

ABAG Finance Authority for Nonprofit Corporations

Executive Committee

April 2, 2020

Agenda Item 7.a.

ABAG FAN Portfolio Update

Subject: Report on Portfolio Update for period ended February 2020

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

Transaction Document Amendments

During the first half of the fiscal year, staff has worked on several amendments for the following transactions:

EQR Transfer

- Artech
- Berkeleyan
- Gaia
- Fine Arts
- Darling Florist

With respect to the sale and transfer of the five EQR properties, the Regulatory Agreement needed to be amended to reflect rights assigned to the new purchaser. An Assignment Assumption Consent and Modification Agreement was executed to reflect this change. Although ABAG FAN attempted to have the compliance monitoring responsibilities reassigned to a new entity, it was not possible because there was no issuer apart of this refinance due to the bank purchasing the bonds. ABAG FAN confirmed they would not accelerate the prepayment of monitoring fees and an opinion was provided by bond counsel.

Tracy Gardens/Unity Estates

Borrower requested to amend the regulatory agreement to remove Section 16 which allows the issuer to lease for \$1 annually if the 40% set aside requirement of the units was not satisfied. Regulatory Agreement Amendment and Certificate of Borrower and Waiver were executed November 12, 2019. Although a transfer of compliance responsibilities was initially discussed, there would not be an entity to assume the role of issuer in this transaction. Compliance monitoring will stay with ABAG FAN.

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Tara Village

Regulatory Agreement subordinated as a condition of refinancing so borrower could achieve FNMA rate lock. A side letter regarding the future responsibilities of continuing compliance covenants between ABAG FAN and borrower were executed along with Subordination Agreement on November 26, 2019.

Citibank Securitization

- Heritage Park
- Spring Villa
- Presidio El Camino

The amendments to the Funding Loan Agreements relate to a change in the transfer provisions and are being requested as part of Citibank's plans to securitize certain portions of its affordable multifamily housing tax-exempt loan portfolio and deploy freed up capacity into the origination of new affordable multifamily housing loans. These securitizations will be executed through municipal conduit issuers with Citibank selling its loans to the municipal conduit issuers who will purchase the loans with the proceeds obtained by issuing pass-through certificates secured by the loans into the municipal market.

Acacia Creek

Acacia Creek was a \$99,423,319 privately placed housing transaction with Bank of America issued in 2013. The bonds were initially scheduled for a put date of October 31, 2018. Both the Borrower and Bank of America wished to extend the put date to November 30, 2021. Extension of the put date caused a reissuance and required the ABAG FAN to approve the Second Supplement to the Indenture, Supplemental Tax Agreement, and Authorization of the Resolution. The Reissued 2013A outstanding par amount will now be \$87,235,533 with \$12,187,786 retiring borrower equity.

Housing Compliance Reporting

Housing Compliance was engaged to serve as administrator for all housing transactions that involve compliance monitoring and reporting. They are primarily responsible for submitting project status reports and continuing program compliance. ABAG FAN

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continues to monitor projects within their defined Qualified Project Period. To date, all projects have submitted their compliance documents with minimal to no issues other than timing.

CFD Compliance

Assembly Bill 2109 added the requirement for the agency to prepare a Parcel Tax Report with the State Controller's Office. The Parcel Tax Reporting Requirement is part of the Special Districts Financial Transactions Report. ABAG FAN engaged their respective CFD consultants for guidance on completing the required annual compliance reports required by the California Debt and Investment Advisory Commission (CDIAC). Field Transaction Reports from the State Controller's Office were submitted timely and without incident.

Issues: None

Recommended Action: The ABAG FAN Executive Committee is requested to approve the staff report on ABAG FAN Portfolio Update for period ended February 2020.

Attachments: None

Reviewed:


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