



PUBLIC UTILITIES REVENUE BOND OVERSIGHT COMMITTEE CITY AND COUNTY OF SAN FRANCISCO AGENDA

Public Utilities Commission Building
525 Golden Gate Ave.,
11th Floor Southeast Conference Room
San Francisco, CA 94102

February 19, 2019 - 9:00 AM

Special Meeting

Mission: The Revenue Bond Oversight Committee (RBOC) monitors the expenditure of revenue bond proceeds related to the repair, replacement, upgrade and expansion of the SFPUC's water, power and sewer infrastructure. The RBOC provides independent oversight to ensure transparency and accountability. The RBOC's goal is to ensure that SFPUC revenue bond proceeds are spent for their intended purposes in accordance with legislative authorization and other applicable laws.

1. Call to Order and Roll Call

Members:

Seat 1	Vacant
Seat 2	Kevin Cheng
Seat 3	Vacant
Seat 4	Tim Cronin
Seat 5	Travis George, Chair
Seat 6	Christina Tang, Vice Chair
Seat 7	Ashley Clark

2. Agenda Changes (*Discussion and possible action*)

3. Public Comment: Members of the public may address the Revenue Bond Oversight Committee (RBOC) on matters that are within the RBOC's jurisdiction but are not on today's agenda.

4. RBOC: Development of audit objective and procedure (*Discussion and possible action*)(*attachment*)

- Memorandum of Understanding with the City Services Auditor
- Audit topics and procedure
- Selection process for an audit contractor
- Other issues related to the audit project

5. RBOC: 2018 Annual Report (*Discussion and possible action*) (*attachment*)

6. **Approval of Minutes:** January 28, 2019, Meeting Minutes. (*Discussion and possible action*) (*attachment*)
7. **Announcements, Comments, Questions, and Future Agenda Items.** (*Discussion and possible action*)

March 18, 2018, 2019 9:00 a.m.

1. SFPUC Staff Report: Sewer System Improvement Program (SSIP) – Quarterly Report Update

Pending Issues:

1. Request that SSIP Quarterly reports include information on Stormwater Management System and details on the bidding climate and possible cost increase)
 2. Request that the SFPUC provide updates on all water projects that may not be part of SSIP or WSIP.
 3. RBOC: Acquiring consultant to examine expected performance of complete projects.
 4. SFPUC Staff Report: Environmental Justice
 5. SFPUC: Annual Clean Power SF Update (December)
 6. RBOC: Review and possible amendments to RBOC Bylaws
 7. Comparison of similar Boards and Commissions duties and reports
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8. **Adjournment**

Agenda Item Information

Each item on the agenda may include: 1) Department or Agency cover letter and/or report; 2) Public correspondence; 3) Other explanatory documents. For more information concerning agendas, minutes, and meeting information, such as these documents, please contact RBOC Clerk, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102 – (415) 554-5184.

Audio recordings of the meeting of the Revenue Bond Oversight Committee are available at: http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=97

For information concerning San Francisco Public Utilities Commission please contact by e-mail RBOC@sfgov.org or by calling (415) 554-5184.

Meeting Procedures

Public Comment will be taken before or during the Committee’s consideration of each agenda item. Speakers may address the Committee for up to three minutes on that item. During General Public Comment, members of the public may address the Committee on matters that are within the Committee’s jurisdiction and are not on the agenda.

Procedures do not permit: 1) persons in the audience to vocally express support or opposition to statements by Commissioners by other persons testifying; 2) ringing and use of cell phones, pagers, and similar sound-producing electronic devices; 3) bringing in or displaying signs in the meeting room; and 4) standing in the meeting room.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

LANGUAGE INTERPRETERS: Requests must be received at least 48 hours in advance of the meeting to help ensure availability. Contact Peggy Nevin at (415) 554-5184. AVISO EN ESPAÑOL: La solicitud para un traductor debe recibirse antes de mediodía de el viernes anterior a la reunion. Llame a Derek Evans (415) 554-5184. PAUNAWA: Ang mga kahilingan ay kailangang matanggap sa loob ng 48 oras bago mag miting upang matiyak na matutugunan ang mga hiling. Mangyaring tumawag kay sa (415) 554-5184.

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翻譯 必須在會議前最少四十八小時提出要求
請電 (415) 554-7719

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Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review.

For more information on your rights under the Sunshine Ordinance (San Francisco Administrative Code, Chapter 67) or to report a violation of the ordinance, contact by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102; phone at (415) 554-7724; fax at (415) 554-5163; or by email at sof@sfgov.org.

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Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code, Section 2.100, et. seq.] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at: 25 Van Ness Avenue, Suite 220, San Francisco, CA 94102; telephone (415) 581-3100; fax (415) 252-3112; website www.sfgov.org/ethics.



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

MEMORANDUM OF UNDERSTANDING ("MOU")
BETWEEN
THE OFFICE OF THE CONTROLLER
AND THE
PUBLIC UTILITIES REVENUE BOND OVERSIGHT COMMITTEE ("RBOC")
FOR AUDIT AND TECHNICAL SERVICES

This MOU is made and entered on February 19, 2019, by and between the City and County of San Francisco's Office of the Controller ("Controller" or "performing department") and the Public Utilities Revenue Bond Oversight Committee ("requesting department") for technical and audit services and will remain in effect until December 31, 2022.

Should the Board of Supervisors by ordinance reauthorize the establishment of the Public Utilities Bond Oversight Committee for a specified period extending beyond that date, this MOU will remain in effect for the specified period or until either party chooses to terminate as provided for in Section VII.

I. INTRODUCTION

Appendix F to the City Charter established the Controller as the City Services Auditor ("CSA"), with the authority to conduct independent management and performance audits of departments providing services to San Francisco residents. CSA also provides contract administration technical assistance on an as-needed basis to facilitate delivery of audit and performance analysis services.

The Public Utilities Revenue Bond Oversight Committee ("RBOC") was created as a result of the passage of Proposition P in November 2002. Its purpose is to monitor the expenditure of bond proceeds related to the repair, replacement, upgrading, and expansion of the City's water collection, power generation, water distribution, and wastewater treatment facilities. It may review efforts by the City to maximize bond proceeds by implementing cost-saving measures, including but not limited to: mechanisms designed to reduce the costs of professional consulting and similar fees and expenses related to site preparation and project design; recommendations regarding the cost-effective and efficient use of facilities; developing and using alternative technologies; and accessing other sources of infrastructure funding. In furtherance of its purpose, it may commission independent reviews and evaluation of bond expenditures and retain outside auditors, inspectors, and necessary experts.

II. SCOPE OF SERVICES

RBOC wishes to obtain the following services through CSA:

Deliverable		Description	Start Date	Completion Date	Staff Hours	Budget
1	Informal solicitation for qualified firm to conduct audits of revenue bond.	Conduct Request for quote (RFq) solicitation with firms qualified per the Audit Services Request for Qualifications (RFQ). Obtain quotes and proposals for revenue bond expenditures audits.	3/1/19	5/1/19	80	\$12,000
2.	Draft contract and contract administration	Draft scope of work and administer the contract processing for execution.	5/1/19	6/28/19	80	\$12,000
3.	Project management for <u>up to 20</u> revenue bond audits	Oversee the 20 audits to ensure Contractor meets staffing, schedule, budget, and work product targets and deliverables.	7/1/19	Scheduling of audits TBD	30 hours/audit (600 hours total for 20 audits)	\$90,000 (\$4,500/audit)
4.	Revenue bond audits (<u>up to 20</u>)	Audits will evaluate whether bond funds were spent in accordance with the ballot measure authorizing the bonds.	7/1/19	Scheduling of audits TBD	300 hours/audit	<u>Up to</u> \$1,400,000 (\$70,000/audit)
5.	As-needed services: \$150/hour (80)					\$12,000
					Total	\$1,526,000

Note: CSA will make its best effort to adhere to the schedule and keep the Committee informed of any impediments that may affect the nature of the scope of the services or the schedules and hours associated with each audit.

III. ROLES AND RESPONSIBILITIES OF RBOC AND CSA:

RBOC

- Communicate advance notice of any special requests to CSA
- Review audit findings and reports in a timely manner
- Provide funding to CSA for all agreed-upon services
- Approve scope of work and any significant changes to the MOU
- Approve selection of Contractor to perform each audit
- Prioritize audit projects and provide requested completion date
- Review and approve draft reports before publication

RBOC (contact: Mike Brown or RBOC Chair xxx)

- Determine high-level scope of services and contribute to the work plan, estimated budget, deliverables, and schedule.

3 | RBOC/CSA Memorandum of Understanding

- Participate in Contractor solicitation, evaluation, and negotiations processes, as managed by CSA.
- Provide/facilitate timely support and information to CSA or Contractor for all phases of the audit engagements.
- Attend any necessary meetings throughout the process.
- Review audit deliverables, including draft and final reports, in a timely manner and provide responses as requested.
- Review and approve any requested changes to scope, budget, deliverables, or schedule.

CSA (contacts: Winnie Woo 554-7652 or Tonia Lediju 554-5393)

Solicitation and Contract Administration

- Draft scope of work for ~~RFq~~-RFQ solicitation.
- Draft scope of work contract.
- Oversee the Contractor selection process from solicitation through contract negotiations and award (see Section V below for more details).
- Coordinate with Controller's Central Contracts team (Central Contracts) for contract approvals, including those of the City Attorney, Contracts Monitoring Division (CMD), and Office of Contract Administration (OCA).
- Receive and approve contract invoices.

Project Management

- Oversee the audits to ensure Contractor meets staffing, schedule, budget, and work product targets and deliverables described in this MOU.
- Communicate regularly with Contractor.
- Review and approve drafts invoices submitted by Contractor and any subcontractor.
- Review and approve final audit reports prepared by Contractor and any subcontractor.
- Coordinate all parties involved in the audit, as necessary.
- Provide monthly status and expenditure updates to RBOC or designee on solicitation, contract, or audit status.

Contractor (hired by CSA)

- Provide timely updates to all pertinent city departments or parties (RBOC, CSA, San Francisco Public Utilities Commission (PUC), etc.) regarding audit status and other audit or project issues as requested.
- Complete internal quality review for its work papers and draft reports.
- Complete audit work within agreed-upon scope and by agreed-upon dates.
- Communicate any meetings CSA should attend (for example, entrance and exit meetings).
- Adhere to all contract requirements.

PUC/CSA Points of Contact

- Provide/facilitate timely support and information to CSA or Contractor for all phases of the audits.
- Attend any necessary meetings throughout each audit.
- Review audit reports in a timely manner and provide responses as requested

III. AUDIT PROCESS

CSA requires that the audits requested from the Contractor be conducted and delivered as performance audits defined by the U.S. Government Accountability Office (GAO) *Government Auditing Standards*. For each audit, the following phases will be performed by the Contractor:

a) Planning and Survey

- Assess compliance with laws and regulations.
- Assess the effectiveness of management controls.
- Provide reasonable assurance of detecting abuse or illegal acts.
- Assess the status of prior audit findings and recommendations that are significant to the audit objectives.
- Determine the needs of the potential users of the audit report.
- Obtain an understanding of the nature and profile of the program to be audited.
- Obtain an understanding of the program's internal control as it relates to the objectives and scope of the audit.
- Identify the criteria for measuring the program's performance.
- Identify previous audit work or studies that could affect the current audit objectives.
- Consider whether the work of external specialists may be used to satisfy some of the audit objectives.
- Identify potential sources of audit evidence.
- Test the reliability of computer-processed data the audit will rely on to make conclusions.

b) Field Work

- Carry out the audit program.
- Gather and analyze data and information.
- Document audit evidence (prepare work papers) that include:
 - Criteria (i.e., the standards, measures, and expectations of what should exist), defined business practices, or benchmarks against which performance will be compared or evaluated.
 - Procedures to establish the cause of the condition and the effect or potential effect of the condition.
 - Procedures to provide reasonable assurance of detecting violations of laws, regulations, or contract or grant provisions that are significant within the context of the audit objectives. These procedures should be based on the risk that illegal acts or violations could occur, as determined by the fraud brainstorming activity and the risk assessment performed during the audit survey
- Have audit managers or other appropriate supervisors review work papers to ensure they meet GAGAS and CSA standards and provide an adequate basis for audit reports, letters, or other correspondence.

d) Reporting

- Hold a message meeting to formulate the contents of the audit report.
- Hold an exit meeting to inform the auditee of the audit findings.
- Write drafts of the report for review and comment by CSA management.
- Conduct an independent review of the final draft report to ensure it is accurate and adequately supported by work papers.
- Obtain the auditee's formal response and include it in the final report.
- Issue and distribute the final report to the Mayor, Board of Supervisors, and others to be determined.
- Present the results to government officials when requested.

Note: Audit findings are determinations about performance (favorable or unfavorable) or material exceptions to testing that meet the standards of evidence and satisfy audit objectives. Performance audit findings are determinations about performance (positive or negative) that meet the standards of evidence and fulfill the audit's objectives. They are the basis for conclusions and recommendations. The determinations may be about past, current, or future performance.

In addition, CSA will:

- Confer with RBOC and the PUC on the results, findings, and recommendations of the audits. However, RBOC will have the sole authority to cause the release of any of the audit reports that result from this MOU.
- Follow up by obtaining status reports from the auditees on the implementation of the audit reports' recommendations every six months after report issuance until CSA closes all recommendations.
- Report any recommendations not implemented to CSA leaders and retain the right to make new recommendations as to additional actions that should be taken.
- Verify the follow-up responses received from auditees by scheduling field audit follow-up assessments for a sample of audits each year.
- Seek advanced approval of funding from RBOC for any follow-ups CSA deems necessary. CSA may conduct follow-ups per its independent discretion without RBOC funding.

Note: Throughout the Contractor's period of work, CSA will provide progress reports that include status details and expenditures. CSA will report progress made and expenditures-to-date at monthly RBOC meetings. If recent expenditure information is unavailable, CSA will estimate whether planned expenditures through task completion will remain reasonably within budget.

IV. OVERVIEW OF CSA CONTRACTS ADMINISTRATION

CSA conducts its contract administration process in accordance with the San Francisco Charter and Administrative Code. CSA's goals for each contracting process are to ensure fair, transparent, and justifiable processes and results for the use of public funds. Independence of process oversight is critical and based on best practices and lessons learned.

CSA will work with RBOC to assure the quality of programmatic content and decisions reflected in the contract documents. These areas include scope, budget, deliverables, schedule, evaluation criteria, and submission requirements. CSA will manage the review process and obtain sign-offs from its leaders and RBOC and will consult with Central Contracts on the contract administration process.

Central Contracts will document quality control and compliance with city contracting requirements. Central Contracts will review documents for clarity, logic, and consistency of content, structure, and format to provide accountability and mitigate risk to the City. OCA will coordinate the review and approval of documents by the Human Rights Commission and City Attorney, finalize the documents, and post the documents.

The major phases of a contract administration process include:

a) SOLICITATION DEVELOPMENT

- 1) Notification and Confirmation. CSA will notify Central Contracts regarding solicitation. Central Contracts confirms the latest RFq template and process.
- 2) Solicitation Development. CSA will develop the solicitation draft, in consultation with RBOC, including the following sections: Background, Introduction, Scope of Work, Evaluation Criteria, and Attachment V Proposal/Response Template. Central Contracts develops the remaining solicitation sections and attachments.
- 3) Solicitation Contact List. CSA will consult with RBOC, selecting the appropriate firms to solicit from among the Audit Services RFQ prequalified firms. Central Contracts will conduct the follow-up contact with firms to ensure receipt of solicitation information and to gauge the level of interest in responding. All questions regarding the process or content should be referred to the contact listed on the RFq. Central Contracts will maintain and update the solicitation list and keep copies of communications to firms, including the e-mail solicitation and any clarification or update e-mail communications.
- 4) Draft Review. CSA will provide the draft solicitation for review by its leaders. CSA will then give it to Central Contracts for initial review before it is submitted to RBOC. The draft is submitted to the City Attorney and CMD for legal and subcontracting reviews, respectively. Depending on the types of changes requested, CSA and RBOC may need to review the modified draft.
- 5) Posting. Upon finalization of solicitation documents, Central Contracts works with the webmaster to post on the Controller's Contract Opportunities website. Central Contracts will also submit to OCA a posting form to ensure the solicitation is included on OCA's contracting opportunities webpage.

b) PRE-PROPOSAL/RESPONSE Q&A OR CONFERENCE

The purpose of a pre-proposal conference is to provide firms with more information and an additional opportunity for questions and networking for partnerships/subcontractors. Central Contracts gathers and organizes pre-proposal/response questions received before the deadline from Proposers.

CSA will work with RBOC to prepare responses to Proposers' questions and to provide information along with RBOC representative(s) at the pre-proposal conference, if applicable. CSA will coordinate with RBOC and distribute drafts of responses to questions and pre-proposal conference materials to CSA leaders and then to Central Contracts for posting and distribution.

c) PANEL PLANNING

CSA will work with RBOC and Central Contracts to select panelists and schedule the meetings. Both CSA and RBOC have the option of designating a representative to serve as a scoring member of the panel.

The panelist roster must be reviewed by Central Contracts and submitted to CMD for approval by Central Contracts ten business days before the panel meets. Central Contracts will serve as the Proposers' contact. All panelists must review and sign a Panel Participant Acknowledgement form. This form describes panelist responsibilities, precluding conflicts of interest, and outlines confidentiality requirements.

d) MATERIALS SCREENING

Central Contracts will screen proposals/responses for compliance with submission requirements and will conduct the Minimum Qualification screening, review all materials, including the proposals/responses, and will compile a proposal/response guide, if applicable. This preparatory work will assist with taking informed notes at each panel evaluation session and ensure the notes and scoring sheets have sufficient information to justify the panel's decisions.

e) PANEL ORIENTATION

Central Contracts will serve as the process specialists and will work with CSA to set up panel process documents, including written proposal evaluation panel materials and interview panel materials (if interviews are conducted).

f) PANEL EVALUATION

Panelists will document notes/comments documenting strengths, weaknesses, and comparative differences between Proposers on score sheets. The score sheets, the RFq, and other process materials, together will be the basis for justifying and explaining the City's decision to select one Proposer over the other(s). Recording a solicitation evaluation session (written proposal evaluation and/or interview process) is optional, but could be beneficial.

Central Contracts will review the scoring sheets before the conclusion of any panel evaluation session to ensure the sheets are complete, legible, and ready for public review.

Central Contracts will ensure:

- Sums on individual scoring sheets are correct, as are panel average scores, including any CMD-LBE rating bonus points.

- There are enough and appropriate narrative comments from each panelist to justify the scores.
- The range of numbers accurately reflects the panel's final determination.

g) PANEL INTERVIEWS (Optional)

Following the panel's determination, the highest-scoring Proposers will be invited by Central Contracts to interviews to provide the panel with an opportunity to ask clarifying questions, obtain "face time" with a Proposer, obtain a sense of the Proposer's presentation style, and to continue to promote competition to make a final selection decision.

The interview process should consist of panel and Proposer introductions, a brief overview presented by the Proposer, standard questions asked of all selected Proposers, and may consist of specific questions about proposals as long as each Proposer is allowed the same number of questions. The scoring for proposal-specific questions should be weighted less than the standard questions to reduce the subjectivity of the interview evaluation process.

Even if only one Proposer is invited, an interview can help clarify expectations before selection for contract negotiations. It is disadvantageous for the City to inform interviewees when there is no competition. The City does always have the option not to select a sole Proposer and to re-bid the services, discontinue the project, or pursue other alternatives such as internal staffing.

Typically, Central Contracts' interviews are separately scored from the written proposals. Central Contracts will work with CSA and RBOC to create the interview or Proposer presentation format, including the interview questions and panel evaluation process.

The highest-scoring Proposer in the interview process will be selected for contract negotiations.

h) SELECTION AND CLOSE-OUT

If the Controller has not worked with the selected Contractor before, Central Contracts may obtain at least two prior client reference checks each for the selected Contractor before Central Contracts issues the notice of intent to award a contract (enter into contract negotiations). Central Contracts should use (and save in its files) the information provided in the proposer's prior project descriptions and the Reference Check Template.

Central Contracts typically does not use reference checks in its evaluation—meaning no scores are given for reference checks. To finalize the City's selection, reference checks are used to validate the selected Proposer's experience and capabilities.

i) CONTRACT NEGOTIATIONS AND DEVELOPMENT

CSA will draft the contract appendices (Scope of Work and Calculation of Charges), in coordination with Central Contracts and RBOC, by weaving together language from the RFq and the selected proposal. CSA leaders, then RBOC, review the appendices. CSA will confirm project goals/objectives and priorities and discuss roles and responsibilities among the Contractor, CSA, and RBOC before finalizing the contract for Central Contracts' review.

Central Contracts will conduct a final review of the appendices and work with the Contractor to resolve any outstanding compliance issues, including insurance coverage, subcontracting, and invoicing paperwork requirements, if applicable. Central Contracts will also negotiate the terms and conditions (P-600 template) with the Contractor, coordinating City Attorney legal review, and incorporating City Attorney comments. In the event a City Attorney question or comment is related to project content or if the Contractor requests a change to a term/condition that may affect project content, Central Contracts will refer the issue to CSA to resolve in consultation with RBOC, if appropriate.

V. MOU BUDGET AND WORK ORDER BILLINGS

The budget amount for this work order is \$1,526,000. This amount includes individual work orders for deliverables described in Section II. Work order billings will be based on actual costs incurred by the Controller and include details on specific charges. CSA staff time will be charged at \$150 per hour. This hourly billing rate blends all salary and fringe costs for staff performing work rather than accounting for individual positions; it is an estimate designed to recover CSA's costs. It is calculated by dividing CSA's total expenditures by the total number of direct chargeable hours provided by CSA. Any consultant contract costs will be charged for invoices actually paid by the Controller. Other charges may include expenses reasonably and necessarily incurred in performing the work. The Controller will make a fiscal year-end adjustment if actual costs are higher or lower than those billed.

The Controller will bill Work Order # ____ quarterly for receipt and approval by the PUC and RBOC. RBOC will approve work order billings that exceed individual task budgets.

VI. MUTUAL TERMINATION

With advance notice of at least 30 days, either RBOC or CSA may terminate this MOU at any time upon notice to the other party. RBOC will pay CSA all sums owed for actual costs incurred up to the day a majority of RBOC members vote to terminate. Information developed or obtained by CSA in connection with this MOU or related task assignments will, up through termination, remain the property of RBOC.

VII. MOU AMENDMENTS

Amendments to this MOU may be made upon mutual written agreement of the undersigned parties. RBOC may make changes to any approved scope of work or work plan provided advance written notice is given to CSA, subject to the approval of CSA. If such changes increase or decrease the budget, the MOU will be amended to reflect such change.

This MOU constitutes the entire understanding between the Controller and RBOC concerning the subject matter hereof.

San Francisco **Public Utilities Revenue Bond Oversight Committee**

Annual Report 2018 - DRAFT

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<http://www.sfgov.org/rboc>

Background

In November 2003, the Public Utilities Revenue Bond Oversight Committee (RBOC) was formed after passage of Proposition P (November 2002), adding Sections 5A.30 through 5A.36 to the San Francisco Administrative Code.

The RBOC facilitates transparency and accountability in the expenditure of revenue bond proceeds. The public is invited and welcome to attend RBOC meetings and provide input.

Pursuant to Administrative Code, Section 5A.36, the RBOC is charged with providing independent oversight of the expenditure of public utility revenue bond proceeds for capital improvements. The committee helps ensure an uninterrupted supply of water, power, and wastewater treatment services to the City and County and San Francisco Public Utilities Commission (SFPUC) customers. Further, it helps ensure public dollars are spent in accordance with the authorizing bond resolutions and applicable laws.

After conducting an independent audit, and consulting with the City Attorney, the RBOC may determine that proceeds of a revenue bond program were not utilized for purposes authorized in accordance with the associated bond resolution or applicable law. It may be further determined that this surmounts to an illegal expenditure or waste of such revenue bonds. By majority vote, the RBOC may prohibit the issuance or sale of authorized revenue bonds that have yet to be issued or sold.

Any RBOC decision to prohibit the sale of authorized but unsold revenue bonds may be appealed to the Board of Supervisors. The SFPUC can provide evidence of corrective measures to the Board, and the Board may decide to overturn the decision by the RBOC, upon a two-thirds vote of all of its members. To date, the RBOC has not prevented any issuance of SFPUC revenue bonds.

The SFPUC continues to incur bonded indebtedness to finance capital improvements related to its two major enterprises, the Water and Sewer systems. Each of these enterprises have embarked on major system improvement programs, which are expected to be completed in 2021 and beyond, respectively. However, the provisions of Proposition P were set to expire on January 1, 2013, unless extended by an ordinance of the Board of Supervisors.

In 2012, the Board extended the sunset date to January 1, 2016, (see Ordinance No. 236-12, BOS File No. 120221). Accordingly, in 2015, the SFPUC submitted, and the Board of Supervisors approved, a resolution supporting the extension of the RBOC until January 1, 2019. On December 11, 2019, the Board of Supervisors approved Ordinance No. 309-18, BOS File No. 180123, extending the RBOC through January 1, 2025.

Mission Statement

The Revenue Bond Oversight Committee (RBOC) monitors the expenditure of revenue bond proceeds related to the repair, replacement, upgrade and expansion of the SFPUC's water, power and sewer infrastructure. The RBOC provides independent oversight to ensure transparency and accountability. The RBOC's goal is to ensure that SFPUC revenue bond proceeds are spent for their intended purposes in accordance with legislative authorization and other applicable laws.

Future Activities

Activities and topics the RBOC expects to cover in 2019 include the following:

- Work with the SFPUC staff to increase transparency and certification of compliance with bond expenditure policies.
- Initiate an expenditure audit in coordination with City staff.
- Determine a fund management policy to allocate financial resources efficiently towards oversight responsibilities.
- Monitor completion of the WSIP and other major capital projects, including the Calaveras Dam Replacement Project and Mountain Tunnel.
- Review the SFPUC's work, both planned and completed, towards the SSIP.
- Ensure the continuity of oversight through member succession planning and work with the Board of Supervisors to extend the RBOC charter.
- Improve outreach to ensure greater public awareness and input related to the SFPUC's expenditure of revenue bond proceeds.

Accomplishments in 2018

During 2018, RBOC achievement highlights include the following:

- Strategized with SFPUC and other city staff to prepare for audit process.
- Worked with SFPUC staff to modify and finalize CFO annual certification.
- Created a new fund management policy to guide the committee in its use and management of fund balances.
- Heard presentation from SFPUC regarding the effects of changes to the federal tax policy and the loss of ability to advance refund bonds.
- Monitored the outcome of bond sales and ongoing debt plans.
- Heard presentation from SFPUC regarding current state of Clean Power SF and the possibilities for the program's future expansion.
- Toured Bioregional Habitat Restoration projects.
- Reviewed progress of WSIP and SSIP with particular focus on the accuracy of budgeting and scheduling forecasts and continued attention to ensuring that lessons learned from the WSIP are applied during implementation of the SSIP.
- Worked with city attorney to extend the sunset date of the RBOC.
- Heard presentations from SFPUC staff on results of Wastewater bond sales and updates on WIFIA loan transactions.
- Heard from SFPUC staff about financial impact of disasters on capital plan and update on Clean Power SF.

Committee Membership

Membership

The RBOC is comprised of seven members:

- Two seats appointed by the Mayor
- Two seats appointed by the Board of Supervisors
- One seat appointed by the City Controller
- One seat appointed by the Bay Area Water User's Association (BAWUA), under the auspices of the Bay Area Water Supply and Conservation Agency (BAWSCA), and
- One seat occupied by the Budget and Legislative Analyst or his/her representative.

At a minimum, the members appointed by the Mayor and the Board shall, individually or collectively, have expertise, skills and experience in economics, the environment, construction, and project management.

The member appointed by the Controller shall have background and experience in auditing, accounting, and project finance.

Biographies of current RBOC members is included below. Please see Appendix 1 for information on past members who served during 2018.

Member Biographies



Kevin Cheng

Appointed by the Mayor

Former principal management consultant developing and executing strategy and operation work for major Fortune 500 corporations, with particular expertise in project management. Current managing partner of a San Francisco-based development company.



Holly Kaufman

Appointed by the Mayor **(Resigned on 3/8/18)**

CEO of a strategic advisory firm, designing and managing initiatives that integrate environmental and economic needs. Clients include the White House Council on Environmental Quality, Hewlett Packard, the California Wind Energy Association, the Union of Concerned Scientists and the Natural Resources Defense Council. Served in the Clinton administration as a United Nations climate change treaty negotiator representing the Departments of State and Defense. Speaks and publishes widely on climate change, green business, clean tech, sustainability and ecological protection issues. Vice-Chair of SF Board of Supervisors' Energy Efficiency Coordinating Committee.

Christina Tang (Vice-Chair)

Appointed by BAWSCA



Finance Manager for the Bay Area Water Supply and Conservation Agency (BAWSCA) representing its 26 members' collective interests in their relationship with the SFPUC on matters related to water supply, facility reliability, operations, water quality and wholesale water rates. Christina has over 14 years of experience in public finance, including direct experience in debt management. Christina received her Master of Science degree in Finance from the University of Houston, and her Master of Public Administration from the University of Illinois at Springfield. Christina is a certified Public Finance Officer designated by GFOA.



Travis George (Chair)

Appointed by the Controller

Having served in multiple roles for the East Bay Municipal Utility District, Travis has a background in both utilities and municipal finance. Before his current role, Travis worked at Moody's Investors Service where he served five years as a credit rating analyst. During his time with Moody's he rated a wide range of municipal issuers including many water, wastewater and electric utilities. Travis also previously served as an analyst for both Con Edison in New York City and Bonneville Power Administration in Portland, OR. Travis holds a bachelor's degree in Economics from Portland State University and a master's degree in Public Administration and Policy from New York University.



Jennifer Millman (Resigned 01/25/19)

Appointed by the Budget and Legislative Analyst's Office. As Senior Analyst for the San Francisco Board of Supervisors Budget & Legislative Analyst's Office, Jennifer conducts legislative and policy analysis, budget review, and performance audits. Jennifer previously worked for an environmental planning firm, where she managed the environmental review for a variety of development projects throughout California. Jennifer holds a B.S. in Environmental Economics & Policy from UC Berkeley, and an M.P.P. from the Goldman School of Public Policy at UC Berkeley.



Robert Leshner (Resigned 01/28/19)

Appointed by Board of Supervisors

President of Compound Labs, a software laboratory focused on bridging blockchain technology and banking institutions.

Previously, Robert led the merchant division of Postmates, after founding two venture backed technology companies. Before that, Robert was a founding employee of HPM Partners, a financial advisor with \$8bn of assets under management, where he was a member of the Investment Committee and led interest rate and fixed income analysis. Prior, he managed risk, liquidity, and issuance planning for \$60bn of funding at Discover Bank. Robert holds a B.A. in Economics from the University of Pennsylvania, and is a Chartered Financial Analyst.



Tim Cronin

Appointed by Board of Supervisors

Tim Cronin is an attorney in the San Francisco office of Wilson Sonsini Goodrich & Rosati, where he advises clients on issues relating to the development, financing, and regulation of energy and infrastructure projects, with a focus on community solar and community choice aggregation.

Tim holds a bachelor's degree in Law & Society from American University and a law degree from U.C. Berkeley. Before attending law school, Tim worked at the American Council On Renewable Energy (ACORE) in Washington, DC, where he promoted international partnerships among government actors, renewable energy companies, and financiers as the organization's manager of international programs.

2018 Meeting Schedule

The RBOC held 11 meetings in 2018. Please see Appendix 2 for a summary of agenda topics.

Full agendas and minutes for each meeting are available at:

<http://www.sfwater.org/rbo>

2018 Account Summary

Pursuant to Proposition P, the RBOC receives 1/20th of 1% of gross revenue bond proceeds to fund the cost of retaining the services of “outside auditors, inspectors and necessary experts” to perform independent reviews.

As of December 31, 2018, RBOC had an account balance of \$1,701,816 with actual expenditures to-date (including encumbrances) of \$1,083,783. A complete accounting of RBOC funds can be found in Appendix 3.

Bond Expenditure Certification

As part of its mission, the RBOC asks staff to affirm that all bond proceeds are spent “appropriately and according to authorization and applicable laws.”

Please see Appendix 4 for the “Bond Expenditure Certification” and Appendix 5 for the 2017 “Debt Overview.”

Meeting Schedule: 2019

Regularly scheduled meetings of the RBOC meet monthly on the following dates at 9:00 A.M. at the SFPUC Building located at 525 Golden Gate Avenue, in San Francisco, unless otherwise specified.

Meeting agendas of the RBOC will be posted on <http://www.sfwater.org> and at the SF Main Library, 5th Floor.

The public is invited to attend RBOC meetings and provide input.

- January 28, 2019
- February 19, 2019
- March 15, 2019
- April 15, 2019
- May 20, 2019
- ~~June, 2019~~
- ~~July, 2019~~
- ~~August, 2019~~
- ~~September, 2019~~
- ~~October, 2019~~
- ~~November, 2019~~
- ~~December, 2019~~

Acknowledgements

The RBOC would like to express its appreciation to the SFPUC staff and others for facilitating the tasks of the committee. Specifically, the committee would like to acknowledge the following staff:

Public Utilities Commission - General Manager Harlan Kelly, CFO Eric Sandler, Deputy CFO Charles Perl, WSIP Director Dan Wade, SSIP Director Karen Kubick, Sheena Johnson, Martin Dorward, Steven Ritchie, Richard Morales, Mike Brown, Maria Le, Betsy Lauppe Rhodes, Eric Gee, Frank McParland, Yolanda Manzone, Lenore Koutney, Amy Javelose-Rio, Erin Franks, and Simone Hudson.

City Attorney's Office - Deputy City Attorney Mark Blake.

Controller's Office - Audit Director Tonia Lediju, Nicole Kelly, and Melissa Ng.

From the Board of Supervisors, the RBOC wishes to thank Victor Young, Assistant Clerk, for his technical and administrative support.

Additionally, the committee would like to thank Carmen Clark, strategic planning consultant.

Appendix 1. RBOC Members 2018

Member	Appointment and Terms	Qualifications
Kevin Cheng	Mayor Appointee Appointed on 5/19/10 Term expired on 11/12/13 (Hold Over Status)	Former management consultant developing and executing strategy and operation work for major Fortune 500 corporations, with particular expertise in project management. Current managing partner of San Francisco based development company.
Holly Kaufman	Mayor Appointee Appointed on 2/15/12 Term expired on 11/12/15 Resigned 03/08/18	CEO of a strategic advisory firm that designs and manages initiatives that integrate environmental and economic needs. Clients include the White House Council on Environmental Quality, Hewlett Packard, the California Wind Energy Association, the Union of Concerned Scientists and the Natural Resources Defense Council. Served in the Clinton Administration as a United Nations climate change treaty negotiator representing the Departments of State and Defense. Speaks and publishes widely on climate change, green business, clean tech, sustainability, and ecological protection issues. Vice-Chair of SF Board of Supervisors' Energy Efficiency Coordinating Committee.
Christina Tang	Bay Area Water Users Association Appointee Appointed on 7/1/2014 Term expired on 7/1/2018. Reappointed on February 6, 2019.	Finance Manager for the Bay Area Water Supply and Conservation Agency (BAWSCA) representing its 26 members' collective interests in their relationship with the SFPUC on matters related to water supply, facility reliability, operations, water quality and wholesale water rates. Christina has almost fourteen years of experience in financial operations with City and County governments and special district governmental entities, including debt issuance and debt management. Christina received her Master of Science degree in Finance from the University of Houston, and her Master of Public Administration from the University of Illinois at Springfield.
Travis George	Controller Appointee Appointed on 1/20/2017 Term expires on 11/12/2019	Debt Administrator for the East Bay Municipal Utility District, Travis has a background in both utilities and municipal finance. Before his current role, Travis worked at Moody's Investors Service where he served five years as a credit rating analyst. During his time with Moody's he rated a wide range of municipal issuers including many water, wastewater and electric utilities. Travis also previously served as an analyst for both Con Edison in New York City and Bonneville Power Administration in Portland, OR. Travis holds a bachelor's degree in Economics from Portland State University and a master's degree in Public Administration and Policy from New York University.

<p>Jennifer Millman (succeeding Jadie Wasilco)</p>	<p>Budget Analyst Appointee Appointed on March 28, 2017 Resigned January 25, 2019</p>	<p>Jennifer Millman is a Senior Analyst for the San Francisco Board of Supervisors Budget & Legislative Analyst's Office, Jennifer conducts legislative and policy analysis, budget review, and performance audits. Jennifer previously worked for an environmental planning firm, where she managed the environmental review for a variety of development projects throughout California. Jennifer holds a B.S. in Environmental Economics & Policy from UC Berkeley, and an M.P.P. from the Goldman School of Public Policy at UC Berkeley.</p>
<p>Robert Leshner</p>	<p>Board of Supervisors Appointee Appointed on 11/3/2016 Term expires on 11/12/2019 Resigned January 27, 2019</p>	<p>Robert Leshner leads the merchant division of Postmates, a technology and logistics company, after founding two venture backed technology companies. Before that, Robert was a founding employee of HPM Partners, a financial advisor with \$8bn of assets under management, where he was a member of the Investment Committee and led interest rate and fixed income analysis. Prior, he managed risk, liquidity, and issuance planning for \$60bn of funding at Discover Bank. Robert holds a B.A. in Economics from the University of Pennsylvania, and is a Chartered Financial Analyst.</p>
<p>Tim Cronin</p>	<p>Board of Supervisors Appointee Appointed on 12/3/2016 Term expires on 11/12/2020</p>	<p>Tim Cronin is an attorney in the San Francisco office of Wilson Sonsini Goodrich & Rosati, where he advises clients on issues relating to the financing, development, and regulation of energy and infrastructure projects. Tim has represented developers and investors in financings involving large distributed and utility-scale renewable energy project portfolios. In addition, he provides counsel to energy and infrastructure companies with respect to customer agreements and federal, state, and local regulations as such companies seek to enter new markets and offer new distributed energy services to residential and commercial customers. Before attending law school at U.C. Berkeley, Tim worked at the American Council On Renewable Energy (ACORE) in Washington, DC, where he promoted international partnerships among government actors, renewable energy companies, and financiers as the organization's manager of international programs.</p>

Appendix 2: 2018 Meeting Summary

The RBOC held 12 meetings in 2018. Listed below is a summary of agenda topics. Full agendas and minutes for each meeting are available at:

<http://www.sfwater.org/rboc>

February 26, 2018

1. SFPUC Capital Financing - Update
2. RBOC Self-Assessment of the 2017 goals/accomplishments and setting goals for 2018
3. RBOC Succession Planning

March 19, 2018

1. RBOC review of potential meeting topics
2. RBOC Audit priorities and planning
3. RBOC Review of SFPUC Annual Certification
4. RBOC Succession and Charter Sunset Planning
5. RBOC Fund Management Policy

April 23, 2018

1. SFPUC Water System Improvement Project (WSIP), Calaveras Dam and Budget increase - Update
2. SFPUC Water Bond Sales – Update
3. RBOC Succession and Charter Sunset Planning

May 21, 2018

1. RBOC: Review of RBOC audit topics, previous RBOC Request for Quote, process/procedures for hiring an auditor, and review of the possibility of obtaining a third party contract administrator Water System Improvement Project (WSIP) update
2. SFPUC Re-baselining and Sewer System Improvement Project – Update
3. SFPUC Improving community outreach and transparency

June 25, 2018

1. SFPUC Capital Plan and Debt Financing Impact – Update
2. SFPUC Water System Improvement Program – Quarterly Update
3. RBOC: Review of RBOC audit topics, previous RBOC Request for Quote, process/procedures for hiring an auditor, and review of the possibility of obtaining a third party contract administrator Water System Improvement Project (WSIP) update

July 24, 2018

1. Off-site visit of SFPUC Bioregional Habitat Restoration Sites

August 13, 2018

1. SFPUC Results of Wastewater Bond Sales and WIFIA Loan Transactions – Update
2. RBOC: Review of RBOC audit topics, previous RBOC Request for Quote, process/procedures for hiring an auditor, and review of the possibility of obtaining a third party contract administrator Water System Improvement Project (WSIP) update

September 18, 2018

1. SFPUC Water System Improvement Program Financing Expenses – Update
2. SFPUC Financial impact of disasters on capital plan – Update
3. RBOC: Review of RBOC audit topics, previous RBOC Request for Quote, process/procedures for hiring an auditor, and review of the possibility of obtaining a third party contract administrator Water System Improvement Project (WSIP) update

October 15, 2018

1. SFPUC Sewer System Improvement Program – Quarterly Update
2. RBOC: Review of RBOC audit topics, previous RBOC Request for Quote, process/procedures for hiring an auditor, and review of the possibility of obtaining a third party contract administrator Water System Improvement Project (WSIP) update

November 26, 2018

1. SFPUC Water System Improvement Program and Mountain Tunnel – Quarterly Update
2. SFPUC Outstanding Bond Update
3. RBOC: Review of RBOC audit topics, previous RBOC Request for Quote, process/procedures for hiring an auditor, and review of the possibility of obtaining a third party contract administrator Water System Improvement Project (WSIP) update

December 17, 2018

1. SFPUC Clean Power SF Update
2. RBOC: Discussion regarding obtaining the services of the City Services Auditor to administer future outside auditing contracts

Appendix 3: Budget Summary 2018 to be revised

RBOC Account Summary December 2017

Funding Sources (\$)		5W Water	5C Wastewater	5T Hetchy Power	Total
Series					
2008 A Bonds		223,310	-	-	223,310
2008 CREBS		-	-	3,163	3,163
2009 A Bonds		236,598	-	-	236,598
2009 B Bonds		206,000	-	-	206,000
2010 A Bonds		28,473	23,525	-	51,998
2010 B Bonds		208,860	96,258	-	305,118
2010 D Bonds		35,680	-	-	35,680
2010 E Bonds		172,100	-	-	172,100
2010 F Bonds		90,480	-	-	90,480
2010 G Bonds		175,735	-	-	175,735
2011 A Bonds		301,358	-	-	301,358
2011 B Bonds		14,488	-	-	14,488
2011 C Bonds		16,798	-	-	16,798
2011 QECBS		-	-	4,146	4,146
2012 NCREBS		-	-	3,300	3,300
2012A Bonds		295,805	-	-	295,805
2012B Bonds		8,260	-	-	8,260
2013B Bonds		-	165,793	-	165,793
2015A Bonds		-	-	19,778	19,778
2015 NCREBS		-	-	2,050	2,050
2016A Bonds		-	120,290	-	120,290
2016B Bonds		-	33,910	-	33,910
2016C Bonds		129,675	-	-	129,675
2017ABC Bonds*		169,770	-	-	169,770
A	Subtotal Sources - All	2,313,388	439,775	32,436	2,785,599
Charges Against Budget (\$)					
Actual Charges					
	WSIP Expenditures & CP (2006)	59,370	-	-	59,370
	Financial Review of WSIP (2007)	92,050	-	-	92,050
	Allocation prior to 2009 Report	1	-	-	1
	WSIP Sunset Reservoir (2009)	71,890	-	-	71,890
	CSA Controller's Audit (2011/2012)	86,219	29,750	-	115,969
	Independent Review Panel (IRP) (2011/2012)	116,010	-	-	116,010
	LADWP for Independent Review Panel (2011/2)	11,489	-	-	11,489
	IBBS Consulting for Independent Review Panel	47,000	-	-	47,000
	CSA Audit - Final Bill Q3 12	29,625	-	-	29,625
	RW Block WSIP Evaluation - (invoice for Nov 12)	531,926	-	-	531,926
	Facilitation Meeting for RBOC Strategic Planning	970	970	970	2,911
	Facilitation Meeting for RBOC Strategic Planning	1,078	1,078	1,078	3,234
	Facilitation Meeting for RBOC Strategic Planning	770	770	770	2,309
B	Subtotal Actual Charges	1,048,398	32,568	2,818	1,083,783
A - B	Available Funds Before Pending Charges	1,264,990	407,207	29,618	1,701,816
Pending Charges					
C	Subtotal Pending Charges	-	-	-	-
A - B - C	Available Funds After Pending Charges	1,264,990	407,207	29,618	1,701,816

*Pending

Appendix 4: Bond Expenditure Certificate from SFPUC

Get new letter

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER & ASSISTANT
GENERAL MANAGER FOR BUSINESS SERVICES FOR
THE SAN FRANCISCO PUBLIC UTILITIES
COMMISSION TO THE REVENUE BOND
OVERSIGHT COMMITTEE

I, Eric Sandler, the duly authorized and acting Chief Financial Officer & Assistant General Manager for Business Services of the San Francisco Public Utilities Commission ("SFPUC"), hereby certify to the Public Utilities Revenue Bond Oversight Committee ("RBOC") that I have reviewed such documents as I have deemed necessary for purposes of this certification, including:

1. The Audited Financial Statements of the SFPUC for Fiscal Year 2016-17, including the KPMG Independent Auditor's Report, dated as of November 8, 2017; and
2. The Fiscal Year 2016-17 Water System Improvement Program (WSIP) Quarterly Reports related to the SFPUC Water Enterprise;
3. The Fiscal Year 2016-17 Sewer System Improvement Program (SSIP) Quarterly Reports related to the SFPUC Wastewater Enterprise.

Based upon a review of such documents, together with such other information that I have deemed necessary, I hereby advise the RBOC that no facts have come to my attention that cause me to believe that the proceeds from any SFPUC bond issue have been wasted, not used for their authorized purpose or otherwise used illegally. For purposes of this certification, I have not undertaken to audit or to cause to be audited any outstanding bond issue of the SFPUC, and only undertake to report to the RBOC the results of a review of information that has come to my attention in my role as an officer of the SFPUC during the period under review, Fiscal Year 2016-17.

Dated: February 14, 2018

PUBLIC UTILITIES COMMISSION OF
THE CITY AND COUNTY OF SAN
FRANCISCO



Eric Sandler

Chief Financial Officer
Assistant General Manager/ Business
Services

Appendix 5: Debt Overview: 2018

Summary of Enterprise Debt Programs (as of January 1, 2019)

	Water	Wastewater	Power
Outstanding Debt			
Revenue Bonds	\$4.44B	\$1.51B	\$38.12M
SRF Loans	\$171.2M	\$102.1M	-
WIFIA Loan	-	\$699M	-
Tax Credit Bonds	-	-	\$11.25M
Commercial Paper (Authorized/Issued)	\$500M/\$41M	\$750M/\$290M	\$90M/\$20M
Ratings			
Long-Term	Aa3/AA-	Aa3/AA	AA/AA-
Short-Term	P-1/A-1	P-1/A-1	F-1/A-1

SFPUC New Money Debt Issuance 2018

Enterprise	Debt Issuance	Amount (par)
Water	-	-
Wastewater	Bond Series 2018 ABC*	\$594,145,000
	WIFIA Loan	\$699,243,023
Power	-	-

*Wastewater Series 2018A and C sold as Green Bonds



**PUBLIC UTILITIES
REVENUE BOND OVERSIGHT COMMITTEE
CITY AND COUNTY OF SAN FRANCISCO
MINUTES - DRAFT**

**Public Utilities Commission Building
525 Golden Gate Ave., 2nd Floor
Yosemite Conference Room
San Francisco, CA 94102**

January 28, 2019 - 12:30 PM

Special Meeting

Mission: The Revenue Bond Oversight Committee (RBOC) monitors the expenditure of revenue bond proceeds related to the repair, replacement, upgrade and expansion of the SFPUC's water, power and sewer infrastructure. The RBOC provides independent oversight to ensure transparency and accountability. The RBOC's goal is to ensure that SFPUC revenue bond proceeds are spent for their intended purposes in accordance with legislative authorization and other applicable laws.

1. Call to Order and Roll Call

Members:

Seat 1 Vacant
Seat 2 Kevin Cheng
Seat 3 Vacant
Seat 4 Tim Cronin
Seat 5 Travis George, Chair
Seat 6 Christina Tang, Vice Chair
Seat 7 Ashley Clark

2. Agenda Changes (*Discussion and possible action*)

Chair George called the meeting to order at 1:01 p.m. On the call of the roll, Chair George, Vice Chair Tang, and Members Cronin and Clark were noted present. Member Cheng were noted absent.

It was noted that Member Robert Leshner submitted his resignation on January 27, 2019.

There was a quorum.

3. Public Comment: Members of the public may address the Revenue Bond Oversight Committee (RBOC) on matters that are within the RBOC's jurisdiction but are not on today's agenda.

Speakers:

None.

4. **RBOC: 2019 Strategic Planning, development of audit objective and review of the contracting process**

Potential Audit Topics

- Audit on the use of bond proceeds
- Review of the application of lessons learned, performance of completed projects and development of new questions.
- Review of Lessons Learned from the Water System Improvement Projects (WSIP) project and how it has been applied to Sewer System Improvement Projects (SSIP) and Review of remaining WSIP and the close out of the projects.

Chair George provided a summary of the RBOC audit objective and history of the recent action to create an audit objective and hire a contractor.

Speakers:

Mike Brown (Public Utilities Commission); Chief Audit Executive Tonia Lediju and Winnie Woo (City Services Auditor Division – Office of the Controller); Carmen Clark; provided information/advice regarding RBOC audit objective and contracting process and responded to questions from the Committee.

Upon discussion the RBOC stated their intention to implement and Memorandum of Understanding (MOU) with the City Services Auditor Division for assistance with selecting a contractor from the Controller’s list and assisting with administering the contract.

Member Tang, seconded by Member Cronin, moved to authorize Chair George to discuss and possibly approve the MOU with City Services Auditor Division and to provide any information needed on behalf of the RBOC.

Public Comment:

None.

The Motion passed without objection.

5. **Approval of Minutes:** December 17, 2018, Meeting Minutes.

Member Cronin, seconded by Member Tang, moved to approve the December 17, 2018, Meeting Minutes.

Public Comment:

None.

The Motion passed without objection.

6. RBOC: 2019 Meeting Schedule

Upon Discussion the RBOC tentatively set the following meeting schedule:

February 19, 2019, 9:00 a.m.

March 18, 2019, 9:00 a.m.

April 15, 2019, 9:00 a.m.

May 20, 2019, 9:00 a.m.

Public Comment:

None.

The Motion passed without objection.

7. Announcements, Comments, Questions, and Future Agenda Items.

The RBOC discussed future agenda items and set the following tentative schedule:

February 19, 2019 9:00 a.m.

1. RBOC: Development of audit project pursuant to Administrative Code, Sections 5.30 through 5.36:
 - a. Memorandum of Understanding with the City Services Auditor
 - b. Audit topics and procedure
 - c. Selection process for an audit contractor
 - d. Other issue related to the audit project
2. RBOC Annual Report

March 18, 2018, 2019 9:00 a.m.

1. SFPUC Staff Report: Sewer System Improvement Program (SSIP) – Quarterly Report Update

Pending Issues:

1. Request that SSIP Quarterly reports include information on Stormwater Management System and details on the bidding climate and possible cost increase)
2. Request that the SFPUC provide updates on all water projects that may not be part of SSIP or WSIP.
3. RBOC: Acquiring consultant to examine expected performance of complete projects.
4. SFPUC Staff Report: Environmental Justice
5. SFPUC: Annual Clean Power SF Update (December)
6. RBOC: Review and possible amendments to RBOC Bylaws
7. Comparison of similar Boards and Commissions duties and reports

8. **Adjournment**

There being no further business, the meeting adjourned at 3:01p.m.

N.B. The Minutes of this meeting set forth all actions taken by the Revenue Bond Oversight Committee on the matters stated but not necessarily in the chronological sequence in which the matters were taken up.

Approved by the RBOC: draft