



SFMTA Bond Oversight Committee

Chair – Tajel Shah Vice Chair – John Lisovsky
Luke Brewer, Leona Bridges, Steve Heminger, Charles Perl

MINUTES – Wednesday, September 1, 2021 – 2:00pm
MEETING LOCATION—via MS Teams

1. Call to Order and Roll Call

Committee Members:

Luke Brewer
Leona Bridges
Steve Heminger
John Lisovsky
Charles Perl
Tajel Shah

Mr. Mark Blake, Deputy City Attorney, stated that pursuant to the Bylaws, in absence of a Chair and Vice Chair, the committee members shall select by motion a member to preside over this meeting. At that time the Acting Chair can ask for public comment.

Member Leona Bridges was nominated to chair the meeting by member Charles Perl and second by member Tajel Shah.

A quorum being present, the meeting was called to order at 2:04pm. Member Steve Heminger was absent.

2. Public Comment: None

3. Approval of Minutes from June 2nd, 2021 meeting: Motion to adopt the June 2nd meeting Minutes was approved with one correction Member Charles Perl was not listed as a committee member and has been noted.

Public Comment: None

4. Announcement of the new members John Lisovsky and Tajel Shah and thank you to outgoing members Neil Ballard, Robert Shaw, Anna Van Degna, and former Chair Dan Murphy.

Member Luke Brewer was also added as a new member. Acting Chair Leona Bridges welcomed all the new members and thanked all the outgoing members for their services.

5. Update on BOC Composition, selection of Chair and Vice Chair:

Joel Goldberg, SFMTA staff, suggested that before the members vote for Chair and Vice Chair, that committee members and staff do introductions.

Mr. Luke Brewer is from the Controller's Office with the office of Public Finance and manages the City's general obligation bond and debt financing.

Ms. Leona Bridges is a former director on the SFMTA Board and Commissioner on the Parking Commission. She currently serves on the SF Retirement Board. She also stated that she has served in various capacities in the City for the past 15 years.

Mr. John Lisovsky is a school teacher at Francisco Middle School and has been with the Unified School District since 2016. He was appointed by the Mayor to the CAC in April 2020 and was then appointed to the BOC by CAC Chair Neil Ballard.

Mr. Charles Perl is the Deputy Chief Financial Officer at the SFPUC. He's been with the PUC for 12 years and in his current role for just under 10 years. Mr. Perl manages the budget team with Financial Services and manages the Financial Capital Planning group that handles rate setting and financial forecasting.

Ms. Tajel Shah serves as the Chief Assistant Treasurer for the City and County of San Francisco for the Treasurer and Tax Collector. The Treasurer and Tax Collector oversees all the City's investments, banking relations, and cash handling. In addition, it also oversees tax collections for the City and County.

SFMTA staff Joel Goldberg, Mark Lui and Aida Corpuz were introduced along with Deputy City Attorney Mark Blake the.

Joel Goldberg provided the background on how the SFMTA Bond Oversight Committee was formed. The Bond Oversight Committee (BOC) was created by the SFMTA Board of Directors by Resolution #11-154 on December 6, 2011 with the purpose of the BOC being to provide independent oversight with respect to the expenditure of SFMTA revenue bond proceeds. The BOC is comprised of three members appointed by the SFMTA Board of Directors; two members of the Citizens Advisory Council; one member appointed by the SFMTA Director of Transportation; and one member appointed by the Controller.

Member Tajel Shah volunteered to Chair the Bond Oversight Committee and Member John Lisovsky will serve as the Vice Chair.

Public Comment: None

6. Presentations on Van Ness Bus Rapid Transit (BRT) and Series 2021C bond funded projects:

Mr. Joel Goldberg, SFMTA staff presented a summary of the Van Ness Bus Rapid Transit project. Mr. Goldberg reported that the recent progress on this is that the sewer work and water work are completed; red transit lanes have been finished; overall construction is approximately at 83% completion. Tree planting, roadway paving, electrical work and bus pad work are continuing. Substantial completion of the construction work is anticipated by end of 2021.

7. KPMG presentations – FY2021 Bond Agreed Upon Procedures Draft Engagement Letter:

Jie Hua Lee, KPMG Manager, SFMTA external auditor presented a draft summary and background of the engagement letter. Ms. Lee stated that few years ago the Bond Oversight Committee (BOC) approached KPMG to do agreed upon procedures over the bond revenue expenditures. SFMTA is responsible for its compliance with the requirements as presented in the BOC Bylaws. SFMTA acknowledge that the procedures are appropriate for the intended purpose of reporting to the BOC. Consequently, KPMG makes no representation regarding the appropriateness of the procedures either for the purpose for which the report has been requested or for any other purpose. Execution of this Engagement Letter will signify SFMTA's agreement to the procedures and that the procedures are appropriate for the intended purpose of the engagement.

Ms. Lee also reported a summary procedure over the high dollar value and assorted small dollar samples. KPMG will obtain the general ledger detail related to bond series 2012, 2013, 2014, 2017 and 2021 from management of all transactions recorded related to the bond series 2012, 2012B, 2013, 2014, 2017, and 2021. KPMG will select the 25 highest dollar amounts while filtering the transaction amount in the detail from highest to smallest. Then KPMG will randomly select 15 additional expenditures that were not within the highest dollar amounts. Ms. Lee stated that BOC members requested to perform procedures over the interdepartmental charges samples as well as procedures over the budget (funding) samples. Lastly, KPMG will look at trustee payments samples that will obtain a listing of all bond debt service payments to trustee related bond series 2012, 2013, 2014, and 2017 from management and will select 5 payments from this listing and then will validate that trustee payments for debt service were made in accordance with terms by performing procedures on whether the amounts paid were correct and the payments were paid by the due date.

Member Brewer asked how many transactions were in each ledger. Ms. Lee responded on a smaller dollar amount that there about 5,000 transactions, but last year there were about 10,000. Also, Ms. Lee reported that KPMG only looks at Fiscal Year 2021.

Member Perl questioned on how long this report has been requested from the BOC and Ms. Lee responded since year 2017. Also, Member Perl followed up on another question on how it is paid. Evelyn Bruce, SFMTA staff reported this is paid through a work order.

8. FY 2021 Presentation of Draft FY 2021 Annual Report, Annual Report Schedule: [link to report provided here: Draft FY2021 Annual Report]
<https://www.sfmta.com/reports/september-1-2021-sfmta-bond-oversight-committee-meeting-draft-fy-2020-2021-annual-report>;

Mark Lui, SFMTA staff presented a draft summary of FY2021 Annual Report. This report covers FY2020-2021. Mr. Lui reported that SFMTA Board of Directors has authorized the issuance of a total of \$483.7 million in Revenue Bonds for projects. \$118 million of 2021C bonds were issued during FY2021 and are used to fund mostly Green Capital Improvements Projects. The SFMTA has also issued an additional \$213 million of Revenue Bonds that were used to refund previously issued debt and will reduce SFMTA interest

costs. \$38 million of the bond refunding was completed in July of 2012. The remaining \$175 million of bond refunding was done during FY2021 with Revenue Bond Series 2021A and 2021B. Revenue Bond proceeds are invested in the City Treasury and interest earned on these funds is credited to the bond account to be available for bond-funded projects.

9. Quarterly Report: FY 20-21 Quarter 4: [link to report provided here: FY20-21 Quarter 4] <https://www.sfmta.com/reports/september-1-2021-sfmta-bond-oversight-committee-meeting-quarterly-report-fy-2020-2021>;

This report to the SFMTA Bond Oversight Committee covers the period through the fourth quarter of FY2020-2021, which ended on June 30, 2021. On February 23, 2021, the Series C 2021 Green Bonds (“Green” in this context is a designation of Green Transaction Evaluation by S&P Global Ratings) were issued in the amount of \$118 million. (Series 2021A and Series 2021B Bonds were issued to refund earlier SFMTA revenue bond issuances.) SFMTA will use the proceeds of the bond to finance projects intended to improve the efficiency and environmental footprint of the municipal transportation network.

10. Schedule Upcoming Meeting date:

Next meeting is scheduled on December 1, 2021 and Vice Chair John Lisovsky suggested to start at 2:15pm.

11. Adjournment: 3:50pm

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.