-County Clerk, County of Solano

**Jonathan Kadlec, Assistant Auditor-Controller-Treasurer-Tax Collector,
County of Sonoma**

Paul McDonough, Debt Management Officer, County of Santa Clara

Russell Watts, Treasurer-Tax Collector, County of Contra Costa

Location

**Bay Area Metro Center, 375 Beale Street, Golden Gate Conference Room 8102, San Francisco,
California**

Teleconference Locations

County of Contra Costa, 625 Court Street, Room 100/102, Martinez, California

**County of Santa Clara, County Government Center, 70 West Hedding Street, E. Wing, 2nd
Floor, San Jose, California**

**County of Solano, County Government Center, 675 Texas Street, Suite 1900, Fairfield,
California**

County of Sonoma, County Fiscal Building, 585 Fiscal Drive, Suite 100, Santa Rosa, California

1. Call to Order / Roll Call / Confirm Quorum

2. Public Comment

Information

3. Executive Committee Announcements

Information

4. Minutes

- 4.a. [19-0180](#) Approval of ABAG FAN Executive Committee Minutes of November 8, 2018

Action: Approval

Presenter: Secretary

Attachments: [Item 04 Minutes 20181108 Draft.pdf](#)

5. Portfolio Report

- 5.a. [19-0181](#) Report on ABAG FAN Portfolio for February 2019

Action: Approval

Presenter: Nicholas Mar

Attachments: [Item 05 Memo ABAG FAN Portfolio Feb 2019 Final.pdf](#)

6. Financial Report

- 6.a. [19-0182](#) Financial Report from July to December 2018 (Unaudited)

Action: Approval

Presenter: Brian Mayhew

Attachments: [Item 06 Memo Financial Statements July December 2018 Unaudited Final.pdf](#)
[Item 06 Attachment Financial Reports Budget to Actual as of 12 31 18.pdf](#)

7. Operating Budget

- 7.a. [19-0183](#) Approval of Fiscal Year 2019-20 Operating Budget

Action: Approval

Presenter: Brian Mayhew

Attachments: [Item 07 Memo Approval FAN FY 19-20 Operating Budget Final.pdf](#)
[Item 07 Attachment FAN FY 19-20 Operating Budget v2.pdf](#)

8. Adjournment / Next Meeting

The next regular meeting of the ABAG FAN Executive Committee is on April 4, 2019.

Public Comment: The public is encouraged to comment on agenda items at Committee meetings by completing a request-to-speak card (available from staff) and passing it to the Committee secretary. Public comment may be limited by any of the procedures set forth in Section 3.09 of MTC's Procedures Manual (Resolution No. 1058, Revised) if, in the chair's judgment, it is necessary to maintain the orderly flow of business.

Meeting Conduct: If this meeting is willfully interrupted or disrupted by one or more persons rendering orderly conduct of the meeting unfeasible, the Chair may order the removal of individuals who are willfully disrupting the meeting. Such individuals may be arrested. If order cannot be restored by such removal, the members of the Committee may direct that the meeting room be cleared (except for representatives of the press or other news media not participating in the disturbance), and the session may continue.

Record of Meeting: Committee meetings are recorded. Copies of recordings are available at a nominal charge, or recordings may be listened to at MTC offices by appointment. Audiocasts are maintained on MTC's Web site (mtc.ca.gov) for public review for at least one year.

Accessibility and Title VI: MTC provides services/accommodations upon request to persons with disabilities and individuals who are limited-English proficient who wish to address Commission matters. For accommodations or translations assistance, please call 415.778.6757 or 415.778.6769 for TDD/TTY. We require three working days' notice to accommodate your request.

可及性和法令第六章: MTC 根據要求向希望來委員會討論有關事宜的殘疾人士及英語有限者提供服務/方便。需要便利設施或翻譯協助者, 請致電 415.778.6757 或 415.778.6769 TDD / TTY。我們要求您在三個工作日前告知, 以滿足您的要求。

Acceso y el Titulo VI: La MTC puede proveer asistencia/facilitar la comunicación a las personas discapacitadas y los individuos con conocimiento limitado del inglés quienes quieran dirigirse a la Comisión. Para solicitar asistencia, por favor llame al número 415.778.6757 o al 415.778.6769 para TDD/TTY. Requerimos que solicite asistencia con tres días hábiles de anticipación para poderle proveer asistencia.

Attachments are sent to Committee members, key staff and others as appropriate. Copies will be available at the meeting.

All items on the agenda are subject to action and/or change by the Committee. Actions recommended by staff are subject to change by the Committee.



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #: 19-0180 **Version:** 1 **Name:**
Type: Minutes **Status:** Committee Approval
File created: 2/20/2019 **In control:** ABAG FAN Executive Committee
On agenda: 3/7/2019 **Final action:**
Title: Approval of ABAG FAN Executive Committee Minutes of November 8, 2018
Sponsors:
Indexes:
Code sections:
Attachments: [Item 04 Minutes 20181108 Draft.pdf](#)

Date	Ver.	Action By	Action	Result
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Approval of ABAG FAN Executive Committee Minutes of November 8, 2018

Secretary

Approval



375 Beale Street
Suite 700
San Francisco, California
94105

Meeting Minutes - Draft

ABAG FAN Executive Committee

*Chair, Charles Lomeli, Treasurer-Tax Collector-County Clerk,
County of Solano*

Thursday, November 8, 2018

2:00 PM

Golden Gate CR 8102

ABAG Finance Authority for Nonprofit Corporations

The ABAG FAN Executive Committee may act on any item on the agenda.

Agenda, roster, and webcast available at <http://abag.ca.gov/meetings>.

For information, contact Clerk of the Board at (415) 820-7913.

Location

Bay Area Metro Center, 375 Beale Street, Golden Gate Conference Room 8102, San Francisco, California

Teleconference Locations

County of Solano, County Government Center, 675 Texas Street, Suite 1900, Fairfield, California

County of Sonoma, County Fiscal Building, 585 Fiscal Drive, Suite 100, Santa Rosa, California

County of Santa Clara County, County Government Center, 70 West Hedding Street, E. Wing, 2nd Floor, San Jose, California

County of Contra Costa, 625 Court Street, Room 100/102, Martinez, California

Executive Committee Roster

Charles Lomeli, Treasurer-Tax Collector-County Clerk, County of Solano

Jonathan Kadlec, Assistant Auditor-Controller-Treasurer-Tax Collector,
County of Sonoma

Paul McDonough, Debt Management Officer, County of Santa Clara

Russell Watts, Treasurer-Tax Collector, County of Contra Costa

1. Call to Order / Roll Call / Confirm Quorum

Chair Lomeli called the meeting to order at about 2:05 p.m. The following members participated by teleconference: Lomeli, Kadlec, McDonough, and Watts. Quorum was present.

Present: 4 - Kadlec, Lomeli, McDonough, and Watts

2. Public Comment

There was no public comment.

3. Executive Committee Announcements

There were no Executive Committee member announcements.

4. Approval of Summary Minutes

[18-0838](#) Approval of ABAG FAN Executive Committee Summary Minutes of August 2, 2018

Upon the motion by Watts and second by McDonough, the ABAG FAN Executive Committee minutes of August 2, 2018 was approved. The motion passed unanimously by the following vote:

Aye: 4 - Kadlec, Lomeli, McDonough, and Watts

5. Report on Financial Audit

[18-0839](#) Approval of ABAG FAN Financial Audit for Fiscal Year 2017-18

Upon the motion by McDonough and second by Watts, the Audited Financial Statements and accompanying reports for Fiscal Year 2017-18 was approved. The motion carried unanimously by the following vote:

Aye: 4 - Kadlec, Lomeli, McDonough, and Watts

6. Adjournment / Next Meeting

Chair Lomeli adjourned the meeting at about 2:25 p.m.

The next regular meeting of the ABAG FAN Executive Committee is on December 6, 2018.



Metropolitan Transportation Commission

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Legislation Details (With Text)

File #: 19-0181 **Version:** 1 **Name:**
Type: Report **Status:** Committee Approval
File created: 2/20/2019 **In control:** ABAG FAN Executive Committee
On agenda: 3/7/2019 **Final action:**
Title: Report on ABAG FAN Portfolio for February 2019
Sponsors:
Indexes:
Code sections:
Attachments: [Item 05 Memo ABAG FAN Portfolio Feb 2019 Final.pdf](#)

Date	Ver.	Action By	Action	Result
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Report on ABAG FAN Portfolio for February 2019

Nicholas Mar

Approval

ASSOCIATION OF BAY AREA GOVERNMENTS

Finance Authority for Nonprofit Corporations



Date: February 28, 2019

To: ABAG FAN Executive Committee

From: Executive Director

Subject: **Report on ABAG FAN Portfolio for February 2019**

This report provides an update of ABAG Finance Authority for Nonprofit Corporations' (ABAG FAN) existing debt portfolio.

Transaction Document Amendments

Over the past few months, staff has worked on several amendments for the following transactions:

- Bryte Gardens. Bryte Gardens bond underwent a full optional redemption. As a condition to closing, Housing and Urban Development (HUD) and the lender required that ABAG FAN agree to modify the Regulatory Agreement to include HUD Rider Language. ABAG FAN exercised its option to pre-pay approximately \$53,000 of the remaining future project monitoring fees. In addition, ABAG FAN charged the obligor a \$10,000 amendment fee.
- ABAG FAN Drug Abuse Alternative Center. On July 2, 2018, an optional redemption in the amount of \$600,000 was processed paying the bonds off entirely. Additionally, a Termination Agreement was executed which substituted the trustee and authorized full reconveyance of security on the Deed of Trust.
- Mountain View "Shorebreeze" Apartments. An amendment to the Regulatory Agreement is being drafted by Borrower's Counsel. The intent is to refinance with a private lender and fully redeem the ABAG FAN debt. Draft documents are being circulated for review by Borrower Counsel with an anticipated close date in April 2019.
- Heritage Plaza. Heritage Plaza underwent a refinancing with California Housing Finance Agency (CalHFA) as Issuer. As a condition to the termination of the existing Regulatory Agreement, the new issuer was asked to assume the ongoing housing compliance responsibilities. As such, the new regulatory agreement makes ABAG FAN a third-party beneficiary to enforce certain provisions in case there are any issues. The Internal Revenue Service (IRS) has the ability to retroactively audit the tax-exempt status of the bonds. Therefore, ABAG FAN was included as third-party beneficiary in case we need to enforce certain provisions as original issuer.
- Institute for Defense Analysis. This is a modification Agreement currently being executed to reflect an adjustment to the Bank Holder rate definition in the Loan Agreement. Borrower Counsel is still drafting an opinion stating there is no adverse change to the tax exempt status of the bonds.
- Presidio Knolls. This transaction is undergoing a refinancing. The Subordination Agreement and Amendment to Subordinate Loan Agreement were revised to reflect the

Report on ABAG FAN Portfolio

February 28, 2019

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new definition of senior loan debt since the California Municipal Finance Authority (CMFA) refinance. Presidio Knolls will pay for legal expenses required by ABAG FAN. Negotiations are still underway to amend the Subordinate Loan Agreement and related Subordination Agreement.

Housing Compliance and Financial Services Software

In 2018, the ABAG FAN Executive Committee approved staff's request to enter into a contract with Compliance Services, LLC to utilize its customized housing compliance software. The software will be used to monitor various state regulations and bond compliance requirements for the housing transactions. All of the framework for the housing properties has been uploaded into the database. Housing Compliance is assisting with the submittal of the California Debt Limit Allocation Committee (CDLAC) Certificates of Compliance due March 2019.

IRS Audits

Staff received eight IRS audit inquiries. Nixon Peabody, ABAG FAN's Bond Counsel, responded and completed seven of the audit inquiries. All seven had no change to the tax exempt status of the bonds. The following audits were closed with no change to position.

- Sharp Healthcare Series 2009 A
- Sharp Healthcare Series 2009 C
- Sharp Healthcare Series 2009 D
- Sharp Healthcare Series 2014 A
- Eskaton Properties Series 2008 A (Closed 4/12/18)
- Eskaton Properties Series 2013 A
- Orchard Glen Series 2005 A Reissuance (formerly known as Capitol Park Apartments)

Sharp Healthcare 2009 Series B has recently been submitted and currently pending IRS approval.

Wells Fargo Trustee Resignation

Two notices were received from Wells Fargo regarding their resignation as Trustee from the Bryte Gardens and Yuba Gardens transactions. Later, rescission notices were issued and Wells Fargo decided to continue on with their role as trustee. Wells Fargo then notified us that their San Francisco office would be closed with the majority of accounts being transferred to their Los Angeles and Minneapolis offices. We have been working with successor staff to update contact information for many deals during this transition period.

Recommended Action

The ABAG FAN Executive Committee is requested to accept the report.



Steve Heminger



Metropolitan Transportation Commission

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Legislation Details (With Text)

File #: 19-0182 **Version:** 1 **Name:**

Type: Report **Status:** Committee Approval

File created: 2/20/2019 **In control:** ABAG FAN Executive Committee

On agenda: 3/7/2019 **Final action:**

Title: Financial Report from July to December 2018 (Unaudited)

Sponsors:

Indexes:

Code sections:

Attachments: [Item 06 Memo Financial Statements July December 2018 Unaudited Final.pdf](#)
[Item 06 Attachment Financial Reports Budget to Actual as of 12 31 18.pdf](#)

Date	Ver.	Action By	Action	Result
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Financial Report from July to December 2018 (Unaudited)

Brian Mayhew

Approval

ASSOCIATION OF BAY AREA GOVERNMENTS
Finance Authority for Nonprofit Corporations



Date: February 28, 2019
To: ABAG FAN Executive Committee
From: Executive Director
Subject: **Financial Report from July to December 2018 (Unaudited)**

Attached is the financial report for ABAG Finance Authority for Nonprofit Corporations (ABAG FAN) for the period July 1, 2018 through December 31, 2018. The report is unaudited and subject to change based on audit adjustments.

As of December 31, 2018, the total year-to-date revenue of \$657,107 exceeded the total year-to-date expense of \$482,970 by \$174,137; however, after transfers are made we still expect a net operating deficit for FY 2018-19.

The main source of revenue is financial services fees which total \$607,301 or about 92% of the total revenue. The fees are budgeted in a single item of \$1.3 million (4953 object). The actual fees received are recorded in detail to more accurately show the source.

Year-to-date expenses are approximately \$483,000, 30% under the adopted budget for the first half of the fiscal year. We anticipate more consultant and legal expenses relating to Advancing California Finance Authority (ACFA) during the fiscal year but not to the extent it will exceed the adopted budget.

If you have any questions about this report, please contact Brian Mayhew at (415) 778-6730.

Recommended Action

The ABAG FAN Executive Committee is requested to accept the report.



Steve Heminger

Attachment

Financial Reports

Budget to Actual by Fund

Ledger: GL
 Report Date: 12/31/2018
 Fiscal Year: 2019

(with Encumbrances)

Period: 6
 Budget Version: WK
 Budget Level: OB

Fund 481 ABAG FAN**REVENUE ACCOUNTS**

<u>Object Description</u>	<u>Object</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Balance</u>
Int Income - LAIF	4801	0.00	15,694.41	0.00	-15,694.41
Interest Income - CalTrust	4804	50,000.00	11,221.08	0.00	38,778.92
Interest Income - Other	4846	250,000.00	0.00	0.00	250,000.00
Gain/Loss Revaluation Investmt	4850	0.00	22,890.43	0.00	-22,890.43
Financial Services Revenue	4953	1,300,000.00	19,516.12	0.00	1,280,483.88
Administrative fees	4956	0.00	309,194.53	0.00	-309,194.53
Project monitoring fees	4957	0.00	175,640.71	0.00	-175,640.71
Closing/Application fees	4958	0.00	102,950.00	0.00	-102,950.00
Transfers In	8002	100,000.00	0.00	0.00	100,000.00

EXPENSE ACCOUNTS

<u>Object Description</u>	<u>Object</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Balance</u>
Salaries	5000	274,944.00	102,922.90	0.00	172,021.10
Temporary Agency	5046	0.00	0.00	0.00	0.00
Benefits	5099	140,056.00	89,656.54	0.00	50,399.46
Meals	5105	0.00	0.00	0.00	0.00
Advertising/Public Awareness	5142	0.00	0.00	0.00	0.00
Storage Rental	5184	0.00	3,832.90	1,868.20	-5,701.10
Mailing/Postage	5265	0.00	0.00	0.00	0.00
Subscriptions	5280	0.00	0.00	0.00	0.00
Consultant/Professional Fees	5300	420,000.00	146,332.61	608,054.00	-334,386.61
Legal Fees	5340	100,000.00	-17,310.50	112,631.84	4,678.66
Commtee Member's Stipend	5703	0.00	1,300.00	0.00	-1,300.00
Audit	5717	85,000.00	49,961.74	4,123.53	30,914.73
Bank Service Charges	5750	50,000.00	4,649.37	0.00	45,350.63
Miscellaneous	5755	25,000.00	0.00	0.00	25,000.00
Indirect Costs	5763	208,000.00	101,624.16	0.00	106,375.84
Transfers out	8000	350,000.00	0.00	0.00	350,000.00
Revenue:		1,700,000.00	657,107.28	0.00	1,042,892.72
Expenses:		1,653,000.00	482,969.72	726,677.57	443,352.71
Net:		47,000.00	174,137.56	-726,677.57	599,540.01



Metropolitan Transportation Commission

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Legislation Details (With Text)

File #: 19-0183 **Version:** 1 **Name:**

Type: Report **Status:** Committee Approval

File created: 2/20/2019 **In control:** ABAG FAN Executive Committee

On agenda: 3/7/2019 **Final action:**

Title: Approval of Fiscal Year 2019-20 Operating Budget

Sponsors:

Indexes:

Code sections:

Attachments: [Item 07 Memo Approval FAN FY 19-20 Operating Budget Final.pdf](#)
[Item 07 Attachment FAN FY 19-20 Operating Budget v2.pdf](#)

Date	Ver.	Action By	Action	Result
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Approval of Fiscal Year 2019-20 Operating Budget

Brian Mayhew

Approval

ASSOCIATION OF BAY AREA GOVERNMENTS
Finance Authority for Nonprofit Corporations



Date: February 28, 2019
To: ABAG FAN Executive Committee
From: Executive Director
Subject: **Approval of Fiscal Year 2019-20 Operating Budget**

Attached is the proposed ABAG Finance Authority for Nonprofit Corporations (ABAG FAN) Operating Budget for Fiscal Year 2019-20. We project a slight operating deficit of \$97,625 as a result of continuing support for Advancing California Finance Authority (ACFA) development.

The total estimated revenue is \$1.3 million against \$1.4 million in direct expenses. The FY 2019-20 request includes covering expenses for the new Advancing California Finance Authority (ACFA) which is in the second operational year as successor financing conduit to the ABAG FAN. Other highlights include:

Revenue:

- Fees—Estimated \$1.3 million from the existing portfolio.
- Interest—Based on balance of \$4 million and increasing short term rates.

Expense:

- Staffing—Included in the budget are two full time positions, one in Treasury and the other in Marketing, and one part time charge from the Executive office. Staffing costs are covered via a \$1.3 million transfer to the Metropolitan Transportation Commission (MTC).
- Consultants—Continued funding for both Sperry Capital and Public Finance Management for financial advisory work to assist in the administration of the current ABAG FAN portfolio and to process any new ACFA transactions.
- Legal—Included funds for Nixon Peabody to provide general legal support to the existing ABAG FAN portfolio and any new ACFA transactions.

Overall direct expenses are up by 10% from the last fiscal year budget. The increase is generally due to supporting the start-up costs of the new ACFA conduit. While ABAG FAN cannot provide unlimited support to ACFA, with an asset base of over \$4 million, ABAG FAN can continue to support ACFA for FY 2019-20.

Approval of Fiscal Year 2019-20 Operating Budget

February 28, 2019

Page 2

Recommended Action

The ABAG FAN Executive Committee is requested to approve the proposed Fiscal Year 2019-20 Operating Budget and to authorize staff to move expenses between categories during the fiscal year provided that the overall budget is not exceeded at any time without the prior approval of the ABAG FAN Executive Committee.



Steve Heminger

Attachment

Proposed Operating Budget

FAN

	YTD Actuals to 12/31/2018	Approved Budget FY 2018-19	Proposed Budget FY 2019-20	Change % Inc./Dec.	Change \$ Inc./Dec.
Revenue					
Financial Services Revenue	\$ 607,301	\$ 1,300,000	\$ 1,269,000	-2%	\$ (31,000)
Interest Revenue	26,915	50,000	70,000	40%	20,000
Other Revenue	22,890	250,000	-	100%	(250,000)
Total Revenue	<u>657,107</u>	<u>1,600,000</u>	<u>1,339,000</u>	<u>-16%</u>	<u>(261,000)</u>
Expense					
Travel	-	-	6,800	-	6,800
Conference/Training Exp			4,200	-	4,200
Advertising/Public awareness	-	-	10,520	-	10,520
Consultants	146,333	420,000	450,000	7%	30,000
Legal Fees	(17,311)	100,000	50,000	-50%	(50,000)
Commission Expense	1,300	-	-	-	-
Audit	49,962	85,000	83,000	-2%	(2,000)
Bank Service Charges	4,649	50,000	18,720	-63%	(31,280)
Miscellaneous	3,833	25,000	25,650	3%	650
Total Expense	<u>188,766</u>	<u>680,000</u>	<u>648,890</u>	<u>-5%</u>	<u>(31,110)</u>
Transfers					
MTC Staff Cost	192,579	415,000	513,223	24%	98,223
Overhead	101,624	208,000	274,512	32%	66,512
Total Direct and Staffing	<u>482,970</u>	<u>1,303,000</u>	<u>1,436,625</u>	<u>10%</u>	<u>133,625</u>
Other Transfers (In)	-	(100,000)	-	-100%	100,000
Other Transfers Out	-	350,000	-	100%	(350,000)
Surplus/(Deficit)	<u>\$ 174,138</u>	<u>\$ 47,000</u>	<u>\$ (97,625)</u>	<u>-308%</u>	<u>\$ (144,625)</u>
Beginning Net Position	4,322,605	\$ 4,322,605	\$ 4,369,605		-
Ending Balance	<u>\$ 4,496,743</u>	<u>\$ 4,369,605</u>	<u>\$ 4,271,980</u>	<u>\$ -</u>	<u>\$ -</u>

*Transfer in from Reserve