

Advancing California Finance Authority

Governing Board

May 21, 2020

Agenda Item 7.a.

ABAG Finance Authority for Nonprofit Corporations

Subject: Adoption of Resolution No. 2020-001 Acceptance of Transfer of Board Duties from the ABAG Finance Authority for Nonprofit Corporations to the Advancing California Finance Authority and Related Matters Thereto

Background: Staff requests that the Advancing California Finance Authority (ACFA) Governing Board adopt Resolution 06-2020 and approve the transfer of administrative responsibilities from ABAG Finance Authority for Nonprofit Corporations (ABAG FAN) to ACFA. The proposed transfer and transition plan are documented in the Phase I memo dated August 12, 2019 and the Phase II memo dated November 1, 2019 by Nixon Peabody (both memoranda are attached).

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.

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

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On April 2, 2020 the ABAG FAN Executive committee adopted Resolution 2020-02 authorizing the transfer of board duties to ACFA. On April 23, 2020, the ABAG Executive Board adopted its Resolution No. 06-2020 which recognized the potential transfer of board duties from ABAG FAN to ACFA.

The estimated completion date for successorship transfer was originally June 30, 2020. Due to the situation with COVID-19, the anticipated completion date has been delayed to the end of calendar year 2020.

Issues:

None

Recommended Action:

The ACFA Governing Board is requested to adopt Resolution No. 06-2020.

Attachments:

- A. Resolution No. 2020-001
- B. Successor Agency Phase I Memo
- C. Successor Agency Phase II Memo
- D. Draft Form of Notices

Reviewed:



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