



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

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

**March 19, 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 Vacant  
Seat 2 Kevin Cheng  
Seat 3 Robert Leshner, Chair  
Seat 4 Tim Cronin  
Seat 5 Travis George, Vice Chair  
Seat 6 Christina Tang  
Seat 7 Jennifer Millman

Chair Leshner called the meeting to order at 9:07 a.m. On the call of the roll, Chair Leshner, Vice Chair George, and Members Cronin, Tang and Millman were noted present. 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:

Ms. Sanchez introduced herself as a student assigned to observe a public meeting.

**4. RBOC: Review of potential 2018 meeting topics:**

- Work with the SFPUC staff to increase transparency and certification of compliance with bond expenditure policies.
- Identify appropriate potential opportunities and initiate an audit, with the guidance of lessons learned from the WSIP that will be the focus of RBOC's review effort in 2018.
- Determine a fund management policy to allocate financial resources efficiently towards oversight responsibilities.
- Monitor completion of the WSIP, including a focus on the Calaveras Dam Replacement Project.
- 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.
- Acquire Consultant in support of the RBOC goals.

Chair Leshner provide an overview of the 2018 meeting topics and the Committee discussed scheduling the meeting topics for hearings before the RBOC. Richard Morales, Debt Manager, SFPUC, answered questions and suggested dates for future hearings.

Public Comment:

None.

No actions taken.

**5. RBOC: Audit priorities and planning.**

- Review of qualifications of consultants
- Project deliveries methods
- Audit delivery methods and type of reports
- Additional development of best practices

Chair Leshner provided an overview on the possibilities of hiring an auditor and possible audit subject matters as follows:

- Project Delivery – How are lesson learned from previous audit being applied to current projects?
- Will SSIP be on time and on budget?
- Will completed project perform up to expectations?
- Are all proceeds being expected pursuant to applicable law?
- Is the SFPUC accounting for all Revenue Bond expenditures?
- Green Infrastructure – How are intangible benefits being accounted for?
- Review and evaluation of project delivery methods and approaches.

Richard Morales, Debt Manager, SFPUC, and Mark Blake, Office of the City Attorney, answered questions and suggested dates for future hearings. The Committee discussed a timeline for hiring auditors and testing the implementation of ‘Lessons Learned’ from the RW Block audit.

The Committee discussed the process of how to hire an auditor and the use of an RBOC subcommittee to develop a request for proposal. It was suggested that third party staffing be obtained to administer the contract. The Committee requested the request for proposal from the RW Block Audit.

RBOC Clerk, Victor Young contacted Alaric Degrafinried, Office of Contract Administration (OCA), to review the possibility of receiving assistance from the OCA.

Public Comment:  
None.

No Actions Taken.

6. **RBOC: Review of CFO Annual Certification.**

The Committee reviewed the requirements for the SFPUC Chief Financial Officer’s Annual Certification that funds are being spent in accordance with all requirements and regulations. Richard Morales, Debt Manager, SFPUC, and Mark Blake, Office of the City Attorney, answered questions and provided an overview of the intent of the Annual Certification. The RBOC provided suggestions for future Annual Certifications and what documents should be reviewed prior to issuance. The RBOC suggested that it should be the responsibility of the SFPUC to determine what documents are relevant and require review prior to issuing the Annual Certification. The RBOC suggested that a list of documents to be review should be developed.

Public Comment:  
None.

No Actions Taken.

7. **RBOC: Succession and Charter Sunset Planning.**

The Committee reviewed the need for succession planning and the need to request that the Board of Supervisors extend the sunset date of the RBOC until the end of certain projects. The RBOC suggested that outreach and recruitment for RBOC members be conducted on a continual basis. Richard Morales, Debt Manager, SFPUC, and Mark Blake, Office of the City Attorney, answered questions. Mr. Blake stated that the Board of Supervisors generally limits extension of expiration dates to two years.

Public Comment:

None.

No Actions Taken.

8. **RBOC: Fund Management Policy.**

The Committee discussed the RBOC fund management policy and the possibility of returning surplus funding to the city's general fund. Chair Lesner suggested that a management policy needs to be developed before the amount of surplus funds can be calculated. The Committee suggested that projected income and expenses over multiple years be considered in development a fund management policy. The RBOC request an estimate of future Revenue Bond Sales in order to forecast RBOC income over ten years to determine potential surplus funds. Richard Morales, Debt Manager, SFPUC, and Mark Blake, Office of the City Attorney, answered questions.

Public Comment:

None.

No Actions Taken.

9. **Filing Statement of Economic Interest (Form 700), Ethics Declaration and Sunshine Declaration.**

Richard Morales, Debt Manager, SFPUC, provided a reminder to RBOC members that April 2, 2018, is the deadline to submit Form 700s to the Ethics Commission.

Public Comment:

None.

No actions taken.

10. **Approval of Minutes:** February 26, 2018, Meeting Minutes.

**Chair Leshner, seconded by Member Tang, moved to approve the February 26, 2018, meeting minutes.**

Public Comment:

None.

**The motion PASSED by the following vote:**

Ayes: 5 – Leshner, Cronin, George, Tang, Millman

Noes: 0 – None

Absent: 1 – Cheng

11. **Announcements, Comments, Questions, and Future Agenda Items**  
(Discussion and possible action)

April 23, 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
5. SFPUC Staff Report: Capital Planning (Presenter: Charles Perl (SFPUC))
6. RBOC extension and evaluation

May 21, 2018

To be determined

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
- SFPUC Communications Team meeting to discuss community outreach for the RBOC
- SFPUC Staff Report: Certification Document and Review Procedure
- SFPUC Staff Report: Mountain Tunnel Update
- SFPUC Staff Report: Calaveras Dam Update
- SFPUC Staff Report: Green Infrastructure
- SFPUC Staff Report: Nature Resources Accounting Update
- RBOC: Acquiring consultant to examine expected performance of complete projects.
- SFPUC Staff Report: Annual Capital Financing Plan Update
- SFPUC Staff Report: Environmental Justice and Clean Power Update

12. **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.*

Approved by the RBOC: April 23, 2018