



The SFMTA is proposing a modification to policy 2.4 Use of Revenue Bond interest.

Current

2.4 Use of Revenue Bond Interest

Interest earned from the revenue bonds will be normally programmed to capital projects on the approved Program of Projects and will be prioritized through the Capital Improvement Program. Accrued interest will be allocated only after the principal of the bond series is fully spent down.

Proposed

2.4 Use of Revenue Bond Interest

Interest earned from the revenue bonds will be normally programmed to capital projects on the approved Program of Projects and will be prioritized through the Capital Improvement Program. Normally, ~~Accrued~~ interest will be allocated to the same bond series of approved projects only after the principal of the bond series is fully spent down.

One-time allocations of bond interest may be allocated ahead of full expenditure of the bonds proceeds when needed to close project funding gaps on projects approved to be funded from bond proceeds. First priority of interest allocations will be given to bond funded projects in the same series. If projects in the same series do not need funding, priority will be given to bond funded projects in subsequent series. At no time will interest income be allocated or used for non bond funded projects.

Notification of allocations of interest will be communicated to the SFMTA Board of Directors and the Bond Oversight Committee by memorandum.

Under the tax law, interest earnings on tax-exempt bond proceeds are generally subject to the same tax law spending requirements applicable to the original proceeds, including but not limited to requirements related to the purpose and timing of the expenditures. Further, under certain circumstances, such earnings may be subject to rebate to the federal government or yield restriction.