



SFMTA Bond Oversight Committee

Daniel Murphy, Chairman Kathryn How, Vice Chairman
Neil Ballard, Leona Bridges, Steve Heminger, Bob Shaw, Anna Van Degna

MINUTES – Wednesday, September 2, 2020 – 2:00pm
MEETING LOCATION—via MS Teams

1. Call to Order and Roll Call

Committee Members:

Daniel Murphy – Chairman
Kathryn How – Vice Chairman
Neil Ballard
Leona Bridges
Steve Heminger
Bob Shaw
Anna Van Degna

A quorum being present, the meeting was called to order at 2:05pm. Member Kathryn How was absent.

2. Public Comment: None

3. Announcement of the new member Steve Heminger

Chairman Daniel Murphy welcomed the new member Mr. Steve Heminger. Mr. Heminger is also serving as a board member to two transit agencies the SFMTA and Caltrain.

Public Comment: None

4. Approval of Minutes from July 8, 2020 meeting:

On motion to adopt July 8, 2020 meeting minutes: Unanimously approved.

Public Comment: None

5. KPMG presentations – FY 2020 Agreed Upon Procedures: [link to report provided here: FY 2020 Agreed Upon Procedures] <https://www.sfmta.com/reports/september-2-2020-sfmta-bond-oversight-committee-meeting-kpmg-fy20-revenue-bond-engagement>;

Jie Hua Lee, KPMG Senior Audit Manager presented a summary of the FY 2020 Revenue Bond Agreed Upon Procedures. Ms. Lee stated that every year the Bond Oversight Committee had asked KPMG to perform specific procedures on revenue transactions. There are two materials that Ms. Lee presented. First, the Engagement Letter which executed between KPMG and SFMTA and which will signify SFMTA's and specified users' agreement to the procedures and to their responsibility for the sufficiency of the

procedures for their purposes. Second, is the summary of the number of transactions and how many samples would pick over the year and will make comparisons. Ms. Lee stated that KPMG selected a sample of 65 transactions, obtained supporting documentation, and reviewed the policies and procedures. Also, Ms. Lee reported to the committee that there haven't been any changes from past procedures. Finally, Ms. Lee stated that they will present the Agreed Upon Procedures report for the next meeting in December and which will list out the procedures and result of each procedures.

Public Comment: None

6. **Re-funding of Previously Issued Revenue Bonds:** [link to report provided here: [Re-funding of Previously Issued Revenue Bonds](#)]
[documents/2020/08/refunding_of_previously_issued_revenue_bonds.pdf](#);

SFMTA staff, Samuel Thomas along with SFMTA Financial Advisors, Backstrom McCarley Berry and Company presented a summary update of revenue bond refunding. Mr. Thomas reported that staff is investigating the opportunity to refund revenue bonds and based on current rates, advance refunding of revenue bonds could result in \$24-29 million cash flow savings over 24 years. Also, Mr. Thomas stated that SFMTA has one of the best credit ratings of any transportation agency in the country. Mr. Thomas also reported that SFMTA has an outstanding parking debt of 323 million for all SFMTA bond series. He also stated that for Series 2012 A and Series 2012 B are primarily parking bonds and Series 2013 and 2014 are focus on traffic safety and vehicles. Series 2017 issue is primarily focus on building out of rapid transit network and also contributing to improvements in Mission Bay around Chase Center.

Mr. Thomas also reported a summary comparison of different refunding scenarios: base case; upfront savings; and upfront + partial 2017. Mr. Thomas stated that for base case scenario is taking the savings over the entire life of the bonds. Upfront savings is pushing out the time that would start the payment to 2024 or potentially 2023 depending on which path we would want to go. The savings here is a combination of reduce interest rate and also pushing the maturities that will be due up to 2024 and will have no debt service on the bonds during this timeframe and that will free up an additional money for our budget. Upfront + partial 2017 is that upfront scenario plus refunding maturities in 2021, 2022, 2023 on the series 2017. Mr. Thomas stated that this is not an option that being considered at this point but if we want to max out the amount of money to free up in our budget over the next few years this is the path we could take. Again, Series 2017 refunding does not show us a lot of savings.

Also, Backstrom McCarley Berry and Company presented a detailed comparison of refunding scenarios to show members the level of analysis that happens so far and if any suggestions or recommendations to be made later. Then, Mr. Thomas reported an overview of the next steps and the plan is to start preparing the packet and get ready to

go to market and will be market ready. Also, SFMTA staff stated that will have some update or recommendation at the next meeting in December.

Public Comment: None

7. **Quarterly Report: FY 19-20 Q4:** [link to report provided here: Q4 Revenue Bond quarterly Report] https://www.sfmta.com/sites/default/files/reports-and-documents/2020/08/sfmta_bfpa_boc_fy_2019-20_q4_revbond_report_final.pdf;

This report to the SFMTA BOC covers the period through the fourth quarter of fiscal year 2019-20, which ended on June 30, 2020. All financial data is preliminary and current through June 30, 2020.

SFMTA staff, Joel Goldberg presented a summary of the FY 19-20 Q4. Mr. Goldberg reported that no change on Series 2012. Series 2013 funds depleted as well. Mr. Goldberg pointed out Chair Murphy's concern on Series 2014 small balances will be addresses later because of COVID and year-end close have not been able to complete the report and will complete by end of September and will report next meeting in December. Also, Mr. Goldberg reported a summary of the project status. One project report is provided for each scope component, even if the project receives funding from more than one bond series. No project report is provided for scope components that have fully expended revenue bonds and/or are pending/have been closed out of the City's financial system for this fund source. Please note, the Total Bond Funding Amount in each funding section of the reports includes any encumbered funds.

Public Comment: None

8. **Schedule Upcoming Meeting Date and Future Agenda Items** - Next meeting is scheduled on December 2, 2020 at 2pm.

9. **Adjournment**

The meeting adjourned at 3:15pm.

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.