

Advancing California Finance Authority

Governing Board

September 16, 2021

Agenda Item 7.b.

ABAG FAN Portfolio

Subject: Report on ABAG FAN Portfolio as of July 2021

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

Transaction Document Amendments

Over the past few months, staff has been working on several amendments for the following transactions:

Acacia Creek. Acacia Creek is 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 10/31/2018. Both the Borrower and Bank of America wanted to extend the put date to 11/30/2021. The bonds have a final maturity of 7/1/2038. The request was to propose a new rate and to amend the indenture to permit the current bond holder to hold the bonds until 12/16/21. Extension of the put date caused a reissuance and required the Authority to approve the Second Supplement to the Indenture, Supplemental Tax Agreement, and Authorization of the Resolution.

Acton Courtyard. EQR-Acton Berkley Limited Partnership (the "Owner") entered into a Real Estate Sale Agreement (the "Sale Contract") with Avanath Acton, LP, a Delaware limited partnership (as assignee of Avanath Investments, LLC) (the "Buyer") for the sale of the Acton Courtyard Apartments (the "Project"). The Project is currently financed with the above-referenced bonds (the "Bonds"), which will be paid off in whole on the closing date. It is anticipated that the Buyer will assume the Owner's obligations under that certain Amended and Restated Regulatory and Declaration of Restrictive Covenants dated as of March 1, 2010 (the "Regulatory Agreement") with respect to periods from and after the transfer.

Amber Court. This development was the recipient of tax-exempt bond proceeds from a December 2002 bond issuance by the ABAG Finance Authority for Nonprofit Corporations. Pursuant to the definition of "Qualified Project Period", the Regulatory Agreement expires upon the latest of: (1) repayment of all bond proceeds; (2) the end of any project-based assistance pursuant to Section 8 of the United States Housing Act of 1937, as amended, or (3) December 1, 2020. All of the conditions for expiration of the

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Regulatory Agreement have occurred, and therefore the Qualified Project Period has expired. The General Partner requested that the Issuer execute a Termination Agreement with respect to the Bonds. The documents were executed on 5/12/21.

Park Day School. Park Day School amendment eliminated the prepayment date in 2024 and included provisions to set interest rates in 2031 and 2041. The maturity date remained the same. This transaction constitutes a reissuance for tax purposes. A draft of the Second Amendment to the Loan Agreement, IRS Form 8038 for reissuance, 1st Supplement to Tax Regulatory Agreement, along with Amendment Special Counsel Opinion was submitted to the CFO to execute.

Eskaton 2008 Reissuance. Eskaton is a nonprofit senior living provider in northern California. The bonds are ABAG Variable Rate Demand Revenue Refunding Bonds, Series 2008A issued for Eskaton. All of the 2008A Bonds are currently held by U.S. Bank, and subject to mandatory purchase on September 3, 2020. Eskaton is working on a refinancing transaction whereby it intended to refund the 2008A Bonds, in full, on or about August 31, 2020. However, the refinancing was delayed, so Eskaton will need to extend the mandatory purchase date. This is the reason for the proposed amendment to the Bond Trust Indenture for the 2008A Bonds. Eskaton is requesting an extension of the initial bank purchase date until December 2, 2025. Issuer counsel has determined that this change, due to the long period of extension, will be a reissuance for tax purposes so there will be some tax-related documents. The proposed Second Supplemental Bond Trust Indenture was submitted together with the original Bond Trust Indenture and First Supplement from 2013. No other changes to any of the other related financings documents

Union Bank Trustee Transfer

Back in March 2021, Union Bank confirmed that they would sell their debt servicing and securities custody client portfolio to US Bank. August 2 was the final completion date. Union Bank served as Trustee on all CFD transactions in the ABAG FAN portfolio.

Effective August 2, 2021, U.S. Bank National Association will succeed as fiscal agent or trustee, as applicable, in the below referenced transactions. Staff worked with both banks to ensure

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smooth transition in August. See attached Notice regarding Trustee Transfer.

- SF Mint
- SF Rincon
- 690 Market Street
- Windemere CFD
- Windemere AD

Wells Fargo Bank Trustee Transfer

Wells Fargo & Co. is selling its corporate trust services business to Computershare in a \$750 million deal. Wells Fargo currently serves as Trustee for many transactions in the housing bond portfolio administered by ABAG FAN. Staff is working with both banks to ensure a smooth transition. The transition is anticipated to be in the Spring 2022.

Issues: None

Recommended Action: The ACFA Governing Board is requested to accept the report on ABAG FAN Portfolio as of July 2021.

Attachments: Trustee Transfer Notice, Nixon Peabody

Reviewed:



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