

SFMTA Bond Oversight Committee

Rudy Nothenberg, Chairman Dan Murphy, Vice Chairman
Leona Bridges, Jose Cisneros, Emilio Cruz, Nadia Sesay

MINUTES— January 7, 2015 - 2:00 p.m.

SFMTA - 1 South Van Ness Avenue, 7th Floor
Union Square Conference Room #7080

1. Call to Order and Roll Call:

Committee Members:

Rudy Nothenberg - Chairman
Dan Murphy - Vice Chairman
Leona Bridges
Jose Cisneros
Emilio Cruz
Nadia Sesay – (Excused absence)

A quorum being present, the meeting was called to order at 2:07 p.m. On the roll call, Member Nadia Sesay was excused absent; all other members were present.

Others in Attendance:

Mark Blake – Deputy City Attorney
Sonali Bose – SFMTA, Chief Financial Officer
Lucien Burgert – SFMTA, Capital Controls Manager
Paula Florence – SFMTA, Manager of Capital Projects and Grants Accounting
Cindy Gumpal - SFMTA, BOC Secretary
Rob Malone – SFMTA, Deputy Director of Sustainable Streets
Adrienne Ricker – SFMTA, Revenue Bond Reporting Analyst
Stephen Taber – SFMTA Citizens’ Advisory Council Member (CAC)
Monique Webster – SFMTA, Senior Manager of Capital Finance

2. Announcement of member resignation:

Chairman Nothenberg announced that Member Steve Ferrario has resigned and Stephen Taber, a member of the Citizens’ Advisory Council (CAC), has been designated as his replacement; however the CAC has not yet appointment Mr. Taber therefore is in attendance solely as an observer.

3. Public Comment:

There was no public comment.

4. Approval of Minutes from August 27, 2014 meeting:

Motion and second to approve the minutes of the August 27, 2014 meeting: unanimously adopted.

Chairman Nothenberg thanked the staff for providing the expenditure report on a monthly basis and stated he finds it useful. Chairman Nothenberg raised questions regarding reallocations and closeouts; he commented that the previous meeting notes reflected that a procedure was to be developed. Monique Webster (SFMTA) stated that a procedure was developed for the 2012 bonds and that all the projects are on track to be fully expended by July. The procedure involved reallocating projected unspent bond proceeds in certain projects to other projects that needed the funding and where the bond proceeds could be spent timely. Interest earnings would also be used to fund a project within the list of approved projects. Ms. Webster commented that most of the savings from certain projects and the interest earnings would be reallocated to the Sunset Tunnel project and a reallocation letter would be sent to the SFMTA Board and shared with the BOC at their next meeting.

5. Approval of Amended SFMTA Bylaws:

Chairman Nothenberg explained that there is a proposed amendment to the bylaws revising the meeting frequency dates. Mark Blake (Deputy City Attorney) explained the amendments reflected on Article III, Section 1, to provide that committee meetings shall be held “at least every other month”. Sonali Bose (SFMTA) commented that we have not met fourth Wednesday of every month and suggested deleting language “fourth Wednesday of said months”. BOC members agreed and asked Mr. Blake to strike the language and include committee to meet every other month without specified dates.

Motion to approve the bylaws: Motion by Member Cruz, second by Member Bridges: unanimously adopted.

6. Discussion and Approval of Draft FY 2013-2014 Annual report:

Sonali Bose (SFMTA) explained that the past annual reports included multiple lengthy attachments and in the future staff will include referenced links to the relevant attachments found on the SFMTA website. Ms. Bose further explained that on “Section 3. The Auditor review” the language was incorporated to state that based on the limited level of expenditures the members’ decided to forego a full audit review this year and the next

audit would be decided by the members on an annual basis. BOC member requested to include language that specified the members' decision was specifically based on the limited funds involved in the first 2012B Series. Ms. Bose agreed to incorporate the suggested changes.

Motion to approve the annual report: Motion by Member Cisneros, second by Mr. Cruz: unanimously adopted.

7. Discussion of monthly expenditure reporting:

Monique Webster (SFMTA) stated that as of October 31st of the \$25.7 million from the 2012B Bond issue, the expenditures have been over \$20 million and interest of \$255,000. Ms. Webster stated that the largest remaining balances are under the System wide Transit Access and Access program and Parking program and commented that most of these projects are near completion.

Chairman Nothenberg expressed concern that the Green Center Roof rehabilitation project reflected a deficit. Sonali Bose (SFMTA) commented that the negative amount would be corrected. Chairman Nothenberg further commented that the reallocations should have prevented the project from reflecting a deficit. Ms. Bose indicated that she would review and correct the accounting error. However, there would likely be a gap of days between a negative posting and a correction as accounting corrections often occur approximately 30 days after a negative posting.

Ms. Webster summarized expenditures related to 2013A bonds and stated that the SFMTA has expended \$5.3 million to date and encumbered \$24.5 million of the \$75 million bond issuance, with interest earned of about \$381,000.

8. Review FY14 Quarter 3 and Quarter 4 Project Reporting Information and Delivery Schedule for Series 2012B and 2013A Bonds (For discussion only, Reference Attachment B):

a. Transit Projects:

Chairman Nothenberg suggested that on page 9 of the quarterly report under "Budget Detail" reflected year 2012 and requested staff to revise and indicate the correct year 2013.

Chairman Nothenberg expressed concern that the amounts on page 18 and 19 "Polk Street Northbound Separated Bikeway" under the captioned Series 2012B and 2013A amounts do not match the amount reflected in the "Budget Detail" column. The SFMTA staff agreed to

correct the error. Instead of producing reports in Excel spreadsheets which can lead to errors, the goal is to produce reports from the new CPCS (Capital Projects and Control) system in the future.

Lucien Burgert (SFMTA) provided a summary of page 26-27 – Church and Duboce Pedestrian improvements. Chairman Nothenberg questioned that on page 26 under column “Upcoming project milestones” indicated “a public ballot to determine the final design for the street” and questioned if it required a public vote. Mr. Burgert explained that it is not a voter ballot but feedback from public outreach.

Mr. Burgert summarized page 22 – C3 Blue Light Emergency Phone Replacement. Mr. Burgert stated that a notice to proceed had been issued to the contractor in February but progress has been slowed as a result of negotiations with SFMTA Transit Operations and the contractor regarding access to the subway and the impact to daily service. Mr. Burgert further stated that there is a high demand for access to the subway during non-revenue hours as well as revenue hours which require certain shut downs. Chairman Nothenberg stated that given the information provided, there needs to be clarity on whether this project can meet the 3 year planned bond spending window.

Chairman Nothenberg stated that he felt that the figures for the Masonic Avenue Complete Streetscape (page 38) may not reflect the entire project need. Sonali Bose (SFMTA) explained that project had a multiple sources of funding, one of which would likely need a funding swap with the 2014 Revenue Bonds. Member Bridges questioned if the funds would be sufficient to complete the project. Ms. Bose stated that the project is a City top priority and that the Agency is committed to move forward with this project and to meet the project timeline.

Ms. Bose asked BOC members if completed projects can be removed from the quarterly bond reports. BOC members agreed that if the revenue bond money is fully expended or reallocated then a project may be removed.

b. Parking projects:

Rob Malone (SFMTA) summarized the status of the garage parking projects. Mr. Malone stated that the main goal of the bond proceeds are to address the deferred maintenance of these facilities such as waterproofing work and elevators that are long past their useful life. Chairman Nothenberg asked if the \$6 million from the 2012B series will be fully expended by the end of next year. Mr. Malone indicated expenditures would be incurred by the end next year; that there are a couple of contracts that are scheduled for bid in February/March which are over \$6 million and planned for completion before the end of 2015.

Monique Webster (SFMTA) provided a summary of the light rail vehicle (LRV) procurement and stated that in September 2014 a \$1.2 billion contract was awarded to Siemens, Inc. and that funds have been encumbered from the Series 2013 bonds and for the Series 2014 bonds to help fund the procurement.

9. Discussion of 2015 Meeting dates and agenda:

BOC Members agreed to meet on the next following dates:

March 25, 2015 at 2p.m.

May 27, 2015 – 2p.m.

Members requested that the KPMG Auditor come to the next meeting to discuss the next audit.

Sonali Bose (SFMTA) suggested that the BOC may want to have a discussion of how the oversight responsibilities would be exercised for projects that may be funded both by SFMTA debt and the General Obligation (GO) Bonds approved by the voters in November 2014 for the next meeting. The GO bonds are issued by the City and under the oversight of the General Obligation Bond Oversight Committee (GOBOC) set up by the voters to oversee all City GO debt. Chairman Nothenberg suggested that the oversight responsibilities of the BOC and GOBOC for projects that have both SFMTA debt and GO funding sources be clarified by staff and that thereafter a meeting of Chairs and Vice Chairs of the two Bond Oversight Committees might be considered in order that a process that is most efficient for SFMTA and City staff be agreed upon.

10. Adjournment.

The meeting adjourned at 3:09 p.m.

A recording of the meeting is on file with the Secretary of the SFMTA Bond Oversight Committee and can be made available upon request. Please contact Cindy Gumpal at 415-701-5233 or Email: BOCOversightCommittee@sfmta.com.