To: Executive Board, Association of Bay Area Governments
via Finance and Personnel Committee
Fr: Executive Director
Dt: July 11, 2017
Re: Joint Powers Agreement Creating Advancing California Finance Authority

Summary and Requested Action: The Finance and Personnel Committee (F&P) is requested to recommend that the Executive Board (Board) approve in concept the formation of a successor conduit issuer to FAN and delegate to the ABAG Administrative Committee the authority to authorize execution of a joint powers agreement (JPA) between the ABAG Finance Authority for Nonprofit Corporations (FAN) and ABAG necessary to create the Advancing California Finance Authority (ACFA).

Background and Discussion: F&P has previously received briefings on this matter and approved staff proposals to move towards the formation of ACFA as a successor conduit issuer for FAN. Staff has conducted parallel discussions with the Executive Committee of FAN and at its June 28 meeting, it approved a combined budget for FAN and ACFA where FAN fully funds a budget for joint staffing for FAN and ACFA as well as marketing costs for ACFA. The budget approval was conditioned on FAN approving the JPA.

The financial services staff and senior advisor have previously presented a marketing plan that is based on their attendance at several industry conferences beginning in mid-September. In order to launch in September, ACFA must, at the very least, have adopted its Bylaws, fee schedule, debt issuance policy, financing guidelines and a schedule of regular meetings. However, since a review of the JPA by the rest of the MTC senior staff has not yet been completed, its execution by ABAG cannot be authorized by the Executive Board at its July 20 meeting.

Under these circumstances and to meet the marketing objectives, staff requests that:

1. F&P recommend that the Executive Board approve in concept ABAG’s formation of a successor conduit issuer to FAN which will have the following features:
   (a) the name of the successor conduit issuer is Advancing California Financing Authority (ACFA);
   (b) the Board of Directors (Board) of ACFA will consist of the Chair of F&P, the President of ABAG and three (3) members of F&P jointly appointed by the Chair and the President;
   (c) any bonds or other debt obligations of ACFA shall not be the debt of ABAG, FAN, or MTC;
   (d) the payments for any bonds or other debt obligations of the ACFA or other costs incidental thereto, may only be made from the revenues and funds identified and pledged for such purposes in the applicable bond or debt obligation; and
(e) a primary purpose of ACFA is to provide financial resources to ABAG in support of ABAG’s mission and responsibilities, as determined from time to time by the ACFA Board of Directors.

2. F&P recommend that the Executive Board delegate to the ABAG Administrative Committee the power to authorize execution of a finalized joint powers agreement, in consultation with MTC senior staff, creating ACFA and appointing its members.

The consolidated staff will be working with the FAN Executive Committee to coordinate their approval of a finalized joint powers agreement creating ACFA. After execution of the joint powers agreement we will be working with the ACFA Board of Directors and Executive Committee of ACFA and the rest of the MTC senior staff, to set up a joint orientation and work shop for the members of those bodies and to take the necessary steps to formally establish ACFA, including but not limited to the steps described above.

Steve Heminger