ASSOCIATION OF BAY AREA GOVERNMENTS

Meeting Transcript

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ABAG ACFA GOVERNING BOARD

THURSDAY, SEPTEMBER 16, 2021, 5:15 P.M.

KAREN MITCHOFF: GOOD EVENING TO THOSE OF YOU JOINING US. WE ARE CONVENING THE ABAG ACFA GOVERNING BOARD FOR SEPTEMBER 16, 2021. MAY WE ROLL THE TAPE, PLEASE? [RECORDED MEETING PROCEDURES ANNOUNCEMENT] DUE TO COVID-19 THIS MEETING WILL BE CONDUCTED AS A ZOOM WEBINAR PURSUANT TO THE PROVISIONS OF THE GOVERNOR'S EXECUTIVE ORDER N-29-20 WHICH SUSPENDS CERTAIN REQUIREMENTS OF THE BROWN ACT. THIS MEETING IS BEING WEBCAST ON THE MTC WEB SITE. THE CHAIR WILL CALL UPON COMMISSIONERS, PRESENTERS, STAFF, AND OTHER SPEAKERS BY NAME AND ASK THAT THEY SPEAK CLEARLY AND STATE THEIR NAMES BEFORE GIVING COMMENTS OR REMARKS. PERSONS PARTICIPATING VIA WEBCAST AND ZOOM WITH THEIR CAMERAS ENABLED ARE REMINDED THAT THEIR ACTIVITIES ARE VISIBLE TO VIEWERS. COMMISSIONERS AND MEMBERS OF THE PUBLIC PARTICIPATING BY ZOOM WISHING TO SPEAK SHOULD USE THE RAISE HAND FEATURE, OR DIAL STAR NINE, AND THE CHAIR WILL CALL UPON THEM AT THE APPROPRIATE TIME. TELECONFERENCE ATTENDEES WILL BE CALLED UPON BY THE LAST FOUR DIGITS OF THEIR PHONE NUMBER. IT IS REQUESTED THAT PUBLIC SPEAKERS STATE THEIR NAMES AND ORGANIZATION, BUT PROVIDING SUCH INFORMATION IS VOLUNTARY. WRITTEN PUBLIC COMMENTS RECEIVED AT INFO@BAYAREAMETRO.GOV BY 5:00 P.M. YESTERDAY WILL BE POSTED TO THE ONLINE AGENDA AND ENTERED INTO THE RECORD BUT WILL NOT BE READ OUT LOUD. IF AUTHORS OF THE WRITTEN CORRESPONDENCE WOULD LIKE TO SPEAK, THEY ARE FREE

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TO DO SO. A ROLL CALL VOTE WILL BE TAKEN FOR ALL ACTION ITEMS. PANELISTS AND ATTENDEES SHOULD NOTE THAT THE CHAT FEATURE IS NOT ACTIVE.

KAREN MITCHOFF, CHAIR: THANK YOU. MR. CASTRO, MAY WE HAVE ROLL CALL.

CLERK OF THE BOARD: YES, MA'AM. MAYOR ARREGUIN?

JESSE ARREGUIN: PRESENT.

CLERK OF THE BOARD: SUPERVISOR CHAVEZ IS ABSENT. SUPERVISOR MITCHOFF?

KAREN MITCHOFF, CHAIR: YES, I'M HERE.

CLERK OF THE BOARD: THANK YOU. SUPERVISOR RAMOS?

BELIA RAMOS: HERE.

CLERK OF THE BOARD: THANK YOU. QUORUM IS PRESENT.

KAREN MITCHOFF, CHAIR: THANK YOU VERY MUCH. ONCE AGAIN MR. CASTRO DO WE HAVE ANY PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA.

CLERK OF THE BOARD: THERE ARE NO MEMBERS OF THE PUBLIC WITH THEIR HAND RAISED, AND THERE WAS NO PUBLIC COMMENT SUBMITTED.

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JESSE ARREGUIN, VICE CHAIR: THANK YOU. MOVING ON TO GOVERNING BOARD ANNOUNCEMENTS, DO ANY OF THE COMMITTEE MEMBERS HAVE ANY ANNOUNCEMENTS? THANK YOU. GOVERNING BOARD'S CHAIR REPORT. NEITHER DO I HAVE A REPORT. WE'RE GOING TO GO DIRECTLY TO ITEM 5A, AND MS. MCMILLAN'S REPORT.

THERESE MCMILLAN: I HAVE NO REPORT, MADAM CHAIR.

KAREN MITCHOFF, CHAIR: WONDERFUL, WE'RE ZIPPING ON THROUGH HERE. SIX -- OH, I'M SO SORRY -- NOW WE'RE ON SIX, THE CONSENT CALENDAR, 6A AND 6B, WHO WANTS TO RUSH TO JUDGMENT TO MAKE THAT MOTION?

JESSE ARREGUIN: I'LL MOVE APPROVAL, ARREGUIN.

KAREN MITCHOFF, CHAIR: MOVE FOR APPROVAL ARREGUIN. AND SECOND RAMOS?

BELIA RAMOS: YES.

KAREN MITCHOFF, CHAIR: ARE YOU STANDING IN?

SPEAKER: I'M NOT SURE I'M AT THE RIGHT MEETING I THINK I AM BUT I DIDN'T HEAR MY OR HIS NAME CALLED.

JESSE ARREGUIN: SUPERVISOR HAUBERT WE'RE GOING TO START THE NEXT MEETING RIGHT AFTER THIS.

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KAREN MITCHOFF, CHAIR: AND THIS WILL GO QUICKLY.

DAVID HAUBERT: THANK YOU. I'LL STAY ON.

KAREN MITCHOFF, CHAIR: ANY PUBLIC COMMENT, FRED?

CLERK OF THE BOARD: THERE ARE NO MEMBERS OF THE PUBLIC WITH THEIR HAND RAISED, AND THERE WAS NO PUBLIC COMMENT SUBMITTED ON THIS ITEM.

KAREN MITCHOFF, CHAIR: ALL RIGHT. SO I THINK I SAW -- HEARD MAYOR ARREGUIN MOVE THE ITEM. AND SUPERVISOR RAMOS IS SECONDING IT. ROLL CALL, PLEASE.

CLERK OF THE BOARD: YES, MA'AM. [ROLL CALL VOTE] THANK YOU. MOTION PASSES UNANIMOUS.

KAREN MITCHOFF, CHAIR: THANK YOU. MOVING TO ITEM SEVEN, WHICH IS THE FINANCE AUTHORITY FOR NON-PROFIT CORPORATIONS, REPORT ON THE ABAG FAN FINANCIAL STATEMENT. BRIAN, WOULD YOU PLEASE TAKE THAT AWAY?

BRIAN MAYHEW: HAPPY TO. THANK YOU. AND GOOD EVENING TO EVERYBODY AGAIN. NOT MUCH TO TALK ABOUT HERE. THE REVENUE, WE HAVE A SURPLUS OF $119,000 ON REVENUE OF 840,000, EXPENSE OF 720 GIVE OR TAKE. RIGHT ON THE BEAM. EXACTLY WHAT WE EXPECTED. ONE THING TO BE CAUTIOUS ABOUT, IN THIS KIND OF A FUND, THE FEES ARE TIED TO PRINCIPLE, AND PRINCIPLE BALANCES GO DOWN OVER TIME. SO THE FEES WILL GO DOWN. AND AS PEOPLE REFINANCE, AND DO OTHER

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THINGS, THOSE PRINCIPLE BALANCES WILL GO DOWN AS WELL. FORTUNATELY, WHEN THEY DO REFINANCINGS, THAT'S WHERE MOST OF OUR MONEY COMES FROM, BECAUSE THEY PAY US FEES TO DO IT. THERE IS A LITTLE BIT OF ISSUES. SALARY AND BENEFITS ARE THE ONLY THING THAT WE'RE GOING TO LOOK INTO. IT WENT A LITTLE BIT OVER WHAT WE HAD BUDGETED. BUT WE'LL HAVE A LOOK AT THAT. YOU SEE THE LEGAL, WENT A LITTLE OVER BUDGET BUT THAT USUALLY IS BECAUSE CONTRACT, THE OBJECT COAT FOR CONTRACT AND LEGAL TEND TO GET MIXED UP A LOT. SO IF YOU ADD THE TWO TOGETHER YOU WILL SEE THE 472,000 TOTAL CONTRACTURAL AND TOTAL EXPENSE IS 346 SO WE WIND UP WITHIN BUDGET THERE AS WELL. ALL LOOKS GOOD. THE FUND IS IN VERY, VERY GOOD SHAPE.

KAREN MITCHOFF, CHAIR: ALL RIGHT. DOES ANYBODY HAVE QUESTIONS FOR BRIAN ON OUR REPORT? ON THE FAN FINANCIAL STATEMENTS? ANY PUBLIC COMMENT, FRED?

CLERK OF THE BOARD: THERE ARE NO MEMBERS OF THE PUBLIC WITH THEIR HAND RAISED, AND THERE WAS NO PUBLIC COMMENT SUBMITTED ON THIS ITEM.

JESSE ARREGUIN, VICE CHAIR: OKAY. AM I TO UNDERSTAND THERE IS JUST THREE OF US HERE FROM THE -- FOR THIS REPORT? YES THAT'S WHAT IT IS. SO, JESSE MADE THE LAST MOTION. SO I AM SURE BELIA WOULD LIKE TO MAKE THIS MOTION, AND JESSE WILL SECOND IT.

BELIA RAMOS: ABSOLUTELY.

KAREN MITCHOFF, CHAIR: ROLL CALL, PLEASE.

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CLERK OF THE BOARD: [ROLL CALL VOTE] MOTION PASSES UNANIMOUS.

KAREN MITCHOFF, CHAIR: THANK YOU. NEXT ITEM 7B IS THE REPORT ON THE ABAG FAN PORTFOLIO. BRIAN?

THERESE MCMILLAN: YOU'RE ON MUTE.

KAREN MITCHOFF, CHAIR: THANK YOU. THERE YOU GO.

BRIAN MAYHEW: A LOT OF TRANSACTIONS TO GO THROUGH TONIGHT. ACACIA CREEK IS EXTENSION. THAT I WANT TO CHANGE THE INTEREST RATE EXTEND THE TEMPLES VERY SIMPLE EXECUTED ACTION COURTYARD IS BEING SOLD GOING TO REFINANCE AWAY. REGULATORY AGREEMENT THE ACTUAL REGULATORY AGREEMENT LIFE OF FINANCING HAS EXPIRED WE ARE REMOVING THE REGULATORY AGREEMENT AND TAKING OFF TITLE AND IT'S GONE FOREVER. THAT'S THE FIRST ONE I HAVE EVER SEEN REMOVED. PARK TRYING TO GET RID OF THE PREPAYMENT PENALTY, AND THEN CHANGE MATURITY A LITTLE BIT. ESKOLA, [INDISCERNIBLE] THAT'S A LITTLE BIT DIFFERENT THEY WERE GOING TO GO THROUGH A PLAN PURCHASE THAT FELL THROUGH SO THE BANK IS TRYING TO EXTEND THE PURCHASE DATE. NOT MUCH OF AN IMPACT ON US EXCEPT THEY HAVE TO FILE SOME DOCUMENTS AND THE BIG KAHUNA FOR US WAS THAT THE U.S. BANK -- WELL, OUR FORMER TRUSTEE, UNION BANK SOLD THEIR ENTIRE PRACTICE UNITED STATES BANK, AND WE WOUND UP HAVING TO MOVE ALL OF OUR TRUST ACCOUNTS. I THINK TODAY IS ACTUALLY -- IS IT TODAY OR TOMORROW? WHERE THEY'RE ACTUALLY HAVING THE FINAL ROLLOVER OF THE ACCOUNTS AND IT'S

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SUPPOSED TO GO LIVE AND ACTIVE. KATHY'S TEAM HAS BEEN WORKING ON IT FOR ABOUT SIX MONTHS NOW.

SPEAKER: YES.

BRIAN MAYHEW: SO IF YOU EVER WANT TO DO SOMETHING FUN, CHANGING TRUSTEES IS NOT IT. FORTUNATELY, WE DESPERATELY TRIED TO GET THEM TO DO IT AWAY FROM THE AUDIT. BUT MOST OF THE AUDIT WORK WAS DONE BEFORE OUR AUDIT WENT INTO FULL SWING BUT KATHY AND HER GROUP OF WORKING IT OUT AND IT'S SOLID. THE TECHNOLOGY IS PRETTY SOLID NOW, UNION BANK. IT MAY BE A VERY BIG POSITIVE FOR US AFTER THE WORK IS DONE. ONE OTHER THING IS THE REPORT -- SANTA CRUZ THAT'S A DIFFERENT REPORT. TRANSACTIONS YOU HAVE ONE MORE REPORT BEHIND YOU.

KAREN MITCHOFF, CHAIR: THAT'S JUST INFORMATION. I THINK WHAT OUR COUNSEL WOULD SAY, WE NEED TO TAKE ACTION ON THIS AND THEN WE'LL MOVE FORWARD.

BRIAN MAYHEW: ALL RIGHT.

KAREN MITCHOFF, CHAIR: GOING BACK AND FORTH. FRED, ANY PUBLIC COMMENT ON THIS?

CLERK OF THE BOARD: THERE ARE NO MEMBERS OF THE PUBLIC WITH THEIR HAND RAISED, AND THERE WAS NO PUBLIC COMMENT SUBMITTED ON THIS ITEM.

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KAREN MITCHOFF, CHAIR: SO MAYOR ARREGUIN, I BELIEVE, WILL BE MAKING THIS MOTION. AND SUPERVISOR RAMOS WILL BE SECONDING IT. ROLL CALL, PLEASE.

CLERK OF THE BOARD: THANK YOU. [ROLL CALL VOTE] PASSES UNANIMOUSLY BY ALL MEMBERS PRESENT

KAREN MITCHOFF, CHAIR: THANK YOU VERY MUCH. LAST ITEM IS THE REPORT ON SANTA CRUZ MONTESSORI DEFAULT NOTICE. THIS IS INFORMATION. BRIAN?

BRIAN MAYHEW: YOU'RE GOING TO SEE A LOT OF THIS. THE SCHOOL IS IN DEFAULT THEY'RE REQUIRED TO MAINTAIN CERTAIN COVERAGES, 1.15 TIMES OF THEIR REVENUE STREAM OBVIOUSLY THEY DIDN'T HAVE THE STUDENTS THERE, THEY DIDN'T GET CLOSE. U.S. BANK IS ACTUALLY EXERCISING THE TRUSTEE'S RIGHTS TO PUT THEM IN NOTICE OF DEFAULT SO THEY CAN DO ALL THE PROTECTIONS FOR THE BOND HOLDERS THEY NEED TO DO ONE REQUIREMENT IS TO INFORM US OF THE NOTICE OF DEFAULT. THEY WILL PUT HOLDS ON ADMINISTRATIVE ACCOUNTS THINGS THAT ARE GOING TO HAPPEN THE SCHOOL WILL BE ABLE TO OPERATE JUST FINE WITHIN THESE PARAMETERS BUT JUST TO THE BANK TO PROTECT THE BOND HOLDERS RIGHTS. PROBABLY WILL SEE IT AGAIN AS THEY BEGIN THE WORK ON IT, BUT RIGHT NOW THAT'S ALL WE CAN DO.

KAREN MITCHOFF, CHAIR: ANY QUESTIONS? BRIAN, YOU SAID THEY'RE GOING TO CONTINUE TO OPERATE, ARE WE AT A RISK OF LOSING ANY MONEY?

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BRIAN MAYHEW: NO. IN THIS INSTANCE WE'RE JUST A CONDUIT EVERYTHING IS SECURED BY THE SCHOOL ITSELF. SO WE -- THE ONLY THING THAT WOULD HAPPEN IS, OUR ROLE -- IF SOMETHING HAPPENED IN OUR ROLE, AS THE CONDUENT, AND THE CONDITIONS FOR THE FINANCING. SO SINCE THEY ARE IN DEFAULT AND THE TRUSTEE IS EXERCISING THOSE RIGHTS, THAT'S WHAT WE GAVE THE TRUSTEE TO DO ON OUR BEHALF. WE WOULDN'T BE INVOLVED AT ALL, WHATEVER RESERVES EXIST OUTSIDE OF OUR SPACE.

KAREN MITCHOFF, CHAIR: THANK YOU. FRED, ANY PUBLIC COMMENT?

CLERK OF THE BOARD: THERE ARE NO MEMBERS OF THE PUBLIC WITH THEIR HAND RAISED, AND THERE WAS NO PUBLIC COMMENT SUBMITTED ON THIS ITEM.

KAREN MITCHOFF, CHAIR: WONDERFUL. THIS WAS INFORMATIONAL, ONLY. SO WITH THAT, I WILL ADJOURN THE MEETING TO OUR NEXT MEETING ON NOVEMBER 18TH, 2021. JESSE, DID YOU WANT TO ALLOW FOR A BREAK? OR READY TO ROCK AND ROLL? [ADJOURNED]

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