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Date: June 2, 2021  
To: Bond Oversight Committee  
From: Joel Goldberg, Manager, Programming & Grants  
Re: Reconciliation and Closing of Series 2013, Series 2014 Bond Issuances

**Introduction:** The purpose of this presentation is to update the Bond Oversight Committee (BOC) on the status of the reconciliation and closing of Series 2013 and Series 2014 Bond Issuances. Staff has, in cooperation with San Francisco Public Works (PW), nearly completed the reconciliation process. When the reconciliation is completed, aggregated revenue bonds as well as interest will be spent on one or two active projects, most likely Van Ness BRT.

**Background:** In 2013 and 2014, the SFMTA issued two series of revenue bonds each with \$75,000,000 for projects. For the most part these bonds have been spent down. However, both have “tailings,” i.e. balances that remain to be reconciled and spent. The tailings have been a long-standing concern both of the Bond Oversight Committee (BOC) Chair and staff. Since September 2020, a team from four Finance & Information Technology units (Funding Strategy & Programs, the Grant Administration Office, the Budget Office, and Capital Projects & Grant Accounting (CPGA)), have been working on the problems of reconciling and closing the two bond series. Along these lines, CPGA has been working closely with San Francisco Public Works to close out long-standing, bond-funded Interdepartmental Service Agreements.

The major lesson we learned from the earlier bonds Series bonds (2012B, 2013 and 2014) is not to fund so many projects. Accordingly, the Series 2017 issuance, which is larger than the prior issuances combined, is only being spent on four projects. And the new Series 2021C bonds, worth \$118 M, are limited to just four projects as well.

**Discussion and Update:** In the six months since this issue was last brought to the BOC, though bottom line expenditures are relatively unchanged, SFMTA and SFPW Accounting teams have taken the following steps to reconcile the bonds. Charlotte Wu, Acting Manager of the Funding Strategy & Programs team, is leading the effort along with Christina Zhou from our Accounting team.

SFMTA and PW accelerated to meeting biweekly since December 2020 to strategically to clean up and free up the revenue bond funds at DPW.

**2013 Series Recap**

- Working with PUC to clean up 2 projects
- Working with DPW to fix an accounting error.
- MTA internally shifting revenue bond funds from 11 projects.

**2014 Series**

- Working with DPW to clean up 25 projects and to return remaining funds
- Working with ART to return remaining rev bond funds in 2 projects
- Total of \$1.4M to move/clean from outside agencies

To expedite the reconciliation, SFMTA has also been working on swapping operating dollars with revenue bond funds sitting at SFMTA to free up the remaining revenue bond to be transferred to Van Ness BRT and spent.

We should be able to finish the reconciliation by the end of June 2021. Then we can move remaining tailings to the larger projects. We then anticipate needing another 2-3 months for full spend down at the end of Q1 of FY 2022.

**Interest expenditures:** We will also need to spend down accrued interest for both series. As above, the Van Ness BRT project is the prime candidate for the \$3,346,104 in current bond interest (2013: \$1,238,278 and 2014: \$2,107,826).

**Table 1: SERIES 2013 REVENUE BONDS**

	Q1 FY 2021	Q3 FY 2021
Original Bond Amount	\$75,000,000	\$75,000,000
Bonds Paid	\$74,653,104	\$74,583,411
Bond Amount Available + To Be Allocated + Encumbered	\$184,945	\$416,589
Percent Bonds Left	0.46%	0.56%

**Table 2: SERIES 2014 REVENUE BONDS**

	Q1 FY 2021	Q3 FY 2021
Original Bond Amount	\$75,000,000	\$75,000,000
Bonds Paid	\$70,583,659	\$71,280,491
Bond Amount Available + To Be Allocated + Encumbered	\$4,416,341	\$3,719,509
Percent Bonds Left	5.89%	4.96%