



SFMTA Bond Oversight Committee

Chair – Tajel Shah Vice Chair – John Lisovsky

Steve Heminger, Yensing Sihapanya, Nikolai Sklaroff, Vishal Trivedi, Mina Yu

MINUTES

Wednesday, March 6, 2024

3:30-5:00pm

SFMTA Union Square Conference Room

1 So. Van Ness Avenue, 7th Floor, San Francisco, CA 94103

1. Call to Order and Roll Call

Committee Members:

John Lisovsky – Vice Chair

Steve Heminger

Nikolai Sklaroff

Vishal Trivedi

Mina Yu

A quorum being present, the meeting was called to order at 3:30pm.

2. Public Comment: None

Joel Goldberg, SFMTA Manager of Programming and Grants, noted that there was no meeting in January, as it was cancelled per direction of the Bond Oversight Committee Chair.

3. Approval of Minutes from December 6, 2023, meeting (Action Item) – Attachment A

On motion to adopt December 6, 2023 meeting minutes: Unanimously approved.

Public Comment: None

4. **Welcome to Bond Oversight Committee Member Yu**

Mina Yu, Budget and Financial Reporting Director from the Office of Community Infrastructure, introduced herself.

5. **Quarterly Reports:**

FY 2023-24 Quarter 1 – Revised (Information) – Attachment B

Mr. Goldberg noted that there had been a clerical error of \$45,000 in the previous version of Q1 FY24 report. The updated version of this document is on the website.

FY 2023-24 Quarter 2 (Discussion) – Attachment C

Mr. Goldberg mentioned his discussion with Bree Mawhorter, SFMTA Chief Financial Officer, on how to make the Quarterly Reports mirror SFMTA’s General Obligation Bond Oversight Committee reports. Now the reports have a similar structure and are more robust financially. The narrative sections are unchanged. However the information on the financials over the past few quarters is clearer.

The BOC has noticed in the past that some SFMTA bonds are spending down or closing slowly. With new staff on board, the Budget Financial Planning & Analysis (BFPA) team is hoping that Q3 and Q4 can be a time of revenue bond redemption and closing older series. 2012B has not had activities for five years, although there is some interest. For some projects, a few thousand dollars had been moved around from dormant projects to fill small funding gaps. The idea is to be able to close out the 2012, 2013, 2014, and 2017 soon.

However, Mr. Goldberg noted that the 2021 current bond balance will be a little more challenging to spend down, as it contains longer-term projects (1200 15th Street, Train Control Upgrade Program) that have longer lives and slower expenditures than anticipated when the 2021C bonds were issued. There is a need to evaluate how funds on that project can be spent more rapidly, which is a longer-term process. SFMTA’s Budget Office is deep into the development of the Capital Improvement Program. Mr. Goldberg hopes to provide BOC a report at its next meeting.

Mr. Trivedi asked about the “unprogrammed and unallocated” category, which Mr. Goldberg responded is to fund projects that are bond eligible. Mr. Trivedi also inquired about the interest. Evelyn Bruce, Financial Reporting and Compliance Manager for SMTA, mentioned that allocations are completed on a quarterly or yearly basis, sometimes after all the City’s bank reconciliation is complete. However, Mr. Goldberg clarified that it will not be a large amount.

Mr. Trivedi also asked about the end date of the series 2021. Mr. Goldberg mentioned that there can be a structural disconnect between the approved end date and project status. There is a note in the beginning of the narrative section to address this discrepancy.

Vice Chair John Lisovsky asked what is required to close the accounts. Mr. Goldberg responded that staff takes a more holistic look and that because the balances for the first four series are small, these are easier decisions to make compared to deliberations on million dollars. By next BOC meeting, Mr. Goldberg can provide a roadmap for the spenddown of the earlier issuances, 2012B, 2013, 2014 and 2017.

Mr. Trivedi asked if any of these funds can be refunded for savings. Mr. Goldberg explained that they can be used to pay off interest with the bonds, but not to pay off the principal. Mr. Goldberg recommended focusing on higher-level decisions on projects for which it is in the benefit of the City to bring to completion first.

6. Proposed Changes to Calendar Year 2024 BOC Schedule (Action)

Meeting on 6/5/24 was moved to 5/29/24.

Future meetings: 5/29/24, 10/2/24, 1/8/25.

7. Future Agenda Items (Discussion)

Ms. Bruce indicated that at the next meeting, the BOC can discuss how they would like to change the review approach for the upcoming fiscal year 2024 or follow the process that has been applied over the past two years.

Ms. Bruce also mentioned that the second year with the auditors Crowe LLP will include a nine-month analysis of an interim work in June after the Controller's Office closes the third quarter. This will be further discussed in the BOC meeting on May 29th.

Mr. Trivedi requested that the BOC receive an update on the spend down of unspent proceeds at the next meeting.

8. Adjournment: 4:10pm

For an audio recording of this meeting contact Yvette Ramirez, Administrative Support for the SFMTA Bond Oversight Committee. Yvette Ramirez can be reached at 415.646.2478 or via email at BOCOversightCommittee@sfmta.com or RevenueBonds@sfmta.com.