

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

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

February 26, 2018 - 9:00 AM

Regular Meeting

Mission: The purpose of the Revenue Bond Oversight Committee (RBOC) is to monitor 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's goal is to ensure that specific SFPUC revenue bond proceeds are spent appropriately and according to authorization and applicable laws. The RBOC provides oversight to ensure transparency and accountability in connection with expenditure of the proceeds. The public is welcome to attend RBOC meetings and provide input.

1. Call to Order and Roll Call

Members:

- Seat 1 Holly Kaufman, Co-Chair (*Holdover status*)
- Seat 2 Kevin Cheng (*Holdover status*)
- Seat 3 Robert Leshner, Co-Chair
- Seat 4 Tim Cronin
- Seat 5 Travis George, Vice Chair
- Seat 6 Christina Tang
- Seat 7 Jennifer Millman

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. Approval of Minutes: December 11, 2017, Meeting Minutes. (*Discussion and possible action*) (*attachment*)

5. SFPUC Staff Report: Effects of change to federal tax policy and result of the loss of municipal advance refunding. (*Discussion and possible action*)

6. SFPUC Staff Report: Capital Financing Update. (*Discussion and possible action*)

7. RBOC: Review/Approval of the Draft Annual Report (*Discussion and possible action*) (*attachment*)

8. **RBOC: Self-Assessment of the RBOC 2017 goals/accomplishments and development of goals for 2018** (*Discussion and possible action*)
9. **RBOC: Succession Planning** (*Discussion and possible action*)
10. **RBOC: 2018 Strategic Planning Process** (*Discussion and possible action*)
11. **Announcements, Comments, Questions, and Future Agenda Items** (*Discussion and possible action*)

March 2018

12. SFPUC Staff Report: Re-baselining and SSIP Phase 2 updates
13. SFPUC Staff Report: Bond capacity for PUC financing structure for capital programs (“What goes into the Water and Sewer bill?”)
14. SFPUC Staff Report: Water Bond Sales (December 2017)
15. SFPUC Staff Report: Effects of change to federal tax policy and result of the loss of municipal advance refunding

April 2018

1. None to date
2. SFPUC Staff Report: Capital Planning (Presenter: Charles Perl (SFPUC))

Pending Issues:

- Extension of the sunset date for the RBOC
- SFPUC Staff Report: Stormwater Management System Ordinance and Green Infrastructure
- San Francisco Public Utilities Commission (SFPUC) Staff Report: Clean Power SF financing options.

16. **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.

Disability Access

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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

Know Your Rights Under the Sunshine Ordinance

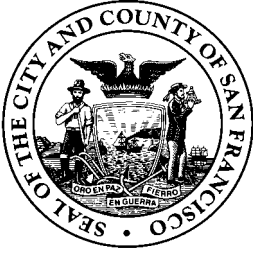
Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations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

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Citizens may obtain a free copy of the Sunshine Ordinance by printing San Francisco Administrative Code, Chapter 67, at <http://www.sfbos.org/sunshine>.

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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.



**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**

December 11, 2017 - 9:00 AM

Regular Meeting

Mission: The purpose of the Revenue Bond Oversight Committee (RBOC) is to monitor 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's goal is to ensure that specific SFPUC revenue bond proceeds are spent appropriately and according to authorization and applicable laws. The RBOC provides oversight to ensure transparency and accountability in connection with expenditure of the proceeds. The public is welcome to attend RBOC meetings and provide input.

1. Call to Order and Roll Call

Members:

Seat 1 Holly Kaufman, Co-Chair (*Holdover status*)
Seat 2 Kevin Cheng (*Holdover status*)
Seat 3 Robert Leshner, Co-Chair
Seat 4 Tim Cronin
Seat 5 Travis George, Vice Chair
Seat 6 Christina Tang
Seat 7 Jennifer Millman

Co-Chair Kaufman called the meeting to order at 9:04 a.m. On the call of the roll, Co-Chair Kaufman, and Members Cronin, George, Tang and Millman were noted present. Co-Chair Leshner and Member Cheng was noted absent. There was a quorum.

2. Agenda Changes

There were no agenda changes.

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. **San Francisco Public Utilities Commission (SFPUC) Staff Report:** Clean Power SF financing options.

Richard Morales, Debt Manager, and Mike Brown, SFPUC, provided an update on Clean Power SF financing and responded to questions raised throughout the meeting. Member Cronin asked if Clean Power issues bond in the future would the RBOC have oversight. Mark Blake, Office of the City Attorney, provide a summary of the possible RBOC oversight of Clean Power SF. Mr. Blake indicated that it would be at the discretion of the voter to determine if oversight over potential Clean Power SF bond issuance would be needed.

Public Comment:
None.

5. **San Francisco Public Utilities Commission (SFPUC) Staff Report:** Bond Spending – Debt certification by bond series and finalizing draft certification to be included in annual report.

Richard Morales, Debt Manager, and Mike Brown, SFPUC, provided an update on Bond Spending and Debt Certification and responded to questions raised throughout the meeting. The RBOC suggested that future RBOC annual reports include a statement of bond sales and spending to meet Proposition E (2002) objectives for oversight to ensure that revenue bonds are spent appropriately.

Public Comment:
None.

6. **San Francisco Public Utilities Commission (SFPUC) Staff Report:** Status of Natural Resources Accounting and the value to the ecosystem.

Richard Morales, Debt Manager, and Mike Brown, SFPUC, stated Natural Resources Accounting is not an active project being pursued. The RBOC request updates on the matter as it relates to other SFPUC projects.

Public Comment:
None.

7. **RBOC: Account management policy of RBOC fund balance.**

The RBOC requested that the matter be continued and scheduled at the January 22, 2018, Strategic Planning Oversight Meeting.

Public Comment:
None.

8. **RBOC: Avoiding cost overruns and review of the Controller's consultant pool.**

The RBOC requested that the matter be continued and scheduled at the January 22, 2018, Strategic Planning Oversight Meeting.

Public Comment:

None.

9. **RBOC: Development of topics for the Strategic Planning Oversight meeting and 2018/2019 meeting schedule.**

The RBOC discuss the potential topics for the January 22, 2018, planning meeting and requested the following topics be included:

- Review of the RBOC Mission Statement
- Self -Assessment of the RBOC 2017 goals/accomplishments and development of goals for 2018
- RBOC Follow-up and review - Avoiding cost overruns and review of the Controller's consultant pool.
- Clean Power SF
- Certification of Bond Spending – Debt certification by bond series and finalizing draft certification to be included in annual report. (Include statement of spending in future RBOC annual reports and develop procedure for future statement/certifications by the SFPUC)
- Status of Natural Resources Accounting and the value to the ecosystem. (Not currently being pursued by SFPUC)
- Account management policy of RBOC fund balance – determine how much of the ROBC funds balance should be maintained for future projects and the possibility of returning the balance to the general funds. (Possible consultant project)
- Avoiding cost overruns and review of the Controller's consultant pool. (Possible project of the consultant)
- Succession Planning (member recruitment/appointment and extension of the RBOC)
- Extension of the RBOC sunset date be extend until the Sewer System Improvement Project (SSIP) concludes (Sunsets on January 1, 2019)
- Outreach the members of the general public. (What message does the RBOC want to provide to the public?)

The RBOC requested Vice Chair George work with the strategic planner to clarify the goals of January 22, 2018, strategic planning meeting.

Public Comment:

None.

10. **RBOC: Review/Approval of the Draft Annual Report and the 2018/2019 meeting schedule.**

The RBOC reviewed and proposed amendments to the 2017 Annual Report and set the 2018 meeting schedule. The Final/Draft Annual Report will be scheduled for approval at the next meeting of the RBOC.

Public Comment:
None.

11. **Approval of Minutes:** November 6, 2017, Meeting Minutes.

The RBOC reviewed the draft November 6, 2017, meeting minutes.

Co-Chair Kaufman moved to approve the November 6, 2017, meeting minutes as amended.

Public Comment:
None.

The motion PASSED without objection with Members Leshner and Cheng being absent.

12. **Announcements, Comments, Questions, and Future Agenda Items**

January 22, 2018

1. Annual RBOC strategic planning meeting
 - a. Succession Planning (member recruitment/appointment and extension of the RBOC)
 - b. RBOC Follow-up and review - Avoiding cost overruns and review of the Controller's consultant pool.

February 2018

1. SFPUC Staff Report: Re-baselining and SSIP Phase 2 updates
2. SFPUC Staff Report: Bond capacity for PUC financing structure for capital programs ("What goes into the Water and Sewer bill?")
3. SFPUC Staff Report: Water Bond Sales (December 2017)
4. SFPUC Staff Report: Effects of change to federal tax policy and result of the loss of municipal advance refunding

March 2018

1. None to date
2. SFPUC Staff Report: Capital Planning (Presenter: Charles Perl (SFPUC))

Pending Issues:

- Extension of the sunset date for the RBOC
- SFPUC Staff Report: Stormwater Management System Ordinance and Green Infrastructure
- San Francisco Public Utilities Commission (SFPUC) Staff Report: Clean Power SF financing options.

The RBOC review and amended their future meeting scheduled Richard Morales, Debt Manager, SFPUC, responded to questions from the RBOC.

Public Comment:
None.

13. **Adjournment**

There being no further business, the meeting adjourned at 11:06 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.

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

Annual Report 2017

525 Golden Gate Avenue
4th Floor
San Francisco, CA 94102

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<http://www.sfwater.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, and the general 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 resolution and applicable laws.

After conducting its own 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 bond resolution. 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.

The RBOC's decision to prohibit the sale of authorized, unsold revenue bonds may be appealed and overturned, or lifted, upon a two-thirds vote of all the members of the Board of Supervisors, if the SFPUC, in response to the report of the RBOC, provides evidence of corrective measures satisfactory to the Board of Supervisors. To date, the RBOC has not needed to use its authority in this way.

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 will be completed in 2018 and beyond 2020, 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) to ensure revenue bonds are used for their intended purposes, and to help the SFPUC continue to employ best management practices. 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 October 27, 2015, the Board of Supervisors approved Ordinance No. 189-15, BOS File No. 150913, extending the RBOC through January 1, 2019.

Executive Summary

Purpose

The RBOC monitors the expenditure of revenue bond proceeds related to the repair, replacement, upgrade, and expansion of the City's water collection, power generation, water distribution, and wastewater treatment facilities.

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

Further Accomplishments: 2017

During 2017, RBOC achievement highlights include the following:

- Hired a contractor to facilitate the RBOC's third annual strategic planning session, held on January 23, 2017. The committee reviewed the legislative history and mission of the RBOC, discussed strategic directions for the committee, and developed a work plan for the year. During 2017, the RBOC accomplished the work it set for itself, including to review succession planning, items that significantly change construction schedules, alternative project delivery methods versus conventional design-build, green infrastructure projects, and lessons learned from the Water System Improvement Project (WSIP) that can be applied to the Sewer System Improvement Program (SSIP). The RBOC also heard presentations on capital financial planning and rate design.
- Initiated an SFPUC annual bond certification process for bond compliance.
- Heard and provided feedback on an SFPUC staff presentation regarding the SFPUC's environmental justice (EJ) policy, goals, and implementation. Established an Environmental Justice Subcommittee to help ensure that EJ and local engagement in project planning, hiring and workforce development issues are appropriately and satisfactorily addressed in any SFPUC initiative that uses bond proceeds.
- Conducted hearings and reviews on the 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.
- Toured WSIP project site at Calaveras Dam Replacement project to enable new RBOC members to gain firsthand knowledge of challenges and opportunities of the WSIP capital program. Members also toured the Alameda Creek Recapture and Fish Passage Project and Sunol Water Temple.
- Toured the San Francisco Southeast Treatment Plant owing to the RBOC's oversight responsibilities shifting focus in 2017 from primarily the WSIP to primarily the SSIP.

- Heard presentations from SFPUC staff on bond ratings, green bonds and SFPUC green bond sales, and changes to the SFPUC financial policies.
- Learned about credit and the rating process and its implications on bond interest rates in a presentation from a RBOC member.
- Heard from Controller's staff about the City's auditing services and the approved consultant pool for such services in order to plan for potential future RBOC audits; began developing a list of proposed topics for potential auditing.
- Received and provided feedback on a presentation from SFPUC staff regarding the potential for CleanPowerSF, an independent community choice aggregation program being implemented by the SFPUC, to leverage or learn from the experience of the SFPUC's Power Enterprise in issuing revenue bonds to support electric generation projects.
- Reviewed RBOC succession planning, welcomed new RBOC members Travis George and Jennifer Millman, and held officer elections. RBOC is grateful for the service of Dari Barzel and Jadie Wasilco who left in 2017.

Future Activities

The RBOC will hold its fourth annual strategic planning meeting in January 2018. Topics the RBOC expects to cover in 2018 include the following:

- Review of the RBOC Mission Statement
- Self-Assessment of the RBOC 2017 goals/accomplishments and development of goals for 2018
- RBOC Follow-up and review – Avoiding cost overruns and review of the Controller’s consultant pool.
- Clean Power SF
- Certification of Bond Spending – Debt certification by bond series and finalizing draft certification to be included in annual report. (Include statement of spending in future RBOC annual reports and develop procedure for future statement/certifications by the SFPUC)
- Status of Natural Resources Accounting and the value to the ecosystem. (Not currently being pursued by SFPUC)
- Account management policy of RBOC fund balance – determine how much of the RBOC funds balance should be maintained for future projects and the possibility of returning the balance to the general funds. (Possible consultant project)
- Avoiding cost overruns and review of the Controller’s consultant pool. (Possible project of the consultant)
- Succession Planning (member recruitment/appointment and extension of the RBOC)
- Extension of the RBOC sunset date until the Sewer System Improvement Project (SSIP) concludes (Sunsets on January 1, 2019)
- Outreach to members of the general public. (What message does the RBOC want to provide to the public?)

SUGGESTED DELETION of Specific topic by Member George

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 2017.

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 (Co-Chair)

Appointed by the Mayor

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

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 (Vice-Chair)

Appointed by the Controller

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.



Jennifer Millman

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 (Co-Chair)

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.

2017 Meeting Schedule

The RBOC held 12 meetings in 2017. Please see Appendix 2 for a summary of agenda topics.

Full agendas and minutes for each meeting are available at:

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

2017 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, 2017, RBOC’s 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 Report

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 Proceeds and Expenditure Report” and Appendix 5 for the 2017 “Debt Overview”.

Meeting Schedule: 2018

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. Public participation is always welcome.

- January 22, 2018 (Fourth Annual Strategic Planning Meeting)
- February 26, 2018
- March 19, 2018
- April 23, 2018
- May 21, 2018
- June 25, 2018
- July 16, 2018
- August 20, 2018
- September 17, 2018
- October 15, 2018
- November 26, 2018
- December 17, 2018

Acknowledgements

The RBOC would like to acknowledge and express 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, 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 Derek K. Evans, Assistant Clerk, who completed his work with the committee, and Victor Young, Assistant Clerk, for their technical and administrative support.

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

Appendix 1. RBOC Members 2017

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 Co-Chair	Mayor Appointee Appointed on 2/15/12 Term expired on 11/12/15 (Hold Over Status)	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 expires on 7/1/2018	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 Vice-Chair	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>Jadie Wasilco (previous member)</p>	<p>Budget Analyst Appointee Appointed on 8/24/2016 Resigned on March 27, 2017</p>	<p>Jadie Wasilco is a Senior Analyst at Harvey M. Rose Associates, LLC, which serves as the San Francisco Board of Supervisors' Budget & Legislative Analyst. Ms. Wasilco has experience in budget, legislative and policy analysis, as well as performance and management auditing. Ms. Wasilco previously held positions in the public, private and non-profit sectors in real estate consulting, environmental planning and government relations. Ms. Wasilco holds a Bachelor of Arts from UC Berkeley, and a Masters' in Urban and Regional Planning from UCLA's Luskin School of Public Affairs.</p>
<p>Jennifer Millman (succeeding Jadie Wasilco)</p>	<p>Budget Analyst Appointee Appointed on March 28, 2017</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 Co-Chair</p>	<p>Board of Supervisors Appointee Appointed on 11/3/2016 Term expires on 11/12/2019</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>
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Appendix 2: 2017 Meeting Summary

The RBOC held 12 meetings in 2017. Listed below is a summary of agenda topics. Full agendas and minutes for each meeting are available at: <http://www.sfwater.org/rboc>

January 23, 2017

1. Strategic Planning Meeting

February 13, 2017

1. Strategic planning meeting follow up and 2017 work plan
2. Mountain Tunnel project overview
3. Environmental Justice discussion
4. Water bond sales results
5. Fund balance reserves policy changes

March 6, 2017

1. Sewer System Improvement Project (SSIP) update and alternative project delivery discussion
2. Capital financing policy discussion
3. Debt service coverage policy discussion
4. Environmental Justice update and next steps

April 10, 2017

1. Assurance of bond compliance and 1st quarter financial reports
2. Generic rating process discussion
3. Election of officers

May 8, 2017

1. Water System Improvement Project (WSIP) update
2. Ratemaking presentation
3. Avoiding cost overruns and options for consultant audits
4. Review of RBOC account budget

June 12, 2017

1. SSIP update
2. Debt management policy and planning, including green bonds
3. Environmental Justice presentation
4. Review RBOC account and budget
5. Preview of debt certification by bond series
6. Site visit planning

July 24, 2017

1. WSIP update
2. Mountain Tunnel update
3. City Services Staff Report: Consultant Pool presentation
4. Draft Certification for Bond Compliance

August 7, 2017

1. Off-site Visit of WSIP: Calaveras Dam Replacement Project

September 18, 2017

1. SSIP update
2. Avoiding cost overruns

October 16, 2017

1. SSIP update
2. Succession planning
3. Reviewed Environmental Justice subcommittee work
4. Reviewed consultant pool work
5. Scheduled strategic planning meeting

November 6, 2017

1. SSIP update
2. Green infrastructure and flooding update
3. Site visit to the Southeast Wastewater Treatment Plant

December 11, 2017

1. Clean Power SF financing update
2. Bond spending and debt certification process update
3. Natural resources accounting and valuation update
4. Development of strategic planning oversight agenda for January 2018

Appendix 3: Budget Summary 2017

RBOC Account Summary December 2017

Funding Sources (\$)		SW 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 Proceeds and Expenditures

Pending discussion

Appendix 5: Debt Overview: 2017

Summary of Enterprise Debt Programs

(as of January 1, 2018)

	Water	Wastewater	Power
Outstanding Debt			
Revenue Bonds	\$4.52B	\$957.27M	\$38.85M
SRF Loans	\$171.2M	\$102M	-
Tax Credit Bonds	-	-	\$14.06M
Commercial Paper (Authorized/Issued)	\$500M/\$25M	\$750M/\$111M	\$90M/\$20M
Ratings			
Long-Term	Aa3/AA-	Aa3/AA	AA-/A+
Short-Term	P-1/A-1	P-1/A-1	F1/A-1

SFPUC New Money Debt Issuance 2017

Enterprise	Debt Issuance	Amount (par)
Water	Bond Series 2017ABC*	\$339,540,000
	SRF Loan	\$171,220,000
Wastewater	SRF Loans (three)	\$94,651,953
Power	-	-

*Water Series 2017A sold as Green Bonds

Appendix 6: RBOC Certificate from SFPUC

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