

ABAG Finance Authority for Nonprofit Corporations

Executive Committee

June 6, 2019

Agenda Item 6

Report on ABAG FAN Successor Agency and Authorization to Conduct Initial Transactions Review

Subject: Report on ABAG FAN Successor Agency and Authorization to Conduct Initial Transactions Review

Background: At its meeting on April 4, 2019, staff reported on the possible appointment of a successor agency to ABAG Finance Authority for Nonprofit Corporations (ABAG FAN). Staff is currently exploring the option of appointing a successor agency for the remaining outstanding bond issues. There are approximately 115 transactions that require legal review and research in order to determine whether a successor agency can legally be appointed.

ABAG FAN Bond Counsel, Nixon Peabody, submitted an initial plan detailing the approach and costs (attachment). Nixon Peabody proposes with an initial review (Step 1) of ten sample selected transactions to determine whether there is legal barrier to appoint a successor. If the initial ten transactions have no limitations prohibiting the appointment of a successor agency, Nixon Peabody will continue to review the remaining transactions (Step 2). Nixon Peabody will provide the results of the review and recommendations after the initial review of all the sample transactions.

The cost of the initial review (Step 1) of the ten transactions would be \$30,000. If Nixon Peabody proceeds to review the remaining transactions (Step 2), an additional cost of \$315,000 is required. The total cost for this scope of work has been capped at \$400,000. The reserve funds will be used to pay for the expenses associated with the review and analysis on the election on a successor agency. While Nixon Peabody believes a successor agency maybe feasible, until the initial review is completed, we are still unclear on how complex appointing a successor agency might be.

Step 1 will be covered under Nixon's existing contract. If Nixon Peabody is to proceed to Step 2 of the review, a budget amendment will be requested.

Issues: None.

ABAG Finance Authority for Nonprofit Corporations

Executive Committee

June 6, 2019

Agenda Item 6

**Report on ABAG FAN Successor Agency and Authorization to Conduct Initial
Transactions Review**

Recommended Action: The ABAG FAN Executive Committee is requested to authorize the Executive Director of the Metropolitan Transportation Commission, or her designee, to direct Nixon Peabody to conduct an initial review of ABAG FAN transactions to determine the feasibility of appointing a successor agency to ABAG FAN, in the amount of \$30,000.

Attachments: Nixon Peabody memo on Successor Agency for ABAG FAN

Reviewed:



Therese W. McMillan