



SFMTA Bond Oversight Committee

Dan Murphy, Chairman Kathryn How, Vice Chairman
Neil Ballard, Leona Bridges, Bob Shaw, Art Torres, Anna Van Degna

MINUTES - Tuesday, December 03, 2019 – 10:00am
MEETING LOCATION–SFMTA, 1 South Van Ness Avenue
Civic Center Conference Room, #3074, 3rd floor

1. Call to Order and Roll Call

Committee Members:

Daniel Murphy – Chairman
Kathryn How – Vice Chairman
Neil Ballard
Leona Bridges
Bob Shaw
Art Torres
Anna Van Degna

A quorum being present, the meeting was called to order at 10:09 a.m. Members Leona Bridges and Art Torres were absent.

2. Public Comment: None

3. Approval of Minutes from September 10, 2019:

On motion to adopt September 10th meeting minutes: Unanimously approved.

4. Presentation on Future Revenue Bonds: [link to report provided here: SFMTA Revenue Bond Capacity Presentation] <https://www.sfmta.com/reports/december-3-2019-sfmta-boc-revenue-bond-capacity-presentation>;

SFMTA staff reported that revenue bonds will be part of the agency's Capital Improvement Program (CIP) and presented an overview of the CIP to provide context for the use of revenue bonds. Staff stated the CIP is a fiscally constrained five year program of capital projects and is an implementation plan for regional, citywide, and agency-wide strategies and policy goals and maintains credibility with external funding agencies, i.e. MTC, FTA. Also, staff reported that to be considered for funding in the CIP, a project must be included in the Capital Plan, must have at least 90% of its funding identified, and requires agency staff to prioritize capital investment opportunities. Staff must also evaluate the practical logistics of delivering projects in the CIP and the CIP provides the public with an understanding of which projects are planned in the next five years along with corresponding budgets and timelines.

Staff stated that SFMTA was in the process of updating the FY2021-25 CIP and for this period the revenue is estimated at \$2.8 billion not including the revenue bonds

compared to \$3.0 billion in FY2019-23 and \$3.4 billion in FY 2017-21, which did include revenue bonds. Additionally, staff had follow up information on a previous request from the Bond Oversight Committee (BOC) regarding potential future issuance of future revenue bonds and debt service. Staff reported that SFMTA has the highest ratings out of any other U.S. transit system not secured by sales tax revenues. As of November 2019, Standard & Poor's (S&P) reaffirmed the long term rating of "AA" of the SFMTA citing extremely strong economic fundamentals, very low industry risk, strong management and governance policies and strong financial flexibility.' Staff presented different scenarios SFMTA would consider to determine whether to issue additional debt.

Public Comment: None

5. **Revenue Bond Agreed Upon Procedures for FY2019:** [link to report provided here: SFMTA Revenue Bond Agreed Upon Procedures for FY2019] <https://www.sfmta.com/reports/sfmta-revenue-bond-agreed-upon-procedures-fy2019>; Jie Hua Lee, KPMG Senior Audit Manager presented a summary of the draft report of Agreed-Upon Procedures for the Revenue Bonds Series 2012, 2013, 2014 and 2017. Ms. Lee explained that the report is generated for purposes of auditing that bond debt proceeds and interest income have been recorded in the accounting system solely for uses, purposes and projects authorized in the authorizing resolution. Ms. Lee stated that KPMG selected a sample of 65 transactions, obtained supporting documentation, and reviewed the policies and procedures. BOC members present unanimously approved.

Public Comment: None

6. **FY18-19 Annual Report:** [link to report provided here: SFMTA BOC – FY2018-19 Annual Report] <https://www.sfmta.com/reports/december-3-2019-sfmta-boc-draft-fy-2018-19-annual-report>; A draft of the annual Revenue Bond report for FY2018–19 was presented. The BOC is required to provide its annual report to the SFMTA Board of Directors by January 31st of each year. Staff reported that a finalized audit report is included as an attachment to the annual report, but the report would remain in draft form until the audit was to be completed in mid-January. Because the next BOC meeting would not occur until March, the City Attorney stated that the Committee could delegate authority to the Chair to complete and finalize the report. The Chair also stated that if any substantial issues arose, the Committee could decide to convene a special meeting before the deadline.

Public Comment: None

7. **Quarterly Report – FY 19-20 Q1:** [link to report provided here: Q1 Revenue Bond Quarterly Report] <https://www.sfmta.com/reports/december-3-2019-sfmta-boc-fy-2019-20-q1-jul-sep-2019-revenue-bond-quarterly-report>;

This report to the SFMTA BOC covers the period through the first quarter of FY2019-20, which ended on September 30, 2019.

Public Comment: None

8. Schedule Upcoming Meeting Date and Future Agenda Items - Next meeting is scheduled on March 03, 2020 at 10:00am.

9. Adjournment

The meeting adjourned at 10:45am.

For an audio recording of this meeting contact Ms. Aida Corpuz, Administrative Support for the SFMTA Bond Oversight Committee. Aida Corpuz can be reached at 415.646.2498 or via email at BOCOversightCommittee@sfmta.com if there are any questions or comments.