

SFMTA Bond Oversight Committee

Rudy Nothenberg, Chairman Dan Murphy, Vice Chairman

Leona Bridges, Kathryn How, Pauline Marx, Nadia Sesay, Stephen Taber

MINUTES— December 2, 2016 - 2:00 p.m.

MEETING LOCATION--SFMTA - 1 South Van Ness Avenue, 3rd Floor
Civic Center Conference Room # 3074

1. **Call to Order and Roll Call:**

Committee Members:

Rudy Nothenberg - Chairman
Daniel Murphy - Vice Chairman
Leona Bridges
Kathryn How
Pauline Marx
Nadia Sesay
Stephen Taber

A quorum being, the meeting was called to order at 2:10 p.m. On the roll call, Vice Chairman Murphy and Committee Members Kathryn How and Stephen Taber were noted absent.

2. **Public Comment:**

None.

3. **Approval of Minutes for October 5, 2016 Meeting (Action):**

On motion to approve the minutes of the October 5, 2016 meeting minutes:

Motion by: Member Leona Bridges

Second by: Member Pauline Marx

Ayes – Unanimous consent (Vice Chairman Murphy, Member Kathryn How and Stephen Taber absent)

Public comment: None.

4. **Review of Draft Audit Report and Draft Annual Report (Action):**

a. Draft Audit Report: Ms. Jie Hua Lee, KPMG Audit Manager, presented a draft audit report regarding certain SFMTA revenue bond transactions (Series 2012, Series 2013 and Series 2014). The draft audit reviewed expenditures from such bond issues, and reviewed whether bond expenditures complied with authorizing resolutions and SFMTA internal controls. The draft audit report noted 9 exceptions all related to the adherence of timelines in the SFMTA's

Work Authorization Procedures previously executed by DPW, the controller's office and assess MTA timeline. The draft Audit Report did not find any other exceptions for the other audit target areas.

Chairman Nothenberg requested that SFMTA, DPW and Controller's office provide a management response to the timeline exceptions and revise the procedure to ensure the timelines are reasonable under the City's overall procedures. SFMTA staff agreed to draft a management response and to amend the Work Authorization procedures in concert with DPW the Controller's Office. The BOC also requested that the draft management response be shared with them prior to finalization.

b. Draft Annual Report: A draft of the Annual Report was presented. Member Nadia Sesay suggested removing the repetitive links within the annual report to the SFMTA investor's website, and to include only one link.

Chairman Nothenberg suggested that the administrative support for BOC committee re-circulate the draft annual report to BOC members and for the members to provide any edits or comments to Chairman Nothenberg by December 31, 2016. The Committee delegated to Chairman Nothenberg the authority to complete and issue the report to the MTA Board by the due date of January 31st 2017.

Motion by: Member Nadia Sesay

Second by: Member Leona Bridges

Ayes- Unanimous consent (Vice Chairman Murphy, Member Ms. How and Mr. Taber absent)

Public comment: None.

5. Discussion of the Frequency of BOC Meetings (Discussion/Possible Action):
[Reference Item #6 on agenda]

Joel Goldberg (SFMTA) provided a summary of quarterly vs bimonthly production calendar link provided [2017 BOC Draft Production calendar](#).

The BOC member agreed to meet on a quarterly basis for 2017. The first meeting is tentatively scheduled for Friday, March 3rd 2017. The BOC requested that staff confirm member availability for this meeting.

Motion by: Member Nadia Sesay

Second by: Member Leona Bridges

Ayes- Unanimous consent (Vice Chairman Murphy, Member Ms. How and Mr. Taber absent)

Mark Blake (Deputy City Attorney) noted that the existing bylaws already include language that allows for this change in frequency of meetings.

6. Review of Bond Funded Projects Expenditures and Delivery (Discussion):

[Reference Item # 5 on agenda]

a. Monthly Expenditure report:

Monique Webster (SFMTA) provided a summary of the monthly report and quarterly report link provided [Monthly report](#) and [Quarterly report](#).

The BOC members had a question about interest earnings. Sonali Bose (SFMTA) advised the Committee that Controller's office requires an appropriation of these interest earnings before they can be spent which will likely happen during the budget process. Also of interest earnings on bond proceeds will be used on bond approved projects only. The BOC also requested SFMTA staff to document interest earnings on a separate line item including proposed allocation of these earnings to specific projects.

Public comment: None.

b. Project Presentation – Transit projects:

Cathal Hennessy (SFMTA) and Janet Gallegos (SFMTA) provided a presentation summary of several transit projects and Janet Gallegos (SFMTA) provided a summary of the procurement of Light Rail Vehicles (via conference call) ([Transit PPT presentation.](#))

Public comment: None.

7. Memorandum to SFMTA Board Series 2013 (Reallocation of proceeds sent to BOC members via email on 10/17/2016) link to memorandum provided - [SFMTA Revenue Bond Program \(Series 2013 \)- Sixth Reallocation of Proceeds](#)

(No discussion, information only)

Public comment: None

Update on new issuance (Information):

Sonali Bose (SFMTA) stated that in 2017 the SFMTA expects to issue revenue bonds for the three major SFMTA capital projects: (i) procurement of new light rail vehicle; (ii) Van Ness Bus Rapid

Transit (BRT); (iii) Mission Bay Transportation improvements around the Warriors Arena. The SFMTA board has approved this issuance and the Board of Supervisors have also done the same.

8. Adjournment:

The meeting adjourned at 3:30 p.m.

An audio recording of this meeting is on file with Ms. Cindy Gumpal, Administrative support for the SFMTA Bond Oversight Committee. Please contact Ms. Gumpal at 415-646-2531 or email: BOCOversightCommitttee@sfmta.com if there are any questions or comments.