

# Advancing California Finance Authority

## Governing Board

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May 16, 2024

Agenda Item 6.a.

### ABAG Finance Authority for Nonprofit Corporations (ABAG FAN)

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#### Subject:

Adoption of ACFA Resolution No. 2024-001, Approval of ABAG Finance Authority for Nonprofit Corporations (ABAG FAN) Fiscal Year 2024-25 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) 2024-25 Operating Budget. The Operating Budget is balanced, with a surplus of \$4,578.

#### Operating Revenue

Proposed operating revenues for FY 2024-25 is approximately \$720,000, a decrease of \$65,000 from the FY 2023-24 budget, primarily due to a decrease in Administrative Fees Revenue, Financial Services Revenue, and Community Facilities Districts (CFD) recovery fees.

Forecasted investment revenue is projected at \$116,500, a 69% increase from the previous year. This interest income increase is due to the anticipated higher yield on the account balance.

Financial Services Revenue is budgeted at \$20,000, consistent with FY 2023-24 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 2024-25 CFD expenditures include cost savings of approximately \$111,000, resulting in a like reduction of these line items.

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 2024-25 are approximately \$360,000, a decrease of \$84,000 or 19% from FY 2023-24. Highlights include:

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- A reduction of \$36,000 in financial advisory consulting fees due to fewer refinancing or restructuring activities.
- Legal fees decreased by \$50,000. Staff will carryover the existing legal services contract after the current year is closed, which provides additional legal services funded by prior year budgets.
- Financing fees, audit, and other miscellaneous costs increased by \$2,000.
- Staff costs and overhead increase approximately 7%, which includes an anticipated 3% cost of living adjustment and an increase to MTC's overhead rate.

Issues: None

#### Recommended Action:

The Advancing California Finance Authority (ACFA) Governing Board is requested to adopt Resolution No. 2024-001 approving the ABAG Finance Authority for Nonprofit Corporations (ABAG FAN) Fiscal Year 2024-25 Operating Budget.

#### Attachments:

- A. ABAG FAN Proposed FY 2024-25 Operating Budget
- B. ACFA Resolution 2024-001, Approving ABAG FAN Fiscal Year 2024-25 Operating Budget

#### Reviewed:



Andrew Fremier