

ABAG Finance Authority for Nonprofit Corporations

Executive Committee

April 2, 2020

Agenda Item 8.a.

Transfer of Board Duties from ABAG FAN to ACFA

Subject: Adoption of Resolution No. 2020-002 Approval of Transfer of Board Duties from ABAG Finance Authority for Nonprofit Corporations to the Advancing California Finance Authority and Related Matters Thereto

Background: Staff requests that the ABAG FAN Executive Committee adopt Resolution 2020-002 (Attachment A) approving the transfer of administrative responsibilities from ABAG Finance Authority for Nonprofit Corporations (ABAG FAN) to Advancing California Finance Authority (ACFA). The proposed transfer and transition plan were documented in the Phase I memo dated August 12, 21019 and the Phase II memo dated November 1, 2019 by Nixon Peabody (Attachments B and C).

For the Phase I review, Nixon Peabody placed the transactions into three main categories based on publicly traded or privately placed transactions and whether they were issued pursuant to a Loan Agreement or Trust Indenture. Based on Phase I preliminary document review, Nixon Peabody confirmed that the primary debt documents of the transactions reviewed had existing language authorizing assignment to a successor agency. The transaction sampling size was then expanded.

During the Phase II review, Nixon Peabody analyzed the ABAG FAN's revised and amended Joint Powers Agreement, reviewed a larger sample of transaction documents, and conducted legal analysis to see if ACFA could be appointed as successor agency. Based on this review, the administrative responsibilities can be transferred to ACFA pursuant to Article VI, Clause L, of the Joint Powers Agreement.

In Phase III, Nixon Peabody plans to draft the necessary amendments and notice requirements for the transactions that require consent (Attachment D). Notices will also be sent to other parties, including rating agencies, swap parties, credit enhancement providers, as well as privately placed transactions.

Phase III includes:

- Obtaining borrower consent. All parties must consent to the ACFA successorship.
- Draft amendments along with any prerequisite notices.

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- Draft notices to rating agencies, swap counterparties, and credit enhancement providers.

The ABAG Executive Board is scheduled to meet on April 16, 2020 to consider adoption of a resolution approving the transfer ABAG FAN responsibilities to ACFA.

The ABAG FAN will not be dissolved; but, the responsibilities of the Executive Committee will be transferred to ACFA.

The estimated completion date for successorship transfer is June 30, 2020.

Issues: None

Recommended Action: The ABAG FAN Executive Committee is requested to adopt Resolution No. 2020-002.

Attachments:

- A. Resolution No. 2020-002
- B. Successor Agency Phase I Memo
- C. Successor Agency Phase II Memo
- D. Draft Form of Notices

Reviewed:



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