



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

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

September 5, 2023 - 9:00 AM

Regular 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, Roll Call, and Agenda Changes

Seat 1	Ettore Leale, Chair
Seat 2	Lars Kamp, Vice Chair
Seat 3	<i>Vacant</i>
Seat 4	Claire Veuthey
Seat 5	<i>Vacant</i>
Seat 6	Christina Tang
Seat 7	Reuben Holober

On the call of the roll, Chair Leale and Members Veuthey, Tang, and Holober were noted present. Vice Chair Kamp was noted not present. A quorum was present.

There were no agenda changes.

2. Public Comment

Speakers: David Pilpel shared concerns regarding anonymous remote access to the meeting. Lars Kamp shared that he will be listening to the meeting proceedings remotely, but not participating in the discussions as a member of RBOC.

3. RBOC: Audit Update

Hunter Wang (City Services Auditor, Office of the Controller), Eugene Yano (Yano Accountancy Corporation), and Paul Pocalyko (HKA Associates); presented the completed Performance Audit of Select Revenue Bond Expenditures Phase II report and a presentation reviewing the Phase III risk assessment and bond selection, and answered questions raised throughout the discussion in regard to Findings 1 and 2 of the Phase II report. Mark Blake and Katherine Thurby Ortega (Office of the City Attorney); Massandra D'Johns (City Services Auditor, Office of the Controller); and Nikolai Sklaroff and Irella Blackwood (SFPUC) also answered questions raised throughout the discussion.

RBOC raised questions for potential follow up at a future meeting including:

- How is the SFPUC implementing the impartiality statements and COSO framework through the Office of Contract Administration?*
- Does RBOC need a presentation from the SFPUC, the Department of Public Works, and the San Francisco Municipal Transportation Agency in regard to the reported issues of overhead rates?*
- How are accrued bond proceeds reported?*

Public Comment: David Pilpel suggested that RBOC seek data and documentation regarding the interdepartmental agreements on overhead rates.

Member Holober, seconded by Member Tang, moved to accept the Performance Audit of Select Revenue Bond Expenditures Phase II report and endorse publication of the report on the Controller's webpage. The motion PASSED by the following vote:

Ayes: 4 - Leale, Veuthey, Tang, Holober
Absent: 1 - Kamp

Action: Phase II Audit Report APPROVED

4. RBOC: Planning for Future Audits

Members Veuthey and Tang presented the Draft Request for Proposals (RFP) for Evaluation of San Francisco Public Utilities Commission Infrastructure Projects Funded by Revenue Bonds. Winnie Woo (City Services Auditor, Office of the Controller) answered questions raised throughout the discussion.

Public Comment: David Pilpel shared concerns regarding the not-to-exceed amount for the cost proposal.

Member Veuthey, seconded by Member Holober, moved to endorse the Draft RFP as presented and authorize the City Services Auditor to begin the RFP process. The motion PASSED by the following vote:

Ayes: 4 - Leale, Veuthey, Tang, Holober
Absent: 1 - Kamp

Action: Draft Request for Proposals APPROVED

5. RBOC: City Services Auditor Services Billings Invoice – Fiscal Year 2022-2023

There were no speakers.

Public Comment: None.

Chair Leale, seconded by Member Tang, moved to approve the City Services Auditor Services Billings Invoice for Fiscal Year 2022-2023 as presented. The motion PASSED by the following vote:

Ayes: 4 - Leale, Veuthey, Tang, Holober
Absent: 1 - Kamp

Action: Invoice APPROVED

6. Minutes Approval – August 1, 2023, RBOC Meeting

Public Comment: David Pilpel provided suggestions regarding the form of meeting minutes.

Clerk Carroll shared that he would make clerical corrections to the August 1, 2023, Minutes.

Member Holober, seconded by Member Veuthey, moved to approve the August 1, 2023, meeting minutes with clerical changes. The motion PASSED by the following vote:

Ayes: 4 - Leale, Veuthey, Tang, Holober
Absent: 1 - Kamp

Action: Minutes APPROVED

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

There were no new future agenda items offered, and RBOC didn't make any adjustments to the meeting schedule for the remainder of the 2023 calendar year. Mark Blake (Office of the City Attorney) announced that Katherine Thurby Ortega has joined the Office of the City Attorney to work on SFPUC affairs and will begin working with RBOC as the Deputy City Attorney.

Public Comment: None.

RBOC may meet on the following dates:

- *October 10, 2023;*
- *November 14, 2023; and*
- *December 12, 2023.*

RBOC is tracking the following topics and issues as potential Future Agenda Items:

- A. SFPUC: Sewer System Improvement Program (SSIP) Update;*
- B. SFPUC: Water System Improvement Program Update;*
- C. SFPUC: Power Enterprise and Clean Power SF Update;*
- D. SFPUC: State Federal Loan Updates;*
- E. SFPUC: Staff Report: Environmental Justice;*
- F. RBOC: Acquiring consultant to examine expected performance of complete projects;*

Continues on next page.

- G. RBOC: Discussion of the 2015 report, entitled [“Evaluation of Lessons Learned from the WSIP Program,”](#) to identify procedures and reporting processes from the Water System Improvement Program which may be applied to SSIP
- H. SFPUC: Discussion of Finding 2 of the [SFPUC Performance Audit of Select Revenue Bond Expenditures dated December 23, 2021](#)
Finding 2: “The Quality Assurance Audit Function Was Not Operational From June 2017 Through November 2020”
(May be scheduled as a follow-up to the May 9, 2023 meeting in Spring 2024)
- I. RBOC Sunset Date - January 1, 2025.

8. Adjournment

There being no further business, the meeting adjourned at 10:50 a.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: October 10, 2023
Public Utilities Revenue Bond Oversight Committee