

Advancing California Finance Authority

Governing Board

May 18, 2023

Agenda Item 6.a.

ABAG Finance Authority for Nonprofit Corporations (ABAG FAN)

Subject:

Adoption of ACFA Resolution No. 2023-004 Approving the Association of Bay Area Governments Finance Authority for Nonprofit Corporations (ABAG FAN) Fiscal Year 2023-24 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) 2023-24 Operating Budget. The Operating Budget is balanced, with a surplus of \$9,469.

Operating Revenue

Proposed operating revenues for FY 2023-24 is approximately \$786,000, a decrease of \$76,000 from the FY 2022-23 budget, primarily due to a decrease in Administrative Fees Revenue, Financial Services Revenue, and Community Facilities Districts (CFD) recovery fees.

Forecasted LAIF revenue is projected at \$69,000, a 376% increase from the previous year. This interest income increase is due to the anticipated higher yield on the \$3 million account balance.

Financial Services Revenue is budgeted at \$20,000, a \$30,000 reduction from FY 2022-23 budget due to the current 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 administrating the CFD bond portfolio. The proposed FY 2023-24 CFD expenditures include cost savings of approximately \$38,000, resulting in a like reduction of this line item.

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

Operating Expense

Proposed operating expenditures for FY 2023-24 are approximately \$444,000, a decrease of \$133,000 or 23% from FY 2022-23. Highlights include:

- A reduction of \$103,000 in financial advisory consulting fees due to fewer refinancing or restructuring activities.

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- Bank and financing fees, travel and training, and other miscellaneous costs decrease by \$36,000.
- Staff costs and overhead increase approximately 22% due to a new allocation related to the executive office.

Issues: None

Recommended Action:

The Advancing California Finance Authority (ACFA) Governing Board is requested to adopt Resolution No. 2023-004 approving the ABAG Finance Authority for Nonprofit Corporations (ABAG FAN) Operating Budget for Fiscal Year 2023-24.

Attachments:

- A. ABAG FAN Proposed FY 2023-24 Operating Budget
- B. ACFA Resolution 2023-004, Approving ABAG FAN Fiscal Year 2023-24 Operating Budget

Reviewed:



Andrew Fremier