

**THIS PRINT COVERS CALENDAR ITEM NO. : 15**

**SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY**

**DIVISION:** Finance and Information Technology

**BRIEF DESCRIPTION:**

Authorizing the creation of a bond oversight committee to oversee the expenditure of bond proceeds for projects funded by the San Francisco Municipal Transportation Agency's revenue bonds and other forms of indebtedness.

**SUMMARY:**

- The purpose of the bond oversight committee is to provide oversight to the SFMTA to ensure that bond proceeds are being spent on permitted purposes and to establish prudent internal controls and practices.
- The proposed SFMTA bond oversight committee will consist of seven members and will oversee the spending of bond proceeds and inform the Board and the public on status of the projects funded by debt.
- All proceedings of the bond oversight committee shall be subject to the California Public Records Act and the City's Sunshine Ordinance and minutes of the proceedings of this committee and all documents received and reports issued shall be a matter of public record and be made available on the SFMTA's Website.

**ENCLOSURES:**

1. SFMTAB Resolution

**APPROVALS:**

**DATE**

DIRECTOR \_\_\_\_\_ 11-28-11

SECRETARY \_\_\_\_\_ 11-28-11

ADOPTED RESOLUTION

BE RETURNED TO Sonali Bose

**ASSIGNED SFMTAB CALENDAR DATE:** December 6, 2011

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### **PURPOSE**

This calendar item authorizes the creation of a bond oversight committee to oversee the projects funded by the San Francisco Municipal Transportation Agency's bond proceeds.

### **GOAL**

This item will meet the following goal and objectives of the SFMTA Strategic Plan:

- Goal 4, Financial Capacity: To ensure financial stability and effective resource utilization.

### **DESCRIPTION**

The establishment of an independent bond oversight committee (the Committee) to oversee the expenditure of the funds from a bond offering is a best practice and common among most public agencies that issue debt. The Committee will consist of seven members as follows: (1) three members recommended by the Chairman and approved by the SFMTA Board of Directors; (2) two members of the Citizens' Advisory Council; (3) one member appointed by the Director of Transportation; and (4) one member appointed by the Controller.

The purpose of the Committee is to inform the Board and the public on the expenditure of bond proceeds issued by the SFMTA. The Committee shall convene to provide oversight for: (1) ensuring that bond proceeds are expended only in accordance with the bond documents and approving legislation; and (2) ensuring that no funds are used for any administrative salaries or other general SFMTA operating expenses unless specifically authorized in the bond documents and approving legislation.

In order to perform these functions, the Committee may engage in any of the following activities:

- (1) Inquire into the disbursement and expenditure of the proceeds of bonds issued by the SFMTA by receiving any reports, financial statements, correspondence or other documents and materials related to the expenditure of bond funds;
- (2) Hold public hearings to review the disbursement and expenditure of the proceeds of bonds issued by the SFMTA;
- (3) Inspect facilities and infrastructure financed with the proceeds of bonds issued by the SFMTA;
- (4) Receive and review copies of any project statements and the status of projects, including expenditures incurred for projects funded through the bonds issued by the SFMTA;

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- (5) Review efforts by the SFMTA to maximize bond proceeds by implementing cost-saving measures, including, but not limited to, all of the following: (i) mechanisms designed to reduce the costs of professional fees and consulting services; and (ii) recommendations regarding the use of core facilities and use of cost-effective and efficient reusable facility plans; and
- (6) Commission independent review of the disbursement and expenditure of the proceeds of bonds issued by the SFMTA and retain outside auditors, inspectors and necessary experts to conduct such independent review.

The Committee will provide an annual report to the Board on the status of the bond proceeds and the projects funded by the bond proceeds. To assist the Committee in carrying out its duties, SFMTA Finance Division will provide it with any necessary technical and administrative assistance, as well as sufficient resources to publicize its conclusions.

All Committee proceedings shall be subject to the California Public Records Act (Section 6254, et seq., of the Government Code of the State of California) and the City's Sunshine Ordinance (Chapter 67 of the Government Code of the State of California). Minutes of the proceedings of the Committee and all documents received and reports issued shall be a matter of public record and be made available on the SFMTA's Website.

The Committee will have no power to review bond proposals prior to issuance. Further, the Committee shall not participate or interfere in the selection process of any vendor hired to execute bond-funded projects.

Detailed by-laws will be developed for the bond oversight committee, which will include a meeting and report schedule, description of funding for the committee's activities and possible committee responses in the event that it identifies waste or illegal expenditures.

The City Attorney's Office has reviewed this report.

## **ALTERNATIVES CONSIDERED**

The alternative to creating the bond oversight committee is to proceed with the currently proposed bond financing and future bond financings with SFMTA staff overseeing the expenditure of the proceeds from those financings.

## **FUNDING IMPACT**

None.

## **OTHER APPROVALS RECEIVED OR STILL REQUIRED**

None.

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**RECOMMENDATION**

That the SFMTA Board of Directors authorizes the creation of a bond oversight committee to oversee the expenditure of bond proceeds for projects funded by the San Francisco Municipal Transportation Agency's revenue bonds and other forms of indebtedness.

SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY  
BOARD OF DIRECTORS

RESOLUTION No. \_\_\_\_\_

WHEREAS, The purpose of the bond oversight committee is to provide oversight to the SFMTA to ensure that bond proceeds are being spent on permitted purposes and to establish prudent internal controls and practices; and,

WHEREAS, The proposed SFMTA bond oversight committee will consist of seven members and will oversee the spending of bond proceeds and inform the Board and the public on status of the projects funded by debt; and,

WHEREAS, All proceedings of the bond oversight committee shall be subject to the California Public Records Act (Section 6254, et seq., of the Government Code of the State of California) and the City's Sunshine Ordinance (Chapter 67 of the Government Code of the State of California) and minutes of the proceedings of the bond oversight committee and all documents received and reports issued shall be a matter of public record and be made available on the SFMTA's Website; now, therefore, be it

RESOLVED, That the SFMTA Board of Directors authorizes the creation of a bond oversight committee to oversee the expenditure of bond proceeds for projects funded by the San Francisco Municipal Transportation Agency's revenue bonds and other forms of indebtedness with the following seven members:

- (1) Three members recommended by the Chairman and approved by the SFMTA Board of Directors;
- (2) Two members of the Citizens' Advisory Council;
- (3) One member appointed by the Director of Transportation; and
- (4) One member appointed by the Controller.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of \_\_\_\_\_.

\_\_\_\_\_  
Secretary to the Board of Directors  
San Francisco Municipal Transportation Agency