

SFMTA Bond Oversight Committee

Rudy Nothenberg, Chairman Dan Murphy, Vice Chairman
Neil Ballard, Leona Bridges, Kathryn How, Bob Shaw, Anna Van Degna

MINUTES - Friday, June 15, 2018 – 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
Neil Ballard
Leona Bridges
Kathryn How
Bob Shaw
Anna Van Degna

A quorum being, the meeting was called to order at 2:00 p.m. On the roll call, Committee Member Kathryn How was noted absent.

2. Public Comment:

Mr. Nothenberg announced his resignation from the BOC as of the end of the Fiscal Year 2018.

A member of the public acknowledged Rudy Nothenberg for his service in the SFMTA Bond Oversight Committee (BOC).

The SFMTA Board will be asked to appoint Mr. Nothenberg's replacement prior to the next BOC meeting.

3. Introduction of new members:

Neil Ballard replacing member Stephen Taber. He is currently a Citizen's Advisory Council member, Chair of the Finance Administration Committee.

Anna Van Degna replacing member Nadia Sesay. She joined the Controller's Office of City and County of San Francisco in March of 2018 as the Director of the Office of Public Finance.

4. Approval of Minutes from December 6, 2017 Meeting:

On motion to approve the December 6, 2017 meeting minutes:
Unanimously approved (Committee Member Kathryn How was absent)

Public Comment – None

5. **Draft FY18 Bond Report Agreed-Upon Procedures:** [Reference item #5 on agenda, link to report provided here: SFMTA revenue bond report]

https://www.sfmta.com/sites/default/files/reports-and-documents/2018/06/sfmta_aup_revenue_bonds_fy18draft_-_attachment_c.pdf

Jie Hua Lee, KPMG Senior Audit Manager presented a summary of the draft report of the FY2018 Agreed-Upon Procedures for SFMTA Revenue Bonds. Similar to last year the draft report will be mailed to BOC members in mid-November for their review then at the December meeting the BOC will go over the report and provide comments. At that meeting the plan is to give staff the authority to incorporate the comments and to issue the final report prior to the January 31st required date for the annual report completion.

6. **Use of Revenue Bond Interest Policy Change:** [Reference item #6 on agenda, link to report provided here: SFMTA bond policy]

https://www.sfmta.com/sites/default/files/reports-and-documents/2018/06/june_2018_revenue_bond_policy_update_-_interest_-_attachment_d.pdf

SFMTA staff is proposing a modification to policy 2.4 Use of Revenue Bond Interest to access the interest earnings to close project funding gaps on bond eligible projects. BOC members asked for review of the policy by Bond Counsel and review of the revised policy prior to their acceptance of the policy change at the next meeting. **[Follow Up]**

7. **Review of Bond Funded Projects Expenditures and Delivery:** [Reference Item #7 on agenda]:

- a. **Follow up from December 6th meeting - Streets Projects Schedule of Completion: Masonic, Columbus and Polk** - [Reference Item 7(a) on agenda]

Masonic Avenue Streetscape – Project nearing completion in the next couple of weeks. The substantial balance remaining is almost all encumbered and expected to all be spent down by end of the project which is in end of June.

Columbus Ave Streetscape Project–Project completed in December 2017 and the funds are encumbered and waiting for all invoices to be submitted.

Polk Streetscape Project – still under construction and anticipated for completion December 2018 or in January 2019. The total project is \$25 million of which \$3 million is funded by revenue bonds. The project includes installation of bicycle lanes on Polk Street, pedestrian’s safety improvements, new traffic signals and ongoing street works including sewer work. The construction project is moving along well and expect all the bonds to be spent down timely.

- b. **Fiscal year 2017-2018 Quarter 2** – [link to report provided here: SFMTA Quarter report]

https://www.sfmta.com/sites/default/files/reports-and-documents/2018/06/q2_2018_sfmta_revenue_bond_report_-_final_-_attachment_e.pdf

Monique Webster stated that the city's financial reporting system continue to be implemented and projections were used to develop the interim financial reports.

Series 2012B bonds have been fully expended.

Series 2013 bonds close to being closed out. BOC member asked on the two small remaining amounts to be allocated from the 2013 bond series. SFMTA staff reported that these amounts are in process to be moved to other projects.

Series 2014 bonds still showing a balance due to the Masonic Avenue project pending invoice submission and paid, 85% of the bond proceeds will be spent down.

Series 2017 – some of these funds have been encumbered to all the approved three approved projects.

- c. **Fiscal year 2017-2018 Quarter 3** – [link to report provided here: SFMTA Quarter report]

https://www.sfmta.com/sites/default/files/reports-and-documents/2018/06/q3_2018_sfmta_revenue_bond_report_-_final_-_attachment_f.pdf

SFMTA staff reported that the numbers are not final given outstanding issues related to the city's new financial reporting system. .

- d. **Project Presentations** –

Transit Projects – [link to report provided here: SFMTA Transit presentation]

https://www.sfmta.com/sites/default/files/reports-and-documents/2018/06/boc_presentation_-_q3_2018_-_final_-_attachment_g.pdf

Geary BRT Phase I - SFMTA staff provided a presentation summary on Geary Bus Rapid Transit (BRT) Phase I Project including the traffic signal upgrades and new pedestrian bulb-outs at Baker Street which is being coordinated with Kaiser's project in that area. Construction of the safety improvements at Geary/Baker St. have recently reached a substantial completion in May. Remaining invoices to be processed will spend down the funds.

Islais Creek – The project reached a substantial completion on May 4.

King Street Substation Upgrade – The substantial completion of this project is May 2019.

M Ocean View Track Replacement – The substantial completion of this project is August 2018. Remaining balance on this project is \$263.

Muni Metro Sunset Tunnel Rehabilitation – The substantial completion of this project was October 2017. The project is getting closed and the remaining balance of \$18k showing on the report might is likely \$0 in the system.

Operator Convenience Facilities Phase II – Project has installed 7 out of the 9 operator convenience facilities at various locations in the city. Series 2013 money is all spent. 2014 series balance is \$770,000 which is earmarked for two locations. BOC chair would like SFMTA to follow up on the 2014 Series remaining balance of \$770,000 to make sure it'll be spent to the two selected locations otherwise transfer the money to another projects. [\[Follow Up\]](#)

5 Fulton Outer Route – SFMTA staff reported that this project is complete. SFMTA asked SFDPW to release and return the remaining unspent funds but SFDPW accounting reported that due to issues with the city's financial reporting system are unable to apply indirect cost and working to reconcile funding and will return unspent funds as soon as they can.

Twin Peaks Tunnel Rail Replacement – SFMTA staff reported that the contract was awarded in February 2018 and substantial completion date is November 2018.

UCSF Platform Extension and Crossover track – This project is the Mission Bay Arena and was the contract was awarded on Mach 2018.

Van Ness Bus Rapid Transit Project – This project is under construction and substantial completion is on schedule July 2020. In the next 12 months will wrap up the utility work and begin the transit portion of the project.

Public Comment: None

8. Schedule Upcoming Meeting Date and Future Agenda Items – Meeting scheduled on September 19, 2018

9. **Adjournment**

The meeting adjourned at 3:15pm.

An audio recording of this meeting is on file with Ms. Aida Corpuz, Administrative Support for the SFMTA Bond Oversight Committee. Please contact Ms. Corpuz at 415-701-4658 or email: BOCOversightCommittee@sfmta.com if there are any questions or comments.