

Advancing California Finance Authority

Governing Board

May 21, 2020

Agenda Item 8.a.

ABAG FAN Budget

Subject: Approval of ABAG Finance Authority for Nonprofit Corporations Fiscal Year 2020-21 Operating Budget

Background: Attached is the proposed operating budget for ABAG Finance Authority for Nonprofit Corporations (ABAG FAN) for Fiscal Year 2020-21. The proposed operating budget is balanced as proposed with a projected operating surplus of \$19,436. The total estimated revenue is \$935,867 against \$916,430 in direct expenses. Other highlights include:

Revenue

Financial Service Revenue—Estimated \$905,867 from the existing portfolio, 16% less than prior year. Fee revenue is based on service provided during the year and will decline in future years as more of the portfolio reaches maturity.

Expense

Overall, operating expenses are down by 35% from the FY 2019-20 budget. The savings are the result of reduction staffing from 2.5 full time position in FY 2019-20 to 1.0 in the coming fiscal year.

- Staffing—Included in the budget is 1 full time position in Treasury. Total staff related expense is budgeted at \$267,259, down \$520,000 from the previous year
- Consultants—Continued funding for both Sperry Capital and Public Finance Management (PFM) for financial advisory work to assist in the administration of the current ABAG FAN portfolio and to process any new ACFA transactions.
- Legal—Continued funding for Nixon Peabody to provide general legal support to the ABAG FAN portfolio.

ABAG FAN also made a contribution to the Association of Bay Area Governments (ABAG) to help retire the outstanding OPEB obligation. The FY 2019-20 contribution was a transfer of \$1.0 million. ABAG has successfully retired the entire OPEB obligation so no further transfer is being requested. In the future as a matter of policy and if revenue increases, we do believe it is appropriate

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to contribute 10% of earned revenue to the administration of ABAG.

If you have any questions about this report, please contact Brian Mayhew at (415) 778-6730.

Issues:

None

Recommended Action:

The ACFA Governing Board is requested to approve the proposed Fiscal Year 2020-21 Operating Budget for ABAG Finance Authority for Nonprofit Corporations and to authorize staff to move expenses between categories during the fiscal year provided that the overall budget is not exceeded at any time without the prior approval of the ACFA Governing Board.

Attachments:

Proposed ABAG FAN Operating Budget

Reviewed:



Therese W. McMillan