



SFMTA Bond Oversight Committee

Daniel Murphy, Chairman Kathryn How, Vice Chairman
Neil Ballard, Leona Bridges, Steve Heminger, Bob Shaw, Anna Van Degna

MINUTES – Wednesday, March 3, 2021 – 2:00pm
MEETING LOCATION—via MS Teams

1. Call to Order and Roll Call

Committee Members:

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

2. Public Comment:

None

3. Approval of Minutes from December 2nd, 2020 meeting:

On motion to adopt December 2nd, 2020 meeting minutes: Unanimously approved.

Public Comment: None

4. SFMTA Bond Agreed Upon Procedures:

<https://www.sfmta.com/sites/default/files/reports-and-documents/2021/02/final - sfmta bonds agreed upon procedures.pdf>;

Jie Hua Lee, KPMG Senior Audit Manager presented a final summary of the FY 2020 Revenue Bond Agreed Upon Procedures. Ms. Lee reported that there was no exception noted during KPMG’s testing for the FY 2020 that relates to the bond expenditure report. Ms. Lee also stated that KPMG selected a sample of 61 items including a sample of trustee payments that included debt principal and interest amounts. No exceptions were found as a result of applying these procedures. This report is no different from prior years’ reports.

Public Comment: None

5. SFMTA FY 19-20 Revenue Bond Annual Report:

<https://www.sfmta.com/sites/default/files/reports-and-documents/2021/02/final - sfmta revenue bond report fy 2019.pdf>;

SFMTA staff presented the final FY 19-20 Revenue Bond Annual Report and this was approved by the committee members at the December 2nd meeting.

Public Comment: None

6. Refunding of Series 2013, 2014 Issuances/Sales of Series 2021 Bonds:
https://www.sfmta.com/sites/default/files/reports-and-documents/2021/02/refunding_bonds_update.pdf; /
https://www.sfmta.com/sites/default/files/reports-and-documents/2021/02/new_money_bonds_update.pdf

SFMTA staff Samuel Thomas presented a summary of refunding bonds update results. Mr. Thomas reported that refunding of Series 2012, 2013 and 2014 bonds closed on February 23, 2021. Mr. Thomas stated that the releases of principal and interest plus debt service savings from the 2012, 2013, 2014 revenue bonds totals approximately \$47 million, of which \$31 million will be available in FY 2020-21. This will help to support the SFMTA's operating budget. Also, Mr. Thomas stated that we secured the True Interest Cost (TIC) interest rate to 2.16% compared to prior rate of 5% on average. Net Present Value (NPV) to refunded Par was 15.7% exceeding projects of 13%.

New Money Bonds Update – Mr. Thomas reported that the new money project fund was adjusted to \$118M, total issuance of \$129M after negotiations with the SF Board of Supervisors. Mr. Thomas stated that the original plan was to do the new money and the refunding at the same time but the Board of Supervisors decided to postpone the item because members took issues with the amount as well as the usage of the new bonds. We had to reduce the total amount that we were asking for which was \$287M. After negotiations with the Board of Supervisors it came down to \$129M. Certain supervisors were concerned about the amount of debt issued combined with the potential Federal relief. The Federal relief that they were considering was the H.R.133 money and looks like SFMTA will be receiving close to \$300M and in addition to this could be receiving additional funds as a part of President Biden stimulus package that is in the Senate right now. There was anxiety about the amount of the one-time funds that would be received with all these combined sources and concern on how we would be able to spend this much money quick enough to justify the additional debt service that will impact the MTA's operating budget over the long term.

Mr. Thomas also stated that they're looking at in terms of TIC on the bonds and for this 3rd year term is 3.4% compared it to 2.16% on the refunding bonds and this is a lot higher. This should be noted that refunding bonds are shorter term on average almost 11 years whereas the new money bond is longer term which demands a higher rates.

Mr. Thomas also reported that the term of the new bond is 30 years and the average life is 27 years.

Public Comment: None

7. Presentation of Series 2014 and Series 2017 Issuance Funded Active Projects:
https://www.sfmta.com/sites/default/files/reports-and-documents/2021/02/revenue_bond_project_presentation_030321.pdf;

SFMTA staff, Mark Lui presented a summary of the key projects status updates.

- a. 1 California: Laurel Village Transit Priority Project – finalizing all project change order before proceeding with project closeout. All construction work has been completed. Mr. Lui also stated that the \$85,020 remaining balance will be allocated to the Van Ness BRT project.
- b. Contract 64 Signals – conducted punch list inspections with San Francisco Public Utilities Commission and finalizing punch list to be issued to Contractor in January. 97% construction complete.
- c. King Street Substation Upgrade – contractor delay claims are being reviewed by SFMTA. Project site is inaccessible due to delays of the Central Subway project. PG&E service connections to the mobile station are completed and all testing to the Mobil Station and the Communication Center are complete.
- d. Lombard Street Safety Project – construction is substantially complete. Several traffic signal issues were discovered during the punch list walkthrough. These things need to be resolved before closing the project.
- e. PARCS Replacement Project for 20 Garages - Golden Gateway go live on Skidata for Phase 2 lanes to be completed in February 2021. Moscone make-ready construction started in January 2021. Install substantially complete at first 19 of 21 garage facilities.
- f. Procurement of Light Rail Vehicles – the Phase Two Car shell facility has been set-up and the first two car shells have been completed and returned to the Main Production Facility. All Phase One vehicles have been delivered and accepted. Contract Modification 8 was approved and modifies the rearview monitors and cameras for improved functionality.
- g. Van Ness Bus Rapid Transit – Sewer work is 78% complete, water is 94% complete, roadway is 71% complete and sidewalk is 61% complete. Phases 1A, 1B, 1C, and 1D work are still in progress with planned construction completion in December 2022. BRT phase work started in June 2020. Work will continue the BRT lanes and sidewalk construction.

Public Comment: None

8. Quarterly Report: FY 20-21 Quarter 2:
https://www.sfmta.com/sites/default/files/reports-and-documents/2021/02/revenue_bond_report_fy21_q2.pdf;

SFMTA staff, Mark Lui stated that this is similar report that was just presented on the key projects status updates.

This report to the San Francisco Municipal Transportation Agency (SFMTA) Bond Oversight Committee (BOC) covers the period through the first quarter of fiscal year 2020-2021, which ended on December 31, 2020.

Public Comment: None

9. Schedule Upcoming Meeting date and Future Agenda Items: Next meeting is scheduled on June 2, 2021 at 2pm.

10. Adjournment

The meeting adjourned at 2:58pm

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 aida.corpuz@sfmta.com if there are any questions or comments.