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Date: June 7, 2023

To: Bond Oversight Committee

From: Bree Mawhorter, CFO

Re: Programming of Series 2021C "Green" Revenue Bonds to Central Subway

Introduction: The purpose of this memo is to update the Bond Oversight Committee (BOC) on the programming of Series 2021C "Green" Revenue Bonds ("2021C").

When issuing tax-exempt bonds, issuers must have a reasonable expectation that proceeds will be expended within three years of issuance. The 2021C bonds were issued February 23, 2021. As such, 85% of funds should be expended by February 23, 2024, As indicated in the January to March 2023 Quarterly Report to the SFMTA Bond Oversight Committee, due to project delays, only 12.8% of the 2021C bonds were expended as of March 31, 2023.

To facilitate bond expenditure by the required timeline, SFMTA is reallocating expenditure of the 2021C proceeds. The original allocation of the bonds included \$35,000,000 for Transit Optimization projects. While this allocation was originally intended to fund Van Ness BRT, SFMTA will reallocate these funds to Central Subway to fund a payment of \$27,655,661.72 to Tutor Perini that will be paid out in June 2023. This payment will increase the percent of bond proceeds expended from 12.8% to 36.3%. As Central Subway is a Transit Optimization project, this allocation is consistent with the authorization of the bonds.

SFMTA is currently in project close-out negotiations for Van Ness BRT. Pending the outcome of these negotiations, additional re-allocations may be necessary to fund the final Van Ness BRT project costs. Should additional re-allocations be necessary, staff will inform the BOC.