

SFMTA Bond Oversight Committee

Rudy Nothenberg, Chairman Dan Murphy, Vice Chairman
Leona Bridges, Kathryn How, Bob Shaw, Nadia Sesay, Stephen Taber

SPECIAL MEETING

MINUTES - Wednesday, December 6, 2017 – 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-Chair
Kathryn How
Leona Bridges
Nadia Sesay
Bob Shaw
Stephen Taber

A quorum being, the meeting was called to order at 2:20 p.m. On the roll call, Committee Members Nadia Sesay and Stephen Taber were noted absent.

2. Public Comment

None.

3. FY16-17 Annual Report:

Draft of Audit Report – Jie Hua Lee KPMG Senior Audit Manager presented a summary of the draft report of Agreed-Upon Procedures' (Series 2012A, 2012B, 2013, 2014 and 2017 year ended June 30, 2017) between SFMTA and KPMG. Ms. Lee stated that KPMG selected 65 sample items in a variety of transactions, obtained the supporting documentation, and reviewed the policy and procedures. The report contains the results as well as any discrepancies.

Rudy Nothenberg (BOC Chairman) asked whether SFMTA had Project Manager approval processes similar to those we have with DPW and other City Departments? KPMG stated that SFMTA established formal procedures for work authorization management and oversight with DPW in 2016 as DPW delivers a significant number of projects for SFMTA. However, SFMTA does not have a similar formal procedure with other departments. SFMTA will assess whether a similar formal procedure is needed for work authorization with other departments in fiscal year 2018 taking into account the relative volume as well as the functionality of the City's new financial system.

Draft of Annual Report A draft of the Annual Report was presented. Chairman Nothenberg suggested to change the available amount to \$25.7 million in place of \$25,835,000 showing on the

table on page 5 for 2012B Bond series. The change will be consistent with how the available amount is shown elsewhere in the report.

Also, BOC Member suggested that the report should reflect on page 12 that the remaining balance of \$24.7 million from the \$75 million Revenue Bonds, Series 2014 is expected to be spent down within the time limits that would avoid arbitrage issues.

BOC members unanimously approved the Audit and Annual Reports.

Public Comment: None

Special meeting adjourned at 2:35pm.

SFMTA Bond Oversight Committee

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Leona Bridges, Kathryn How, Bob Shaw, Nadia Sesay, Stephen Taber

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1. Call to Order and Roll Call

Committee Members:

Rudy Nothenberg - Chairman
Daniel Murphy - Vice Chairman
Leona Bridges
Kathryn How
Nadia Sesay
Bob Shaw
Stephen Taber

A quorum being, the meeting was called to order at 2:35 p.m. On the roll call, Committee Members Nadia Sesay and Stephen Taber were noted absent.

2. Public Comment

None

3. Approval of Minutes from September 6, 2017 Meeting:

On motion to approve the September 6, 2017 meeting minutes:
Unanimously approved (Committee Members Nadia Sesay and Stephen Taber absent)

Public Comment - None

4. Review of Bond Funded Projects Expenditures and Delivery:

a. July – September 2017 Quarter 1 report

https://www.sfmta.com/sites/default/files/reports-and-documents/2017/12/q1_2018_revenue_bond_report_final_-_attachment_b_1_0.pdf

Monique Webster (SFMTA) provided an overview of the 1st quarter report. Ms. Webster noted that the financial data is only current through 6/30/17 because the data is not currently available in the new citywide financial system. All narrative reports and schedule information are current through September 30, 2017.

Van Ness BRT: BOC members asked for a schedule of completion and for a cash flow for the remaining funds and indicate if there were any plans to move these funds to another project to ensure bond funds are timely spent.

b. Project presentations

a. Streets Projects

[https://www.sfmta.com/sites/default/files/reports-and-documents/2017/12/boc_presentation - streets - q1 2018 - attachment c.pdf](https://www.sfmta.com/sites/default/files/reports-and-documents/2017/12/boc_presentation_-_streets_-_q1_2018_-_attachment_c.pdf)

Luis Montoya (SFMTA) provided a presentation summary of the street projects. The following items requires follow up:

Masonic Avenue Streetscape: BOC members asked for a schedule of completion and for a cash flow for the remaining funds and indicate if there were any plans to move these funds to another project to ensure bond funds are timely spent.

Columbus Ave Streetscape Project: BOC members asked for a schedule of completion and for a cash flow for the remaining funds and indicate if there were any plans to move these funds to another project to ensure bond funds are timely spent.

Polk Streetscape: BOC asked for a schedule of completion and for a cash flow for the remaining funds and indicate if there were any plans to move these funds to another project to ensure bond funds are timely spent.

b. Parking Projects

[https://www.sfmta.com/sites/default/files/reports-and-documents/2017/12/boc_presentation - parking - q1 2018 - attachment d.pdf](https://www.sfmta.com/sites/default/files/reports-and-documents/2017/12/boc_presentation_-_parking_-_q1_2018_-_attachment_d.pdf)

Rob Malone (SFMTA) provided a presentation summary of the parking projects. BOC members asked for a cash flow for the remaining funds at the next meeting and if there were any plans to move these funds to another project to ensure bond funds are timely spent.

Public Comment: None

5. Whistleblower complaints

Steve Flaherty - Principal Auditor, Controller's Office provided an overview of the City's Whistleblower Program. A complaint can come from anybody, it's open to all. Complaints spiked in FY 16-17. Percentage of complaints broken down between

internal and external requesters is not available as 60% of complaints received are anonymous.

This issue was brought to the attention of the BOC by the City Attorney because there is currently nothing to assure that the BOC would be made aware of a complaint (or for that matter of the disposition) of a matter relating to SFMTA issued debt or debt proposed to be issues by SFMTA. Steve Flaherty responded that each complaint that comes to Whistleblower Program is analyzed by an investigator and referred to the respective departmental liaison. If a complaint came in about SFMTA bonds the investigator would review the authorizing legislation associated with the bond issue as part of their process and contact the departmental liaison if follow up is necessary.

The SFMTA liaison will receive the results of the investigation if follow up is required to address the finding.

Sonali Bose (SFMTA) indicated that she would follow-up in writing with the Whistleblower Program and SFMTA Whistleblower Liaison, to request that the BOC members are notified of any whistleblower findings related to the BOC's role related to SFMTA financings (letter was sent on December 11, 2017).

Public Comment: None

6. Schedule Upcoming Meeting Date and Future Agenda Items – Meeting scheduled on March 23, 2018

7. **Adjournment**

The meeting adjourned at 3:45pm.

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.

