



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

May 21, 2018 - 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 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 9:15 a.m. On the call of the roll, Chair Leshner, Vice Chair George, and Members Cheng and Millman were noted present. Member Cronin was not present but participated via telephone. Member Tang 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. **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.**

Chair Leshner provided a summary of the RBOC’s proposed audit topics, possibility of contracting an auditor and hiring a contract administrator.

Chief Audit Executive Tonia Ledju, Nicole Kelly, and Salem Chuah (Controller’s Office), provided information on the Controller’s list of approved contractors and the services that can be provided by the Controller’s Office. In response to questions from the RBOC, Dan Wade (SFPUC) provided suggestions for proposed audit topics as follows: 1) 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 2) Review of remaining WSIP and the close out of the projects. Mike Brown (SFPUC) and Mark Blake (Office of the City Attorney) provided related information and responded to questions from the Committee.

In response to the RBOC questions, Ms. Ledju suggested that the RBOC conduct separate performance audit and compliance audit.

Member Cheng volunteered to participate in a subcommittee to develop specific audit topics and relevant procedures.

Chair Leshner moved to continue the matter to the June 25, 2018, RBOC meeting.

Public Comment:
None.

The motion passed by the following vote:

Ayes: 4 – Cheng, Leshner, George, Millman
Noes: 0 – None
Present via Telephone: 1 - Cronin

5. **SFPUC Staff Report: Re-baselining and Sewer System Improvement Project (SSIP) updates.**

Dan Donahue (SFPUC) provided an update regarding re-baselining and SSIP and responded to questions from the RBOC. Mike Brown (SFPUC) and Mark Blake (Office of the City Attorney) provided related information and responded to questions from the Committee.

Public Comment:
None.

There were no actions taken.

6. **SFPUC Staff Report: Improving community outreach and transparency.**

Cindy Chew (SFPUC) provided a summary of how the SFPUC may assist the RBOC to improve community outreach and transparency. Ms. Chew suggested a meeting with individual members of the RBOC to develop outreach topics and ideas. Mike Brown (SFPUC) and Mark Blake (Office of the City Attorney) provided related information and responded to questions from the Committee.

Public Comment:
None.

There were no actions taken.

7. **RBOC: Charter Sunset Date Extension and Planning.**

Mike Brown (SFPUC) and Mark Blake (Office of the City Attorney) provided related information and responded to questions from the Committee. The RBOC request that Deputy City Attorney Blake prepare a draft Ordinance to extend the RBOC to December 2021.

Chair Leshner moved to continue the matter to the June 25, 2018, RBOC meeting.

Public Comment:
None.

The motion passed by the following vote:

Ayes: 4 – Cheng, Leshner, George, Millman
Noes: 0 – None
Present via Telephone: 1 - Cronin

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

Mike Brown (SFPUC) and Mark Blake (Office of the City Attorney) provided related information and responded to questions from the Committee. The Committee requested that Deputy City Attorney Blake revise the Annual Certification letter and distribute to the RBOC for review.

Chair Leshner moved to continue the matter to the June 25, 2018, RBOC meeting.

Public Comment:
None.

The motion passed by the following vote:

Ayes: 4 – Cheng, Leshner, George, Millman
Noes: 0 – None
Present via Telephone: 1 - Cronin

9. **RBOC: Fund Management Policy.**

Vice Chair George summarized his draft Fund Management Policy for the RBOC’s review. Mike Brown (SFPUC) and Mark Blake (Office of the City Attorney) provided related information and responded to questions from the Committee. Upon discussion the RBOC suggested that the policy include a purpose for returning allocated funds, separate funds allocated to WSIP and SSIP, and set a maximum amount of funds for the RBOC to maintain in the area of 4 years of operating expenses. The RBOC requested that the SFPUC provide an estimate of costs and possible incomes.

Vice Chair George volunteered to revise the Fund Management Policy for the RBOC to review at their next meeting.

Chair Leshner moved to continue the matter to the June 25, 2018, RBOC meeting.

Public Comment:
None.

The motion passed by the following vote:

Ayes: 4 – Cheng, Leshner, George, Millman
Noes: 0 – None
Present via Telephone: 1 - Cronin

10. **Approval of Minutes:** April 23, 2018, Meeting Minutes.

Chair Leshner, seconded by Member Millman, moved to approve the April 23, 2018, meeting minutes.

Public Comment:
None.

The motion passed by the following vote:

Ayes: 4 – Cheng, Leshner, George, Millman
Noes: 0 – None
Present via Telephone: 1 - Cronin

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

Mike Brown (SFPUC) and Mark Blake (Office of the City Attorney) provided related information and responded to questions from the Committee. The RBOC discussed future meeting topics and requested a tour of SFPUC properties.

June 25, 2018

1. SFPUC Staff Report: Bond capacity for PUC financing structure for capital programs
2. SFPUC Staff Report: Capital Financing Plan Update.
3. SFPUC Staff Report: Water System Improvement Program (WSIP) Financing Expenses

July 16, 2018

- 1 To be determined

November 26, 2018

1. SFPUC Staff Report: Mountain Tunnel update.

Pending Issues:

1. SFPUC Staff Report: Stormwater Management System Ordinance and Green Infrastructure
2. San Francisco Public Utilities Commission (SFPUC) Staff Report: Clean Power SF financing options
3. SFPUC Staff Report: Nature Resources Accounting Update
4. RBOC: Acquiring consultant to examine expected performance of complete projects.
5. SFPUC Staff Report: Environmental Justice and Clean Power Update

Public Comment:

None.

12. **Adjournment**

There being no further business, the meeting adjourned at 11:38 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: June 25, 2018