



## **SFMTA BOND OVERSIGHT COMMITTEE (BOC)**

MINUTES— January 22, 2014 at 2:30 p.m.

SFMTA Office, 1 South Van Ness Avenue, 7th Floor, Noe Valley Conference Room #7075

1. **Call to Order:**

Chairman Nothenberg called the meeting to order at 2:34 pm

2. **Roll Call:**

Committee members:

Rudy Nothenberg - Chairman  
Dan Murphy – Vice Chairman  
Leona Bridges  
Jose Cisneros – (Excused absence)  
Emilio Cruz - (Excused absence)  
Steve Ferrario  
Nadia Sesay

Others in Attendance:

Mark Blake – Deputy City Attorney  
Sonali Bose – SFMTA, Chief Financial Officer  
Paula Florence – SFMTA, Manager of Capital Projects and Grants Accounting  
Cindy Gumpal, SFMTA, BOC Secretary  
Nancy Rose - KPMG  
Monique Webster – SFMTA, Senior Manager of Capital Finance

3. **Public Comment:**

David Pilpel provided public comment.

4. **Approval of Minutes from November 6, 2013 SFMTA BOC meeting:**

Public Comment:

- David Pilpel commented that the meeting minutes should reflect convene time.
- BOC Members stated that meetings generally convene on time.

On motion to approve the minutes of November 6, 2013: Approved

(\*NOTE: A copy of audio recordings of the meetings is on file with the Secretary of the SFMTA Bond Oversight Committee and can be made available upon request. Please contact Cindy Gumpal at 415-701-5233 for information.)

5. **Revised Bylaws:**

Mr. Blake provided a summary of revised Bylaws. Article IV Section 2 - the amendment includes the clarification of Annual Report due date based on the SFMTA fiscal year June 30th.

Public Comment:

- David Pilpel commented that "Article III, Section 5 - Conduct of Meeting 5A.30", this section references other Bond Oversight Committees. The legislative authority for establishment of this committee is provided in Article 1, Section 2 to refer to Resolution 11-154 adopted by the SFMTA Board.
- David Pilpel also commented that the amendment date should be included on the footer page of the Bylaws.

**Action Item:** Mr. Blake agreed to modify Article III, Section 5, and to include an amendment date on the footer of the Bylaws.

- Mr. Blake stated that the agenda item for the Bylaws amendment was not reflected as an action item as required.
- BOC Members agreed to re-calendar for adoption and include as an action item during next meeting.

6. **Discussion and Approval of FY 2012 - 2013 Annual Report:**

**(A.) Discussion of KPMG AUP Procedure Report:**

Ms. Rose provided a summary of the Independent Accountants' Report on Applying Agreed-Upon Procedures.

Highlighted Item Discussed:

Ms. Rose explained that the report includes a review of approximately 25 transactions. One labor transaction was related to holiday pay charged to a project. Ms. Rose further explained that the amount was then reversed out at the end of the month in accordance with the department's accounting procedures. Ms. Rose also stated that the sample selected had to be listed as an exception even though it was adjusted by staff as part of the normal monthly closing procedures which require that all paid time off charged to projects be reversed retroactively.

- Chairman Nothenberg stated that the records should reflect that the sample item was discovered internally and corrected as part of routine controls by internal staff.
- Ms. Rose stated that the June 30th 2014 audit engagement will start in May, the financial statements issued by end of October 2014 and the Agreed Upon Procedures will be developed in May 2014.
- Chairman Nothenberg stated that this should be included on future calendar as an Item (“Instructions to the Auditors”).
- Ms. Rose agreed with Ms. Bose that in the future if there are more bonds, the audit sample size will increase.
- Vice Chairman Murphy questioned Ms. Rose on what approach was used for choosing the 25 salary expenditures.
  - Ms. Rose explained that the audit methodology included a mix of different types of transactions. The audit methodology did not use a statistical random sampling method.
- Chairman Nothenberg suggested to Ms. Rose that the next annual report should include a larger sample assuming that the transactions have grown significantly.
  - Ms. Rose explained that the methodology will be addressed prior to starting the upcoming Agreed Upon Procedure engagement.

**(B.) Discussion and Approval of 2012-2013 Annual Report:**

Ms. Bose provided a summary on each section of the SFMTA Annual Draft Report and noted that the reporting due date to the SFMTA Board is January 31, 2014.

- Vice Chairman Murphy commented that on the Introduction and Cover letter should include language "Fiscal Year 2012-2013" in compliance with Revised By-laws.
- Member Ms. Sesay commented that the Annual Report should include consistent descriptive language and titles. Member Ms. Sesay to provide edited language to Ms. Bose before due date of January 31, 2014.

Public Comment:

David Pilpel provided comments on the following Sections of Annual Report:

- Section 2 of Annual report should indicate the date that Member Emilio Cruz replaced Harlan Kelly, Jr. (as a representative from the SFPUC).

- The table between Section 4 and Section 5 should include the list of projects and description.
- Section 5 project deliveries, staff should replace the date of “August 30th”, to include project status as of “June 30<sup>th</sup>” to comply with the fiscal year.
- The report should be printed in larger font size as it is difficult to read, and the embedded images should be enlarged.
- Appendix E "Memo to SFMTA Board" should include the second page that is missing from the scanned image.

**Action Item:** Ms. Bose agreed to revise Annual Report based on suggested public comment David Pilpel and Vice Chairman Murphy.

- BOC members stated that the detailed project list is located at the back of Annual Report for public reference.

7. **Discussion of Next BOC meeting:**

BOC members suggested the Election of Officers to be included on next meeting agenda. Members agreed to meet on April 4, 2014, 2pm at SFMTA – 1 South Van Ness Avenue, 7th Floor, Noe Valley Conference Room #7075

8. **Adjournment.**

The meeting adjourned at 3:23 pm.