



# Memorandum

## AGENDA ITEM 9

**DATE:** March 17, 2022  
**TO:** Transportation Authority Board  
**FROM:** Cynthia Fong - Deputy Director for Finance and Administration  
**SUBJECT:** 4/11/23 Board Meeting: Approve the Revised Administrative Code and the Debt; Equal Benefits; Investment; Procurement; Rules of Order; Sunshine; and Travel, Conference, Training, and Business Expense Reimbursement Policies

<p><b>RECOMMENDATION</b>   <input type="checkbox"/> Information   <input checked="" type="checkbox"/> Action</p> <p>Approve the revised Administrative Code and the Debt; Equal Benefits; Investment; Procurement; Rules of Order; Sunshine; and Travel, Conference, Training, and Business Expense Reimbursement policies</p> <p><b>SUMMARY</b></p> <p>It is the Transportation Authority Board’s direction to review all policies periodically to ensure compliance with current statutes and Transportation Authority objectives. We are recommending revisions to the Administrative Code; Debt; Equal Benefits; Investment; Procurement; Rules of Order; Sunshine; and Travel, Conference, Training, and Business Expense Reimbursement policies to conform to applicable law, provide additional clarity and flexibility, and reflect administrative and organizational changes since the last update.</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Fund Allocation</li> <li><input type="checkbox"/> Fund Programming</li> <li><input type="checkbox"/> Policy/Legislation</li> <li><input type="checkbox"/> Plan/Study</li> <li><input type="checkbox"/> Capital Project Oversight/Delivery</li> <li><input type="checkbox"/> Budget/Finance</li> <li><input type="checkbox"/> Contract/Agreement</li> <li><input checked="" type="checkbox"/> Other: Policies</li> </ul>
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## BACKGROUND

We develop and implement policies and procedures to organize and formalize agency activities, and to ensure compliance with current statutes and our objectives. We review our Debt Policy annually to maintain prudent debt management principles and maximize our debt capacity. We also review our Investment Policy annually to ensure the policy language remains consistent with governing code and the primary investment objectives of safety of principal, liquidity, and a return on investment consistent with both the risk and cash flow characteristics of our portfolio are met. While we are not required to annually review our Administrative Code and Equal Benefits; Procurement; Rules of Order; Sunshine; and Travel,



Conference, Training, and Business Expense Reimbursement policies, it is good management practice to do so on a regular or as-needed basis.

Below is a brief description of the Administrative Code and Debt; Equal Benefits; Investment; Procurement; Rules of Order; Sunshine; and Travel, Conference, Training, and Business Expense Reimbursement policies that are the subject of this memorandum.

**Administrative Code:** Prescribe powers and duties of officers, the method and appointment of employees, and the policies and systems of agency operation and management.

**Debt Policy:** Organize and formalize debt issuance-related policies and procedures necessary to carry out the operations of our agency.

**Equal Benefits Policy:** Enforce nondiscrimination provisions in all Transportation Authority contracts and to prohibit the Transportation Authority from contracting with vendors that discriminate in the provisions of benefits between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees.

**Investment Policy:** Set out policies and procedures that enhance opportunities for a prudent and systematic investment policy and to organize and formalize investment-related procedures.

**Procurement Policy:** Guide decisions pertaining to procurement, including the modes, methods, and procedures for acquiring the materials, equipment, and services necessary to carry out the operations of the Transportation Authority.

**Rules of Order:** Provide guidance on how the Transportation Authority Board and Committee meetings are conducted.

**Sunshine Policy:** Ensure that the Transportation Authority serves the public with open public decision making as required by California's Ralph M. Brown Act and Public Records Act.

**Travel, Conference, Training, and Business Expense Reimbursement Policy:** Establish a set of policies relating to Commissioner and staff travel, conference, training, and business expenses, and establish procedures for reimbursement of eligible requests of Transportation Authority Commissioners.

## **DISCUSSION**

The purpose of this memorandum is to present staff recommendations for updates to our policies. At our request, our legal counsels reviewed these policies. Based on that review, we are recommending revisions as redlined in the proposed policies and outlined in the set of matrices in Attachments 1 through 9. We are recommending revisions to the Administrative Code and Debt; Equal Benefits; Investment; Procurement; Rules of Order; Sunshine; and Travel, Conference, Training, and Business Expense Reimbursement policies to conform to applicable law, provide additional clarity and flexibility, and reflect administrative and organizational changes since the last update.



The Board last adopted the Administrative Code in June 2021 through Ordinance 21-01. At our request, Nossaman LLP reviewed the Administrative Code. Based on their review, we are recommending changes as redlined in the proposed code in Attachment 2.

The Board last adopted the Debt and Investment Policies in June 2022 through Resolution 21-57. At our request, Squire Patton Boggs LLP and KNN Public Finance, LLC, have reviewed these policies and based on their reviews, we are recommending changes as redlined in the proposed policies in Attachments 3 and 5.

In June 2016, the Board adopted the Equal Benefits Policy through Resolution 16-56. At our request, Meyers Nave reviewed this policy and based on their reviews, we are recommending changes as redlined in the proposed policies in Attachment 4.

The Board most recently adopted the Travel, Conference, Training, and Business Expense Reimbursement and Procurement Policies through Resolution 21-13 in September 2020. At our request, Meyers Nave reviewed these policies and based on their reviews, we are recommending changes as redlined in the proposed policies in Attachments 6 and 9.

In February 2017, the Board last adopted the Rules of Order through Resolution 17-30. At our request, Nossaman LLP reviewed this policy and based on their reviews, we are recommending changes as redlined in the proposed policies in Attachment 7.

The Board adopted the Sunshine Policy in April 1995 through Resolution 95-10. At our request, Nossaman LLP reviewed this policy and based on their reviews, we are recommending changes as redlined in the proposed policies in Attachment 8.

## **FINANCIAL IMPACT**

The recommended action would not have an impact on the adopted Fiscal Year 2022/23 budget.

## **CAC POSITION**

The Community Advisory Committee will consider this item at its March 22, 2023 meeting.

## **SUPPLEMENTAL MATERIALS**

- Attachment 1 - Summary of Proposed Revisions
- Attachment 2 - Proposed Administrative Code
- Attachment 3 - Proposed Debt Policy
- Attachment 4 - Proposed Equal Benefits Policy
- Attachment 5 - Proposed Investment Policy
- Attachment 6 - Proposed Procurement Policy
- Attachment 7 - Proposed Rules of Order
- Attachment 8 - Proposed Sunshine Policy



- Attachment 9 - Proposed Travel, Conference, Training, and Business Expense Reimbursement Policy

SECTION	REVISION	REASON	PAGE
<p><b>SECTION 2. DUTIES OF THE TRANSPORTATION AUTHORITY (a)</b></p>	<p>The Transportation Authority shall have the power, authority, and duty to do all things necessary and required to accomplish the stated purposes and goals of Division 12.5 of the California Public Utilities Code, also known as the Bay Area County Traffic and Transportation Funding Act, including the following:</p> <ul style="list-style-type: none"> <li>(a) Administer the <del>2022 Transportation Expenditure Plan, approved by voters as Proposition L and effective on April 1, 2023, which supersedes the New Transportation Expenditure Plan approved by voters as Proposition K and effected on November 4, 2003, as well as the original</del> Transportation Expenditure Plan, <del>which became effective upon approval</del> <u>approved</u> by voters as Proposition B on November 7, 1989, <del>superseded by the New Transportation Expenditure Plan, which became effective upon adoption by the voters as Proposition K on November 4, 2003; and extended</del> <u>extending</u> the sales tax implemented by Proposition B for a <u>another</u> 30-year period.</li> <li>(b) Adopt an annual budget by June 30 <u>of each year</u> and fix the compensation of its commissioners and employees. The compensation of commissioners shall be as provided in Section 3.2 herein.</li> <li>(c) Cause a post audit of its financial transactions and records at least annually by a certified public accountant.</li> <li>(d) Prepare and adopt an annual report by January 31 of each year on the <u>progress to achieve the</u> objectives <del>of completion of</del> <u>completed for</u> the projects in the Transportation Expenditure Plan.</li> <li>(e) Conduct an employee performance evaluation of the Executive Director by December 31 of each year for the Executive Director's work performance <del>for the current of the preceding</del> year.</li> <li>(f) Perform other related responsibilities, including but not limited to (i) serving as the county program manager for the Transportation Fund for Clean Air; (ii) serving as the county Congestion Management Agency; (iii) administering Proposition AA projects; and (iv) administering Prop D projects.</li> </ul>	<p>Update to sales tax implementation history and revisions for clarity.</p>	<p>1</p>
<p><b>SECTION 4. STAFF TO THE TRANSPORTATION AUTHORITY</b></p> <p><b>(a) Executive Director.</b></p> <p>Subsection 5.</p>	<p>To direct the preparation and administration of purchase orders and contracts for goods and services, <u>and</u> to execute contracts for goods, materials, and services, including support services, <del>and agreements with sponsoring agencies</del> where estimated expenditures thereunder do not exceed <del>-\$75,000</del> <u>\$100,000</u> and to execute any agreements with sponsoring agencies where sufficient funding for such is available in the Transportation Authority's budget;</p>	<p>Updates to reflect current circumstances.</p> <p>Revision to increase Executive Director's authorization threshold to be in line with comparable transportation agencies and adjust for inflation.</p>	<p>4</p>

SECTION	REVISION	REASON	PAGE
<p><b>SECTION 4. STAFF TO THE TRANSPORTATION AUTHORITY</b></p> <p><b>(a) Executive Director.</b></p> <p>Subsection 7.</p>	<p>To provide the day-to-day administration of the Transportation Authority and to perform such other and additional duties as the Transportation Authority <u>Board</u> may prescribe.</p>	<p>Minor revision for clarity.</p>	<p>4</p>
<p><b>SECTION 5. METHODS, PROCEDURES, AND SYSTEMS OF OPERATION AND MANAGEMENT</b></p> <p><b>SECTION 5.2. COMMUNITY ADVISORY COMMITTEES.</b></p> <p><b>(a) Community Advisory Committee.</b></p>	<p>The Board shall appoint eleven non-Commission members to a Community Advisory Committee. This committee shall include representatives from various segments of the community, such as public policy organizations, labor, business, seniors, people with disabilities, environmentalists, and neighborhoods, and reflect broad transportation interests. The committee is also intended to reflect the racial and gender diversity of San Francisco residents. <u>Each Commissioner shall nominate one member to the committee.</u> The committee members shall be residents of San Francisco and shall serve <del>without compensation</del> for a two-year period. Any member who is absent for four of any twelve regularly scheduled consecutive meetings shall have their membership automatically terminated. Any resulting vacancy shall be filled for a new two-year period. Any member whose membership has been terminated or whose term of office has expired and who wishes to be reappointed shall contact their District Supervisor and shall reappear before the Board to speak on their behalf. This committee shall meet at least quarterly, and all meetings shall be conducted pursuant to the Brown Act and shall be open to the public. The regular meetings of the committee shall be held on the fourth Wednesday of each month at 6:00 p.m. at the Transportation Authority's offices at 1455 Market Street, 22nd Floor, San Francisco, California, <u>barring a state of emergency which would move the location to a virtual meeting platform.</u> The staff of the Transportation Authority will be available to assist the committee. This committee shall provide input to the Transportation Authority in:</p> <ol style="list-style-type: none"> <li>1. Defining the mission of the Transportation Authority;</li> <li>2. Reflecting community values in the development of the mission and program of the Transportation Authority, and channeling that mission and program back to the community;</li> <li>3. Defining criteria and priorities for implementing the <u>New Transportation Expenditure Plan programs</u> consistent with the intention of <u>Proposition K</u> <del>the</del> <u>half-cent sales tax funding purposes</u>; and</li> <li>4. Monitoring the Transportation Authority's programs and evaluating the sponsoring agencies' productivity and effectiveness.</li> </ol>	<p>Revisions for clarity and to allow flexibility to compensate committee members.</p> <p>Updates to reflect current circumstances or state of affairs.</p>	<p>6-7</p>

SECTION	REVISION	REASON	PAGE
<b>SECTION 5. METHODS, PROCEDURES, AND SYSTEMS OF OPERATION AND MANAGEMENT</b>	(a) Contracts for the purchase of supplies, equipment, and materials in excess of <del>\$75,000</del> <u>\$100,000</u> shall be awarded after a formal competitive procurement process in conformance with the Transportation Authority's adopted Procurement Policy.	Revision to increase Executive Director's authorization threshold to be in line with comparable transportation agencies and adjust for inflation.	7
<b>SECTION 5.3 CONTRACTS.</b>	(b) Contracts for the purchase of services in excess of <del>\$75,000</del> <u>\$100,000</u> shall be awarded after a formal competitive procurement process in conformance with the Procurement Policy.  (c) The Executive Director is authorized to contract for supplies, equipment, materials, and services for an amount less than or equal to <del>\$75,000</del> <u>\$100,000</u> in conformance with the Procurement Policy. The Executive Director is authorized to amend contracts and agreements within the parameters specified in the Procurement Policy.  (d) Where advantageous, the Transportation Authority may contract without initiating a competitive procurement process with any public agency, including but not limited to, the <del>State-California</del> Department of Transportation, the Metropolitan Transportation Commission, or any transit district, county, or city, including the City <u>and County of San Francisco</u> , to render designated services or to provide materials on behalf of the Transportation Authority in conformance with the Procurement Policy.  (e) All contracts shall reflect the Disadvantaged Business Enterprise/Local Business Enterprise goals, if applicable and as permitted by law, and Equal Benefits provisions adopted by the Transportation Authority.	Minor revision for accuracy and consistency.	

SECTION	REVISION	REASON	PAGE
<b>V. SOURCE OF SECURITY FOR DEBT FINANCING</b>	<p>Beginning in April of 1990, the State of California Board of Equalization (now the California Department of Tax and Fee Administration) started collecting the sales tax revenues for the Transportation Authority as set forth in the San Francisco County Transportation Expenditure Plan (Prop B Expenditure Plan) for a period not to exceed twenty years. In November of 2003, San Francisco voters approved the Proposition K Sales Tax (Prop K) a <del>new</del> 30-year Expenditure Plan (Expenditure Plan) that superseded Prop B and continued the one-half of one percent sales tax. <a href="#"><u>In November 2022, San Francisco voters approved the Proposition L Sales Tax (Prop L), a new 30-year Expenditure Plan that supersedes Prop K and continues the one-half of one percent sales tax.</u></a> The Transportation Authority's current debt obligations are secured by the sales tax revenues generated from the Transportation Authority's one-half cent (0.5%) sales tax collections in the City and County of San Francisco. The sales tax is currently set to expire on March 31, <del>2034</del><u>2053</u>.</p>	<p>Update to recognize the adoption of new Prop L measure.</p>	<p>2</p>
<b>VI. STRATEGIC PLAN INTEGRATION</b>	<p>The Transportation Authority's multi-year Strategic Plan, which programs the Expenditure Plan, shall be used in combination with this Debt Policy and the Fiscal Policy to ensure proper allocation and financing of <del>Prop K</del> eligible projects. The Strategic Plan sets priorities and strategies for allocating <del>Prop K</del> funds under its guiding principles, while the Debt Policy provides policy direction and limitations for proposed financing and the Fiscal Policy provides guidance on decisions pertaining to internal fiscal management. Debt issuance for capital projects shall not be recommended for Board approval unless such issuance has been incorporated into the Strategic Plan.</p>	<p>Minor revisions for clarity.</p>	<p>2</p>
<b>VII. STANDARDS FOR USE OF DEBT FINANCING</b>  B. <del>Long-Term</del> Capital Projects.	<p>Retitle the subheading as follows: Capital Projects</p>	<p>Revision to reflect other types of capital projects that could be financed using long-term debt.</p>	<p>3</p>



SECTION	REVISION	REASON	PAGE
<p><b>VII. STANDARDS FOR USE OF DEBT FINANCING</b></p> <p>B. <del>Long-Term</del> Capital Projects.</p>	<p>The Transportation Authority will issue long-term debt only to finance and refinance <del>long-term</del> capital projects. When the Transportation Authority finances capital projects by issuing bonds, the average principal amortization should not exceed 120% of the weighted average useful life of the project being financed or refinanced if the bonds are intended to be federally tax-exempt and the debt repayment period should not exceed the earlier of the following: (1) the sunset date of the current Expenditure Plan or (2) forty (40) years from the date of issuance. Inherent in its long-term debt policies, the Transportation Authority recognizes that future taxpayers will benefit from the capital investment and that it is appropriate that they pay a share of the asset cost. Long-term debt financing shall not be used to fund operating costs unless such costs qualify as capital expenditures under federal tax <del>principles</del><u>law</u>.</p>	<p>Revisions to reflect other types of capital projects that could be financed using long-term debt, for clarity, and to track term used in federal tax law.</p>	<p>3</p>
<p><b>VII. STANDARDS FOR USE OF DEBT FINANCING</b></p> <p>D. Ongoing Debt Administration and Internal Controls.</p>	<p>The Transportation Authority shall maintain all debt-related records for a period of not less than the term of the debt plus three years. At a minimum, this repository will include all official statements, bid documents, ordinances, indentures, trustee reports, continuing disclosure reports, material events notices, tax certificates, information regarding the investment of and project costs paid with bond proceeds, underwriter and other agreements, etc., for all Transportation Authority debt. To the extent that official transcripts incorporate these documents, possession of a transcript will suffice (transcripts may be <del>hard copy, or stored on CD-ROM in physical or electronic formats</del>). The Transportation Authority developed a standard procedure for archiving transcripts for any new debt. The Transportation Authority developed procedures and controls that will be reviewed periodically. The Transportation Authority has established internal controls to ensure compliance with the Debt Policy, all debt covenants and any applicable requirements of applicable law.</p>	<p>Minor change in recognition that the Transportation Authority may store transcripts electronically in formats other than CD-ROM.</p>	<p>3</p>

SECTION	REVISION	REASON	PAGE
<p><b>VII. STANDARDS FOR USE OF DEBT FINANCING</b></p> <p>E. Tax Law Compliance, Rebate Policy and System.</p>	<p>The use of proceeds of debt issued by the Transportation Authority, the interest on which is intended to be federally tax-exempt, is subject to requirements, <u>restrictions</u>, and limitations in order for the debt to qualify for tax-exemption initially at issuance and <u>to</u> remain tax-exempt on an ongoing basis until such debt is fully repaid. Failure to comply with such requirements, <u>restrictions</u> and limitations could cause such issue of the Transportation Authority's debt <del>to be determined</del> to fail to qualify for tax-exemption, retroactive to the date of issuance. The Transportation Authority designates the Executive Director, and their designee, to periodically undertake procedures to confirm compliance with such requirements, <u>restrictions</u>, and limitations. In furtherance thereof, the Executive Director, and their designee, will consult with the Transportation Authority's bond counsel or others as deemed necessary regarding such periodic procedures or in the event that it is discovered that noncompliance has or may have occurred.</p> <p>In addition, in furtherance of the above, the Transportation Authority will accurately account for all interest earnings in debt-related funds. These records will be designed to ensure that the Transportation Authority is in compliance with all debt covenants, including covenants related to the preservation of the tax-exempt status of debt issued on such basis, and with all applicable laws. The Transportation Authority will maximize the interest earnings on all funds within the investment parameters set forth in the respective indentures, consistent with consideration of applicable yield limits and arbitrage requirements and as permitted by the Investment Policy. The Transportation Authority will develop a system for reporting interest earnings that relates to and complies with any tax certificate(s) relating to its outstanding debt and Internal Revenue Code rebate, yield limit, and arbitrage rules, and for making any required filings with State and Federal agencies. The Transportation Authority will retain records as required by its tax certificate(s). The Transportation Authority shall have the authority to retain the services of an Arbitrage Rebate Consultant.</p>	<p>Revisions for clarity, grammar, and readability.</p>	<p>4</p>
<p><b>VIII. FINANCING CRITERIA</b></p> <p>A. <u>Purpose of Debt</u>.</p>	<p>When the Transportation Authority determines the use of debt is appropriate, <u>such debt may be new money debt or refunding debt</u>, <del>the following criteria will be utilized to evaluate the type of debt to be issued.</del></p>	<p>Minor revision for clarity.</p>	<p>4</p>
<p><b>VIII. FINANCING CRITERIA</b></p> <p>A. <u>Purpose of Debt</u>.</p> <p>1. New Money <u>Debt Financing</u>.</p>	<p>Retitle the subheading as follows: New Money Debt.</p>	<p>Minor revision for clarity and consistency.</p>	<p>4</p>

SECTION	REVISION	REASON	PAGE
<b>VIII. FINANCING CRITERIA</b> A. <u>Purpose of Debt.</u> 1. New Money <del>Financing</del> <u>Debt.</u>	New money <del>debt is debt issued to finance issues are financings that generate funding for</del> capital projects. <del>Eligible c</del> Capital projects <del>eligible for financing with debt issued by the for allocation of</del> Transportation Authority <del>funds</del> include the acquisition, construction, or major rehabilitation of capital assets. <del>In accordance with the philosophy of the Debt Policy,</del> Long-term debt proceeds generally may not be used for operating expenses. Capital project funding requirements are outlined in the annual budget, the Strategic Plan, and the Expenditure Plan.	Minor revision for clarity and consistency.	4
<b>VIII. FINANCING CRITERIA</b> A. <u>Purpose of Debt.</u> 2. Refunding <del>Debt</del> <u>Financing.</u>	Retitle the subheading as follows: Refunding Debt.	Minor revision for clarity and consistency.	5
<b>VIII. FINANCING CRITERIA</b> A. <u>Purpose of Debt.</u> 2. Refunding <del>Financing</del> <u>Debt.</u>	Refunding debt is issued to retire all or a portion of an outstanding bond issue or other debt. Refunding issuances can be used to achieve present-value savings on debt service, to modify interest rate risk, or to restructure the payment schedule, type of debt instrument used, or covenants of existing debt. The Transportation Authority must analyze each refunding issue on a present-value basis to identify economic effects before approval. Policies on the administration of refunding financings are detailed further in Section XI: Refinancing Outstanding Debt.	Revision to correct typo of reference to Section XI.	5

SECTION	REVISION	REASON	PAGE
<p><b>VIII. FINANCING CRITERIA</b></p> <p><b>B. TYPES OF DEBT.</b></p> <p><b>1. Long-Term Debt.</b></p>	<p><b>Long-Term Debt.</b></p> <p>The Transportation Authority may issue long-term debt (e.g., fixed or variable rate revenue bonds) <del>to finance capital projects when such projects when funding allocations</del> cannot be financed <del>from with</del> current revenues <del>or funds</del>. The proceeds derived from long-term <del>debt borrowing</del> will not be used to finance current operations or normal maintenance. Long-term debt will be structured such that average principal amortization does not exceed 120% of the weighted average useful life of the project being financed or refinanced if the bonds are intended to be federally tax-exempt and the debt repayment period does not exceed the earlier of the following: (a) the sunset date of the current Expenditure Plan and (b) forty (40) years from the date of issuance.</p> <p><b>Fixed Rate</b></p> <p>a) <b>Current Coupon Bonds</b> are bonds that pay interest periodically and principal at maturity. They may be used for both new money and refunding transactions. Bond features may be <del>selected at the time of sale adjusted</del> to accommodate the market conditions at <del>such the time, of sale, including changing Bond features that may be selected include the</del> dollar amounts for <del>different</del> principal maturities, <del>offering</del> discount and premium <del>bond</del>-pricing <del>for each maturity, modifying</del> call provisions, <del>utilizing use of</del> bond insurance, <del>and determining how to fund funding of</del> the debt service reserve fund, if any, and <del>funding of</del> costs of issuance.</p> <p>b) <b>Zero Coupon and Capital Appreciation Bonds</b> pay interest that is compounded and paid only when principal matures. <del>Interest continues to accrue on the unpaid interest, and these These</del> types of bonds typically bear interest at rates that are higher than those on current-coupon bonds, therefore representing a more expensive funding option. In the case of zero-coupon bonds, principal paid at maturity is discounted back to the initial investment amount received at issuance. In the case of capital appreciation bonds (CABs), interest on the bond accrues until maturity. Often, CABs are structured so as not to be callable prior to maturity, even if economic conditions are such that substantial savings could be achieved through refunding <del>those the</del> CABs.</p>	<p>Minor revisions for clarity and flexibility for the Transportation Authority.</p>	<p>5</p>

SECTION	REVISION	REASON	PAGE
<p><b>VIII. FINANCING CRITERIA</b></p> <p><b>B. TYPES OF DEBT.</b></p> <p><b>2. Short-Term Debt.</b></p> <p>Subsection d).</p>	<p><b>Letters or Lines of Credit</b> shall be considered as an alternative to or credit support for other short-term borrowing options. The Transportation Authority presently has a \$1<del>2540</del> million revolving credit facility. Amounts can be repaid and reborrowed under the revolving credit facility or another letter or line of credit without further Board action. The average amortization of amounts drawn under the revolving credit facility, letter or line of credit may not exceed 120% of the weighted average useful life of the project being financed or refinanced if the borrowing is intended to be federally tax-exempt and the borrowing must be fully repaid by the earlier of the following: (a) the sunset date of the current Expenditure Plan and (b) forty (40) years from the date of issuance. The repayment of loans under a revolving credit facility or other letter or line of credit is often facilitated by the issuance of long-term bonds or the repaying of principal from cash on hand. If proceeds of long-term bonds are used to repay loans under the revolving credit facility or other letter or line of credit, the amortization and the repayment of the long-term bonds must satisfy the limits set forth above.</p>	<p>Update to the amount of current revolving credit facility.</p>	<p>7</p>
<p><b>VIII. FINANCING CRITERIA</b></p> <p><b>B. TYPES OF DEBT.</b></p> <p><b>3. Variable Rate Debt.</b></p> <p>Subsection a).</p>	<p><b>Variable Rate Debt Capacity.</b> Except for the existing \$1<del>2540</del> million revolving credit facility (to which the following requirements of variable rate debt do not apply) or any replacement facility, the Transportation Authority will maintain a conservative level of outstanding variable rate debt in consideration of general rating agency guidelines recommending a maximum of a 20-30% variable rate exposure, in addition to maintaining adequate safeguards against risk and managing the variable revenue stream both as described below:</p> <ol style="list-style-type: none"> <li>1) <b>Adequate Safeguards Against Risk.</b> Financing structure and budgetary safeguards are in place to prevent adverse impacts from interest rate shifts. <del>such</del> Such structures could include, <del>without limitation, but are not limited to;</del> interest rate swaps, interest rate caps and the matching of assets and liabilities.</li> <li>2) <b>Variable Revenue Stream Repayment Amounts.</b> <del>The revenue stream for repayment is</del> The amount repaid over time will be variable, and is anticipated to move in the same direction as market-generated variable interest rates. <del>or the</del> The dedication of revenues allows capacity for variability.</li> <li>3) (3) <b>As a Component to Synthetic Fixed Rate Debt.</b> Variable rate bonds may be used in conjunction with a financial strategy, which results in synthetic fixed rate debt, subject to <del>other</del> the provisions of the Debt Policy regarding Financial Derivative Products.</li> </ol>	<p>Update to the amount of current revolving credit facility.</p> <p>Minor revisions for clarity and flexibility for Transportation Authority.</p>	<p>7-8</p>

SECTION	REVISION	REASON	PAGE
<b>IX. TERMS AND CONDITIONS OF BONDS</b>  <b>B. CAPITALIZED INTEREST.</b>	<p>The nature of the Transportation Authority's revenue stream is such that funds are generally continuously available, and the use of capitalized interest should not normally be necessary. However, certain types of financings may require the use of capitalized interest from the issuance date until the project sponsor has constructive use of the financed project. Unless otherwise required, including as may be required by statute with respect to the deposit of original issue premium, the Transportation Authority will avoid the use of capitalized interest <del>to so as to not obviate</del> unnecessarily <del>increasing</del> <u>increase</u> the bond issuance size. Interest shall not be funded (capitalized) beyond three (3) years, unless required by statute with respect to the deposit of original issue premium, or a shorter period if further restricted by statute. The Transportation Authority may require that capitalized interest on the initial series of bonds be funded from the proceeds of the bonds. Interest earnings may, at the Transportation Authority's discretion and, if permitted under applicable federal tax law, be applied to extend the term of capitalized interest but in no event beyond the authorized term.</p>	<p>Minor revision for clarity.</p>	<p>6</p>
<b>IX. TERMS AND CONDITIONS OF BONDS</b>  <b>C. LIEN LEVELS.</b>	<p>Senior, Parity, and Subordinate Liens have been established under the Transportation Authority's Indenture governing the Transportation Authority's sales tax revenue bonds. The Transportation Authority may utilize any of these lien levels in a manner that will maximize <del>the most critical constraint, typically either cost or capacity, allowing for</del> the <del>most</del> beneficial use of sales tax revenues securing the series of bonds, <u>given the applicable critical constraint of such funds, such as cost or capacity.</u></p>	<p>Minor revision for clarity.</p>	<p>9</p>
<b>IX. TERMS AND CONDITIONS OF BONDS</b>  <b>D. ADDITIONAL BONDS TEST.</b>	<p>Any new money senior lien sales tax debt issuance must not <del>result in the sales tax revenues collected in a 12 month period specified by the Transportation Authority within the most recent 18 months immediately preceding the issuance of the senior lien sales tax debt to be cause the Transportation Authority's debt service to be expected to exceed the level at which the incoming sales tax revenues are</del> less than one and three quarters times (1.75x) the maximum annual <del>projected principal, interest, and</del> debt service for the aggregate outstanding Senior Lien bonds including the debt service for the new issuance, calculated in accordance with the Indenture. This test shall not apply to refunding debt. The Transportation Authority may by Supplemental Indenture issue or incur Parity Debt and Subordinate Obligations, subject to the limitations set forth in the Indenture, the Act, the Ordinance, and other applicable law.</p>	<p>Revision to clarify the period for this provision, as currently provided in financing documents.</p>	<p>9</p>

<p><b>X. CREDIT ENHANCEMENTS</b> <b>B. DEBT SERVICE RESERVES.</b></p>	<p>When required, a reserve fund equal to not more than the least of ten percent (10%) of the original principal amount of the bonds, maximum annual debt service or one-hundred-and-twenty-five (125%) percent of average annual debt service (Reserve Requirement) shall be funded from the proceeds of each series of bonds, subject to Federal tax regulations and in accordance with the requirements of credit enhancement providers, <del>if any, and</del> rating agencies, and <del>with investors'</del> requirements.</p> <p>The Transportation Authority shall have the authority to purchase reserve equivalents (i.e., the use of a reserve fund surety) when such purchase is deemed prudent and advantageous. Such equivalents shall be evaluated in comparison to cash funding of reserves on a net present value basis.</p>	<p>Revisions for clarity.</p>	<p>11</p>
<p><b>X. CREDIT ENHANCEMENTS</b> <b>C. LIQUIDITY FACILITIES AND LETTERS OF CREDIT.</b></p>	<p>The Transportation Authority shall have the authority to enter into liquidity <del>facilities</del> <u>facility</u> and letter-of-credit <del>agreements</del> <u>arrangements</u> when such <del>agreements</del> <u>arrangements</u> are deemed prudent and advantageous. <u>The Transportation Authority may enter into such arrangements only with</u> <del>Only</del> those financial institutions <del>with that have</del> short-term ratings of not less than VMIG 1/P1, A-1 <del>and or</del> F1, by Moody's Investor Services, Standard &amp; Poor's <del>and or</del> Fitch Ratings, respectively, and <del>with have</del> ratings from at least two of the three aforementioned ratings agencies; <del>may participate in Transportation Authority liquidity facilities and letter of credit agreements.</del></p>	<p>Revisions for clarity.</p>	<p>11</p>
<p><b>XII. METHODS OF ISSUANCE</b></p>	<p>Retitle the subheading as follows: Methods of Sale</p>	<p>Minor revision for clarity.</p>	<p>13</p>
<p><b>XII. METHODS OF ISSUANCE</b> <b>C. PRIVATE PLACEMENT.</b></p>	<p>From time to time the Transportation Authority may elect to privately place its debt or borrow directly from a bank or other financial institution. Such placement or borrowing shall only be considered if this method is likely to result in cost savings to the Transportation Authority relative to other methods of debt issuance on a net present value basis, using the Transportation Authority's investment rate as the appropriate measure of the discount rate. For the existing \$<del>12540</del> million revolving credit facility or any replacement facility that is bank purchased, such requirements do not apply.</p>	<p>Update to the amount of current revolving credit facility.</p>	<p>14</p>

**XIV. CONSULTANTS**

**C. BOND COUNSEL.**

Transportation Authority debt will include a written opinion by legal counsel affirming that the ~~debt is a valid and binding obligation, and stating Transportation Authority is authorized to issue the proposed debt, that the Transportation Authority has met all constitutional and statutory requirements necessary for issuance, and a determination of~~ the proposed debt's federal income tax status. The approving opinion and other documents relating to the issuance of debt will be prepared by nationally recognized counsel with extensive experience in public finance and tax issues. Counsel will be selected by the Transportation Authority through its request for proposal process.

Minor revision for clarity.

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The services of bond counsel may include, but are not limited to:

- a) Rendering a legal opinion with respect to authorization and valid issuance of debt obligations including whether the interest paid on the debt is tax exempt under federal and State of California law;
- b) Preparing all necessary legal documents in connection with authorization, sale, issuance and delivery of bonds and other obligations;
- c) Assisting in the preparation of the preliminary and final official statements or commercial paper memorandum;
- d) Participating in discussions with potential investors, insurers, and credit rating agencies, if requested; and
- e) Providing continuing advice, as requested, on the proper use and administration of bond proceeds under applicable laws and the indenture, particularly arbitrage tracking and rebate requirements.

**XV. UNDERWRITER SELECTION**

**E. UNDERWRITER'S DISCOUNT.**

- a) The Transportation Authority will evaluate the proposed underwriter's discount against comparable issues in the market. If there are multiple underwriters in the transaction, the Transportation Authority will determine the allocation of fees with respect to the management fee. The determination will be based upon participation in the structuring phase of the transaction.
- b) All fees and allocation of the management fee will be determined prior to the sale date; a cap on management fee, expenses and ~~fees and expenses of~~ underwriter's counsel will be established and communicated to all parties by the Transportation Authority. The senior manager shall submit an itemized list of expenses charged to members of the underwriting group. Any additional expenses must be substantiated.

Minor revision for clarity.

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**GLOSSARY**

**Arbitrage.** The difference between the interest paid on an issue of tax-exempt debt and the interest earned by investing the debt proceeds in higher-yielding taxable securities. IRS regulations govern arbitrage earned pursuant to the investment of the proceeds of tax-exempt municipal securities.

**Balloon Maturity.** A maturity within an issue of bonds that contains a disproportionately large percentage of the principal amount of the original issue.

**Bullet Maturity.** The maturity of an issue of bonds for which there are no principal payments prior to the final stated maturity date.

**Call Provisions.** The terms of the bond contract giving the issuer the right to redeem all or a portion of an outstanding issue of bonds prior to their stated dates of maturity at a specific price, usually at or above par.

**Capitalized Interest.** A portion of the proceeds of an issue that is set aside to pay interest on the securities for a specific period of time. Interest is sometimes capitalized for the construction period of the project.

**Commercial Paper.** Very short-term, unsecured promissory notes issued in either registered or bearer form, and usually backed by a line of credit with a bank that, upon the maturity thereof, successively rolls into other short term promissory notes until the principal thereof is paid by the Transportation Authority.

**Competitive Sale.** A sale of securities by an issuer in which underwriters or syndicates of underwriters submit sealed bids to purchase the securities in contrast to a negotiated sale.

**Continuing Disclosure.** The ongoing disclosure provided by an issuer to comply with a continuing disclosure undertaking. Generally includes annual updates of operating and financial information, audited financial statements, and notice of events specifically identified in the undertaking.

**Credit Enhancement.** Credit support purchased by the issuer to raise the credit rating of the issue. The most common credit enhancements consist of bond insurance, direct or standby letters of credit, and lines of credit.

**DBE.** Disadvantaged Business Enterprises as defined by the Transportation Authority's current DBE policy.

**Debt Service Reserve Fund.** The fund in which moneys are placed which may be used to pay debt service if pledged revenues are insufficient to satisfy the debt service requirements.

**Deep Discount Bonds.** Bonds that are priced for sale at a substantial discount from their face or par value.

Minor revisions for clarity and consistency with federal tax law.

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**Derivatives.** (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security asset (interest rates, foreign exchange rates, equities or commodities).

**Designation Policies.** Outline as to how an investor's order is filled when a maturity in an underwriting syndicate is oversubscribed. The senior managing underwriter and issuer decide how the bonds will be allocated among the syndicate. There are three primary classifications of orders, which form the designation policy. The highest priority is given to Group Net orders; the next priority is given to Net Designated orders and Member orders are given the lowest priority.

**Escrow.** A fund established to hold moneys pledged and to be used to pay debt service on an outstanding issue one or more existing obligations.

**Expenses.** Compensates senior managers for out-of-pocket expenses including: underwriters counsel, DTC charges, travel, syndicate expenses, dealer fees, overtime expenses, communication expenses, computer time and postage.

**Grant Anticipation Notes (GANs).** Short-term notes issued by the government unit, usually for capital projects, which are paid from the proceeds of State or Federal grants of any type.

**Grant Anticipation Revenue Vehicle Financing (GARVEE).** Bonds issued by the State and enable entities to fund transportation projects that are secured by certain federal grants.

**Letters of Credit.** A bank credit facility supporting the payment of bonds wherein the bank agrees to lend a specified amount of funds for a limited term.

**Management Fee.** The fixed percentage of the gross spread which is paid to the managing underwriter for the structuring phase of a transaction.

**Members.** Underwriters in a syndicate other than the senior underwriter.

**Negotiated Sale.** A method of sale in which the issuer chooses one underwriter to negotiate terms pursuant to which such underwriter will purchase and market the bonds.

**Original Issue Discount.** The amount by which the original par amount of an issue exceeds its initial sale public offering price at the time a substantial amount of such issue is sold to the public originally offered to an investor.

**Original Issue Premium.** The amount by the public offering initial sale price of an issue exceeds its original par amount at the time a substantial amount of such issue is sold to the public is originally offered to an investor.

**Pay-As-You-Go.** An issuer elects to finance a project with existing cash flow as opposed to issuing debt obligations.

**Present Value.** The current value of a future cash flow.

**Private Placement.** The original placement of an issue with one or a limited number of investors as opposed to being publicly offered or sold.

**Rebate.** A requirement imposed by the Tax Reform Act of 1986 whereby the issuer of the bonds must pay the IRS an amount equal to the difference between the amount its profit earned from investment of bond proceeds at a yield above the bond yield and the amount that would have been earned at a yield equal to the bond yield, calculated pursuant to the IRS code federal tax law together with all income earned on the accumulated profit earnings pending payment, subject to certain exceptions.

**Sales Tax and Revenue Anticipation Notes (TRANS).** Short-term notes issued by a government unit, usually for operating purposes, which are paid from the proceeds of sales tax or other anticipated revenue sources.

**Selling Groups.** The group of securities dealers who participate in an offering not as underwriters but rather as those who receive securities less the selling concession from the managing underwriter for distribution at the public offering price.

**Syndicate Policies.** The contractual obligations placed on the underwriting group relating to distribution, price limitations and market transactions.

**Transportation Infrastructure Finance Innovation Act (TIFIA).** Loans and loan guaranty program provided by the United States Department of Transportation for transportation projects of regional importance.

**Underwriter.** A dealer that purchases new issues of municipal securities from the Issuer and resells them to investors.

**Underwriter's Discount.** The difference between the price at which the Underwriter buys bonds from the Issuer and the price at which they are reoffered to investors.

**Variable Rate Debt.** An interest rate on a security, which changes at intervals according to an index or a formula or other standard of measurement as, stated in the bond contract.

SECTION	REVISION	REASON	PAGE
<p><b>SECTION 1. ALL CONTRACTS TO INCLUDE NONDISCRIMINATION PROVISIONS; DEFINITIONS (c)</b></p> <p>Paragraphs 1 to 8</p>	<p>Definitions. As used in this policy the following words and phrases shall have the meanings indicated herein:</p> <p>“Age” shall mean the age of any employee or applicant for employment who has attained the age of 40 years, <del>and has not attained the age of 65 years.</del> For the purposes of this policy, discrimination because of age shall mean dismissal from employment of, or refusal to employ or rehire any person because of <del>his or her</del><u>their</u> age, if such person has attained the age of 40 years <del>and has not attained the age of 65 years,</del> if the person is physically able and mentally competent to perform the services required. Age limitations of apprenticeship programs in which the State or its political subdivisions participate shall not be considered discriminatory within the meaning of this policy.</p> <p>“Amend” shall mean to substantively change the terms of a pre-existing contract, and shall not include amendments to decrease the scope of work or the amount to be paid under a contract. Construction change orders shall not be construed as contract amendments for the purposes of this policy.</p> <p>“Board” shall mean the Board of Commissioners of the San Francisco County Transportation Authority.</p> <p>“Contract” shall mean an agreement for public works or improvements to be performed, or for goods or services to be purchased or grants to be provided, at the expense of the Transportation Authority or to be paid out of moneys deposited in the treasury or out of trust moneys under the control or collected by the Transportation Authority, and does not include agreements entered into after June 28, 2016 pursuant to settlement of legal proceedings, contracts for urgent litigation expenses, or contracts for a cumulative amount of \$5,000 or less per vendor in each fiscal year.</p> <p>“Contractor” means any person or persons, firm, partnership, corporation, or combination thereof, who enters into a contract with the Executive Director or designee empowered by law to enter into contracts on the part of the Transportation Authority.</p> <p>“Executive Director” shall mean the Executive Director of the Transportation Authority.</p> <p>“Disability.” <del>with respect to an individual,</del> shall mean a physical or mental impairment which substantially limits one or more major life activities, or a record of such an impairment, <del>or being regarded as having such an impairment.</del></p>	<p>Removed language limiting age discrimination to employees who have “not attained the age of 65 years.” Definition of “age” modified to be consistent with federal Age Discrimination in Employment Act (ADEA) and age discrimination provisions of California’s Fair Employment and Housing Act (FEHA), which generally do not impose an upper limit of 65 years of age.</p> <p>Changed gender references to neutral form.</p> <p>Revise definition of “disability” to be consistent with Americans with Disabilities Act.</p>	<p>1</p>

SECTION	REVISION	REASON	PAGE
<p><b>SECTION 1. ALL CONTRACTS TO INCLUDE NONDISCRIMINATION PROVISIONS; DEFINITIONS (c)</b></p> <p>Paragraphs 9 to 16</p>	<p>“Domestic partner” shall mean any person who has a currently registered domestic partnership with a governmental body pursuant to State or local law authorizing such registration.</p> <p>“Gender identity” shall mean a person’s various individual attributes as they are understood to be masculine and/or feminine.</p> <p>“Qualified disabled employee” shall mean a person able to perform the essential functions of a job with or without reasonable accommodation.</p> <p>“Sex” shall mean the character of being male or female, <u>and includes, but is not limited to, pregnancy, childbirth, or related medical conditions; gender identity; transgender status; and sex stereotyping.</u></p> <p>“Sexual orientation” shall mean the status of being lesbian, gay, bisexual, or heterosexual.</p> <p>“Subcontract” shall mean an agreement to provide goods and/or services, including construction labor, materials, or equipment, to a contractor, if such goods or services are procured or used in the fulfillment of the contractor’s obligations arising from a contract with the Transportation Authority.</p> <p>“Subcontractor” means any person or persons, firm, partnership, corporation, or any combination thereof, who enters into a subcontract with a contractor. <u>For contracts for or on behalf of the City and County of San Francisco,</u> such term shall include any person or entity who enters into an agreement with any subcontractor for the performance of 10 percent or more of any subcontract.</p> <p>“Transportation Authority” shall mean the San Francisco County Transportation Authority.</p>	<p>Revised definition of “sex” to be consistent with Equal Employment Opportunity Commission guidance and regulations regarding Title VII of the Civil Rights Act.</p> <p>Revised definition of “subcontractor” as it relates to contracts entered for or on behalf of the City and County of San Francisco (City), consistent with the Section 12B.1(c) of SF Admin. Code</p>	<p>2-3</p>

SECTION	REVISION	REASON	PAGE
<p><b>SECTION 2. NONDISCRIMINATION PROVISIONS (a)</b></p>	<p>The contractor or subcontractor will not discriminate against any employee, Transportation Authority employee working with such contractor or subcontractor, or applicant for employment with such contractor or subcontractor on the basis of the fact or perception of that person’s race, color, religion, ancestry, national origin, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, weight, height, AIDS/HIV status, or association with members of classes protected under this policy or in retaliation for opposition to any practices forbidden under this policy. Discrimination on the basis of sex includes sexual harassment as defined in Section 16.9-25(b) of the San Francisco Administrative Code. The contractor or subcontractor will take action to ensure that applicants are employed, and that employees are treated equally during employment, without regard to the fact or perception of their race, color, creed, religion, ancestry, national origin, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, or AIDS/HIV status. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rate of pay or other forms of compensation; and selection for training, including apprenticeship. Nothing in this policy shall require or prohibit the establishment of new classifications of employees in any given craft. The provisions of this Section with respect to age shall not apply to (1) termination of employment because of the terms or conditions of any bona fide retirement or pension plan, (2) operation of the terms or conditions of any bona fide retirement or pension plan which has the effect of a minimum service requirement, and (3) operation of the terms or conditions of any bona fide group or insurance plan. <u>The contractor or subcontractor agrees to post in conspicuous places, available to employees and applicants for employment, notices in such form and content as shall be furnished or approved by the awarding authority setting forth the provisions of this Section.</u></p>	<p>Revised to include language of notice posting requirement of contractor/subcontractor nondiscrimination policy. Language added to be consistent with Section 12B.2(a) of SF Admin. Code.</p>	<p>4</p>
<p><b>SECTION 2. NONDISCRIMINATION PROVISIONS (c)</b></p>	<p>The contractor or subcontractor shall provide reasonable accommodation for qualified disabled applicants for employment and for qualified disabled employees. Said contractor or subcontractor need not provide reasonable accommodation if such would present an undue hardship. An undue hardship <u>means significant difficulty or expense incurred by a contractor or subcontractor with respect to the resources and circumstances of the particular employer in relationship to the cost or difficulty of providing a specific accommodation. Undue hardship must be assessed on a case-by-case basis and refers not only to financial difficulty, but to reasonable accommodations that are unduly extensive, substantial, or disruptive, or those that would fundamentally alter the nature or operation of the business. may include but not be limited to more than a de minimis cost, violation of the seniority rights of other co-workers as established by a bona fide seniority system, or a health or safety risk to the employee or co-employees. The burden of establishing undue hardship rests on the employer.</u></p>	<p>Revised explanation of meaning of “undue hardship. The language that was removed from the definition of “undue hardship” was removed because it provided for the meaning of “undue hardship” within the context of religious accommodations under Title VII. The meaning of “undue hardship” under ADA standards is stricter, so this language was added.</p>	<p>5</p>

SECTION	REVISION	REASON	PAGE
<b>SECTION 2. NONDISCRIMINATION PROVISIONS (d)</b>	The contractor or subcontractor will in all solicitations or advertisements for employees placed by or on <del>his or her</del> their behalf, state that qualified applicants will receive consideration for employment without regard to the fact or perception of their race, creed, religion, color, ancestry, national origin, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, weight, height or AIDS/HIV status.	Changed gender references to neutral form.	5
<b>SECTION 2. NONDISCRIMINATION PROVISIONS (e)</b>	The contractor or subcontractor will send to each labor union or representative of workers with which <del>he or she</del> they has a collective bargaining agreement or other agreement or understanding, a notice advising the said labor union or workers' representative of the contractor's or subcontractor's commitments under this Section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.	Changed gender references to neutral form.	5
<b>SECTION 2. NONDISCRIMINATION PROVISIONS (g)</b>	<p><u>When directed by the Transportation Authority, for contracts for or on behalf of the City and County of San Francisco, the contractor or subcontractor shall submit an Equal Pay Report if the contractor or subcontractor has at least 20 employees worldwide and, for a contract or subcontract, the agreement has a value equal to or in excess of the Threshold Amount set forth in the San Francisco Administrative Code Chapter 6 or the Minimum Competitive Amount set forth in San Francisco Administrative Code Chapter 21, as applicable, or, for a grant, the agreement has a value equal to or in excess of \$50,000.</u></p> <p><u>(1) The Equal Pay Report shall provide summary information on compensation paid to employees identified by sex, race, sex and race, and data points the Human Rights Commission of the City and County of San Francisco has adopted by regulation.</u></p> <p><u>(2) Each contractor or subcontractor shall file a complete and accurate Equal Pay Report with the Transportation Authority commencing on a date set by the Transportation Authority but no later than July 3, 2017. Thereafter, each contractor or subcontractor shall file an Equal Pay Report annually.</u></p> <p><u>(3) The Equal Pay Report requirements of this Section 2(g) shall apply to all qualifying contracts, subcontracts and grants first advertised for bid, request for qualification or proposal is issued or initiated on a date set by the Transportation Authority but no later than July 3, 2017.</u></p>	Language added consistent with Section 12B.2(f)(2) of SF Admin. Code, which requires a contractor or subcontractor to submit an equal pay report under specified circumstances.	4-5

SECTION	REVISION	REASON	PAGE
	<p><u>(4) If any information in the Equal Pay Report constitutes proprietary financial data, or confidential trade secret, or is protected by the right of privacy under the U.S. or California Constitution, the Transportation Authority shall not disclose such information unless required by law, including under the California Public Records Act and the San Francisco Sunshine Ordinance. The Equal Pay Report may be disclosed to the City and County of San Francisco.</u></p>		
<p><b>SECTION 2. NONDISCRIMINATION PROVISIONS (h)</b></p>	<p><u>A contractor or subcontractor shall be deemed to have breached the nondiscrimination provisions of this policy upon a finding by the Executive Director or such other official who may be designated by the Board, that the contractor or subcontractor has willfully violated such nondiscrimination provisions.</u></p> <p>(1) A breach of the nondiscrimination provisions in the performance of a contract or subcontract shall be deemed by the Transportation Authority to be material breach of contract and the basis for determination by the Transportation Authority that the contractor or subcontractor is an irresponsible bidder as to all future contracts for which such contractor or subcontractor may submit bids. Such contractor or subcontractor shall not for a period of up to two years thereafter, or until it shall establish and carry out a program in conformity with the nondiscrimination provisions of this policy, be allowed to act as a contractor or subcontractor under any contract.</p> <p><u>(2) If a finding of discrimination is made by the Executive Director, the Transportation Authority shall submit a report to the Board that provides details of what actions, if any, the Transportation Authority undertook under this policy.</u></p> <p><u>(A) Upon such finding by the Executive Director or other official designated by the Board, the Transportation Authority shall notify the contractor or subcontractor that unless the contractor or subcontractor demonstrates to the satisfaction of the Executive Director or other official designated by the Board, within such reasonable period as the Board shall determine, that the violation has been corrected, action will be taken as set forth in Subparagraphs (h) and (i) hereof.</u></p> <p><u>(B) The Transportation Authority shall, within 10 days of the date of issuance of any finding by the Executive Director or other official designated by the Board for the enforcement of this policy, mail to any person or persons affected by said finding, a copy of said finding, together with written notice of the right to appeal such finding. Notice of appeal must be filed in writing with the Chairperson of the Board within 20 days of the date of mailing said copy and notice.</u></p>	<p>Language added consistent with Section 12B.2(g)(1) of SF Admin. Code, to introduce provisions regarding breach of nondiscrimination policy.</p>	<p>6-7</p>



- (C) For purpose of appeal proceedings under this Section, a quorum shall consist of six members of the Board. The vote of the majority of the full Board shall be necessary to affirm, reverse or modify such decisions, order or other action rendered hereunder.
- (D) The presiding officer of the Board shall have the power to administer oaths to witnesses in appeals before the Board under this Section. In the event that any person shall fail or refuse to appear as a witness in any such proceeding after being requested to do so, and if it shall appear to the Board that their testimony, or books, records, documents or other things under their control are material and relevant as evidence in the matter under consideration by the Board in the proceeding, the presiding officer of the Board may subpoena such person, requiring their presence at the proceeding, and requiring them to bring such books, records, documents or other things under their control.
- (E) All appeals to the Board shall be open to the public. Records and minutes shall be kept of such proceedings and shall be open to public inspection. Upon reaching a decision in any appeal, the Board shall give written notice thereof to the Executive Director or other official designated by the Board, and the appellant or appellants. The decision of the Board shall be final unless within 15 days of the filing and service of written notice thereof appropriate legal proceedings are filed in a court of competent jurisdiction by any party to the contract, property contract or subcontract.
- (F) If any contractor or subcontractor shall fail to appear at an appeal proceeding of the Board after having been given written notice to appear, such failure to appear shall be grounds for termination of the contract, property contract or subcontract and such contractor or subcontractor shall be deemed to have forfeited all rights, benefits, and privileges thereunder.
- (3) The Transportation Authority may deduct from the amount payable to the contractor or subcontractor by the City under any contract subject to this policy, or may impose upon the contractor or subcontractor, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this policy. In addition to any other penalties provided for the violation of the nondiscrimination provisions of this policy, the contract or subcontract may be terminated or suspended, in whole or in part, by the Transportation Authority upon the basis of a finding as set forth in Section 2(h) that the contractor has discriminated contrary to the provisions of this policy, and all moneys due or to become due hereunder may be forfeited to, and retained by, the

SECTION	REVISION	REASON	PAGE
	<p style="text-align: center;"><u>Transportation Authority.</u></p> <p>(4) Nothing contained in this policy shall be construed in any manner so as to prevent the Transportation Authority from pursuing any other remedies that may be available at law, equity or under any contract.</p>		
<b>SECTION 2. NONDISCRIMINATION PROVISIONS (i)(1)</b>	If the contractor or subcontractor has been held to be an irresponsible bidder under Section 2( <del>hg</del> ) hereof, the contractor or subcontractor shall furnish evidence that it has established and is carrying out a program in conformity with the nondiscrimination provisions of this policy.	Updated section reference.	7
<b>SECTION 4. NONAPPLICABILITY, EXCEPTIONS AND WAIVERS. (e)(2)</b>	The Transportation Authority will incur a financial loss which, in the opinion of the Executive Director, would violate <del>his or her</del> their fiduciary duties.	Changed gender references to neutral form.	9

SECTION	REVISION	REASON	PAGE
<b>J.I. INTRODUCTION</b>	<p>The purpose of this document is to set out policies and procedures that enhance opportunities for a prudent and systematic investment policy and to organize and formalize investment-related procedures.</p> <p>The investment policies and procedures of the San Francisco County Transportation Authority (Transportation Authority) are, in every case, subject to and limited by applicable provisions of <u>federal and state laws and executive orders</u> and to prudent money management principles. All funds will be invested in accordance with the Transportation Authority's Investment Policy, and applicable provisions of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code (Section 53600 et seq.). The investment of bond proceeds (including proceeds of notes issued pursuant to bond documents) will be further restricted by the provisions of relevant bond documents.</p>	Added references to applicable federal laws and federal and state executive orders.	1
<b>III. PRUDENT INVESTOR STANDARD</b>	<p>In managing its investment program, the Transportation Authority will observe the "Prudent Investor" standard as stated in Government Code Section 53600.3, applied in the context of managing an overall portfolio. Investments will be made with care, skill, prudence, and diligence, taking into account the prevailing circumstances, including, but not limited to, the general economic conditions, the anticipated needs of the Transportation Authority, and other relevant factors that a prudent person acting in a fiduciary capacity and familiar with those matters would use in the <u>conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Transportation Authority.</u> <del>stewardship of funds of a like character and purpose.</del></p>	Revision to clarify and define applicable standard.	2
<b><u>V. INVESTMENTS SUBJECT TO FEDERAL AND STATE LAWS AND EXECUTIVE ORDERS</u></b>	<p><u>Investments of the Transportation Authority shall be subject to all applicable federal and state laws and executive orders of the President of the United States and Governor of the State of California.</u></p>	Explicit statement of existing policy.	2
<b><del>X-XI.</del> PERMITTED INVESTMENT INSTRUMENTS</b>	<p>California Government Code Section 53601 governs and limits the investments permitted for purchase by the Transportation Authority. Within those investment limitations, the Transportation Authority seeks to further restrict eligible investment to the investments listed below. The portfolio will be diversified by security type and institution, to avoid incurring unreasonable and avoidable concentration risks regarding specific security types or individual financial institutions.</p> <p>Percentage limitations, where indicated, apply at the time of purchase. Rating requirements where indicated, apply at the time of purchase. In the event a security held by the Transportation Authority is subject to a rating change that brings it below the minimum specified rating requirement, the Executive Director will notify the Board of the change. The course of action to be followed will then be decided on a case-by-case basis, considering such factors as the reason for the rating</p>	Various revisions for clarity, to provide correct statutory references and to eliminate unnecessary text.	4

SECTION	REVISION	REASON	PAGE
	<p>reduction, prognosis for recovery or further rating reductions and the current market price of the security.</p> <ol style="list-style-type: none"> <li data-bbox="504 292 1449 406">1. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest. There is no limitation as to the percentage of the portfolio that may be invested in this category.</li> <li data-bbox="504 422 1449 568">2. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There is no limitation as to the percentage of the portfolio that may be invested in this category.</li> <li data-bbox="504 568 1449 974">3. Repurchase Agreements not to exceed one year duration. There is no limitation as to the percentage of the portfolio that may be invested in this category. The <del>Repurchase Agreements must be secured by following collateral restrictions will be observed. Only</del> U.S. Treasury securities or Federal Agency securities <del>are acceptable collateral</del>. All securities underlying repurchase agreements must be delivered to the Transportation Authority's custodian bank versus payment or be handled under a properly executed tri-party repurchase agreement. The market value of securities that <del>underlie</del> <del>underlay</del> a repurchase agreement <del>will</del> <u>must</u> be valued at 102 percent or greater of the funds borrowed against those securities and the value will be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements will be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.</li> <li data-bbox="504 974 1449 1169">4. Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by the state or any local agency; provided that the obligations are rated in one of the two highest categories by a nationally recognized statistical-rating organization (NRSRO). There is no limitation as to the percentage of the portfolio that may be invested in this category.</li> <li data-bbox="504 1169 1449 1396">5. Registered treasury notes or bonds of any of the other 49 <u>states of the</u> United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 <u>states of the</u> United States, in addition to California, provided that the obligations are rated in one of the two highest categories by a NRSRO. There is no limitation as to the percentage of the portfolio that may be invested in this category.</li> <li data-bbox="504 1396 1449 1503">6. Bankers' Acceptances issued by domestic or domestic branches of foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest category by a NRSRO. <u>Such</u></li> </ol>		

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	<p><del>Purchases of</del> Banker's Acceptances may not exceed 180 days maturity or 40 percent of the Transportation Authority's portfolio. No more than 30 percent of the Transportation Authority's portfolio may be invested in the Banker's Acceptances of any one commercial bank.</p> <p>7. Commercial paper of "prime" quality rated the highest ranking or of the highest letter or number rating as provided by a NRSRO. The entity that issues the commercial paper will meet all of the criteria in either (1) or (2) as follows: (1) the corporation will be organized and operating within the United States as a general corporation, will have assets in excess of five hundred million dollars (\$500,000,000), and will issue debt, other than commercial paper, if any, that is rated "A" or higher by a NRSRO; or (2) the <del>entity corporation</del> will be organized within the United States as a special purpose corporation, trust, or limited liability company, <del>have has</del> program-wide credit enhancements including, but not limited to, over collateralizations, letters of credit, or surety bond; <del>and have has</del> commercial paper that is rated "A-1" or higher, or equivalent by a NRSRO. Eligible commercial paper may not exceed 270 days' maturity nor represent more than 10% of the outstanding paper of an issuing corporation, or 25% of the Transportation Authority's portfolio.</p> <p>8. Medium-term corporate notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state and operating within the U.S. Medium-term corporate notes will be rated in a rating category "A" or better by a NRSRO. <del>Purchases of m</del>Medium-term notes <del>may will</del> not exceed 30 percent of the Transportation Authority's portfolio.</p> <p>9. FDIC insured or fully collateralized time certificates of deposit in financial institutions located in California. <del>Such Purchases of</del> time certificates of deposit may not exceed 1 year in maturity or 10 percent of the Transportation Authority's portfolio.</p> <p>10. To be eligible to receive <del>the Transportation Authority's local agency</del> money, a bank, savings association, federal association, or federally insured industrial loan company <del>must shall</del> have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California's communities, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code. <del>The FFIEC provides an overall assessment of the insured depositories' ability to meet the credit needs of their communities, consistent with safe and sound operations.</del></p> <p>11. Negotiable certificates of deposit or deposit notes issued by a nationally or state-chartered bank, a savings association, or a federal association, a state or federal credit union or by a state-licensed branch of a foreign bank. <del>Purchases of n</del>Negotiable certificates of deposit may not exceed 30 percent of the Transportation Authority's portfolio.</p>		

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	<p>12. State of California’s Local Agency Investment Fund (LAIF). The LAIF portfolio should be reviewed periodically. There is no limitation as to the percentage of the portfolio that may be invested in this category. However, the amount invested may not exceed the maximum allowed by LAIF.</p> <p>13. The California Asset Management Program, as authorized by Section 53601 (p) of the California Government Code. The Program constitutes shares in a California common law trust established pursuant to Section 6509.7 of Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments permitted by subdivisions (a) to (q) of Section 53601 of the Government Code of California, as it may be amended.</p> <p>14. Insured savings account or money market account. To be eligible to receive local agency deposits, a financial institution must have received a minimum overall satisfactory rating for meeting the credit needs of California communities in its most recent evaluation. There is no limitation as to the percentage of the portfolio that may be invested in this category. Bank deposits are required to be collateralized as specified under Government Code Section 53630 et. seq. The collateralization requirements may be waived for any portion that is <del>insured covered</del> by the FDIC. The Transportation Authority shall have a signed agreement with any depository accepting Transportation Authority funds per Government Code Section 53649.</p> <p>15. Placement Service Certificates of Deposit (CDs). Certificates of deposit placed with a private sector entity that assists in the placement of certificates of deposit with eligible financial institutions located in the United States (Government Code Section 53601.8). The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by the FDIC. The combined maximum portfolio exposure to Placement Service CDs and Negotiable CDs is limited to 30%. The maximum investment maturity will be restricted to five years.</p> <p>16. The San Francisco City and County Treasury Pool. There is no limitation as to the percentage of the portfolio that may be invested in this category. Unless otherwise noted, the maximum maturity from the trade settlement date can be no longer than five years. Any loans or investments of Transportation Authority funds invested in the San Francisco City and County Treasury Pool to agencies of the City and County of San Francisco will specifically require the approval of the Board prior to purchase or acceptance.</p> <p>17. Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940. To be eligible for investment pursuant to this subdivision these companies shall meet either of the following criteria:</p> <ul style="list-style-type: none"> <li>• Attain the highest ranking or highest letter and numerical rating provided by not less than two NRSROs.</li> </ul>		

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	<ul style="list-style-type: none"> <li>• Have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).</li> </ul> <p>The purchase price of shares of beneficial interest purchased will not include any commission that these companies may charge and will not exceed 20 percent of the Transportation Authority's portfolio.</p>		
<b>Glossary</b>	<p><b>Agencies.</b> Federal agency securities and/or Government-sponsored enterprises.</p> <p><b>Asked.</b> The price at which securities are offered.</p> <p><b>Bankers' Acceptance (BA).</b> A draft or bill of exchange <del>issued accepted</del> by a bank or trust company <del>that guaranteed payment at a later time. The accepting institution guarantees payment of the bill, as well as the issuer.</del></p> <p><del><b>Benchmark.</b> A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.</del></p> <p><b>Bid.</b> The price offered by a buyer of securities. (when you are selling securities, you ask for a bid.) See offer.</p> <p><b>Broker.</b> A broker brings buyers and sellers together, for <del>which the broker typically receives a commission for a successful sale a commission.</del></p> <p><b>Certificate of Deposit (CD).</b> A time deposit with a specific maturity evidenced by a certificate. Large-denomination CDs are typically negotiable.</p> <p><b>Collateral.</b> Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.</p> <p><b>Coupon.</b> (a) the annual rate of interest that a bond issuer promises to pay the bondholder on the bond's face value. (b) a certificate attached to a bond evidencing interest due on a payment date.</p> <p><b>Dealer.</b> A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.</p> <p><del><b>Debenture.</b> A bond secured only by the general credit of the issuer.</del></p> <p><b>Delivery versus Payment.</b> There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.</p>	<p>Minor revisions for clarity and proposed deletion of defined terms not used in Investment Policy.</p>	<p>10</p>

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	<p><b>Derivatives.</b> (1) financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities, or commodities).</p> <p><b>Discount.</b> The difference between <del>the principal amount of a security and its issue price</del> <u>where the issue price is lower than the principal amount of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.</u></p> <p><b>Discount securities.</b> Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury bills.</p> <p><b>Diversification.</b> Dividing investment funds among a variety of securities offering independent returns.</p> <p><b>Federal credit agencies.</b> Agencies of the federal government set up to supply credit to various classes of institutions and individuals, e.g., S&amp;Ls, small business firms, students, farmers, farm cooperatives, and exporters.</p> <p><b>Federal Deposit Insurance Corporation (FDIC).</b> A federal agency that insures bank deposits, currently up to <del>\$100,000 per deposit.</del> <u>\$250,000 per depositor per insured bank</u></p> <p><b>Federal funds rate.</b> <del>The rate of interest at which fed funds are traded. This rate is currently pegged by the federal reserve through open-market operations.</del></p> <p><b>Federal Home Loan Banks (FHLB).</b> <del>Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBS is to liquefy the housing related assets of its members who must purchase stock in their district bank.</del></p> <p><b>Federal National Mortgage Association (FNMA).</b> <del>FNMA, like GNMA was chartered under the federal national mortgage association act in 1938. FNMA is a federal corporation working under the auspices of the department of housing and urban development (HUD). It is the largest single provider of residential mortgage funds in the united states</del> <u>United States. Fannie mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.</u></p> <p><b>Federal Open Market Committee (FOMC).</b> <del>Consists of seven members of the federal reserve board and five of the twelve federal reserve bank presidents. The president of the Nnew yorkYork federal reserve bank is a permanent member, while</del></p>		10-11



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	<p><del>the other presidents serve on a rotating basis. The committee periodically meets to set federal reserve guidelines regarding purchases and sales of government securities in the open market as a means of influencing the volume of bank credit and money.</del></p> <p><b>Federal reserve system.</b> The central bank of the united states created by congress and consisting of a seven member board of governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.</p> <p><del>Financial statements. Financial statements are an overview of the agency's finances and shall be prepared in accordance with generally accepted accounting principles and shall be accompanied by a report, certificate, or opinion of an independent certified public accountant or independent public accountant.</del></p> <p><del>Government national mortgage association (gnma or ginnie mae). Securities influencing the volume of bank credit guaranteed by gnma and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions: Security holder is protected by full faith and credit of the Government. Ginnie mae securities are backed by the fha, va or fmha mortgages. The term "pass-throughs" is often used to describe ginnie maes.</del></p> <p><b>Liquidity.</b> A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.</p> <p><b>Market value.</b> The price at which a security is trading and could presumably be purchased or sold.</p> <p><del>Master repurchase agreement. A written contract covering all future transactions between the parties to repurchase=reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.</del></p> <p><b>Maturity.</b> The date upon which the principal or stated value of an investment becomes due and payable.</p> <p><b>Money market.</b> The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) Are issued and traded.</p> <p><b>Nationally Recognized Statistical-Rating Organization (NRSRO).</b> A credit rating agency that issues credit ratings that the U.S. Securities and Exchange Commission (SEC) permits other financial firms to use for certain regulatory purposes.</p> <p><b>Offer.</b> The price asked by a seller of securities. (when you are buying securities, you ask for an offer.) See asked and bid <u>definitions</u>.</p>		11-12

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	<p><del>Open market operations. Purchases and sales of government and certain other securities in the open market by the new york federal reserve bank as directed by the fomc in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the federal reserve's most important and most flexible monetary policy tool.</del></p> <p><b>Portfolio.</b> Collection of securities held by an investor.</p> <p><b>Primary dealer.</b> A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the federal reserve bank of New York and are subject to its informal oversight. Primary dealers include securities and exchange commission (sec)-registered securities broker-dealers, banks, and a few unregulated firms.</p> <p><del>Prudent person rule. An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.</del></p> <p><b>Qualified public depository.</b> A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the public deposit protection commission to hold public deposits.</p> <p><b>Rate of return.</b> The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.</p> <p><b>Repurchase Agreement (RP or REPO).</b> <del>A purchase of securities by an agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the agency by book entry, physical delivery, or by third-party custodial agreement. A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use rp extensively to finance their positions. Exception: when the fed is said to be doing rp, it is lending money that is, increasing bank reserves.</del></p> <p><del>Safekeeping. A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.</del></p>		12-13

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	<p><del>Secondary market. A market made for the purchase and sale of outstanding issues following the initial distribution.</del></p> <p><b>Securities and Exchange Commission (SEC).</b> Agency created by congress to protect investors in securities transactions by administering securities legislation.</p> <p><b>Sec Rule 15c3-1.</b> See uniform net capital rule <u>definition</u>.</p> <p><del>Structured notes. Notes issued by government sponsored enterprises (fhfb, fnma, slma, etc.) And corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.</del></p> <p><b>Treasury bills.</b> A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.</p> <p><b>Treasury bonds.</b> Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.</p> <p><b>Treasury notes.</b> Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.</p> <p><b>Uniform net capital rule.</b> Securities and exchange commission requirement that, <u>subject to certain exceptions, prohibits</u> member firms as well as nonmember broker-dealers in securities <u>from permitting their respective aggregate indebtedness to exceed 1500 percent of its net capital.</u> <del>Maintain a maximum ratio of indebtedness to liquid capital of 15 to 1;</del> also called net capital rule and net capital ratio. Indebtedness covers all money owed <del>to a firm</del>, including margin loans and commitments to purchase securities. <del>This is</del> one reason new public issues are spread among members of underwriting syndicates. <u>Net liquid</u> capital includes cash and assets easily converted into cash.</p> <p><b>Yield.</b> The rate of annual income returns on an investment, expressed as a percentage. (a) income yield is obtained by dividing the current dollar income by the current market price for the security. (b) net yield or yield to maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.</p>		13-14

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<b>SECTION III. PROCUREMENT PROCESS A. GENERAL PROVISIONS</b>	<p>All procurement transactions, regardless of purchasing methodology or dollar value, shall be conducted in a manner that maximizes open and free competition. Solicitation for offers, whether by an informal or formal bid process or through competitive negotiation shall:</p> <ol style="list-style-type: none"> <li>incorporate a clear and accurate description of the technical requirements for the materials, product, or services to be procured; and</li> <li>clearly set forth all requirements which bidders must fulfill, and all other factors to be used in evaluating the proposals.</li> </ol> <p>All bids or proposals must be submitted to and received at the location designated no later than the exact time and date stated in bid or proposal requirements, and must be date- and time-stamped and logged as received by Transportation Authority personnel. Bids or proposals received after the date and time deadline will be returned unopened and will be considered as disqualified. A bid or proposal may be withdrawn prior to bid or proposal opening for any reason by a bidder or <del>his/her/their</del> authorized representative, provided a written request to withdraw is received by the Transportation Authority prior to bid or proposal opening. After bid or proposal opening, a bid or proposal may be withdrawn only for material obvious error(s) and subject to written approval by the Executive Director.</p>	<p>Changed gender references to neutral form.</p>	2
<b>SECTION III. PROCUREMENT PROCESS C. INFORMAL BID PROCESS</b>  First paragraph	<p>Solicitations for goods and services that are anticipated to be equal to or less than <del>\$75,000-\$100,000</del> may go through an informal Request for Proposal (RFP) or bid process. Quotes may be requested by telephone, via the Internet or through the mail from known qualified vendors or from current vendor catalogs and/or websites. Routine purchases in the amount of \$25,000 or less should be distributed equitably among qualified competitively priced suppliers, with consideration given to DBE/LBE utilization as applicable and as permitted by law. It is not permissible to segment the contract or use multiple solicitations for similar goods or services in order to circumvent the limitation for formal solicitation.</p>	<p>Revision to increase limit for an informal Request for Proposal, consistent with Section VII. Contract Administration. The proposed revision remains under the current limit for informal bidding pursuant to federal requirements, 48 Code of Federal Regulations 2.101, amount of \$250,000.</p>	3
<b>SECTION III. PROCUREMENT PROCESS D. FORMAL BID PROCESS</b>	<p>Solicitation of goods and/or services that are anticipated to be in excess of <del>\$75,000</del> <del>\$100,000</del> shall be required to go through a formal Request for Proposal (RFP) or Invitation for Bid (IFB) process. An RFP process will also be used to procure professional and technical services as applicable in accordance with the provisions of California Government Code Section 4526 and applicable federal laws and regulations. Award of a contract for professional services will be qualifications-based and will consider multiple factors that will be clearly stated in the RFP, although price may be considered during the negotiation of the contract. Procurement for establishing an on-call or preapproved list of professional services providers shall be based on a qualifications-based process in accordance with state</p>	<p>Revision to increase limit for a formal Request for Proposal, consistent with Section VII. Contract Administration. The proposed revision remains under the current limit for informal bidding pursuant to federal requirements, 48 Code of Federal Regulations 2.101, of \$250,000.</p>	3

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	<p>and federal law, and price may be taken into consideration when negotiating a contract with a firm selected from such a list to fulfill task orders.</p> <p>For procurements anticipated to be in excess of <del>\$75,000</del> <u>\$100,000</u>, an Invitation for Bids (IFB) process will be used to procure all supplies, equipment, or materials that are standard in nature, character, and quality; easily defined; and/or reasonably accessible in the open market. Award will be made to the lowest responsive and responsible bidder after competitive bidding, except in an emergency declared by the vote of two-thirds of the voting membership of the Board pursuant to California Public Utilities Code Section 131285. If, after rejecting bids received, the Transportation Authority, pursuant to California Public Utilities Code Section 131286, determines and declares by a two-thirds vote of the voting membership of the Board that, in its opinion, the supplies, equipment, or materials may be purchased at a lower price in the open market, the Transportation Authority may proceed to purchase these supplies, equipment, or materials in the open market without further observance of the provisions regarding contracts, bids, or advertisement.</p> <p>Solicitation for offers in the formal bid process shall include the following:</p> <ol style="list-style-type: none"> <li>1. A clear and accurate written description of the project scope and deliverables, and technical requirements for the materials, product, or service being procured;</li> <li>2. Special conditions or restricting policies, policy goals such as DBE/LBE goals, if applicable, patents, liquidated damages, and performance, bid or indemnification requirements;</li> <li>3. Proposed timetable for the project or service;</li> <li>4. General format requirements and number of copies/items (if applicable) to be delivered;</li> <li>5. Date of pre-proposal conference, if applicable;</li> <li>6. A clear definition of the evaluation criteria to be used in evaluating the bids or proposals; and</li> <li>7. Date, time, and place for submission of final bids or proposals.</li> </ol> <p>If a pre-proposal conference is held, a listing of those in attendance showing name(s) of attendees and agency or company represented shall be maintained in the resulting contract files.</p> <p>Responses to RFPs for professional and technical services shall require identification of the bidders or proposer's key employees and subcontractors. Bidders or</p>		4

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	<p>proposers shall be required to notify the Transportation Authority of any pending lawsuits or labor disputes that may interfere with the delivery of services.</p> <p>Procurements in amounts greater than <del>\$75,000</del> <u>\$100,000</u> shall require a formal notice process including advertising requests for bids or proposals in local appropriate newspapers or other media outlets. Notice should occur with sufficient time to allow bidders or proposers reasonable time in which to respond. The term “reasonable time” may vary depending on the complexity of the proposed project. Thirty (30) calendar days shall be considered the standard time allotted in notification to potential bidders or proposers. More or less time may be allotted at the determination of the Executive Director.</p> <p>RFPs and IFBs will be reviewed by a selection panel appointed by the Executive Director. The Executive Director may elect to assemble a separate cost evaluation panel to review cost proposals and evaluate cost assumptions. Based on their reviews and analysis, the selection panel and cost evaluation panel, if any, shall rank bids or proposals. The Executive Director will recommend to the Board award of a contract, based on the results of the procurement process and the recommendations the selection panel and cost evaluation panel, if any, to the bidder or proposer most advantageous to the Transportation Authority. In the case of IFBs, the Executive Director will recommend award to the lowest responsive and responsible bidder or proposer.</p> <p>Copies of all correspondence, including negative response letters, copies of evaluation sheets/scores, and copies of all bids or proposals not being considered further shall be maintained in the files.</p> <p>In the event that only a single bid or proposal is submitted, the Transportation Authority shall document its efforts in soliciting responses; and record the history of all correspondence, negotiations, including parties involved, etc. that took place with reference to the award of the resulting contract.</p>		5
<b>SECTION V. (TITLE)</b>	PROHIBITING CONTRACTING IN STATES THAT ALLOW DISCRIMINATION AGAINST LGBT INDIVIDUALS <del>AND IN</del> STATES WITH RESTRICTIVE ABORTION LAWS, <u>AND STATES WITH VOTER SUPPRESSION LAWS</u>	Modify section title to be consistent with added language in that section.	6
<b>SECTION V. PROHIBITING CONTRACTING IN STATES THAT ALLOW DISCRIMINATION AGAINST LGBT INDIVIDUALS <del>AND IN</del> STATES WITH RESTRICTIVE ABORTION</b>	On October 14, 2016, through Ordinance 189-16, the City and County of San Francisco prohibited city contracting involving states that allow discrimination against lesbian, gay, bisexual, and transgender individuals. This prohibition became effective on February 11, 2017. On August 9, 2019, through Ordinance 200-19, the City and County of San Francisco prohibited city contracting involving states with certain laws that restrict abortion access. This prohibition became effective January 1, 2020. <u>On November 5, 2021, through Ordinance 201-21, the City and County of San Francisco prohibited city contracting involving states with voter suppression</u>	Revision to align with Chapter 12X of the San Francisco Administrative Code.	6

SECTION	REVISION	REASON	PAGE
<p><b><u>LAWS, AND STATES WITH VOTER SUPPRESSION LAWS</u></b></p> <p>First paragraph</p>	<p><u>laws</u>. The list of states banned from contracting under <del>both these three</del> Ordinances is known as the Covered State List and is maintained and updated by the City Administrator on at least a semiannual basis.</p>		
<p><b>SECTION VII. CONTRACT ADMINISTRATION</b></p>	<p>No contractual obligations, administrative or capital, shall be assumed by the Transportation Authority in the excess of its ability to pay as defined by the adopted final budget and the Strategic Plan. Approval of the Board is required prior to the execution of any contract for the procurement of goods or professional services that authorizes payments that in the aggregate exceed <del>\$75,000</del> <u>\$100,000</u> in a fiscal year. The Executive Director is authorized to approve and execute all such contracts that authorize payments not in excess of <del>\$75,000</del> <u>\$100,000</u> per fiscal year, provided that the amounts are consistent with the adopted final budget, as amended in accordance with the Fiscal Policy for the current fiscal year or, in the event that the contract was not completed in a single fiscal year, the contiguous fiscal year(s). The Executive Director is authorized to amend contracts to extend time, to add or delete tasks of similar scope and nature, and to increase or reduce the total amount of the contract. The Executive Director may execute such amendments without prior Board approval, if the amount of the amendment does not exceed <del>\$75,000</del> <u>\$100,000</u>.</p> <p>All <u>contract procurements and</u> expenditures shall comply with all federal, state, and local statutory requirements and <u>applicable administrative regulations and orders, as well as</u> other legal restrictions placed on the use of <del>said public</del> funds. The Executive Director shall execute all contracts in conformance with the monetary limits established in the adopted final budget. The Executive Director and/or <del>his/her</del> <u>their</u> designee has the responsibility for monitoring all contractual agreements for compliance with the terms and conditions established in the contract and for rendering payment upon completion of services or delivery of goods and materials as agreed.</p>	<p>Revision to increase Executive Director's authorization threshold to be in line with comparable transportation agencies and adjust for inflation.</p> <p>Revisions for clarity.</p> <p>Changed gender references to neutral form.</p>	<p>9</p>

SECTION	REVISION	REASON	PAGE
<b>CHAPTER 1. CHAPTER 1. DEFINITIONS</b> Rule 1.9	<p>"Committee Room" shall mean <del>San Francisco City Hall Committee Room 263 or 250 of City Hall</del>, or other location as designated with proper notice; <u>and "Legislative Chamber" shall mean San Francisco City Hall Room 250.</u></p>	Revision to correct meeting room location designations.	1
<b>CHAPTER 2. ORGANIZATION AND MEETINGS</b> Rule 2.5 *Meeting and Rules of Procedure.	<p>All proceedings of the Board shall be in conformance with the provisions of the Bay Area <u>County</u> Traffic and Transportation Funding Act (<del>Sections 131000 et seq. of Division 12.5 of the California Government Code § 131000 et seq.</del>), the San Francisco County Transportation <u>Authority</u> Reauthorization <del>Authority</del> Ordinance (<del>San Francisco Business and Tax Regulations Code, Article 14, § commencing with Section 1401 et seq. of the San Francisco Business and Tax Regulations Code</del>), and the <del>2022 Transportation Expenditure Plan approved by voters as Proposition L on November 8, 2022</del> <u>New Transportation Expenditure Plan adopted by the voters as Proposition K on November 4, 2003</u>, and the Administrative Code.</p> <p>Except as otherwise determined by the Chair, regular meetings of the Board shall be held <del>at a time set by the Chair</del> on the second and fourth Tuesday of each month in the Legislative Chamber <del>of City Hall, or on a Tuesday within that month that does not fall except when that day is on a federal holiday, in which case the meeting shall be held on the following Tuesday.</del> Committee meetings shall be held in the Committee Room or other location as designated with proper notice by the Transportation Authority.</p> <p>*The acts of the Board shall be expressed by motion, resolution, or ordinance (<del>California Government Code § Section 131263 of the Code</del>).</p> <p>*All meetings of the Board shall be conducted in the manner prescribed by the Ralph M. Brown Act (<del>California Government Code § 54950 Chapter 9 commencing with Section 54950 of Part 1 of Division 2 of Title 5 of the California Government Code</del>) and the Transportation Authority's adopted Sunshine Policy.</p>	<p>Revisions to correct citation notes of applicable laws referenced.</p> <p>Update to the current or upcoming sales tax expenditure plan.</p> <p>Revisions for clarity of schedule of meetings.</p>	3-4
<b>CHAPTER 2. ORGANIZATION AND MEETINGS</b> Rule 2.6 Temporary Meeting Place.	<p>In the event the regular meeting place is unavailable, the Chair shall designate some other appropriate place as <del>its</del> <u>the Board's</u> temporary meeting place.</p>	Minor revision for clarity.	4
<b>CHAPTER 2. ORGANIZATION AND MEETINGS</b> Rule 2.9 *Quorum.	<p>A majority of the members of the Board shall constitute a quorum for the transaction of business, and all official acts of the Board shall require the affirmative vote of a majority of the members of the Board (<del>Section 131262 of the California Government Code § 131262</del>).</p>	Revision to correct citation notes of applicable laws referenced.	4



SECTION	REVISION	REASON	PAGE
<b>CHAPTER 2. ORGANIZATION AND MEETINGS</b>  Rule 2.13 Permission to Remove Disruptive Persons. Paragraphs 1-5	<p>The Board or committee Chair shall possess the power and duty to order removed from the meeting room any person who commits the following acts in respect to a regular or special meeting of the Board or a standing or select committee:</p> <ul style="list-style-type: none"> <li>• <u>Disorderly, contemptuous, or insolent behavior toward the Board or committee or any member thereof, tending to interrupt the due and orderly course of said meeting.</u></li> <li>• <u>A breach of the peace, boisterous conduct, or violent disturbance tending to interrupt the due and orderly course of said meeting;</u></li> <li>• <u>Disobedience of any lawful order of the presiding officer, which shall include an order to be seated or to refrain from addressing the Board or committee, and</u></li> <li>• <u>Any other unlawful interference with the due and orderly course of said meeting.</u></li> </ul>	Revisions for clarity and consistency.	5
<b>CHAPTER 3. BOARD RULES AND PROCEDURES</b>  Rule 3.1 Call to Order and Roll Call.	<p>The Chair shall preside at all Board meetings, and shall call each regular, adjourned, recessed, or special meeting to order at the appointed hour. Immediately after the call to order, the Clerk shall call the roll of the members of the Board and shall record <u>and enter into the minutes</u> those members present and <del>shall enter in the minutes the names of those members present</del> <u>absent, as well as</u> <del>and note</del> those members who arrive subsequent to the first roll call <del>and those absent</del>. In the absence of the Chair, the Vice-Chair shall preside and in the absence of both the Chair and the Vice-Chair, the members present after waiting fifteen (15) minutes from the <del>scheduled onset</del> <u>start</u> of the meeting, by an order entered in the minutes, shall elect one of their members to act as <u>the presiding officer</u>. Chair pro tempore <del>who, while so acting, The Chair pro tempore</del> shall have the authority of the Chair <u>while in this role</u>. <del>The presiding officer, and</del> shall proceed with the Order of Business <u>of the meeting</u>.</p>	Revisions for clarity and consistency.	6
<b>CHAPTER 3. BOARD RULES AND PROCEDURES</b>  Rule 3.2 Order of Business.	<p>The normal Order of Business for the Board shall be as follows:</p> <ol style="list-style-type: none"> <li>1. Roll Call</li> <li>2. Chair's Report</li> <li>3. Executive Director's Report</li> <li>4. <u>Approval of Minutes</u></li> <li><del>4.5. Consent Agenda (or Items Recommended from Committee)</del></li> <li><del>5.1. Approval of Minutes</del></li> <li>6. <del>Old Business</del> <u>End of Consent Agenda</u></li> <li>7. Introduction of New Items</li> <li>8. Public Comment</li> <li>9. Adjournment</li> </ol>	Revision to reflect current order of agenda and current listing terminology.	6

SECTION	REVISION	REASON	PAGE
<b>CHAPTER 3. BOARD RULES AND PROCEDURES</b> Rule 3.3 Addressing the Board.	When a member desires to address the Board, the member shall address the presiding officer, and when recognized shall proceed to speak, confining discussion to the <del>question agenda item</del> before the Board. Members shall not be recognized when away from their seats.	Revision for clarity and update to reflect current terminology.	6
<b>CHAPTER 3. BOARD RULES AND PROCEDURES</b> Rule 3.6 Calling of Items.	The Chair shall decide whether items may be acted upon individually (or grouped) when the <del>question agenda item</del> is called unless a member requests that they be considered separately.	Revision for clarity and update to reflect current terminology.	7
<b>CHAPTER 3. BOARD RULES AND PROCEDURES</b> Rule 3.9 *Measures Not on the Agenda.	Before considering an item of business not on the agenda, the Board shall adopt a motion (i) by majority vote of the full membership of the Board that an emergency <del>situation</del> exists, as defined in California Government Code <del>§ Section</del> 54956.5; or (ii) by a two-thirds vote of the full membership, or if less than two-thirds of the members are present, a unanimous vote of those members present, determining that there is a need to take immediate action and that the need to take action <del>came to the attention of the Transportation Authority arose</del> after the agenda was posted ( <del>Code §Section</del> 54954.2 <del>of the California Government Code</del> ).	Minor revisions for clarity and to track Government Code Section 54954.2 and 54956.5.  Revision to correct citation notes of applicable laws referenced.	7-8
<b>CHAPTER 3. BOARD RULES AND PROCEDURES</b> Rule 3.10 Action by Motion.	All resolutions, ordinances, parliamentary actions, recommendations of the Board, actions on matters which concern only the internal functioning of the Board, directives to the staff of the Transportation Authority to perform some specific act in the line of official duty, adoption of the annual report, inquiries, actions of a ceremonial or commemorative nature, and such other actions as may be approved by the Transportation Authority's legal counsel, may be accomplished by motion.  Unless otherwise provided by these Rules, a motion of a parliamentary nature shall require for adoption the affirmative vote of at least a majority of the members of the Board <del>[present at the meeting at the time of the vote], there being present</del> not less than a quorum.  *All other motions shall require for adoption the affirmative vote of a majority of all the members of the Board, except as otherwise provided by these Rules, the Administrative Code, or other applicable law.	Revisions for clarity.	8
<b>CHAPTER 3. BOARD RULES AND PROCEDURES</b> Rule 3.13 Division of the Question.	On the demand of any member, the Chair shall order <del>a question an agenda item</del> divided if it includes <del>multiple</del> propositions <del>with so distinct each distinct</del> in substance that one being taken away, one of more substantive proposition shall remain for the decisions of the Board. When divided, each proposition shall then be considered and voted upon separately as if it had been offered alone.	Revisions for clarity and update to reflect current terminology.	8

SECTION	REVISION	REASON	PAGE
<b>CHAPTER 3. BOARD RULES AND PROCEDURES</b> Rule 3.19 *Voting Requirements and Procedure.	<p>Every member present when a measure is put forth shall vote for or against it unless prohibited from voting by applicable law because of a conflict of interest, which shall be disclosed (<del>Code §Sections</del> 1090 et seq. and 87100 et seq. <del>of the California Government Code</del>, and all other relevant laws or regulations). <u>A member with a conflict of interest pursuant to California Government Code §Section 87100 et. seq. shall follow the disqualification procedures set forth in the California Code of Regulations §section 18707.</u></p> <p>No member shall be permitted to vote <del>upon a question</del> until the roll is called or before <del>the a</del> vote is announced.</p> <p>*A tie vote on any matter before the Board shall be deemed <del>to be a disapproval/fail of a motion</del> (<del>Section 131262 of the Code</del> § 131262).</p>	<p>Revision to clarify procedure for addressing conflict of interest.</p> <p>Revision to correct citation notes of applicable laws referenced.</p> <p>Revisions for clarity.</p>	9-10
<b>CHAPTER 3. BOARD RULES AND PROCEDURES</b> Rule 3.21 Vote to be Entered in the Minutes.	<p>the Board has voted upon any matter, the names of the members who voted for and those who voted against the <del>question/agenda item, as well as the number of votes by ayes and noes shall be entered in the Minutes, and the votes by ayes and noes</del> shall be recorded in the minutes.</p>	<p>Revisions for clarity and update to reflect current terminology.</p>	10
<b>CHAPTER 3. BOARD RULES AND PROCEDURES</b> Rule 3.24 *Posting of the Agenda.	<p>The Clerk shall post and distribute the agenda in an accessible manner to all persons known or presumed to be interested in <del>a particular measure/items</del> to be considered <u>at an upcoming meeting</u>, and such notice shall be <del>initiated so as to be reasonably designed to reach recipients posted or announced</del> not later than seventy-two (72) hours before any regularly scheduled Board meeting and twenty-four (24) hours before any special meeting is scheduled (<del>Sections 59454.2 and 54956 of the California Government Code</del> § 59454.2 and 54956).</p> <p>In the case of a rescheduled or canceled meeting, notice of the rescheduled <del>new</del> meeting shall be posted outside <u>San Francisco City Hall</u> Room 244 <del>in City Hall</del>.</p>	<p>Revisions for clarity and to correct citation notes of applicable laws referenced.</p>	10
<b>CHAPTER 3. BOARD RULES AND PROCEDURES</b> Rule 3.25 *Meetings to Be Public.	<p>Every Board meeting shall be open to the public except that the Chair may order a meeting to be held in closed session for consideration of matters permitted to be discussed in closed session (<del>Sections 54954.5 et seq. of the California Government Code</del> § 54954.5 et seq.).</p>	<p>Revision to correct citation notes of applicable laws referenced.</p>	10

SECTION	REVISION	REASON	PAGE
<b>CHAPTER 3. BOARD RULES AND PROCEDURES</b> Rule 3.26 * Public Comment.	Any member of the public is entitled to comment on any matter on the agenda before it is acted on by the Board, unless a matter had previously been considered by a committee or the Board and was not substantially changed since it was heard, as determined by the Board. In addition, the last item <u>prior to adjournment</u> at each Board meeting shall provide an opportunity for members of the public to directly address the Board on items of interest to the public <u>that are within the subject matter jurisdiction of the Transportation Authority, and</u> which <del>have had</del> not been discussed earlier in the meeting <del>that are within the subject matter jurisdiction of the Transportation Authority</del> . Members of the public may address the Board for up to two (2) minutes or for such number of minutes as set by the Chair. The Chair may limit the total testimony to thirty (30) minutes.	Revisions for clarity and consistency.	11
<b>CHAPTER 4. COMMITTEE RULES AND PROCEDURES</b> Rule 4.1 Call to Order and Roll Call.	The committee chair shall preside at all committee meetings, and shall call each regular, adjourned, recessed, or special meeting to order at the appointed hour. Immediately after the call to order, the Clerk shall call the roll of the committee members and shall record <del>those members present</del> and <del>shall</del> enter in the minutes the names of those members present <del>as well as those members who arrive subsequent to the first roll call</del> and those absent <u>during roll call</u> . In the absence of the committee chair, the vice-chair shall preside. The presiding officer shall proceed with the Order of Business.	Revisions for clarity and update to reflect current notetaking practices.	12
<b>CHAPTER 4. COMMITTEE RULES AND PROCEDURES</b> Rule 4.2 Order of Business.	The normal Order of Business for committees shall be as follows: <ol style="list-style-type: none"> <li>1. Roll <del>call</del> <u>Call</u></li> <li><del>2. Consent Agenda</del></li> <li><del>3.2.</del> Approval of Minutes</li> <li><del>4. Old Business</del></li> <li><u>3. Items for Recommendation</u></li> <li><del>5.4.</del> Introduction of New Items</li> <li><del>6.5.</del> Public Comment</li> <li><del>7.6.</del> Adjournment</li> </ol>	Revision of typo and update to reflect current listing terminology.	12
<b>CHAPTER 4. COMMITTEE RULES AND PROCEDURES</b> Rule 4.4 Committee Chair.	Appointments to committees, including committee chair and vice-chair, will be determined by the <u>Board</u> Chair at the beginning of each year ( <del>Section 3 (a) of the Administrative Code § 3(a)</del> ).	Minor revision for clarity.	13
<b>CHAPTER 4. COMMITTEE RULES AND PROCEDURES</b> Rule 4.5 Time of Meeting.	Every committee shall meet at the time set by the <u>Board</u> Chair, committee chair at the beginning of his or her appointment, or a majority of the committee, in that order of priority. Whenever a meeting falls on a holiday or a quorum does not result, the meeting shall be rescheduled at the discretion of the committee chair.	Minor revision for clarity.	13

SECTION	REVISION	REASON	PAGE
<b>CHAPTER 4. COMMITTEE RULES AND PROCEDURES</b> Rule 4.8 Calling of Items.	The committee chair shall decide whether items may be acted upon individually (or grouped) when the <del>question agenda item</del> is called, unless a member requests that they be separate.	Revision to reflect current terminology.	13
<b>CHAPTER 4. COMMITTEE RULES AND PROCEDURES</b> Rule 4.11 *Measures Not on the Agenda.	Before considering an item of business not on the agenda, the committee shall adopt a motion (i) by majority vote of the full membership of the committee that an emergency <u>situation</u> exists, as defined in California Government Code <del>§Section</del> 54956.5; or (ii) by the two-thirds vote of its members, or if less than two-thirds of the members are present, by a unanimous vote of those members present, determining that there is a need to take immediate action and that the need to take action <u>came to the attention of the Transportation Authority</u> <del>arose</del> after the agenda was posted ( <del>Section 54954.2 of the</del> California Government Code( <u>§ 54954.2</u> )).	Minor revisions for clarity and to track Government Code Section 54954.2 and 54956.5.  Revision to correct citation notes of applicable laws referenced.	13
<b>CHAPTER 4. COMMITTEE RULES AND PROCEDURES</b> Rule 4.12 Action by Motion.	All resolutions, ordinances, parliamentary actions, recommendations of a committee, actions on matters which concern only the internal functioning of a committee, directives to the staff of the Transportation Authority to perform some specific act in the line of official duty, inquiries, actions of ceremonial or commemorative nature, and such other actions as may be approved by Transportation Authority's legal counsel, may be accomplished by motion.  Unless otherwise provided by these Rules, a motion of a parliamentary nature shall require for adoption the affirmative vote of at least a majority of the members of the committee <del>present at the meeting at the time of the vote, there being present</del> not less than a quorum.  *All other motions shall require for adoption the affirmative vote of a majority of all the members of the committee, except as otherwise provided by these Rules, the Administrative Code, or other applicable law.	Revisions for clarity.	13-14
<b>CHAPTER 4. COMMITTEE RULES AND PROCEDURES</b> Rule 4.14 Action by Motion.	On the demand of any member, the committee chair shall order a question <u>(or agenda item)</u> divided if it includes <u>multiple</u> propositions <del>with so distinct each distinct</del> in substance that one being taken away, one of more substantive proposition shall remain for the decisions of the committee. When divided, each proposition shall then be considered and voted upon separately as if it had been offered alone.	Revisions for clarity.	14

SECTION	REVISION	REASON	PAGE
<b>CHAPTER 4. COMMITTEE RULES AND PROCEDURES</b> Rule 4.19 *Voting Requirements and Procedure.	<p>Every member present when a motion is put forth shall vote for or against it unless prohibited from voting by applicable law because of a conflict of interest, which shall be disclosed (<del>Code §Sections</del> 1090 et seq. and 87100 et seq. <del>of the California Government Code</del>, and all other relevant laws or regulations). <u>A member with a conflict of interest pursuant to California Government Code §Section 87100 et. seq. shall follow the disqualification procedures set forth in the California Code of Regulations §section 18707.</u></p> <p>No member shall be permitted to vote <del>upon a question</del> until the roll is called or before <del>the a</del> vote is announced.</p> <p>A tie vote on any matter before the committee shall be deemed to be a disapproval except that the Chair may break a tie vote as provided in Administrative Code <del>§Section</del> 5.1-(c).</p>	<p>Revision to clarify procedure for addressing conflict of interest.</p> <p>Revision to correct citation notes of applicable laws referenced.</p> <p>Revisions for clarity.</p>	15
<b>CHAPTER 4. COMMITTEE RULES AND PROCEDURES</b> Rule 4.21 Vote to be Entered in the Minutes.	<p>After the committee has voted upon any matter, the names of the members who voted for and those who voted against the question (<del>or agenda item</del>), <u>as well as the number of votes by ayes and noes shall be entered in the Minutes, and the votes by ayes and noes</u> shall be recorded in the minutes.</p>	<p>Revision for clarity.</p>	15
<b>CHAPTER 4. COMMITTEE RULES AND PROCEDURES</b> Rule 4.23 *Posting of the Agenda.	<p>The Clerk shall post and distribute the agenda in an accessible manner to all persons known or presumed to be interested in <del>a particular measure/items</del> to be considered <u>at an upcoming meeting</u>, and such notice shall be <del>initiated so as to be reasonably designed to reach recipients posted or announced</del> not later than seventy-two (72) hours before any regularly scheduled Board meeting and twenty-four (24) hours before any special meeting is scheduled (<del>Sections 59454.2 and 54956 of the California Government Code</del> <u>§ 59454.2 and 54956</u>).</p>	<p>Revisions for clarity and to correct citation notes of applicable laws referenced.</p>	15-16
<b>CHAPTER 4. COMMITTEE RULES AND PROCEDURES</b> Rule 4.24 Public Comment.	<p>Any member of the public is entitled to comment on any matter on the agenda before it is acted on by the committee, unless a matter had previously been considered by the committee and was not substantially changed since it was heard, as determined by the committee. In addition, the last item at each committee meeting prior to adjournment shall provide an opportunity for members of the public to directly address the committee on items of interest to the public <u>that are within the subject matter jurisdiction of the Transportation Authority, and which have had</u> not been discussed earlier in the meeting <del>that are within the subject matter jurisdiction of the Transportation Authority</del>. Members of the public may address the committee for up to two (2) minutes or for such number of minutes as set by the chair. The committee chair may limit the total testimony to thirty (30) minutes.</p>	<p>Minor revisions for clarity.</p>	16

SECTION	REVISION	REASON	PAGE
<b>STATEMENT OF PURPOSE</b>	<p>It is the <del>duty of the San Francisco County Transportation Authority Authority's (Transportation Authority) duty</del> to serve the public, reaching its decisions in full view of the public. Committees and the full Board of Commissioners exist to conduct the people's business. This Policy will <del>assure</del>ensure that their deliberations are conducted before the people and that Transportation Authority operations are open to the people's review. Although access to the government decision making process is also the intent of California's Ralph M. Brown Act and Public Records Act, the Transportation Authority's Sunshine Policy was enacted to strengthen the requirements for open public decision making. The Transportation Authority adopts this Policy to assure that, in general intent as well as in administrative procedure, the people of the City remain in control of the government they created.</p>	<p>Minor revisions for clarity.</p>	<p>1</p>
<b>A. DEFINITIONS</b>  Subsection 2.d	<p>"Meeting" shall not include any of the following:</p> <ol style="list-style-type: none"> <li>i. individual contacts or conversations between a member of a policy body and a public constituent or the staff or employees of the Transportation Authority, which do not convey to the member the views or positions of other members upon the subject matter of the contact or conversation and in which the member does not solicit or encourage the restatement of the views of the other members.</li> <li>ii. the attendance of a majority of the members of a policy body at a regional, statewide, or national conference, or at a meeting organized to address a topic of local community concern and open to the public, provided that a majority of the members refrain from using the occasion to collectively discuss <del>the topic of the conference or meeting, or any other</del> business within the subject matter jurisdiction of the respective policy body; or</li> <li>iii. the attendance of a majority of the members of a policy body at a purely social, recreational, or ceremonial occasion other than one sponsored or organized by or for the policy body itself, provided that a majority of the members refrain from using the occasion to <del>collectively</del> discuss any business within the subject matter jurisdiction of the respective policy body. A meal gathering of a policy body before, during, or after a business meeting of the policy body is part of that meeting and shall be conducted only under circumstances that permit public access to hear and observe the discussion of members. Such meetings shall not be conducted in restaurants or other accommodations where public access is possible only in consideration of making a purchase or making some other payment of value.</li> </ol>	<p>Revisions for clarity and consistency with rest of section language.</p>	<p>1</p>
<b>A. DEFINITIONS</b>	<p>The terms as used herein shall be as defined in the Ralph M. Brown Act, <u>California</u> Government Code Sections 54950, et <u>seq.</u>, and whenever in this Policy the following words or phrases are used, <del>they shall mean:</del></p>	<p>Minor revisions for clarity.</p>	<p>1</p>

SECTION	REVISION	REASON	PAGE
<b>B. PUBLIC ACCESS TO MEETINGS</b>  1. Meetings to Be Open and Public; Application of <u>Ralph M.</u> Brown Act.	Retitle the subheading as follows: Meetings to Be Open and Public; Application of <u>Ralph M.</u> Brown Act.	Minor revision to title for consistency.	2
<b>B. PUBLIC ACCESS TO MEETINGS</b>  2. Passive Meetings.	<p>Passive Meetings. Gatherings subject to this subsection, which shall be known as "passive meetings," are the following: advisory committees created in writing by <del>the initiative of</del> a member of the Transportation Authority <del>Board or</del> the Executive Director of the Transportation Authority at the request of a Transportation Authority <u>Board</u> member; and social, recreational, or ceremonial occasions sponsored or organized by or for a policy body to which a majority of such policy body members have been invited. This subsection shall not apply to a committee which consists solely of employees of the Transportation Authority and/or employees of other local agencies.</p> <ol style="list-style-type: none"> <li><del>Gatherings</del><u>Passive meetings</u>, as defined above, shall be accessible to individuals upon inquiry, and to the extent possible, consistent with the facilities in which such meetings occur.</li> <li>Such <del>gatherings</del><u>passive meetings</u> need not be formally noticed, although the time, place, and nature of the gathering shall be disclosed upon inquiry by a constituent of the public, and any agenda actually prepared for the gathering shall be accessible to such public constituents as a public record.</li> <li>Such <del>passive meetings</del><u>gatherings</u> need not be conducted in any particular space for the accommodation of spectators, although spectators shall be permitted to observe on a space available basis consistent with legal and practical restrictions on occupancy.</li> <li>Such <del>passive meetings</del><u>gatherings of a business nature</u> need not provide opportunities for comment by spectators, although the person presiding may, in <del>his or her</del><u>their</u> discretion, entertain such questions or comments from spectators as may be relevant to the business of the gathering.</li> </ol> <p><u>Passive meetings</u><del>Gatherings</del> may hold closed sessions under <del>any</del> circumstances allowed by this Policy, <del>or but only to the extent also allowed by</del> the Ralph M. Brown Act. <u>In addition, passive meetings</u><del>gatherings</del> <u>may hold closed sessions under circumstances allowed by the Ralph M. Brown Act.</u></p>	Revisions for clarity, consistency, and to update gender references to neutral form.	3



SECTION	REVISION	REASON	PAGE
<p><b>B. PUBLIC ACCESS TO MEETINGS</b></p> <p>3. Conduct of Business; Time and Place for Meetings.</p>	<p>a. The Transportation Authority has established the time and place for holding its regular meetings in its Administrative Code.</p> <p>b. If a regular scheduled meeting of a policy body would otherwise fall on a holiday, it shall instead be <u>rescheduled in accordance with the Rules of Order, Rules 2.5 and 4.5, held on the next business day.</u></p> <p>c. If, because of fire, flood, earthquake, or other emergency, it would be unsafe to meet in the customary location, the meetings may be held for the duration of the emergency at some other place specified by the policy body. The change of meeting site shall be announced, by the most rapid means of communication available at the time, in a notice to the local media who have requested <u>in writing</u> notice of special meetings; <del>in writing</del>, pursuant to Government Code Section 54956.</p> <p>d. Meetings of advisory policy bodies shall be preceded by notice delivered <del>personally or</del> <u>electronic or physical</u> mail at least 24 hours before the time of such meeting to each person who has requested; <del>in writing;</del> notice of such meeting. If the advisory policy body elects to hold regular meetings, it shall provide by bylaws, or whatever other rule is utilized by the <del>respective</del> advisory policy body, for the conduct of its business; <del>and</del> for the time and place for holding such regular meetings. In such case, no notice of regular meetings, other than the posting of an agenda in the place used by the policy body or executive officer which it advises, is required.</p> <p>e. Special meetings of any policy body, including advisory policy bodies that choose to establish regular meeting times, may be called at any time by the presiding officer thereof or by a majority of the members thereof; <del>by delivering personally or</del> <u>by mail</u> written notice to each member of the policy body and to each local newspaper, radio, or television station that has requested notice of such meeting in writing. Such notice must be delivered <del>personally or</del> <u>electronic or physical</u> mail <u>and received</u> at least 24 hours before the time of such special meeting as specified in the notice. The notice shall specify the time and place of the special meeting and the business to be transacted. No other business shall be considered at such meetings by the policy body. Such written notice may be dispensed with as to any member of the policy body who at or prior to the time the meeting convenes files with the secretary of the policy body a written waiver of notice. Such waiver may be given by <del>telegram</del> <u>electronic mail</u>. Such written notice may also be dispensed with as to any member who is actually present at the meeting at the time it convenes. Each special meeting shall be held at the regular meeting place of the policy body, except that the policy body may designate an alternate meeting place, provided that such alternate location is specified in the call and notice of the special meeting.</p>	<p>Revision to eliminate duplicative text to the extent duplicative of the Rules of Order, Rules 2.5 and 4.5.</p> <p>Minor revisions for clarity and accuracy.</p> <p>Revisions to reflect current communication methods.</p>	<p>3</p>

SECTION	REVISION	REASON	PAGE
<b>B. PUBLIC ACCESS TO MEETINGS</b> 4. Agenda Requirements; Regular Meetings. Subsection a.	<del>A policy body shall post an agenda in accordance with the Rules of Order, Rules 3.24 and 4.23. At least 72 hours before a regular meeting, a policy body shall post an agenda containing a meaningful description of each item of business to be transacted or discussed at the meeting.</del>	Revision to eliminate duplicative text to the extent of the Rules of Order, Rules 3.24 and 4.23.	4
<b>B. PUBLIC ACCESS TO MEETINGS</b> 4. Agenda Requirements; Regular Meetings. Subsection b.	<del>A description is meaningful if it is sufficiently clear and specific to alert a person of average intelligence and education whose interests are affected by the item that he or she may have reason to attend the meeting or seek more information on the item. The description should be brief, concise, and non-technical. It may refer to explanatory documents, such as correspondence or reports, posted adjacent to the agenda or, if such documents are of more than one page in length, available for public inspection and copying at a stated location during normal office hours.</del>	Revision to eliminate duplicative text to the extent of the Rules of Order, Rules 3.24 and 4.23.	4
<b>B. PUBLIC ACCESS TO MEETINGS</b> 4. Agenda Requirements; Regular Meetings. Subsection c.	<del>The agenda shall specify the time and location of the regular meeting and shall be posted in a location that is freely accessible to members of the public, and on the policy body's website, if the policy body has one.</del>	Revision to eliminate duplicative text to the extent of the Rules of Order, Rules 3.24 and 4.23.	4

SECTION	REVISION	REASON	PAGE
<p><b>B. PUBLIC ACCESS TO MEETINGS</b></p> <p>4. Agenda Requirements; Regular Meetings.</p> <p>Subsection e.</p>	<p>Notwithstanding subsection (<del>bd</del>) of this section, <u>before considering an item of business not on the agenda, the</u> policy body <u>shall adopt a motion in accordance with the Rules of Order, Rules 3.9 and 4.11.</u></p> <p><del>c. —may take action on items of business not appearing on the posted agenda under any of the following conditions:</del></p> <p><del>i. —Upon a determination by a majority vote of the policy body that an accident, natural disaster or work force disruption <u>an activity or situation that severely impairs public health, and safety, or both exists.</u></del></p> <p><del>ii.i. — Upon a good faith, reasonable determination by a two-thirds vote of <u>the members of the policy body present at a meeting,</u> or, if less than two-thirds of the members are present, a unanimous vote of those members present; that (A) the need to take immediate action on the item is so imperative as to threaten serious injury to the public interest if action were deferred to a subsequent special or regular meeting, or relates to a purely commendatory action, and (B) that the need for such action came to the attention of the policy body subsequent to the agenda being posted as specified in subsection (a) of this Section:</del></p> <p><del>i. The item was posted pursuant to subsection (a) of this Section for a prior meeting of the policy body occurring not more than five calendar days prior to the date of the subsequent meeting at which action is to be taken on the item, and at the prior meeting the item was continued to the subsequent meeting at which action is being taken:</del></p>	<p>Revision to eliminate duplicative text to the extent of the Rules of Order, Rules 3.9 and 4.11.</p>	<p>5</p>
<p><b>B. PUBLIC ACCESS TO MEETINGS</b></p> <p>5. Agenda Disclosures; Closed Sessions.</p> <p>Subsection a.</p>	<p>In addition to the brief general description of items to be discussed or acted upon in open and public session, the agenda posted pursuant to Government Code Section 54954.2, any <del>mailed</del> notice given pursuant to Government Code Section 54954.1, and any call and <del>notice delivered/or email</del> to the local media and posted pursuant to Government Code Section 54956 shall specify and disclose the nature of any closed sessions by providing all of the following information:</p>	<p>Revisions to reflect current communication methods.</p>	<p>5</p>

SECTION	REVISION	REASON	PAGE
<p><b>B. PUBLIC ACCESS TO MEETINGS</b></p> <p>5. Agenda Disclosures; Closed Sessions. Subsection a.i.</p>	<p>With respect to every item of business to be discussed in closed session pursuant to Government Code Section 54956.9, either:</p> <p>CONFERENCE WITH LEGAL COUNSEL</p> <p>Existing litigation:</p> <p>Unspecified to protect service of process Unspecified to protect settlement posture</p> <p>-----or:</p> <p>CONFERENCE WITH LEGAL COUNSEL</p> <p>Anticipated litigation:</p> <p>As defendant As plaintiff</p> <p>The space under "Existing litigation" shall be used to specifically identify a case under discussion pursuant to subdivision (a) of Government Code Section 54956.9, unless the identification would jeopardize the policy body's ability to effectuate service of process upon one or more unserved parties, in which instance the space in the next succeeding line shall be checked, or unless the identification would jeopardize the policy body's ability to conclude existing settlement negotiations to its advantage, in which instance the space in the next succeeding line shall be checked. If the closed session is called pursuant to subdivision <del>(d)(2) or (4)(b) or</del> of Section 54956.9, the appropriate space shall be checked under "Anticipated litigation" <del>to</del> to indicate the policy body's anticipated position as defendant or plaintiff respectively. If more than one instance of anticipated litigation is to be reviewed, space may be saved by entering the number of separate instances in the "As defendant" <del>or</del> "As plaintiff" spaces or both as appropriate.</p>	<p>Revisions to reflect current communication methods.</p> <p>Revision of references to subsections of Government Code Section 54956.9.</p>	<p>6</p>

SECTION	REVISION	REASON	PAGE
<p><b>B. PUBLIC ACCESS TO MEETINGS</b></p> <p>5. Agenda Disclosures; Closed Sessions. Subsection a.ii.</p>	<p>With respect to every item of business to be discussed in closed session pursuant to Government Code Section 54957, either:</p> <p>THREAT TO PUBLIC SERVICES OR FACILITIES</p> <p>Name of law enforcement agency and title of officer or name, title, and agency of law enforcement officer(s) to be conferred with:</p> <p>----- or:</p> <p>PUBLIC EMPLOYEE APPOINTMENT/HIRING</p> <p>Title/description of position(s) to be filled:</p> <p>PUBLIC EMPLOYEE PERFORMANCE EVALUATION</p> <p>Position and, in the case of a routine evaluation, name of employee(s) being evaluated:</p> <p>----- or:</p> <p>PUBLIC EMPLOYEE DISMISSAL/<u>DISCIPLINE/RELEASE</u></p> <p>Number of employees affected:</p>	<p>Revision to reflect update in categories.</p>	<p>6</p>

SECTION	REVISION	REASON	PAGE
<p><b>B. PUBLIC ACCESS TO MEETINGS</b></p> <p>6. Agenda and Related Materials; Public Records.</p> <p>Subsections a to e.</p>	<p>a. Agendas of meetings and any other documents on file with the clerk of the policy body, when intended for distribution to all, or a majority of all, of the members of a policy body in connection with a matter anticipated for discussion or consideration at a public meeting shall be made available to the public. However, this disclosure need not include any material exempt from public disclosure under <u>the California Public Records Act (Government Code Sections 6250, et seq.), including without limitation</u>, Government Code Sections 6253.5, 6254, or 6254.7.</p> <p>b. Records which are subject to disclosure under subsection (a) and which are intended for distribution to the policy body prior to commencement of a public meeting shall be made available for public inspection and copying upon request prior to commencement of such meeting, whether or not actually distributed to, or received by the policy body, at the time of the request.</p> <p><del>c.—Records which are subject to disclosure under subsection (a) and which are distributed during a public meeting but prior to commencement of discussion on the records, shall be made available for public inspection prior to commencement of, and during, discussion of the records:</del></p> <p><del>c.</del> Records which are subject to disclosure under subsection (a) of this Section; and which are distributed during their discussion at a public meeting shall be made available for public inspection immediately or as soon thereafter as is practicable.</p> <p><del>e.d.</del> A policy body may charge a duplication fee of one cent per page for a copy of a public record prepared for consideration at a public meeting. Neither this section nor the California Public Records Act (<del>Government Code sections 6250, et seq.</del>) shall be construed to limit or delay the public's right to inspect any record required to be disclosed by that Act, whether or not distributed to a policy body.</p>	<p>Revision to list reference to California Public Records Act earlier in the section for clarity.</p> <p>Revision for clarity and to eliminate duplicative text in the section.</p>	<p>6-7</p>

## B. PUBLIC ACCESS TO MEETINGS

### 7. Closed Sessions.

A policy body may hold closed sessions as follows:

- a. With the Attorney General, district attorney, sheriff, or chief of police, or their respective deputies, on matters posing a threat to the security of public buildings or a threat to the public's right of access to public services or public facilities.
- b. To consider the appointment, employment, evaluation of performance, or dismissal of policy body employee, if the policy body has the authority to appoint, employ, or dismiss the employee, or to hear complaints or charges brought against the employee by another person or employee unless the employee complained of requests a public hearing. As a condition to holding a closed session on specific complaints or charges brought against an employee by another person or employee, the employee shall be given written notice of ~~his or her~~their right to have the complaints or charges heard in an open session rather than a closed session, which notice shall be delivered to the employee personally or by mail at least 24 hours before the time for holding the session. If notice is not given, any disciplinary or other action taken by the legislative body against the employee based on the specific complaints or charges in the closed session shall be null and void. The legislative policy body also may exclude from the public or closed meeting during examination of a witness, any or all other witnesses in the matter being investigated by the policy body. The term "employee" shall not include any elected official, member of a policy body ~~or applicant for such a position~~, or person providing services to the policy body as an independent contractor or the employee thereof, other than an independent contractor or employee thereof who functions as an officer or employee of the policy body, including but not limited to independent attorneys or law firms providing legal services to the policy body for a fee rather than a salary.
- c. A policy body, based on advice of its legal counsel, ~~and on a motion and vote in open session to assert the attorney-client privilege~~, may hold a closed session to confer with or receive advice from its legal counsel regarding pending litigation when discussion in open session concerning those matters would prejudice the position of the policy body in the litigation. Litigation shall be considered pending when any of the following circumstances exist:
  - i. An adjudicatory proceeding before a court, administrative body exercising its adjudicatory authority, hearing officer, or arbitrator, to which the policy body is a party, has been initiated formally.
  - ii. A point has been reached where, in the opinion of the policy body on the advice of its legal counsel, based on existing facts and circumstances, there is a significant exposure to litigation against the policy body, or the policy body is meeting only to decide whether a closed session is authorized pursuant to that advice or, based on those facts and circumstances, the policy body has decided to initiate or is deciding whether to initiate litigation.

A closed session may not be held under this section to consider the qualifications or engagement of an independent contract attorney or law firm, for litigation services or otherwise.

Revision to update gender references to neutral form.

7-8

Revisions to eliminate requirements not required under the Brown Act, eliminate duplicative text, and correct cross-reference.

Minor revision for accuracy of section reference.

SECTION	REVISION	REASON	PAGE
	<p>d. <del>Prior to holding a closed session pursuant to this section, the policy body shall disclose the justification for its closure either by entries in the appropriate categories on the agenda or, in the case of an item added to the agenda based on a finding of necessity and urgency, by an oral announcement specifying the same information.</del> Prior to any closed session, a policy body shall state the general reason or reasons for the closed session, and may cite the statutory authority, including the specific <del>section and subdivision</del> <u>reference</u>, or other legal authority under which the session is being held. In the closed session, the policy body may consider only those matters covered in its statement. In the case of regular and special meetings, the statement shall be made in the form of the agenda disclosures and specifications required by Section 5 of this Policy. In the case of adjourned and continued meetings, the statement shall be made with the same disclosures and specifications required by Section 5 of this Policy, as part of the notice provided for the original meeting. In the case of an item added to the agenda as a matter of urgent necessity, the statement shall be made prior to the determination of urgency and with the same disclosures and specifications as if the item had been included in the agenda pursuant to Section <del>5.4</del> <u>5</u> of this Policy. Nothing in this section shall require or authorize a disclosure of information prohibited by state or federal law.</p>		8



SECTION	REVISION	REASON	PAGE
<b>B. PUBLIC ACCESS TO MEETINGS</b>  8. Disclosure of Closed Session Discussions and Actions.  Subsections b.i and b.ii.	<p>A policy body shall publicly report any action taken in closed session and the vote or abstention of every member present thereon, as follows:</p> <ul style="list-style-type: none"> <li>i. Litigation: Direction or approval given to the policy body's legal counsel to prosecute, defend or seek or refrain from seeking appellate review or relief, or to otherwise enter as a <u>party, intervenor, or amicus</u> curia in any form of litigation shall be reported in open session as soon as given, or at the first meeting after an adverse party has been served in the matter if immediate disclosure of the policy body's intentions would be contrary to the public interest. The report shall identify the adverse party or parties, any co-parties with the policy body, any existing claim or order to be defended against or any factual circumstances or contractual dispute giving rise to the policy body's complaint, petition, or other litigation initiative.</li> <li>ii. Settlement. A policy body shall neither solicit nor agree to any term in a settlement which would preclude the release, upon request by the public, of the text of the settlement itself and any related documentation communicated to or received from the adverse party or parties. Where the disclosure of documents in a litigation matter that has been settled could <u>be detrimental to the public body's interest in pending affect</u> litigation on a <u>closely</u> related case, the documents required to be disclosed by subdivision (b) of this Section need not be disclosed until the <u>closely</u> related case is settled or otherwise finally concluded.</li> </ul>	Minor revisions for clarity.	9
<b>B. PUBLIC ACCESS TO MEETINGS</b>  8. Disclosure of Closed Session Discussions and Actions.  Subsection c.	<p>Reports required to be made immediately may be made orally or in writing, but shall be supported by copies of any contracts, settlement agreements, or other documents related to the transaction that were finally approved or adopted in the closed session and that embody the information required to be disclosed <u>by immediately report.</u> <u>Copies of such documents shall be</u> provided to any person who requested such copies in a written request submitted within 24 hours of the posting of the agenda, or who has made a standing request for all such documentation as part of a request for notice of meetings.</p>	Minor revisions for clarity.	9
<b>B. PUBLIC ACCESS TO MEETINGS</b>  10. (TITLE)	<p>Retitle the subheading as follows: <u>Tape Audio or Video</u> Recording, <u>Filming</u>, and Still Photography.</p>	Revisions to reflect current media recording technology methods.	10

SECTION	REVISION	REASON	PAGE
<p><b>B. PUBLIC ACCESS TO MEETINGS</b></p> <p>10. <del>Tape Audio or Video Recording, Filming,</del> and Still Photography.</p> <p>Subsections a and b.</p>	<p>a. Any person attending an open and public meeting of a policy body shall have the right to record the proceedings with an audio or video <del>tape recorder, or a still or motion</del> picture camera, or <del>to</del> broadcast the proceedings, in the absence of a reasonable finding of the policy body that the recording or broadcast cannot continue without such noise, illumination, or obstruction of view as to constitute a persistent disruption of the proceedings.</p> <p>b. The policy body shall <del>tape audio or video</del> record each regular and special meeting. Each such <del>audio or video tape</del> recording, <del>unless otherwise noted, is available for public inspection and download at the San Francisco Government TV website at <a href="https://sfgovtv.org/sfgovtv-live-events">https://sfgovtv.org/sfgovtv-live-events</a> under Video on Demand &gt; Commissions, Councils &amp; Boards</del> and any audio or video recording of a meeting of any other policy body made at the direction of the policy body shall be a public record subject to inspection, pursuant to the California Public Records Act, and shall not be erased or destroyed for at least 30 days, provided that if during that 30-day period a written request for inspection or copying of that record is made, the recording shall not be destroyed or erased until the requested inspection or copying has been accomplished. Inspection of any such video or tape recording shall be provided without charge on a device made available by the policy body. <del>If a member of the public is unable to access the online recordings, they may make a written request within 30 days of a previous policy body meeting for a downloaded copy of the requested recording. Pursuant to the California Public Records Act, the record shall not be destroyed or erased until the requested inspection, copying, or receipt of copy has been accomplished, provided that the written request was made during the 30-day period.</del></p>	<p>Revisions to reflect current media recording technology methods.</p>	<p>10-11</p>

SECTION	REVISION	REASON	PAGE
<p><b>B. PUBLIC ACCESS TO MEETINGS</b></p> <p>11. Public Testimony at Regular and Certain Special Meetings.</p> <p>Subsections a to c</p>	<p><del>Every agenda for regular and special meetings shall provide an opportunity for members of the public to directly address the policy body, in accordance with the Rules of Order, Rules 3.26 and 4.24. Every agenda for regular meetings shall provide an opportunity for members of the public to directly address a policy body on items of interest to the public that are within policy body's subject matter jurisdiction, provided that no action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by Section B.4.e. of this Policy.</del></p> <p><del>Every agenda for special meetings at which action is proposed to be taken on an item shall provide an opportunity for each member of the public to directly address the policy body concerning that item prior to action there upon.</del></p> <p><del>A policy body may adopt reasonable regulations to ensure that the intent of subsections (a) and (b) of this Section 11 are carried out, including, but not limited to, regulations limiting the total amount of time allocated for public testimony on particular issues and for each individual speaker. Each policy body shall adopt a rule providing that each person wishing to speak on an item before the policy body at a regular or special meeting shall be permitted to be heard once for up to three minutes.</del></p> <p><del>A policy body shall not abridge or prohibit public criticism of the policy, procedures, programs, or services of the policy body, or of any other aspect of its proposals or activities, or of the acts or omissions of the policy body, on the basis that the performance of one or more public employees is implicated, or on any basis other than reasonable time constraints adopted in regulations pursuant to subsection (c) of this Section.</del></p>	<p>Revision to eliminate duplicative text to the extent of the Rules of Order, Rules 3.26 and 4.24.</p>	<p>11</p>
<p><b>B. PUBLIC ACCESS TO MEETINGS</b></p> <p>12. Minutes.</p>	<p><del>The minutes for each regular and special meeting shall be kept in accordance with the Rules of Order, Rule 3.20. A clerk of the policy body shall record the minutes for each regular and special meeting of the policy body. The minutes shall state the time the meeting was called to order, the names of the members attending the meeting, the roll call vote on each matter considered at the meeting, the time the policy body began and ended any closed session, a list of those members of the public who spoke on each matter if the speakers identified themselves, whether such public speakers supported or opposed the matter, and the time the meeting was adjourned. The draft minutes of each meeting shall be available for inspection and copying upon request no later than 72 hours before the next meeting of the policy body. The officially adopted minutes shall be available for inspection and copying upon request no later than ten working days after the meeting at which the minutes are adopted. Adopted minutes of each previously conducted meeting will be posted on the policy body's website at least 72 hours before the next meeting. Physical copies can be made available for public inspection or receipt, including format into Braille or increased type size, by written request no earlier than 72 hours before the next policy body meeting. Upon request, minutes required to be produced by this Section shall be made available in Braille or increased type size.</del></p>	<p>Revision for clarity and accuracy and to eliminate duplicative text to the extent of the Rules of Order, Rule 3.20.:</p>	<p>11</p>

SECTION	REVISION	REASON	PAGE
<b>C. PUBLIC INFORMATION</b> 2. Release of Documentary Public Information. Subsections a and b.	a. Release of documentary public information, whether for inspection of the original or by providing a copy, shall be governed by the California Public Records Act, <del>which shall prevail in the event of conflict with this Policy in any particulars not addressed by this Policy.</del> b. Inspection and copying of documentary public information stored in electronic form shall be made available to the person requesting the information in any form requested which is available to the policy body, its members, or employees, including <del>portable drive, printout, or FTP data access disk, tape, printout or monitor</del> at a charge no greater than the cost of the media on which it is duplicated, plus the direct costs of equipment, supplies, and labor costs associated with duplicating the electronic file which is requested. Inspection of documentary public information on a computer monitor need not be allowed where the information sought is intertwined with information not subject to disclosure under the California Public Records Act and this Policy. Nothing in this section shall require the policy body to program or reprogram a computer to respond to a request for information or to release information where the release of that information would violate a licensing agreement or copyright law.	Minor revision to clarify that the California Public Records Act shall apply in the event of conflict, if the Sunshine Policy does not address an issue.  Revision to reflect current information recording methods.	12
<b>C. PUBLIC INFORMATION</b> 3. Release of Oral Public Information. Subsection b.	The role of the person or persons so designated shall be to provide information on as timely and responsive a basis as possible to those members of the public who are not requesting information from a specific person. This Section shall not be interpreted to curtail existing informal contacts between employees and members of the public when these contacts are occasional, acceptable to the employees of the policy body, and not disruptive of <del>his or her</del> their respective operational duties and confined to accurate information not confidential by law.	Revision to update gender references to neutral form.	12
<b>C. PUBLIC INFORMATION</b> 3. Release of Oral Public Information. Subsection d.	Public employees shall not be discouraged from or disciplined for the expression of their personal opinions on any matter of public concern while not on duty, so long as the opinion (1) is not represented as that of the policy body and does not misrepresent the policy body position; and (2) does not disrupt coworker relations, impair discipline or control by superiors, erode a close working relationship premised on personal loyalty and confidentiality, interfere with the employee's performance of <del>his or her</del> their duties or obstruct the routine operation of the office in a manner that outweighs the employee's interests in expressing that opinion. In adopting this subdivision, the policy body intends merely to restate and affirm court decisions recognizing the First Amendment rights enjoyed by public employees. Nothing in this section shall be construed to provide rights to policy body employees beyond those recognized by courts, now or in the future, under the First Amendment, or to create any new private cause of action or defense to disciplinary action.	Revision to update gender references to neutral form.	12-13

## Attachment 1 Sunshine Policy

SECTION	REVISION	REASON	PAGE
<p><b>C. PUBLIC INFORMATION</b></p> <p>4. Public Review File -- Policy Body Communications.</p> <p>Subsection b.</p>	<p>Communications, as described in subsection (a), sent or received in the last three business days <u>of the current date</u>, shall be maintained in chronological order in the office of the policy body. After documents have been on file for two full days, they may be removed, <del>and in at</del> the discretion of the Executive Director of the policy body; <del>placed in a monthly chronological file.</del></p>	<p>Revision for clarity and update to current information recording methods.</p>	<p>13</p>

## Travel, Conference, Training, and Business Expense Reimbursement Policy

SECTION	REVISION	REASON	PAGE
<b>SECTION II. ELIGIBILITY</b> <b>B. Eligible Travel Expenses.</b>  4. Miscellaneous expenses:  Subsection c.	Tips to <del>porters, baggage carriers, bellhops, hotel staff, and stewards or stewardesses</del> <u>hospitality staff</u> ;	Revision to update gender references to neutral form and simplify reference to all relevant positions in this industry.	2
<b>SECTION II. ELIGIBILITY</b> <b>D. Expense Limitations.</b>	Reimbursement of costs shall be based on the minimum number of days and hours required to transact Transportation Authority business. Costs incurred due to early or late arrival shall be at the traveler's expense unless it is shown that the savings in airfare outweighs other costs. In that event, it is up to the traveler's discretion as to whether <del>he or she</del> <u>they</u> wishes to take advantage of the reduced airfare by traveling at an earlier/later date.	Revision to update gender references to neutral form.	3
<b>SECTION IV (TITLE)</b>	PROHIBITING STAFF TRAVEL TO STATES THAT ALLOW DISCRIMINATION AGAINST LGBT INDIVIDUALS, <del>AND IN STATES WITH RESTRICTIVE ABORTION LAWS, AND STATES WITH VOTER SUPPRESSION LAWS.</del>	Revision to modify the Section title to be consistent with added language in that section.	4
<b>SECTION IV. PROHIBITING STAFF TRAVEL TO STATES THAT ALLOW DISCRIMINATION AGAINST LGBT INDIVIDUALS, AND IN STATES WITH RESTRICTIVE ABORTION LAWS, AND STATES WITH VOTER SUPPRESSION LAWS.</b>  Paragraphs 1 to 2.	On October 14, 2016, through Ordinance 189-16, the City and County of San Francisco prohibited staff travel to states that allow discrimination against lesbian, gay, bisexual, and transgender individuals. This prohibition became effective on February 11, 2017. On August 9, 2019, through Ordinance 200-19, the City and County of San Francisco prohibited staff travel in states with certain laws that restrict abortion access. This prohibition became effective January 1, 2020. <u>On November 5, 2021, through Ordinance 201-21, the City and County of San Francisco prohibited city contracting involving states with voter suppression laws.</u>  The list of states banned from travel under <del>both these three</del> Ordinances is known as the Covered State List and is maintained and updated by the City Administrator on at least a semiannual basis.	Revision to align with Chapter 12X of the San Francisco Administrative Code.	4



**San Francisco  
County Transportation  
Authority**

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## Administrative Code

Ordinance 23-XX

### SECTION 1. TITLE AND AUTHORITY.

This Ordinance is enacted pursuant to the provisions of California Public Utilities Code Section 131265, and may be referred to as the "San Francisco County Transportation Authority Administrative Code." This Ordinance prescribes the powers and duties of the San Francisco County Transportation Authority (Transportation Authority) Board; the method of appointment of employees of the Transportation Authority; and the policies and systems of operation and management of the Transportation Authority.

### SECTION 2. DUTIES OF THE TRANSPORTATION AUTHORITY.

The Transportation Authority shall have the power, authority, and duty to do all things necessary and required to accomplish the stated purposes and goals of Division 12.5 of the California Public Utilities Code, also known as the Bay Area County Traffic and Transportation Funding Act, including the following:

- (a) Administer the 2022 Transportation Expenditure Plan, approved by voters as Proposition L and effective on April 1, 2023, which supersedes the New Transportation Expenditure Plan approved by voters as Proposition K and effected on November 4, 2003, as well as the original Transportation Expenditure Plan, ~~which became effective upon approval~~ approved by voters as Proposition B on November 7, 1989, ~~superseded by the New Transportation Expenditure Plan, which became effective upon adoption by the voters as Proposition K on November 4, 2003; and extended~~ extending the sales tax implemented by Proposition B for ~~another~~ another 30-year period.
- (b) Adopt an annual budget by June 30 of each year and fix the compensation of its commissioners and employees. The compensation of commissioners shall be as provided in Section 3.2 herein.
- (c) Cause a post audit of its financial transactions and records at least annually by a certified public accountant.
- (d) Prepare and adopt an annual report by January 31 of each year on the progress to ~~achieve the~~ objectives of completion of completed for the projects in the Transportation Expenditure Plan.
- (e) Conduct an employee performance evaluation of the Executive Director by December 31 of each year for the Executive Director's work performance for the current of the ~~preceding~~ preceding year.



- (f) Perform other related responsibilities, including but not limited to (i) serving as the county program manager for the Transportation Fund for Clean Air; (ii) serving as the county Congestion Management Agency; (iii) administering Proposition AA projects; and (iv) administering Prop D projects.

### **SECTION 3. POWERS AND DUTIES OF THE TRANSPORTATION AUTHORITY COMMISSIONERS.**

The eleven members of the Board of Supervisors of the City and County of San Francisco shall be the commissioners of the Transportation Authority. They shall be known as "Commissioners" individually, and as the Board of Commissioners, or Board, collectively.

- (a) **Chair.** The Chair shall possess the following powers and duties:
1. To preside at all meetings;
  2. To appoint the membership and the Chair and Vice-Chair of the committees of the Transportation Authority, except for the Community Advisory Committee;
  3. To decide the agenda of Board meetings;
  4. To sign contracts, deeds, and other instruments on behalf of the Transportation Authority; and
  5. To perform such additional duties as may be designated by the Transportation Authority.
- (b) **Vice-Chair.** The Vice-Chair shall perform the duties of the Chair in the absence or incapacity of the Chair.

#### **SECTION 3.1. METHOD OF APPOINTMENT OF THE TRANSPORTATION AUTHORITY OFFICERS.**

- (a) The Chair shall be elected at the first meeting of the Transportation Authority, and thereafter, after the first complete calendar year, annually, at the first meeting in January. The newly appointed Chair shall immediately preside, following their election at the same meeting.
- (b) The Vice-Chair shall be elected at the first meeting of the Transportation Authority, and thereafter, after the first complete calendar year, annually, at the first meeting in January.
- (c) If the Chair or Vice-Chair resigns or is removed from office, the election for Chair or Vice-Chair to serve the remainder of the term shall be at the next meeting of the





Transportation Authority. Except as provided in Section 3.2(a) below, the Chair and Vice Chair shall serve without compensation but shall be entitled to reimbursement as provided in Section 3.2(b) below.

### **SECTION 3.2. COMPENSATION OF COMMISSIONERS.**

- (a) As required by the provisions of California Public Utilities Code Section 131268, Commissioners shall be compensated at the rate of \$100 for each day attending the business of the Transportation Authority, but not to exceed \$400 in any month, for any of the following occurrences that are related to the business of the Transportation Authority:
1. A meeting of the legislative body or committee thereof;
  2. A meeting of an advisory body;
  3. A conference or organized educational activity, including ethics training; or
  4. Any other occurrence, if the Transportation Authority has adopted a written policy in a public meeting specifying that the attendance at such occurrence would constitute the performance of official duties for which Commissioners may receive compensation.
- (b) Commissioners shall receive reimbursement for necessary travel and personal expenses incurred in the performance of their duties when such expenses are authorized in advance and as set forth in the Transportation Authority's adopted Travel, Conference, Training, and Business Expense Reimbursement Policy.

### **SECTION 4. STAFF TO THE TRANSPORTATION AUTHORITY.**

- (a) **Executive Director.** The Board shall appoint the Executive Director, who shall serve at the pleasure of the Board. The Executive Director shall possess the power and duty to administer the business of the Transportation Authority, including the following powers and duties:
1. To supervise and direct preparation of the annual budget for the Transportation Authority;
  2. To formulate and present plans for implementation of the Transportation Expenditure Plan, including establishment of project priorities within the priorities set by the plan, and the means to finance them;
  3. To provide guidance to and to monitor and coordinate the activities of the project sponsors to ensure that the projects are completed;



4. To submit to the Board each year a complete report of the finances and administrative activities of the Transportation Authority from the preceding year;
  5. To direct the preparation and administration of purchase orders and contracts for goods and services, and to execute contracts for goods, materials, and services, including support services, ~~and agreements with sponsoring agencies~~ where estimated expenditures thereunder do not exceed ~~-\$75,000-\$100,000~~ and to execute any agreements with sponsoring agencies where sufficient funding for such is available in the Transportation Authority's budget;
  6. To administer the personnel system of the Transportation Authority, including hiring, controlling, supervising, promoting, transferring, suspending with or without pay, or discharging any employee. To this end, the Executive Director shall prepare and maintain a Personnel Manual, stating the rules of employment of the Transportation Authority and methods of compensation established by the Transportation Authority; and
  7. To provide the day-to-day administration of the Transportation Authority and to perform such other and additional duties as the Transportation Authority Board may prescribe.
- (b) **Chief Deputy Director.** The Executive Director shall appoint a Chief Deputy Director. In the event of the Executive Director's temporary absence, disability, unavailability, or during a vacancy in that position, the Chief Deputy Director shall act as the Executive Director.
- (c) **Additional Staff.** The Executive Director may create additional staff positions subject to the approval of the Board. Duties shall be defined by the Executive Director and shall be contained in a written job description. The Executive Director shall appoint additional staff members to approved positions. All employees are "at-will" employees and serve at the pleasure of the Executive Director.

#### **SECTION 4.1. BENEFITS FOR EMPLOYEES.**

The Transportation Authority may contract with the appropriate agencies of the State of California to provide retirement and health benefits for its employees or with any other retirement or health system which it determines is in the best interests of its employees, and in accordance with applicable state and federal laws.

#### **SECTION 4.2. RULES OF EMPLOYMENT.**

The Executive Director or their designee shall administer the personnel policies of the Transportation Authority as set forth in the Personnel Manual. The Executive Director



shall take all necessary actions to hire, promote, transfer, suspend with or without pay, or discharge any employee in accordance with the procedures in the Personnel Manual.

## **SECTION 5. METHODS, PROCEDURES, AND SYSTEMS OF OPERATION AND MANAGEMENT.**

### **SECTION 5.1. COMMITTEES OF THE TRANSPORTATION AUTHORITY.**

- (a) **Personnel Committee.** The Chair shall appoint a Personnel Committee, which shall be composed of the Chair and Vice-Chair of the Transportation Authority and the City and County of San Francisco's representative to the Metropolitan Transportation Commission (MTC), as appointed by the San Francisco Board of Supervisors. If the MTC representative is also the Chair or Vice-Chair of the Board, the Chair shall be able to appoint a third member to the Personnel Committee. The Chair or their designee shall serve as the Chair of the Personnel Committee. Two members shall constitute a quorum and all official acts of the Personnel Committee shall require the affirmative vote of a majority of the authorized number of members of the committee. Meetings of the Personnel Committee shall be held at the call of the Chair. The responsibilities of this committee shall include the following:
1. To make recommendations on the hiring, firing, and employment status of the Executive Director of the Transportation Authority;
  2. To conduct annual performance evaluations of the Executive Director; and
  3. To make recommendations on the Transportation Authority's policies and actions related to staffing levels, job specifications, compensation ranges, and employment conditions.
- (b) **Additional Committees.** The Board may create, and the Chair shall appoint, the membership of select committees consisting of Commissioners and established consistent with the following criteria:
1. The committee shall have a clear, simple, narrow, single statement of purpose;
  2. The committee will be created for a specified maximum period of time; and
  3. The size of the committee will be either three or five Commissioners, based on the committee purpose.
- (c) **Transportation Authority Committee Procedures.** The Chair shall be eligible to be appointed and to serve on any committee established under this Code as a voting, regular member. If not appointed as a regular member of a committee, the Chair shall serve as a non-voting, ex-officio member, except that the Chair shall serve as a



voting member when their presence is necessary in order to constitute a quorum. A majority of the authorized number of members of a committee shall constitute a quorum for the transaction of business and all official acts of the committee shall require the affirmative vote of the majority of the authorized number of members of the committee. In the case of a tie vote, the Chair, if present but not acting as a voting member, may cast the deciding vote. If the Chair's presence causes a quorum of the members of the full Board to be present, the committee meeting shall be recessed and the meeting convened or reconvened as a special Board meeting.

## **SECTION 5.2. COMMUNITY ADVISORY COMMITTEES.**

- (a) **Community Advisory Committee.** The Board shall appoint eleven non-Commission members to a Community Advisory Committee. This committee shall include representatives from various segments of the community, such as public policy organizations, labor, business, seniors, people with disabilities, environmentalists, and neighborhoods, and reflect broad transportation interests. The committee is also intended to reflect the racial and gender diversity of San Francisco residents. Each Commissioner shall nominate one member to the committee. The committee members shall be residents of San Francisco and shall serve **without compensation** for a two-year period. Any member who is absent for four of any twelve regularly scheduled consecutive meetings shall have their membership automatically terminated. Any resulting vacancy shall be filled for a new two-year period. Any member whose membership has been terminated or whose term of office has expired and who wishes to be reappointed shall contact their District Supervisor and shall reappear before the Board to speak on their behalf. This committee shall meet at least quarterly, and all meetings shall be conducted pursuant to the Brown Act and shall be open to the public. The regular meetings of the committee shall be held on the fourth Wednesday of each month at 6:00 p.m. at the Transportation Authority's offices at 1455 Market Street, 22nd Floor, San Francisco, California, barring a state of emergency which would move the location to a virtual meeting platform. The staff of the Transportation Authority will be available to assist the committee. This committee shall provide input to the Transportation Authority in:
1. Defining the mission of the Transportation Authority;
  2. Reflecting community values in the development of the mission and program of the Transportation Authority, and channeling that mission and program back to the community;
  3. Defining criteria and priorities for implementing the New Transportation Expenditure Plan programs consistent with the intention of Proposition K the half-cent sales tax funding purposes; and



4. Monitoring the Transportation Authority's programs and evaluating the sponsoring agencies' productivity and effectiveness.
- (b) **Additional Advisory Committees.** The Board may appoint any other advisory committees that it deems necessary.

### **SECTION 5.3. CONTRACTS.**

- (a) Contracts for the purchase of supplies, equipment, and materials in excess of ~~\$75,000~~ \$100,000 shall be awarded after a formal competitive procurement process in conformance with the Procurement Policy.
- (b) Contracts for the purchase of services in excess of ~~\$75,000~~ \$100,000 shall be awarded after a formal competitive procurement process in conformance with the Procurement Policy.
- (c) The Executive Director is authorized to contract for supplies, equipment, materials, and services for an amount less than or equal to ~~\$75,000~~ \$100,000 in conformance with the Procurement Policy. The Executive Director is authorized to amend contracts and agreements within the parameters specified in the Procurement Policy.
- (d) Where advantageous, the Transportation Authority may contract without initiating a competitive procurement process with any public agency, including but not limited to, the ~~State~~ California Department of Transportation, the Metropolitan Transportation Commission, or any transit district, county, or city, including the City and County of San Francisco, to render designated services or to provide materials on behalf of the Transportation Authority in conformance with the Procurement Policy.
- (e) All contracts shall reflect the Disadvantaged Business Enterprise/Local Business Enterprise goals, if applicable and as permitted by law, and Equal Benefits provisions adopted by the Transportation Authority.

### **SECTION 5.4. PROCEDURES FOR IMPLEMENTING THE CALIFORNIA ENVIRONMENTAL QUALITY ACT.**

#### **Section 5.4.1. Authority and Mandate.**

- (a) This Section 5.4 is adopted pursuant to the California Environmental Quality Act, Public Resources Code Sections 21000 and following, as amended; and pursuant to the Guidelines for Implementation of the California Environmental Quality Act, as amended, appearing as Title 14, Division 6, Chapter 3 of the California Code of Regulations (hereinafter referred to collectively as "CEQA").



- (b) Any amendments to CEQA adopted subsequent to the effective date shall not invalidate any provision of this Section 5.4. Any amendments to CEQA that may be inconsistent with this Section 5.4 shall govern until such time as the relevant provision is amended to remove such inconsistency.
- (c) This Section 5.4 shall govern in relation to all other ordinances of the Transportation Authority and rules and regulations pursuant thereto. In the event of any inconsistency, the provisions of this Section 5.4 shall prevail.

**Section 5.4.2. Incorporation by Reference.**

The provisions of CEQA are not repeated here, but are expressly incorporated herein by reference as though fully set forth.

**Section 5.4.3. Responsibility.**

The administrative actions required by CEQA with respect to the preparation of environmental documents, giving of notice and completing other activities shall be performed by staff of the Transportation Authority or by consultants under the direction of the Transportation Authority. These activities may include, but are not limited to:

- (a) Preparing any necessary forms, checklists, and processing guidelines to implement CEQA in accordance with this Section 5.4;
- (b) Determining excluded and exempt activities which are not subject to CEQA;
- (c) Determining when a negative declaration or environmental impact report (EIR) is required when acting as a lead agency or as is otherwise required by CEQA;
- (d) Ensuring that agencies and other interested parties are consulted and have an opportunity to comment during the CEQA process when acting as a lead agency or as is otherwise required by CEQA;
- (e) Preparing environmental documents and notices when acting as a lead agency or as is otherwise required by CEQA;
- (f) Consulting, providing comments, and attending hearings as necessary on behalf of the Transportation Authority when it acts as a responsible agency under CEQA; and
- (g) Ensuring coordination with federal lead and responsible agencies when project review is required under both CEQA and the National Environmental Policy Act ("NEPA").



**Section 5.4.4. List of Non-Physical and Ministerial Projects.**

The Transportation Authority shall maintain a list of types of ministerial projects excluded from CEQA. Such lists shall be modified over time as the status of types of projects may change under applicable laws, ordinances, rules, and regulations. The list shall not be considered totally inclusive, and may at times require refinement or interpretation on a case-by-case basis. The list of ministerial projects and modifications thereto shall be kept posted in the offices of the Transportation Authority, with updated copies shall be sent to the Board.

**Section 5.4.5. Categorical Exemptions.**

The Transportation Authority shall maintain a list of types of projects that are categorically exempt from CEQA. This list shall be kept posted in the offices of the Transportation Authority, with updated copies sent to the Board. The list shall be kept up to date in accordance with any changes in CEQA.

**Section 5.4.6. Initial Evaluation of Projects**

- (a) For projects that are not statutorily excluded or categorically exempt from CEQA, an initial study shall be prepared to establish whether a negative declaration or an EIR is required prior to the decision as to whether to carry out or approve the project. If it is clear at the outset that an EIR is required, however, such determination may be made immediately, and no initial study shall be required.
- (b) Each initial study shall meet the requirements of CEQA with respect to contents and consultation with Responsible and Trustee Agencies. During preparation of the initial study, the Transportation Authority may consult with any person having knowledge or interest concerning the project.
- (c) If a project is subject to both CEQA and NEPA, an initial evaluation prepared pursuant to NEPA may be used to satisfy the requirements of this section.
- (d) Based on the analysis and conclusions in the initial study, the Transportation Authority shall determine, based on the requirements of CEQA, whether there is substantial evidence that any aspect of the project may cause a significant effect on the environment, and whether a negative declaration or EIR shall be prepared.



**Section 5.4.7. Negative Declarations or Mitigated Negative Declarations.**

- (a) When a negative declaration is required, it shall be prepared by or at the direction of the Transportation Authority. All CEQA requirements governing contents, notice, and recirculation shall be met.
- (b) The Board shall review and consider the information contained in the final negative declaration, together with any comments received during the public review process, and, upon making the findings as provided in CEQA, shall adopt the negative declaration, prior to approving the project. If the Board adopts a mitigated negative declaration, it shall also adopt a program for reporting on or monitoring the mitigation measures for the project that it has either required or made a condition of approval to mitigate or avoid significant environmental effects.

**Section 5.4.8. Draft Environmental Impact Reports.**

- (a) If it is determined that a project may have a significant effect on the environment and that an EIR is required, the Transportation Authority shall prepare a Notice of Preparation and shall meet all requirements for notice and circulation as required by CEQA.
- (b) The EIR shall be prepared by or under the direction of the Transportation Authority. The EIR shall first be prepared as a draft report. During preparation of the draft EIR, the Transportation Authority may consult with any person having knowledge or interest concerning the project and shall meet all CEQA consultation requirements.
- (c) When the draft EIR has been prepared, the Transportation Authority shall file a Notice of Completion and shall provide public notice of the draft EIR, as required by CEQA. The comment period on draft EIRs shall meet the requirements of CEQA. The draft EIR shall be available to the general public upon filing of the Notice of Completion.
- (d) Public participation, both formal and informal, shall be encouraged at all stages of review, and written comments shall be accepted at any time up to the conclusion of the public comment period. The Transportation Authority may give public notice at any formal stage of the review process, beyond the notices required by CEQA, in any manner it may deem appropriate, and may maintain a public log as to the status of all projects under formal review. Members of the general public shall be encouraged to submit their comments in writing as early as possible.





**Section 5.4.9. Final Environmental Impact Reports.**

- (a) A final EIR shall be prepared in accordance with CEQA by, or at the direction of, the Transportation Authority, based upon the draft EIR, the consultations and comments received during the review process, and additional information that may become available.
- (b) In the judgment of the Board, if the final EIR is adequate, accurate and objective, and reflects the independent judgment and analysis of the Board, the Board shall certify its completion in compliance with CEQA. The certification of completion shall contain a finding as to whether the project as proposed will, or will not, have a significant effect on the environment.

**Section 5.4.10. Actions on Projects.**

- (a) Before making its decision whether to carry out or approve the project, the Board shall review and consider the information contained in the environmental document and shall make findings as required by CEQA.
- (b) After the Board has decided to carry out or approve a project, the Transportation Authority shall file a notice of determination with the county clerk of the county or counties in which the project is to be located and as required by CEQA. Such notice shall contain the information required by CEQA. If required by CEQA, the notice of determination shall also be filed with the California Governor's Office of Planning and Research.

**Section 5.4.11. Additional Environmental Review.**

If the Transportation Authority or the Board determine that additional environmental review is required by CEQA, or if modifications to a project require additional environmental review, such review will be conducted as provided by CEQA and in accordance with the applicable procedures set forth in this Section 5.4.

**Section 5.4.12. Evaluation of Modified Projects.**

- (a) After evaluation of a proposed project has been completed, a substantial modification of the project may require reevaluation of the proposed project.
- (b) Where such a modification occurs as to a project that has been determined to be excluded or categorically exempt, a new determination shall be made. If the project is again determined to be excluded or categorically exempt, no further evaluation shall be required. If the project is determined not to be excluded or



categorically exempt, an initial study shall be conducted as provided in Section 5.4.6.

- (c) Where such a modification occurs as to a project for which a negative declaration has been adopted or a final EIR has been certified, the Transportation Authority shall reevaluate the proposed project in relation to such modification. If, on the basis of such reevaluation, the Transportation Authority determines, based on the requirements of CEQA, that no additional environmental review is necessary, this determination and the reasons supporting the determination shall be noted in writing in the case record, and no further evaluation shall be required. If the Transportation Authority determines that additional environmental review is necessary, a new evaluation shall be completed prior to the decision by the Board as to whether to carry out or approve the project as modified. CEQA sets forth specific requirements for the determination of whether a supplemental or subsequent EIR is necessary, as well as the applicable process.

**Section 5.4.13. Multiple Actions on Projects.**

- (a) The concept of a project is broadly defined by CEQA so that multiple actions of the same or of different kinds may often constitute a single project. This concept of a project permits all the ramifications of a public action to be considered together and avoids duplication of review.
- (b) Early and timely evaluation of projects and preparation of EIRs shall be emphasized.
- (c) Only one initial study, negative declaration or EIR shall be required for each project.
- (d) Only one evaluation of a project or preparation of an EIR shall occur in cases in which both the Transportation Authority and one or more other public agencies are to carry out or approve a project. In such cases the evaluation or preparation is performed by the lead agency, which agency is selected by reference to criteria in CEQA.
- (e) CEQA provides that a single initial study, negative declaration or EIR may be employed for more than one project, if all such projects are essentially the same in terms of environmental effects. Furthermore, an initial study, negative declaration or EIR prepared for an earlier project may be applied to a later project, if the circumstances of the projects are essentially the same.



- (f) Reference is made in CEQA to simultaneous consideration of multiple and phased projects, related projects, cumulative effects of projects, projects elsewhere in the region, existing and planned projects.

**Section 5.4.14. Severability.**

- (a) If any article, section, subsection, paragraph, sentence, clause or phrase of this Section 5.4, or any part thereof, is for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, or other competent agency, such decision shall not affect the validity or effectiveness of the remaining portions. The Board hereby declares that it would have passed each article, section, subsection, paragraph, sentence, clause, or phrase thereof, irrespective of the fact that any one or more articles, sections, subsections, paragraphs, sentences, clauses, or phrases be declared unconstitutional, invalid, or ineffective.
- (b) If the application of any provision or provisions of this Section 5.4 to any person, property or circumstances is found to be unconstitutional or invalid or ineffective in whole or in part by any court of competent jurisdiction, or other competent agency, the effect of such decision shall be limited to the person, property or circumstances immediately involved in the controversy, and the application of any such provision to other persons, properties and circumstances shall not be affected.
- (c) These severability provisions shall apply to this Section 5.4 as it now exists and as it may exist in the future, including all modifications thereof and additions and amendments thereto.

**SECTION 6. SEAL.**

The Transportation Authority may provide for and adopt an official seal. The use of the seal of the Transportation Authority shall be for purposes directly connected with the official business of the Transportation Authority.



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# Debt Policy

Resolution 23-XX

## I. INTRODUCTION

The purpose of this Policy is to organize and formalize debt issuance-related policies and procedures for the San Francisco County Transportation Authority (Transportation Authority) and to establish a systematic debt policy (Debt Policy). The Debt Policy is, in every case, subject to and limited by applicable provisions of state and federal law and to prudent debt management principles.

## II. DEBT POLICY OBJECTIVE

The primary objectives of the Transportation Authority's debt and financing related activities are to

- Maintain cost-effective access to the capital markets and other financing alternatives through prudent yet flexible policies;
- Moderate debt principal and debt service payments through effective planning and project cash management in coordination with Transportation Authority project sponsors; and
- Achieve the highest practical credit ratings that also allow the Transportation Authority to meet its objectives.

## III. SCOPE AND DELEGATION OF AUTHORITY

This Debt Policy shall govern, except as otherwise covered by the Transportation Authority's adopted Investment Policy and the Transportation Authority's adopted Fiscal Policy, the issuance and management of all debt funded through the capital markets, including the selection and management of related financial and advisory services and products.

This Policy shall be reviewed and updated at least annually and more frequently as required. Any changes to the policy are subject to approval by the Transportation Authority Board of Commissioners (Board) at a legally noticed and conducted public meeting. Overall policy direction of this Debt Policy shall be provided by the Board. Responsibility for implementation of the Debt Policy, and day-to-day responsibility and authority for structuring, implementing, and managing the Transportation Authority's debt and finance program shall lie with the Executive Director. The Board's adoption of the Annual Budget does not constitute authorization for debt issuance for any capital projects. This Debt Policy requires that the Board specifically authorize each debt financing. Each financing shall be presented to the Board in the context of and consistent with the Annual Budget.



While adherence to this Policy is required in applicable circumstances, the Transportation Authority recognizes that changes in the capital markets, agency programs and other unforeseen circumstances may from time to time produce situations that are not covered by the Policy and require modifications or exceptions to achieve the Transportation Authority's policy goals. In these cases, management flexibility is appropriate, provided specific authorization from the Board is obtained.

#### **IV. ETHICS AND CONFLICTS OF INTEREST**

Officers, employees, and agents of the Transportation Authority involved in the debt management program will not engage in any personal business activities or investments that would conflict with proper and lawful execution of the debt management program, or which could impair their ability to make impartial decisions.

#### **V. SOURCE OF SECURITY FOR DEBT FINANCING**

Beginning in April of 1990, the State of California Board of Equalization (now the California Department of Tax and Fee Administration) started collecting the sales tax revenues for the Transportation Authority as set forth in the San Francisco County Transportation Expenditure Plan (Prop B Expenditure Plan) for a period not to exceed twenty years. In November of 2003, San Francisco voters approved the Proposition K Sales Tax (Prop K) a ~~new~~ 30-year Expenditure Plan (Expenditure Plan) that superseded Prop B and continued the one-half of one percent sales tax. [In November 2022, San Francisco voters approved the Proposition L Sales Tax \(Prop L\), a new 30-year Expenditure Plan that supersedes Prop K and continues the one-half of one percent sales tax.](#) The Transportation Authority's current debt obligations are secured by the sales tax revenues generated from the Transportation Authority's one-half cent (0.5%) sales tax collections in the City and County of San Francisco. The sales tax is currently set to expire on March 31, ~~2034~~[2053](#).

#### **VI. STRATEGIC PLAN INTEGRATION**

The Transportation Authority's multi-year Strategic Plan, which programs the Expenditure Plan, shall be used in combination with this Debt Policy and the Fiscal Policy to ensure proper allocation and financing of ~~Prop K~~ eligible projects. The Strategic Plan sets priorities and strategies for allocating ~~Prop K~~ funds under its guiding principles, while the Debt Policy provides policy direction and limitations for proposed financing and the Fiscal Policy provides guidance on decisions pertaining to internal fiscal management. Debt issuance for capital projects shall not be recommended for Board approval unless such issuance has been incorporated into the Strategic Plan.

#### **VII. STANDARDS FOR USE OF DEBT FINANCING**

The Transportation Authority's debt management program will promote debt issuance only in those cases where public policy, equity, and economic efficiency favor debt over cash (pay-as-you-go) financing.



**A. CREDIT QUALITY.**

Credit quality is an important consideration and will be balanced with the Transportation Authority's objectives and the associated size, structure, and frequency of issuances of debt. All Transportation Authority debt management activities for new debt issuances will be conducted in a manner conducive to receiving the highest credit ratings possible consistent with the Transportation Authority's debt management objectives, and to maintaining or improving the current credit ratings assigned to the Transportation Authority's outstanding debt by the major credit rating agencies.

**B. ~~LONG-TERM CAPITAL PROJECTS.~~**

The Transportation Authority will issue long-term debt only to finance and refinance ~~long-term~~ capital projects. When the Transportation Authority finances capital projects by issuing bonds, the average principal amortization should not exceed 120% of the weighted average useful life of the project being financed or refinanced if the bonds are intended to be federally tax-exempt and the debt repayment period should not exceed the earlier of the following: (1) the sunset date of the current Expenditure Plan or (2) forty (40) years from the date of issuance. Inherent in its long-term debt policies, the Transportation Authority recognizes that future taxpayers will benefit from the capital investment and that it is appropriate that they pay a share of the asset cost. Long-term debt financing shall not be used to fund operating costs unless such costs qualify as capital expenditures under federal tax ~~principles~~law.

**C. DEBT FINANCING MECHANISM.**

The Transportation Authority will evaluate the use of available financial alternatives including, but not limited to, tax-exempt and taxable debt, long-term debt (both fixed and variable rate), short-term debt; commercial paper, lines of credit, and sales tax revenue and grant anticipation notes; negotiated sale, competitive sale, and private placement and inter-fund borrowing. The Transportation Authority will utilize the most advantageous financing alternative or combination of alternatives, that effectively balances the cost of the financing with the risk of the financing structure to the Transportation Authority.

**D. ONGOING DEBT ADMINISTRATION AND INTERNAL CONTROLS.**

The Transportation Authority shall maintain all debt-related records for a period of not less than the term of the debt plus three years. At a minimum, this repository will include all official statements, bid documents, ordinances, indentures, trustee reports, continuing disclosure reports, material events notices, tax certificates, information regarding the investment of and project costs paid with bond proceeds, underwriter, and other agreements, etc., for all Transportation Authority debt. To the extent that official transcripts incorporate these documents, possession of a transcript will suffice (transcripts may be ~~hard copy or stored on CD-ROM~~in physical or electronic formats). The Transportation Authority developed a standard procedure for archiving transcripts for any new debt. The Transportation Authority developed procedures and controls that will be reviewed periodically. The Transportation Authority has established internal controls to ensure compliance with the Debt Policy, all debt covenants, and any applicable requirements of applicable law.



**E. TAX LAW COMPLIANCE, REBATE POLICY, AND SYSTEM.**

The use of proceeds of debt issued by the Transportation Authority, the interest on which is intended to be federally tax-exempt, is subject to requirements, restrictions, and limitations in order for the debt to qualify for tax-exemption initially at issuance and to remain tax-exempt on an ongoing basis until such debt is fully repaid. Failure to comply with such requirements, restrictions and limitations could cause such issue of the Transportation Authority's debt ~~to be determined~~ to fail to qualify for tax-exemption, retroactive to the date of issuance. The Transportation Authority designates the Executive Director, and their designee, to periodically undertake procedures to confirm compliance with such requirements, restrictions, and limitations. In furtherance thereof, the Executive Director, and their designee, will consult with the Transportation Authority's bond counsel or others as deemed necessary regarding such periodic procedures or in the event that it is discovered that noncompliance has or may have occurred.

In addition, in furtherance of the above, the Transportation Authority will accurately account for all interest earnings in debt-related funds. These records will be designed to ensure that the Transportation Authority is in compliance with all debt covenants, including covenants related to the preservation of the tax-exempt status of debt issued on such basis, and with all applicable laws. The Transportation Authority will maximize the interest earnings on all funds within the investment parameters set forth in the respective indentures, consistent with consideration of applicable yield limits and arbitrage requirements and as permitted by the Investment Policy. The Transportation Authority will develop a system for reporting interest earnings that relates to and complies with any tax certificate(s) relating to its outstanding debt and Internal Revenue Code rebate, yield limit, and arbitrage rules, and for making any required filings with State and Federal agencies. The Transportation Authority will retain records as required by its tax certificate(s). The Transportation Authority shall have the authority to retain the services of an Arbitrage Rebate Consultant.

**VIII. FINANCING CRITERIA**

**A. PURPOSE OF DEBT.**

When the Transportation Authority determines the use of debt is appropriate, such debt may be new money debt or refunding debt. the following criteria will be utilized to evaluate the type of debt to be issued:

**1. New Money DebtFinancing.**

New money debt is debt issued to finance issues are financings that generate funding for capital projects. Eligible cCapital projects eligible for financing with debt issued by the for allocation of Transportation Authority funds include the acquisition, construction, or major rehabilitation of capital assets. In accordance with the philosophy of the Debt Policy, Long-term debt proceeds generally may not be used for operating expenses. Capital project funding requirements are outlined in the annual budget, the Strategic Plan, and the Expenditure Plan.



## 2. Refunding ~~Debt~~Financing.

Refunding debt is issued to retire all or a portion of an outstanding bond issue or other debt. Refunding issuances can be used to achieve present-value savings on debt service, to modify interest rate risk, or to restructure the payment schedule, type of debt instrument used, or covenants of existing debt. The Transportation Authority must analyze each refunding issue on a present-value basis to identify economic effects before approval. Policies on the administration of refunding financings are detailed further in Section XI: Refinancing Outstanding Debt.

## B. TYPES OF DEBT.

When the Transportation Authority determines that the use of debt is appropriate, the following criteria will be utilized to evaluate the type of debt to be issued.

### 1. Long-Term Debt.

The Transportation Authority may issue long-term debt (e.g., fixed or variable rate revenue bonds) ~~to finance capital projects when such projects when funding allocations~~ cannot be financed ~~from with~~ current revenues ~~or funds~~. The proceeds derived from long-term ~~debt borrowing~~ will not be used to finance current operations or normal maintenance. Long-term debt will be structured such that average principal amortization does not exceed 120% of the weighted average useful life of the project being financed or refinanced if the bonds are intended to be federally tax-exempt and the debt repayment period does not exceed the earlier of the following: (a) the sunset date of the current Expenditure Plan and (b) forty (40) years from the date of issuance.

#### Fixed Rate

- a) **Current Coupon Bonds** are bonds that pay interest periodically and principal at maturity. They may be used for both new money and refunding transactions. Bond features may be ~~selected at the time of sale adjusted~~ to accommodate the market conditions at ~~such the time of sale, including changing~~ ~~Bond features that may be selected include the~~ dollar amounts for ~~different~~ principal maturities, ~~offering~~ discount and premium ~~bond~~ pricing ~~for each maturity, modifying~~ call provisions, ~~utilizing use of~~ bond insurance, ~~and determining how to fund funding of~~ the debt service reserve fund, if any, and ~~funding of~~ costs of issuance.
- b) **Zero Coupon and Capital Appreciation Bonds** pay interest that is compounded and paid only when principal matures. ~~Interest continues to accrue on the unpaid interest, and these~~ ~~These~~ types of bonds typically bear interest at rates that are higher than those on current-coupon bonds, therefore representing a more expensive funding option. In the case of zero-coupon bonds, principal paid at maturity is discounted back to the initial investment amount received at issuance. In the case of capital appreciation bonds (CABs), interest on the bond accretes until maturity. Often, CABs are structured so as not to be callable prior to maturity, even if economic conditions are such that substantial savings could be achieved through refunding ~~those the~~ CABs.





- c) **Special Government Obligations (both tax-exempt and taxable)**, such as the Build America Bond program authorized for calendar years 2009 and 2010, or any other type of existing or new municipal security, structure or tax credit authorized by the Federal Government to assist local governments in accessing the capital markets. So long as the program's requirements allow the Transportation Authority to adhere to its Debt Policy, the Transportation Authority will evaluate it along with traditional financing structures in order to determine which is the most appropriate for a particular issuance.
- d) **Transportation Infrastructure Finance Innovation Act (TIFIA) Loan** is a loan provided by the United States Department of Transportation for certain transportation projects of regional importance. The Transportation Authority may elect to apply for a TIFIA loan if it is determined that it is the most cost-effective debt financing option available.

#### **VARIABLE RATE**

- a) **Variable Rate Demand Bonds (VRDBs)** are long-term bonds with a fixed principal amortization, but the interest rate resets at certain established periods such as daily, weekly, monthly, or such other period as the Transportation Authority deems advisable, given current market conditions. VRDBs often require credit enhancement and third-party liquidity in the forms of Letters or Lines of Credit and/or bond insurance. VRDBs generally allow bondholders to "put" their bonds back to the Transportation Authority on any rate reset date, given certain notice. The Transportation Authority will need to retain an investment bank to remarket bonds that are "put."
- b) **Indexed Notes** are forms of variable rate debt that do not require Letters or Lines of Credit. These forms of variable rate debt have a fixed spread to a certain identified index such as the Securities Industry and Financial Markets Association. The rate will reset on a weekly, monthly, or other basis.

#### **2. Short-Term Debt.**

Short-term borrowing may be utilized for the temporary funding of operational cash flow deficits or anticipated revenues, where anticipated revenues are defined as an assured revenue source with the anticipated amount based on conservative estimates. In the case of the Transportation Authority's revolving credit facility or any future commercial paper program or replacement revolving credit facility, short-term borrowings may also be utilized for funding of the Transportation Authority's capital projects. The Transportation Authority will determine and utilize the least costly method for short-term borrowing. The Transportation Authority may issue short-term debt when there is a defined repayment source or amortization of principal, subject to the following policies:

- a) **Commercial Paper Notes** may be issued as an alternative to fixed rate debt, particularly when the timing of funding requirements is uncertain. The Transportation Authority may maintain an ongoing commercial paper program to ensure flexibility and immediate access to capital funding when needed.



- b) **Grant Anticipation Notes (GANs)** are short-term notes that are repaid with the proceeds of State or Federal grants of any type. The Transportation Authority shall generally issue GANs only when there is no other viable source of funding for the project.
- c) **Sales Tax and Revenue Anticipation Notes** shall be issued only to meet sales tax revenue cash flow needs consistent with a finding by bond counsel that the sizing of the issue fully conforms to Federal tax requirements and limitations for tax-exempt borrowings.
- d) **Letters or Lines of Credit** shall be considered as an alternative to or credit support for other short-term borrowing options. The Transportation Authority presently has a \$1~~2540~~ million revolving credit facility. Amounts can be repaid and reborrowed under the revolving credit facility or another letter or line of credit without further Board action. The average amortization of amounts drawn under the revolving credit facility, letter or line of credit may not exceed 120% of the weighted average useful life of the project being financed or refinanced if the borrowing is intended to be federally tax-exempt and the borrowing must be fully repaid by the earlier of the following: (a) the sunset date of the current Expenditure Plan and (b) forty (40) years from the date of issuance. The repayment of loans under a revolving credit facility or other letter or line of credit is often facilitated by the issuance of long-term bonds or the repaying of principal from cash on hand. If proceeds of long-term bonds are used to repay loans under the revolving credit facility or other letter or line of credit, the amortization and the repayment of the long-term bonds must satisfy the limits set forth above.
- e) **Grant Anticipation Revenue Vehicle Financing (GARVEE)** are bonds issued by the State and enable entities to fund transportation projects that are secured by certain federal grants. The Transportation Authority may consider the issuance of GARVEEs to meet cash flow shortfalls of grant revenues.

### 3. Variable Rate Debt.

To maintain a predictable debt service burden, the Transportation Authority may give preference to debt that carries a fixed interest rate. An alternative to the use of fixed rate debt is floating or variable rate debt. It may be appropriate to issue short-term or long-term variable rate debt to diversify the Transportation Authority's debt portfolio, reduce interest costs, provide interim funding for capital projects, and improve the match of assets to liabilities. Variable rate debt typically has a lower initial cost of borrowing than fixed rate financing and shorter maturities but carries both interest rate and liquidity risk. Under no circumstances will the Transportation Authority issue variable rate debt solely for the purpose of earning arbitrage. The Transportation Authority, however, may consider variable rate debt in certain instances.

- a) **Variable Rate Debt Capacity.** Except for the existing \$1~~2540~~ million revolving credit facility (to which the following requirements of variable rate debt do not apply) or any replacement facility, the Transportation Authority will maintain a



conservative level of outstanding variable rate debt in consideration of general rating agency guidelines recommending a maximum of a 20-30% variable rate exposure, in addition to maintaining adequate safeguards against risk and managing the variable revenue stream both as described below:

- 1) **Adequate Safeguards Against Risk.** Financing structure and budgetary safeguards are in place to prevent adverse impacts from interest rate shifts. ~~such~~ Such structures could include, without limitation, but are not limited to, interest rate swaps, interest rate caps and the matching of assets and liabilities.
- 2) **Variable Revenue Stream Repayment Amounts.** ~~The revenue stream for repayment is~~ The amount repaid over time will be variable, and is anticipated to move in the same direction as market-generated variable interest rates. ~~or the~~ The dedication of revenues allows capacity for variability.
- 3) **As a Component to Synthetic Fixed Rate Debt.** Variable rate bonds may be used in conjunction with a financial strategy, which results in synthetic fixed rate debt, subject to ~~other~~ the provisions of the Debt Policy regarding Financial Derivative Products.

#### 4. Financial Derivative Products.

Financial Derivative Products such as interest rate swaps will be considered appropriate in the issuance or management of debt only in instances where it has been demonstrated that the derivative product will either provide a hedge that reduces the risk of fluctuations in expense or revenue, or alternatively where the derivative product will significantly reduce total project cost. Financial Derivative Products shall be considered only: (1) after a thorough evaluation of risks associated therewith, including counterparty credit risk, basis risk, tax risk, termination risk and liquidity risk, (2) after consideration of the potential impact on the Transportation Authority's ability to refinance bonds at a future date and (3) after the Board has adopted separate policy guidelines for the use of interest rate swaps and other Financial Derivative Products. Derivative products will only be utilized with prior approval from the Board.

## IX. TERMS AND CONDITIONS OF BONDS

The Transportation Authority shall establish all terms and conditions relating to the issuance of bonds, and will control, manage, and invest all bond proceeds. Unless otherwise authorized by the Transportation Authority, the following shall serve as bond requirements:

### A. TERM.

All capital improvements financed through the issuance of debt will be financed for a period such that average principal amortization of the debt does not exceed 120% of the weighted average useful life of the project being financed or refinanced, if the bonds are intended to be federally tax-exempt, and the debt repayment period does not exceed the earlier of the following: (a) the sunset date of the current Expenditure Plan and (b) forty (40) years from the date of issuance.



## **B. CAPITALIZED INTEREST.**

The nature of the Transportation Authority's revenue stream is such that funds are generally continuously available, and the use of capitalized interest should not normally be necessary. However, certain types of financings may require the use of capitalized interest from the issuance date until the project sponsor has constructive use of the financed project. Unless otherwise required, including as may be required by statute with respect to the deposit of original issue premium, the Transportation Authority will avoid the use of capitalized interest ~~to so as to not obviate~~ unnecessarily ~~increasing~~ increase the bond issuance size. Interest shall not be funded (capitalized) beyond three (3) years, unless required by statute with respect to the deposit of original issue premium, or a shorter period if further restricted by statute. The Transportation Authority may require that capitalized interest on the initial series of bonds be funded from the proceeds of the bonds. Interest earnings may, at the Transportation Authority's discretion and, if permitted under applicable federal tax law, be applied to extend the term of capitalized interest but in no event beyond the authorized term.

## **C. LIEN LEVELS.**

Senior, Parity, and Subordinate Liens have been established under the Transportation Authority's Indenture governing the Transportation Authority's sales tax revenue bonds. The Transportation Authority may utilize any of these lien levels in a manner that will maximize ~~the most critical constraint, typically either cost or capacity, allowing for~~ the most beneficial use of sales tax revenues securing the series of bonds, given the applicable critical constraint of such funds, such as cost or capacity.

## **D. ADDITIONAL BONDS TEST.**

Any new money senior lien sales tax debt issuance must not result in the sales tax revenues collected in a 12 month period specified by the Transportation Authority within the most recent 18 months immediately preceding the issuance of the senior lien sales tax debt to be cause the Transportation Authority's debt service to be expected to exceed the level at which the incoming sales tax revenues are less than one and three quarters times (1.75x) the maximum annual projected principal, interest, and debt service for the aggregate outstanding Senior Lien bonds including the debt service for the new issuance, calculated in accordance with the Indenture. This test shall not apply to refunding debt. The Transportation Authority may by Supplemental Indenture issue or incur Parity Debt and Subordinate Obligations, subject to the limitations set forth in the Indenture, the Act, the Ordinance, and other applicable law.

## **E. DEBT SERVICE STRUCTURE.**

Debt issuance shall be planned to achieve relatively rapid repayment of debt while still matching debt service to the useful life of facilities. The Transportation Authority will amortize its debt within each lien level to achieve overall level debt service (although principal may be deferred in the early years of a bond issue to maximize the availability of pay-as-you-go dollars during that time) or may utilize more accelerated repayment schedules after giving consideration to bonding capacity constraints. The Transportation Authority shall avoid the use of bullet or balloon maturities except in those instances where these maturities serve to level existing debt service.



**F. CALL PROVISIONS.**

In general, the Transportation Authority's securities will include a call feature, based on market conventions, which is typically at par no later than ten and one-half (10.5) years from the date of delivery of tax-exempt bonds. In 2018, tax law was amended such that tax-exempt bonds can only be refunded on a tax-exempt basis 90 days before the call date and cannot be advance refunded with tax-exempt bond proceeds. The Transportation Authority may determine that a shorter call or premium feature is appropriate based on market dynamics and/or the desire for increased future optionality.

**G. ORIGINAL ISSUE DISCOUNT AND ORIGINAL ISSUE PREMIUM.**

An original issue discount or original issue premium applicable to a particular maturity of any series of Transportation Authority bonds will be permitted only if the Transportation Authority determines that such discount or premium results in a lower true interest cost on such series of bonds and that the use of an original issue discount or original issue premium will not adversely affect the project identified by the bond documents.

**H. DEEP DISCOUNT BONDS.**

Deep discount bonds may provide a lower cost of borrowing in certain markets though they may also limit opportunities to refinance at lower rates in the future. The Transportation Authority will carefully consider their value and the effect on any future refinancings as a result of the lower-than-market coupon.

**I. DERIVATIVE PRODUCTS.**

The Transportation Authority will consider the use of derivative products only in instances where it has been demonstrated that the derivative product will either provide a hedge that reduces risk of fluctuations in expense or revenue, or alternatively, where the derivative product will reduce the total project cost. If interest rate swaps are considered, the Transportation Authority shall develop and maintain an Interest Rate Swap Policy governing the use and terms of these derivative products. For derivatives other than interest rate swaps, the Transportation Authority will undertake an analysis of early termination costs and other conditional terms given certain financing and marketing assumptions. Such analysis will document the risks and benefits associated with the use of a particular derivative product. Derivative products will only be utilized with prior approval from the Board.

**J. MULTIPLE SERIES.**

In instances where multiple series of bonds are to be issued, the Transportation Authority shall make a final determination as to which allocations are of the highest priority. Projects chosen for priority financing, based on funding availability and proposed timing, will generally be subject to the earliest or most senior of the bond series.



## X. CREDIT ENHANCEMENTS

The Transportation Authority will consider the use of credit enhancement on a case-by-case basis, evaluating the economic benefit versus cost for each case. Only when a clearly demonstrable savings or positive impact on overall debt capacity can be shown shall enhancement be considered. The Transportation Authority will consider each of the following enhancements as alternatives by evaluating the cost and benefit of such enhancement.

### A. BOND INSURANCE.

The Transportation Authority shall have the authority to purchase bond insurance when such purchase is deemed prudent and advantageous. The predominant determination shall be based on such insurance being less costly than the present value of the difference in the interest expense on insured bonds versus uninsured bonds.

### B. DEBT SERVICE RESERVES.

When required, a reserve fund equal to not more than the least of ten percent (10%) of the original principal amount of the bonds, maximum annual debt service or one-hundred-and-twenty-five (125%) percent of average annual debt service (Reserve Requirement) shall be funded from the proceeds of each series of bonds, subject to Federal tax regulations and in accordance with the requirements of credit enhancement providers, ~~if any, and~~ rating agencies, and ~~with investors' requirements.~~

The Transportation Authority shall have the authority to purchase reserve equivalents (i.e., the use of a reserve fund surety) when such purchase is deemed prudent and advantageous. Such equivalents shall be evaluated in comparison to cash funding of reserves on a net present value basis.

### C. LIQUIDITY FACILITIES AND LETTERS OF CREDIT.

The Transportation Authority shall have the authority to enter liquidity ~~facilities~~ facility and letter-of-credit ~~agreements~~ arrangements when such ~~agreements~~ arrangements are deemed prudent and advantageous. ~~The Transportation Authority may enter into such arrangements only with~~ Only those financial institutions ~~with that have~~ short-term ratings of not less than VMIG 1/P1, A-1, ~~and or~~ F1, by Moody's Investor Service, Standard & Poor's Global Ratings, ~~and or~~ Fitch Ratings, respectively, and ~~with have~~ ratings from at least two of the three aforementioned ratings agencies, ~~may participate in Transportation Authority liquidity facilities and letter of credit agreements.~~

## XI. REFINANCING OUTSTANDING DEBT

The Transportation Authority shall have the responsibility to analyze outstanding bond issues for refunding opportunities that may be presented by underwriting and/or financial advisory firms. The Transportation Authority will consider the following issues when analyzing possible refunding opportunities:



**A. DEBT SERVICE SAVINGS.**

The Transportation Authority has established a minimum present value savings threshold goal of three (3) percent of the principal amount of the refunded bond, unless there are other compelling reasons for undertaking the refunding. Additionally, the Transportation Authority has established a minimum present value savings threshold goal of five (5) percent of the principal amount of the refunded bond for refinancings involving derivative products such as the issuance of synthetic fixed rate refunding debt service, unless there are other compelling reasons for undertaking the refunding. For this purpose, the present value savings will be net of all costs related to the refinancing. The decision to take savings on an upfront or deferred basis must be explicitly approved by the Board.

**B. RESTRUCTURING.**

The Transportation Authority will refund debt when in its best interest to do so. Refunding purposes may include but are not limited to: restructuring to meet unanticipated revenue expectations, terminating swaps, achieving cost savings, mitigating irregular debt service payments, releasing reserve funds, removing unduly restrictive bond covenants, or any combination of purposes beneficial to the Transportation Authority.

**C. TERM OF REFUNDING ISSUES.**

Except for commercial paper and loans under a line of credit (including the current revolving credit facility), the Transportation Authority generally will refund bonds without extending the maturity beyond that of the originally issued debt. However, the Transportation Authority may consider maturity extension, when necessary to achieve a desired outcome, provided that such extension is legally permissible. The Transportation Authority may also consider shortening the term of the originally issued debt to realize greater savings. The remaining useful life of the financed facility and the concept of inter-generational equity should guide this decision.

**D. ESCROW STRUCTURING.**

The Transportation Authority shall utilize the least costly securities available in structuring refunding escrows. The Transportation Authority will examine the viability of an economic versus legal defeasance on a net present value basis. A certificate from a third-party agent, who is not a broker-dealer, is required stating that the securities were procured through an arms-length, competitive bid process (in the case of open market securities), that such securities were more cost effective than State and Local Government Securities (SLGS) (this is required only if SLGS are then available for purchase), and that the price paid for the securities was reasonable within Federal guidelines. Such certificate shall not be required in the case of SLGSs purchased directly from the U.S. Treasury. Under no circumstances shall an underwriter, agent or financial advisor sell escrow securities to the Transportation Authority from its own account.

**E. ARBITRAGE.**

The Transportation Authority shall take all necessary steps (permitted under Federal tax law when tax-exempt debt is involved) to optimize escrows and to avoid negative



arbitrage in its refunding. Any resulting positive arbitrage will be rebated as necessary according to Federal guidelines.

**F. COMMERCIAL PAPER PROGRAM, REVOLVING CREDIT FACILITY.**

The requirements of this Section XI and of Section VIII.A.2 shall not apply to or restrict the issuance of commercial paper notes for the purpose of refunding maturing commercial paper notes, or of borrowing under a revolving credit facility for the purpose of repaying prior loans under the facility or under a prior facility, nor shall this Section XI or Section VIII.A.2 apply to long-term refinancing of commercial paper or of loans under a revolving credit facility, subject to limitations otherwise contained in this policy.

**XII. METHODS OF ISSUANCE SALE**

The Transportation Authority will determine, on a case-by-case basis, whether to sell its bonds competitively or through negotiation, including a direct placement or similar transaction.

**A. COMPETITIVE SALE**

In a competitive bond sale, the Transportation Authority's bonds shall be awarded to the bidder providing the lowest true interest cost as long as the "winning" bid and the bidding process also adheres to the requirements set forth in the official notice of sale. Conditions under which a competitive sale would be preferred are as follows (not all conditions need be present/satisfied):

- a) Bond prices are stable and/or demand is strong
- b) Market timing and interest rate sensitivity are not critical to the pricing
- c) Participation from DBE firms is "best effort" and not required for winning bid;
- d) There are no complex explanations required during marketing regarding the Transportation Authority's projects, media coverage, political structure, political support, funding, or credit quality;
- e) The bond type and structure are conventional;
- f) Bond insurance is included or pre-qualified (available);
- g) The transaction size is manageable;
- h) The Transportation Authority has strong credit rating(s); and
- i) The Transportation Authority is well known to investors

**B. NEGOTIATED SALE.**

The Transportation Authority recognizes that some securities are best sold through negotiation. Conditions under which a negotiated sale would be preferred are as follows (not all conditions need be present/satisfied):

- a) Bond prices are volatile;





- b) Demand is weak, or supply of competing bonds is high;
- c) Market timing is important, such as for refunding's;
- d) The Transportation Authority has lower or weakening credit rating(s);
- e) The Transportation Authority is not well known to investors;
- f) Sale and marketing of the bonds will require complex explanations about the Transportation Authority projects, media coverage, political structure, political support, funding, or credit quality;
- g) The bond type and/or structural features are non-standard, such as for a forward delivery bond sale or the issuance of variable rate bonds, or where there is the use of derivative products;
- h) Bond insurance is not available or not offered;
- i) Early structuring and market participation by underwriters are desired;
- j) The par amount for the transaction is significantly larger than normal;
- k) Demand for the bonds by retail investors is expected to be high; and
- l) Participation from DBE firms is required

**C. PRIVATE PLACEMENT.**

From time to time, the Transportation Authority may elect to privately place its debt or borrow directly from a bank or other financial institution. Such placement or borrowing shall only be considered if this method is likely to result in a cost savings to the Transportation Authority relative to other methods of debt issuance on a net present value basis, using the Transportation Authority's investment rate as the appropriate measure of the discount rate. For the existing \$1~~2540~~ million revolving credit facility or any replacement facility that is bank purchased, such requirements do not apply.

**D. ISSUANCE METHOD ANALYSIS.**

The Transportation Authority shall evaluate each method of issuance based on the factors set forth above.

**XIII. MARKET RELATIONSHIPS**

**A. RATING AGENCIES.**

The Executive Director shall be responsible for maintaining the Transportation Authority's relationships with Moody's Investors Service, Standard & Poor's, and Fitch Ratings. The Transportation Authority may, from time-to-time, choose to deal with only one or two of these agencies as circumstances dictate. In addition to general communication, the Executive Director shall: (1) meet with credit analysts prior to each sale (competitive or negotiated) to the extent it is advantageous to do so, and (2) prior to each competitive or negotiated sale, offer conference calls or meetings with agency analysts in connection with the planned sale.



**B. INVESTOR OUTREACH.**

The Transportation Authority shall participate in informational meetings or conference calls with institutional investors in advance of bond or note sales to the extent such meetings are advantageous to the sale of such bonds or notes. Ad-hoc information requests and inquiries from investors that hold the Transportation Authority's bonds should be met to the extent the requested information is publicly available. The provision of any information to investors shall be discussed with the Deputy Director Finance and Administration prior to the release of any information.

**C. TRANSPORTATION AUTHORITY COMMUNICATION.**

The Executive Director shall include in the annual report to the Board feedback from rating agencies and/or investors regarding the Transportation Authority's financial strengths and weaknesses and recommendations for addressing any weaknesses.

**D. DISCLOSURE.**

The Transportation Authority shall comply with the terms of its continuing disclosure undertakings (CDUs). Material noncompliance with any CDU must be reported to the Municipal Securities Rulemaking Board's (MSRB's) Electronic Municipal Market Access system ("EMMA") and disclosed in bond offering documents, which could reflect negatively on the Transportation Authority. The Executive Director will take all reasonable steps to ensure that the Transportation Authority files timely annual reports and "listed event" notices with EMMA, and that all such filings are (i) complete and accurate under the law and (ii) clear, concise, and readable for the investing community. The Transportation Authority's existing CDUs contain 15 listed events, including the requirement that the Transportation Authority give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in its CDUs. Amendments to Rule 15c-12 effective (i.e., applicable to CDUs entered into by the Transportation Authority after) February 27, 2019, added two more "listed events" relating to a debt issuer's "material financial obligations" and to changes to primary documents relating to such obligations that could impact bond holders. The Transportation Authority may consider establishing guidelines for making the determination as to whether a financial obligation is material or whether a change to a document relating to a material financial obligation is, in itself, material. The Transportation Authority may also, from time to time, evaluate using the services of a dissemination agent, such as the Transportation Authority's Financial Adviser or Digital Assurance Certification, LLC, to assist with CDU compliance.

From time to time, the Transportation Authority prepares disclosure documents. Disclosure documents include offering documents for Transportation Authority bonds (e.g., preliminary and final Official Statements), (b) annual continuing disclosure reports filed with EMMA, (c) event notices and any other filings with EMMA, (d) the Transportation Authority's audited financial statements and (e) any other documents that are reasonably likely to reach investors or the securities markets, including but not limited to press releases, web site postings, and other communications required to be certified as representations of the City's financial condition to investors or the securities markets.



To help ensure that the Transportation Authority's disclosure documents comply with all applicable federal securities laws and promote best practices regarding the preparation and review of the disclosure documents, the Transportation Authority promotes communication among its departments so that disclosure documents/filings are being reviewed by the staff persons who have the knowledge and ability to assess the accuracy and completeness of the document. The Executive Director or the Deputy Director for Finance and Administration may develop additional disclosure procedures including record retention policies. The Transportation Authority may engage with an external disclosure counsel to provide additional guidance and training.

**E. REBATE REPORTING.**

The use of bond proceeds and their investments must be monitored to ensure compliance with arbitrage restrictions. Existing regulations require that issuers calculate annual rebates related to any bond issues, with rebate paid every five years and as otherwise required by applicable provisions of the Internal Revenue Code and regulations. Therefore, the Executive Director shall take all reasonable steps to ensure that proceeds and investments are tracked in a manner that facilitates accurate, complete calculation, and timely rebates, if necessary.

**F. OTHER JURISDICTIONS.**

From time to time, the Transportation Authority may issue bonds on behalf of other public entities. While the Transportation Authority will make every effort to facilitate the desires of these entities, the Executive Director will take all reasonable steps to ensure that only the highest quality financings are done and that the Transportation Authority is insulated from all risks. The Transportation Authority shall require that all conduit financings achieve a rating at least equal to the Transportation Authority's ratings (including, where necessary, through the use of credit enhancement).

**G. FEES.**

The Transportation Authority will charge recipients of debt issuance proceeds an administrative fee equal to the recipient's pro rata share of administrative costs incurred by the Transportation Authority in issuing debt.

**XIV. CONSULTANTS**

The Transportation Authority shall select its primary consultant(s) by competitive qualifications-based process through Request for Proposals.

**A. SELECTION OF FINANCING TEAM MEMBERS.**

The Executive Director will make recommendations for all financing team members, with the Board providing final approval.

**B. FINANCIAL ADVISOR.**

The Transportation Authority shall utilize a financial advisor to assist in its debt issuance and debt administration processes as prudent. Selection of the Transportation Authority's financial advisor(s) shall be based on, but not limited to, the following criteria:



- a) Experience in providing consulting services to complex issuers
- b) Knowledge and experience in structuring and analyzing complex issues
- c) Experience and reputation of assigned personnel
- d) Fees and expenses

Financial advisory services provided to the Transportation Authority shall include, but shall not be limited to:

- e) Evaluation of risks and opportunities associated with debt issuance;
- f) Monitoring marketing opportunities;
- g) Evaluation of proposals submitted to the Transportation Authority by investment banking firms;
- h) Structuring and pricing;
- i) Preparation of request for proposals for other financial services such as trustee and paying agent services, printing, credit facilities, remarketing agent services, etc.;
- j) Advice, assistance, and preparation for presentations with rating agencies and investors; and
- k) Assisting in preparation of official statements.

The Transportation Authority also expects that its financial advisor will provide the Transportation Authority with objective advice and analysis, maintain the confidentiality of Transportation Authority financial plans, and be free from any conflicts of interest.

### **C. BOND COUNSEL.**

Transportation Authority debt will include a written opinion by legal counsel affirming that the ~~debt is a valid and binding obligation, and stating Transportation Authority is authorized to issue the proposed debt, that the Transportation Authority has met all constitutional and statutory requirements necessary for issuance, and a determination of~~ the proposed debt's federal income tax status. The approving opinion and other documents relating to the issuance of debt will be prepared by nationally recognized counsel with extensive experience in public finance and tax issues. Counsel will be selected by the Transportation Authority through its request for proposal process.

The services of bond counsel may include, but are not limited to:

- a) Rendering a legal opinion with respect to authorization and valid issuance of debt obligations including whether the interest paid on the debt is tax exempt under federal and State of California law;
- b) Preparing all necessary legal documents in connection with authorization, sale, issuance and delivery of bonds and other obligations;



- c) Assisting in the preparation of the preliminary and final official statements and or commercial paper memorandum;
- d) Participating in discussions with potential investors, insurers, and credit rating agencies, if requested; and
- e) Providing continuing advice, as requested, on the proper use and administration of bond proceeds under applicable laws and the indenture, particularly arbitrage tracking and rebate requirements.

#### **D. DISCLOSURE COUNSEL**

For Transportation Authority debt issued and sold through the use of an official statement or offering memorandum, the Transportation Authority may retain disclosure counsel with experience in public finance and securities law issues. Disclosure counsel will be selected by the Transportation Authority through its Request for Proposal (RFP) process.

The services of disclosure counsel may include, but are not limited to:

- a) Assisting the internal due diligence process;
- b) Preparation and/or review of disclosure documents necessary for the sale and delivery of securities, including preliminary and final official statements (or offering memoranda) and continuing disclosure agreements;
- c) Delivery of a negative assurance letter regarding the disclosure document; and
- d) The Transportation Authority may also retain disclosure counsel with experience in public finance and securities law issues to provide advice and support between issuances of debt sold through the use of an official statement or offering memorandum, as determined by the Executive Director.

## **XV. UNDERWRITER SELECTION**

### **A. SENIOR MANAGER SELECTION.**

The Transportation Authority may select a senior manager for a proposed negotiated sale. The criteria shall include but not be limited to:

- a) The firm's ability and experience in managing complex transactions;
- b) Demonstrated ability to structure debt issues efficiently and effectively;
- c) Prior knowledge and experience with the Transportation Authority;
- d) The firm's willingness to risk capital and demonstration of such risk;
- e) The firm's ability to sell bonds;
- f) Quality and experience of personnel assigned to the Transportation Authority's engagement and
- g) Financing plan presented.



**B. CO-MANAGER SELECTION.**

Co-managers, if any, will be selected on the same basis as the senior manager. In addition to their qualifications, co-managers appointed to specific transactions will be a function of transaction size and the necessity to ensure maximum distribution of the Transportation Authority's bonds.

**C. SELLING GROUPS.**

The Transportation Authority may establish selling groups in certain transactions. To the extent that selling groups are used, the Transportation Authority may make appointments to selling groups from within the pool of underwriters or from outside the pool, as the transaction dictates.

**D. UNDERWRITER'S COUNSEL.**

In any negotiated sale of Transportation Authority debt, in which legal counsel is required to represent the underwriter, the lead underwriter will make the appointment, subject to Transportation Authority consent.

**E. UNDERWRITER'S DISCOUNT.**

- a) The Transportation Authority will evaluate the proposed underwriter's discount against comparable issues in the market. If there are multiple underwriters in the transaction, the Transportation Authority will determine the allocation of fees with respect to the management fee. The determination will be based upon participation in the structuring phase of the transaction.
- b) All fees and allocation of the management fee will be determined prior to the sale date; a cap on management fees, expenses, and [fees and expenses of](#) underwriter's counsel will be established and communicated to all parties by the Transportation Authority. The senior manager shall submit an itemized list of expenses charged to members of the underwriting group. Any additional expenses must be substantiated.

**F. EVALUATION OF FINANCING TEAM PERFORMANCE.**

The Transportation Authority will evaluate each bond sale after its completion to assess the following: costs of issuance, including underwriters' compensation, pricing of the bonds in terms of the overall interest cost and on a maturity-by-maturity basis, and the distribution of bonds and sales credits.

Following each sale, the Transportation Authority shall provide a post-sale evaluation on the results of the sale to the Board.

**G. SYNDICATE POLICIES.**

For each negotiated transaction, the senior manager will prepare syndicate policies for approval by the Executive Director that will describe the designation policies governing the upcoming sale. The Executive Director shall ensure that the senior manager receives each member's acknowledgement of the syndicate policies for the upcoming sale prior to the sale date.



**H. DESIGNATION POLICIES.**

To encourage the pre-marketing efforts of each member of the underwriting team, orders for the Transportation Authority's bonds will be net designated, unless otherwise expressly stated. The Transportation Authority shall require the senior manager to:

- a) Equitably allocate bonds to other managers and the selling group;
- b) Comply with MSRB regulations governing the priority of orders and allocations; and
- c) Within 10 working days after the sale date, submit to the Executive Director a detail of orders, allocations and other relevant information pertaining to the Transportation Authority's sale.

**I. DISCLOSURE BY FINANCING TEAM MEMBERS.**

All financing team members will be required to provide full and complete disclosure, relative to agreements with other financing team members and outside parties. The extent of disclosure may vary depending on the nature of the transaction. However, under no circumstances will agreements be permitted which could compromise the firm's ability to provide independent advice which is solely in the Transportation Authority's best interests, or which could reasonably be perceived as a conflict of interest.



## GLOSSARY

**Arbitrage.** The difference between the interest paid on an issue of tax-exempt debt and the interest earned by investing the debt proceeds in higher-yielding taxable securities. IRS regulations govern arbitrage earned pursuant to the investment of the proceeds of tax-exempt municipal securities.

**Balloon Maturity.** A maturity within an issue of bonds that contains a disproportionately large percentage of the principal amount of the original issue.

**Bullet Maturity.** The maturity of an issue of bonds for which there are no principal payments prior to the final stated maturity date.

**Call Provisions.** The terms of the bond contract giving the issuer the right to redeem all or a portion of an outstanding issue of bonds prior to their stated dates of maturity at a specific price, usually at or above par.

**Capitalized Interest.** A portion of the proceeds of an issue that is set aside to pay interest on the securities for a specific period of time. Interest is sometimes capitalized for the construction period of the project.

**Commercial Paper.** Very short-term, unsecured promissory notes issued in either registered or bearer form, and usually backed by a line of credit with a bank that, upon the maturity thereof, successively rolls into other short term promissory notes until the principal thereof is paid by the Transportation Authority.

**Competitive Sale.** A sale of securities by an issuer in which underwriters or syndicates of underwriters submit sealed bids to purchase the securities in contrast to a negotiated sale.

**Continuing Disclosure.** The ongoing disclosure provided by an issuer to comply with a continuing disclosure undertaking. Generally, includes annual updates of operating and financial information, audited financial statements, and notice of events specifically identified in the undertaking.

**Credit Enhancement.** Credit support purchased by the issuer to raise the credit rating of the issue. The most common credit enhancements consist of bond insurance, direct or standby letters of credit, and lines of credit.

**DBE.** Disadvantaged Business Enterprises as defined by the Transportation Authority's current DBE policy.

**Debt Service Reserve Fund.** The fund in which moneys are placed which may be used to pay debt service if pledged revenues are insufficient to satisfy the debt service requirements.





**Deep Discount Bonds.** Bonds that are priced for sale at a substantial discount from their face or par value.

**Derivatives.** (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security asset (interest rates, foreign exchange rates, equities, or commodities).

**Designation Policies.** Outline as to how an investor's order is filled when a maturity in an underwriting syndicate is oversubscribed. The senior managing underwriter and issuer decide how the bonds will be allocated among the syndicate. There are three primary classifications of orders, which form the designation policy. The highest priority is given to Group Net orders; the next priority is given to Net Designated orders and Member orders are given the lowest priority.

**Escrow.** A fund established to hold moneys pledged and to be used to pay debt service on an outstanding issue one or more existing obligations.

**Expenses.** Compensates senior managers for out-of-pocket expenses including: underwriters counsel, DTC charges, travel, syndicate expenses, dealer fees, overtime expenses, communication expenses, computer time and postage.

**Grant Anticipation Notes (GANs).** Short-term notes issued by the government unit, usually for capital projects, which are paid from the proceeds of State or Federal grants of any type.

**Grant Anticipation Revenue Vehicle Financing (GARVEE).** Bonds issued by the State and enable entities to fund transportation projects that are secured by certain federal grants.

**Letters of Credit.** A bank credit facility supporting the payment of bonds wherein the bank agrees to lend a specified amount of funds for a limited term.

**Management Fee.** The fixed percentage of the gross spread which is paid to the managing underwriter for the structuring phase of a transaction.

**Members.** Underwriters in a syndicate other than the senior underwriter.

**Negotiated Sale.** A method of sale in which the issuer chooses one underwriter to negotiate terms pursuant to which such underwriter will purchase and market the bonds.

**Original Issue Discount.** The amount by which the original par amount of an issue exceeds its initial sale public offering price at the time a substantial amount of such issue it is sold to the public originally offered to an investor.



**Original Issue Premium.** The amount by the ~~public offering initial sale~~ price of an issue exceeds its original par amount at the time ~~a substantial amount of such issue is sold to the public~~ it is originally offered to an investor.

**Pay-As-You-Go.** An issuer elects to finance a project with existing cash flow as opposed to issuing debt obligations.

**Present Value.** The current value of a future cash flow.

**Private Placement.** The original placement of an issue with one or a limited number of investors as opposed to being publicly offered or sold.

**Rebate.** A requirement imposed by the Tax Reform Act of 1986 whereby the issuer of the bonds must pay the IRS an amount equal to ~~the difference between the amount its profit~~ earned from investment of bond proceeds at a yield above the bond yield ~~and the amount that would have been earned at a yield equal to the bond yield~~, calculated pursuant to ~~the IRS code federal tax law~~ together with all income earned on the accumulated ~~profit earnings~~ pending payment, subject to certain exceptions.

**Sales Tax and Revenue Anticipation Notes (TRANs).** Short-term notes issued by a government unit, usually for operating purposes, which are paid from the proceeds of sales tax or other anticipated revenue sources.

**Selling Groups.** The group of securities dealers who participate in an offering not as underwriters but rather as those who receive securities less the selling concession from the managing underwriter for distribution at the public offering price.

**Syndicate Policies.** The contractual obligations placed on the underwriting group relating to distribution, price limitations and market transactions.

**Transportation Infrastructure Finance Innovation Act (TIFIA).** Loans and loan guaranty program provided by the United States Department of Transportation for transportation projects of regional importance.

**Underwriter.** A dealer that purchases new issues of municipal securities from the Issuer and resells them to investors.

**Underwriter's Discount.** The difference between the price at which the Underwriter buys bonds from the Issuer and the price at which they are reoffered to investors.

**Variable Rate Debt.** An interest rate on a security, which changes at intervals according to an index or a formula or other standard of measurement as, stated in the bond contract.



## **Equal Benefits Policy**

Resolution 23-XX

### **SECTION 1. ALL CONTRACTS TO INCLUDE NONDISCRIMINATION PROVISIONS; DEFINITIONS.**

- (a) The San Francisco County Transportation Authority (Transportation Authority) shall include in all contracts hereinafter executed or amended in any manner or as to any portion thereof, a provision obligating the contractor not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome, HIV status (AIDS/HIV status), weight, height, association with members of classes protected under this policy or in retaliation for opposition to any practices forbidden under this policy against any employee of, any Transportation Authority employee working with, or applicant for employment with such contractor and shall require such contractor to include a similar provision in all subcontracts executed or amended thereunder.
- (b) The Transportation Authority shall not execute or amend any contract with any contractor that discriminates in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits as well as any benefits other than bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to State or local law authorizing such registration, subject to the following conditions. In the event that the contractor's actual cost of providing a certain benefit for the domestic partner of an employee exceeds that of providing it for the spouse of an employee, or the contractor's actual cost of providing a certain benefit for the spouse of an employee exceeds that of providing it for the domestic partner of an employee, the contractor shall not be deemed to discriminate in the provision of benefits if the contractor conditions providing such benefit upon the employee agreeing to pay the excess costs. In addition, in the event a contractor is unable to provide a certain benefit, despite taking reasonable measures to do so, the contractor shall not be deemed to discriminate in the provision of benefits if the contractor proves the employee with a cash equivalent.
- (c) Definitions. As used in this policy the following words and phrases shall have the meanings indicated herein:

"Age" shall mean the age of any employee or applicant for employment who has attained the age of 40 years, ~~and has not attained the age of 65 years.~~ For the purposes of this policy, discrimination because of age shall mean dismissal from employment of, or refusal to employ or rehire any person because of his or her their age, if such person has attained the age of 40 years ~~and has not attained the age of 65 years,~~ if the person is physically able and mentally competent to perform the services required. Age limitations of



apprenticeship programs in which the State or its political subdivisions participate shall not be considered discriminatory within the meaning of this policy.

“Amend” shall mean to substantively change the terms of a pre-existing contract, and shall not include amendments to decrease the scope of work or the amount to be paid under a contract. Construction change orders shall not be construed as contract amendments for the purposes of this policy.

“Board” shall mean the Board of Commissioners of the San Francisco County Transportation Authority.

“Contract” shall mean an agreement for public works or improvements to be performed, or for goods or services to be purchased or grants to be provided, at the expense of the Transportation Authority or to be paid out of moneys deposited in the treasury or out of trust moneys under the control or collected by the Transportation Authority, and does not include agreements entered into after June 28, 2016 pursuant to settlement of legal proceedings, contracts for urgent litigation expenses, or contracts for a cumulative amount of \$5,000 or less per vendor in each fiscal year.

“Contractor” means any person or persons, firm, partnership, corporation, or combination thereof, who enters into a contract with the Executive Director or designee empowered by law to enter into contracts on the part of the Transportation Authority.

“Executive Director” shall mean the Executive Director of the Transportation Authority.

“Disability,” with respect to an individual, shall mean a physical or mental impairment which substantially limits one or more major life activities, or a record of such an impairment, or being regarded as having such an impairment.

“Domestic partner” shall mean any person who has a currently registered domestic partnership with a governmental body pursuant to State or local law authorizing such registration.

“Gender identity” shall mean a person’s various individual attributes as they are understood to be masculine and/or feminine.

“Qualified disabled employee” shall mean a person able to perform the essential functions of a job with or without reasonable accommodation.

“Sex” shall mean the character of being male or female, and includes, but is not limited to, pregnancy, childbirth, or related medical conditions; gender identity; transgender status; and sex stereotyping.

“Sexual orientation” shall mean the status of being lesbian, gay, bisexual, or heterosexual.



“Subcontract” shall mean an agreement to provide goods and/or services, including construction labor, materials, or equipment, to a contractor, if such goods or services are procured or used in the fulfillment of the contractor’s obligations arising from a contract with the Transportation Authority.

“Subcontractor” means any person or persons, firm, partnership, corporation, or any combination thereof, who enters into a subcontract with a contractor. For contracts for or on behalf of the City and County of San Francisco, such term shall include any person or entity who enters into an agreement with any subcontractor for the performance of 10 percent or more of any subcontract.

“Transportation Authority” shall mean the San Francisco County Transportation Authority.

- (d) The requirements of this policy shall apply to any of a contractor’s operations within San Francisco.

## **SECTION 2. NONDISCRIMINATION PROVISIONS.**

Every contract for or on behalf of the Transportation Authority shall incorporate by reference and require the contractor to comply with the provisions of Section 2. In addition, all contractors must incorporate by reference in all subcontracts and require subcontractors to comply with the requirements set forth in Sections 2(a) and 2(c) through 2(h), and failure to do so shall constitute a material breach of contract.

In the performance of a contract the contractor agrees as follows:

- (a) The contractor or subcontractor will not discriminate against any employee, Transportation Authority employee working with such contractor or subcontractor, or applicant for employment with such contractor or subcontractor on the basis of the fact or perception of that person’s race, color, religion, ancestry, national origin, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, weight, height, AIDS/HIV status, or association with members of classes protected under this policy or in retaliation for opposition to any practices forbidden under this policy. Discrimination on the basis of sex includes sexual harassment as defined in Section 16.9-25(b) of the San Francisco Administrative Code. The contractor or subcontractor will take action to ensure that applicants are employed, and that employees are treated equally during employment, without regard to the fact or perception of their race, color, creed, religion, ancestry, national origin, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, or AIDS/HIV status. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rate of pay or other forms of compensation; and selection for training, including apprenticeship. Nothing in this policy shall require or prohibit the establishment of new classifications of employees in any given craft. The provisions of this Section with respect to age shall not apply to (1) termination of employment because of the terms or conditions of any bona fide retirement or pension plan, (2) operation of the terms or conditions of any bona fide



retirement or pension plan which has the effect of a minimum service requirement, and (3) operation of the terms or conditions of any bona fide group or insurance plan. The contractor or subcontractor agrees to post in conspicuous places, available to employees and applicants for employment, notices in such form and content as shall be furnished or approved by the awarding authority setting forth the provisions of this Section.

- (b) The prime contractor shall state that the prime contractor does not, and will not during the term of the contract discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits as well as any benefits other than bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to State or local law authorizing such registration, subject to the following conditions. In the event that the contractor's actual cost of providing a certain benefit for the domestic partner of an employee exceeds that of providing it for the spouse of an employee, or the contractor's actual cost of providing a certain benefit for the spouse of an employee exceeds that of providing it for the domestic partner of an employee, the contractor shall not be deemed to discriminate in the provision of benefits if the contractor conditions providing such benefit upon the employee agreeing to pay the excess costs. In addition, in the event a contractor is unable to provide a certain benefit, despite taking reasonable measures to do so, the contractor shall not be deemed to discriminate in the provision of benefits if the contractor provides the employee with a cash equivalent. The Executive Director shall be the final arbiter of a contractor's compliance or substantial compliance with this policy and the Executive Director's determination shall not be appealable to the Board. Contractors shall treat as confidential to the maximum extent allowed by law or the requirements of contractor's insurance provider any request by an employee or applicant for employment for domestic partner or spousal benefits or any documentation of eligibility for domestic partner or spousal benefits submitted by an employee or applicant for employment.

In adopting this Section 2(b), the intent of the Board is to equalize to the maximum extent legally permitted the total compensation between similarly situated employees with spouses and employees with domestic partners.

In particular, consistent with the severability clause set forth in Section 5 below, the Board intends that if a court or agency of competent jurisdiction finds that a State or federal law, rule or regulation invalidates (1) the application of this Section to any business, person, type of compensation or benefit, or location; or (2) any other requirement of this Section, then the court or agency should sever the invalid clause and leave in effect the remainder of this Section.

- (c) The contractor or subcontractor shall provide reasonable accommodation for qualified disabled applicants for employment and for qualified disabled employees. Said contractor or subcontractor need not provide reasonable accommodation if such would



present an undue hardship. An undue hardship means significant difficulty or expense incurred by a contractor or subcontractor with respect to the resources and circumstances of the particular employer in relationship to the cost or difficulty of providing a specific accommodation. Undue hardship must be assessed on a case-by-case basis and refers not only to financial difficulty, but to reasonable accommodations that are unduly extensive, substantial, or disruptive, or those that would fundamentally alter the nature or operation of the business. may include but not be limited to more than a de minimis cost, violation of the seniority rights of other co-workers as established by a bona fide seniority system, or a health or safety risk to the employee or co-employees. The burden of establishing undue hardship rests on the employer.

- (d) The contractor or subcontractor will in all solicitations or advertisements for employees placed by or on ~~his or her~~their behalf, state that qualified applicants will receive consideration for employment without regard to the fact or perception of their race, creed, religion, color, ancestry, national origin, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, weight, height or AIDS/HIV status.
- (e) The contractor or subcontractor will send to each labor union or representative of workers with which ~~he or she~~they has a collective bargaining agreement or other agreement or understanding, a notice advising the said labor union or workers' representative of the contractor's or subcontractor's commitments under this Section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (f) The contractor or subcontractor shall permit access to its records of employment, employment advertisements, application forms, and other pertinent data and records by the Transportation Authority, for the purposes of investigation to ascertain compliance with the nondiscrimination provisions of this policy, and upon request shall provide evidence that the contractor has complied or will comply with the nondiscrimination provisions of this policy.
- (g) When directed by the Transportation Authority, for contracts for or on behalf of the City and County of San Francisco, the contractor or subcontractor shall submit an Equal Pay Report if the contractor or subcontractor has at least 20 employees worldwide and, for a contract or subcontract, the agreement has a value equal to or in excess of the Threshold Amount set forth in the San Francisco Administrative Code Chapter 6 or the Minimum Competitive Amount set forth in San Francisco Administrative Code Chapter 21, as applicable, or, for a grant, the agreement has a value equal to or in excess of \$50,000.
  - (1) The Equal Pay Report shall provide summary information on compensation paid to employees identified by sex, race, sex and race, and data points the Human Rights Commission of the City and County of San Francisco has adopted by regulation.
  - (2) Each contractor or subcontractor shall file a complete and accurate Equal Pay Report with the Transportation Authority commencing on a date set by the Transportation Authority but no later than July 3, 2017. Thereafter, each contractor or subcontractor shall file an Equal Pay Report annually.
  - (3) The Equal Pay Report requirements of this Section 2(g) shall apply to all qualifying contracts, subcontracts and grants first advertised for bid, request for qualification or



proposal is issued or initiated on a date set by the City and County of San Francisco but no later than July 3, 2017.

~~(1)~~(4) If any information in the Equal Pay Report constitutes proprietary financial data, or confidential trade secret, or is protected by the right of privacy under the U.S. or California Constitution, the Transportation Authority shall not disclose such information unless required by law, including under the California Public Records Act and the San Francisco Sunshine Ordinance. The Equal Pay Report may be disclosed to the City and County of San Francisco.

(h) A contractor or subcontractor shall be deemed to have breached the nondiscrimination provisions of this policy upon a finding by the Executive Director or such other official who may be designated by the Board, that the contractor or subcontractor has willfully violated such nondiscrimination provisions.

~~(2)~~(1) A breach of the nondiscrimination provisions in the performance of a contract or subcontract shall be deemed by the Transportation Authority to be material breach of contract and the basis for determination by the Transportation Authority that the contractor or subcontractor is an irresponsible bidder as to all future contracts for which such contractor or subcontractor may submit bids. Such contractor or subcontractor shall not for a period of up to two years thereafter, or until it shall establish and carry out a program in conformity with the nondiscrimination provisions of this policy, be allowed to act as a contractor or subcontractor under any contract.

(2) If a finding of discrimination is made by the Executive Director, the Transportation Authority shall submit a report to the Board that provides details of what actions, if any, the Transportation Authority undertook under this policy.

(A) Upon such finding by the Executive Director or other official designated by the Board, the Transportation Authority shall notify the contractor or subcontractor that unless the contractor or subcontractor demonstrates to the satisfaction of the Executive Director or other official designated by the Board, within such reasonable period as the Board shall determine, that the violation has been corrected, action will be taken as set forth in Subparagraphs (h) and (i) hereof.

(B) The Transportation Authority shall, within 10 days of the date of issuance of any finding by the Executive Director or other official designated by the Board for the enforcement of this policy, mail to any person or persons affected by said finding, a copy of said finding, together with written notice of the right to appeal such finding. Notice of appeal must be filed in writing with the Chairperson of the Board within 20 days of the date of mailing said copy and notice.

(C) For purpose of appeal proceedings under this Section, a quorum shall consist of six members of the Board. The vote of the majority of the full Board shall be necessary to affirm, reverse or modify such decisions, order or other action rendered hereunder.

(D) The presiding officer of the Board shall have the power to administer oaths to witnesses in appeals before the Board under this Section. In the event that any person shall fail or refuse to appear as a witness in any such proceeding after being requested to do so, and if it shall appear to the Board that their testimony,





or books, records, documents or other things under their control are material and relevant as evidence in the matter under consideration by the Board in the proceeding, the presiding officer of the Board may subpoena such person, requiring their presence at the proceeding, and requiring them to bring such books, records, documents or other things under their control.

(E) All appeals to the Board shall be open to the public. Records and minutes shall be kept of such proceedings and shall be open to public inspection. Upon reaching a decision in any appeal, the Board shall give written notice thereof to the Executive Director or other official designated by the Board, and the appellant or appellants. The decision of the Board shall be final unless within 15 days of the filing and service of written notice thereof appropriate legal proceedings are filed in a court of competent jurisdiction by any party to the contract, property contract or subcontract.

(F) If any contractor or subcontractor shall fail to appear at an appeal proceeding of the Board after having been given written notice to appear, such failure to appear shall be grounds for termination of the contract, property contract or subcontract and such contractor or subcontractor shall be deemed to have forfeited all rights, benefits, and privileges thereunder.

(3) The Transportation Authority may deduct from the amount payable to the contractor or subcontractor by the Transportation Authority under any contract subject to this policy, or may impose upon the contractor or subcontractor, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this policy. In addition to any other penalties provided for the violation of the nondiscrimination provisions of this policy, the contract or subcontract may be terminated or suspended, in whole or in part, by the Transportation Authority upon the basis of a finding as set forth in Section 2(h) that the contractor has discriminated contrary to the provisions of this policy, and all moneys due or to become due hereunder may be forfeited to, and retained by, the Transportation Authority.

(4) Nothing contained in this policy shall be construed in any manner so as to prevent the Transportation Authority from pursuing any other remedies that may be available at law, equity or under any contract.

~~(f)(1)~~ The contractor or subcontractor will meet the following standards for compliance:

- (1) If the contractor or subcontractor has been held to be an irresponsible bidder under Section 2(hg) hereof, the contractor or subcontractor shall furnish evidence that it has established and is carrying out a program in conformity with the nondiscrimination provisions of this policy.
- (2) The contractor or subcontractor may be required to file with the Transportation Authority a basic compliance report, which may be a copy of the federal EEO-1, or a more detailed report as determined by the Transportation Authority. Willful false statements made in such reports shall be punishable as provided by law. No contractor or subcontractor shall be held in noncompliance for not filing such a report with the Transportation Authority unless it has been specifically required to do so in writing by the Transportation Authority.



- (3) Personally, or through its representatives, the contractor or subcontractor shall, through negotiations with the unions with whom it has collective bargaining or other agreements requiring the contractor or subcontractor to obtain or clear its employees through the union, or when the contractor or subcontractor otherwise uses a union as an employment resource, attempt to develop an agreement which will:
  - (A) Define and outline responsibilities for nondiscrimination in hiring, referral, upgrading and training;
  - (B) Otherwise implement a nondiscrimination program in terms of the unions' specific areas of skill and geography, such as an apprenticeship program, to the end that minority workers will be available and given an equal opportunity for employment.
- (4) The contractor or subcontractor shall notify the awarding authority of opposition to the nondiscrimination provisions of a contract by individuals, firms, or organizations during the term of the contract.

### **SECTION 3. POLICY APPLIES ONLY TO DISCRIMINATORY EMPLOYMENT PRACTICES.**

- (a) This policy shall not confer upon the Transportation Authority or Board thereof any power not otherwise provided by law to determine the legality of any existing collective bargaining agreement and shall have application only to discriminatory employment practices by contractors or subcontractors engaged in the performance of Transportation Authority contracts.

### **SECTION 4. NONAPPLICABILITY, EXCEPTIONS, AND WAIVERS.**

- (a) The Executive Director shall waive the requirements of this policy under the following circumstances:
  - (1) That there is only one prospective contractor willing to enter into a contract with the Transportation Authority, or that the needed goods, services, construction services for a public work or improvement, or interest in or right to use real property are available only from a sole source and the prospective contractor is not currently disqualified from doing business with the Transportation Authority, or from doing business with any governmental agency based on any contract compliance requirements;
  - (2) The contract is necessary to respond to an emergency which endangers the public health or safety and no entity which complies with the requirements of this policy capable of responding to the emergency is immediately available;
  - (3) Where the Transportation Authority's legal counsel certifies in writing to the Transportation Authority that the contract involves specialized litigation requirements such that it would be in the best interests of the Transportation Authority to waive the requirements of this policy.
- (b) This policy shall not apply where the prospective contractor is a public entity and the



Transportation Authority finds that goods, services, construction services for a public work or improvement or interest in or right to use real property of comparable quality or accessibility as are available under the proposed contract are not available from another source, or that the proposed contract is necessary to serve a substantial public interest.

- (c) This policy shall not apply where the Transportation Authority finds that the requirements of this policy will violate or are inconsistent with the terms or conditions of a grant, subvention or agreement with a public agency or the instructions of an authorized representative of any such agency with respect to any such grant, subvention or agreement, provided that the contracting officer has made a good faith attempt to change the terms or conditions of any such grant, subvention or agreement to authorize application of this policy.
- (d) Upon the request of a potential contractor or upon the Transportation Authority own initiative, after taking all reasonable measures to find an entity that complies with the law, the Transportation Authority may waive any or all of the requirements of this policy for any contract, property contract or bid package advertised and made available to the public, or any competitive or sealed bids received by the Transportation Authority as of the date of the enactment of this ordinance under the following circumstances:
  - (1) Where the Transportation Authority determines that there are no qualified responsive bidders or prospective contractors who could be certified by the Transportation Authority as being in compliance with the requirements of this policy and that the contract is for goods, a service or a project that is essential to the Transportation Authority; or
  - (2) Where the Transportation Authority determines that transactions entered into pursuant to bulk purchasing arrangements through federal, State or regional entities which actually reduce the Transportation Authority's purchasing costs would be in the best interests of the Transportation Authority; or
  - (3) Where the Transportation Authority determines that the requirements of this policy would result in the Transportation Authority's entering into a contract with an entity that was set up, or is being used, for the purpose of evading the intent of this policy, which is to prohibit the Transportation Authority from entering into contracts with entities that discriminate based on the criteria set forth in this policy;
  - (4) Nothing in this Section 4(d) shall limit the right of the Board to waive the provisions of this policy.
- (e) This policy shall not apply to (i) the investment of trust moneys or agreements relating to the management of trust assets, (ii) Transportation Authority moneys invested in U.S. government securities or under pre-existing investment agreements, or (iii) the investment of Transportation Authority moneys where the Executive Director finds that:
  - (1) No person, entity or financial institution doing business in the City and County of San Francisco which is in compliance with this policy is capable of performing the desired transactions(s); or
  - (2) The Transportation Authority will incur a financial loss which, in the opinion of the Executive Director, would violate ~~his or her~~their fiduciary duties.



This subparagraph (e) shall be subject to the requirement that Transportation Authority moneys shall be withdrawn or divested at the earliest possible maturity date if deposited or invested with a person, entity, or financial institution other than the U.S. government which does not comply with this policy.

- (f) Sections 1(b) and 2(b) shall not apply to any contracts executed or amended prior to June 28, 2016, or to bid packages advertised and made available to the public, or any competitive or sealed bids received by the Transportation Authority, prior to June 28, 2016, unless and until such contracts or property contracts are amended after Transportation Authority, and would otherwise be subject to this policy.

## **SECTION 5. SEVERABILITY.**

This policy shall be construed so as not to conflict with applicable federal or State laws, rules, or regulations. Nothing in this policy shall authorize the Transportation Authority to impose any duties or obligations in conflict with limitations on municipal authority established by federal law at the time such agency action is taken.

In the event that a court or agency of competent jurisdiction holds that the State or federal law, rule or regulation invalidates any clause, sentence, paragraph or section of this policy or the application thereof to any person or circumstances, it is the intent of the Board that the court or agency sever such clause, sentence, paragraph or section so that the remainder of this policy shall remain in effect.

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**San Francisco  
County Transportation  
Authority**

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# Investment Policy

Resolution 23-XX

## I. INTRODUCTION

The purpose of this document is to set out policies and procedures that enhance opportunities for a prudent and systematic investment policy and to organize and formalize investment-related procedures.

The investment policies and procedures of the San Francisco County Transportation Authority (Transportation Authority) are, in every case, subject to and limited by applicable provisions of [federal and state laws and executive orders](#) and to prudent money management principles. All funds will be invested in accordance with the Transportation Authority's Investment Policy, and applicable provisions of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code (Section 53600 et seq.). The investment of bond proceeds (including proceeds of notes issued pursuant to bond documents) will be further restricted by the provisions of relevant bond documents.

## II. SCOPE

This policy covers all funds and investment activities under the jurisdiction of the Transportation Authority.

Bond proceeds (including proceeds of notes issued pursuant to bond documents) shall be invested in the securities permitted pursuant to the relevant bond documents, including any tax certificate. If the bond documents are silent as to the permitted investments, bond proceeds will be invested in the securities permitted by this policy. In addition to the securities listed in Section XI below, bond proceeds may also be invested in investment and forward delivery agreements. Notwithstanding the other provisions of this Investment Policy, the percentage or dollar portfolio limitations listed elsewhere in this Investment Policy do not apply to bond proceeds.

## III. PRUDENT INVESTOR STANDARD

In managing its investment program, the Transportation Authority will observe the "Prudent Investor" standard as stated in Government Code Section 53600.3, applied in the context of managing an overall portfolio. Investments will be made with care, skill, prudence, and diligence, taking into account the prevailing circumstances, including, but not limited to, the general economic conditions, the anticipated needs of the Transportation Authority, and other relevant factors that a prudent person acting in a fiduciary capacity and familiar with those matters would use in the [conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Transportation Authority.](#) ~~stewardship of funds of a like character and purpose.~~



#### **IV. OBJECTIVES**

The primary objectives, in order of priority, for the Transportation Authority's investment activities are:

1. **Safety.** Safety of the principal is the foremost objective of the investment program. Investments of the Transportation Authority will be undertaken in a manner that seeks to ensure preservation of the principal of the funds under its control.
2. **Liquidity.** The Transportation Authority's investment portfolio will remain sufficiently liquid to enable the Transportation Authority to meet its reasonably anticipated cash flow requirements.
3. **Return on Investment.** The Transportation Authority's investment portfolio will be managed with the objective of attaining a market rate of return throughout budgetary and economic cycles commensurate with the Transportation Authority's investment risk parameters and the cash flow characteristics of the portfolio.

#### **V. INVESTMENTS SUBJECT TO FEDERAL AND STATE LAWS AND EXECUTIVE ORDERS**

Investments of the Transportation Authority shall be subject to all applicable federal and state laws and executive orders of the President of the United States and Governor of the State of California.

#### **V.VI. DELEGATION OF AUTHORITY**

Management's responsibility for the investment program is derived from the Transportation Authority Board of Commissioners (Board) and is hereby delegated to the Executive Director acting as Transportation Authority Treasurer. Pursuant to the requirements of the California Government Code, the Board may renew the delegation pursuant to this section each year. No person may engage in an investment transaction except as provided under the limits of this policy. The Transportation Authority may retain the services of an investment advisor to advise it with respect to investment decision-making and to execute investment transactions for the Transportation Authority. The advisor will follow the policy and such other written instructions as are provided by the Executive Director.

#### **VI.VII. SOCIAL RESPONSIBILITY**

Investment of funds should be guided by the following socially responsible investment goals when investing in corporate securities and depository institutions. Investments shall be made in compliance with the forgoing socially responsible investment goals to the extent that such investments achieve substantially equivalent safety, liquidity and yield compared to investments permitted by state law.



1. Investments are encouraged in entities that support community well-being through safe and environmentally sound practices and fair labor practices. Investments are encouraged in entities that support equality of rights regardless of sex, race, age, disability, or sexual orientation. Investments are discouraged in entities that manufacture tobacco products, firearms, or nuclear weapons. In addition, investments are encouraged in entities that offer banking products to serve all members of the local community, and investments are discouraged in entities that finance high-cost check-cashing, deferred deposit (payday lending) businesses and organizations involved in financing, either directly or indirectly, the Dakota Access Pipeline or, as determined by the Transportation Authority, similar pipeline projects. Prior to making investments, the Transportation Authority will verify an entity's support of the socially responsible goals listed above through direct contact or through the use of a third party such as the Investors Responsibility Research Center, or a similar ratings service. The entity will be evaluated at the time of purchase of the securities.
2. Investments are encouraged in entities that promote community economic development. Investments are encouraged in entities that have a demonstrated involvement in the development or rehabilitation of low income affordable housing and have a demonstrated commitment to reducing predatory mortgage lending and increasing the responsible servicing of mortgage loans. Securities investments are encouraged in financial institutions that have a Community Reinvestment Act (CRA) rating of either Satisfactory or Outstanding, as well as financial institutions that are designated as a Community Development Financial Institution (CDFI) by the United States Treasury Department, or otherwise demonstrate commitment to community economic development.

All depository institutions are to be advised of applicable Transportation Authority contracting ordinances, and shall certify their compliance therewith, if required.

## **VII.VIII. ETHICS AND CONFLICT OF INTEREST**

Officers, employees, and agents of the Transportation Authority involved in the investment process will not engage in any personal business activities that could conflict with proper and lawful execution of the investment program, or which could impair their ability to make impartial decisions.

## **VIII.IX. INTERNAL CONTROLS**

The Transportation Authority's internal controls ensure compliance with the Investment Policy and with the applicable requirements of the California Government Code. The Deputy Director for Finance and Administration is responsible for developing and managing internal control procedures. The monitoring of ongoing compliance shall be reviewed quarterly.

## **IX.X. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS**

The Executive Director will establish and maintain a list of financial institutions and other financial services providers authorized to provide investment services. In addition, the



Transportation Authority will establish and maintain a list of approved security brokers/dealers, selected on the basis of credit worthiness, which are authorized to provide investment services in the State of California. These include primary dealers or regional dealers that meet the net capital and other requirements under Securities and Exchange Commission Rule 15c3-1. No public deposit will be made except in a qualified public depository as established by state law.

## ~~X-XI.~~ **PERMITTED INVESTMENT INSTRUMENTS**

California Government Code Section 53601 governs and limits the investments permitted for purchase by the Transportation Authority. Within those investment limitations, the Transportation Authority seeks to further restrict eligible investment to the investments listed below. The portfolio will be diversified by security type and institution, to avoid incurring unreasonable and avoidable concentration risks regarding specific security types or individual financial institutions.

Percentage limitations, where indicated, apply at the time of purchase. Rating requirements where indicated, apply at the time of purchase. In the event a security held by the Transportation Authority is subject to a rating change that brings it below the minimum specified rating requirement, the Executive Director will notify the Board of the change. The course of action to be followed will then be decided on a case-by-case basis, considering such factors as the reason for the rating reduction, prognosis for recovery or further rating reductions and the current market price of the security.

1. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest. There is no limitation as to the percentage of the portfolio that may be invested in this category.
2. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There is no limitation as to the percentage of the portfolio that may be invested in this category.
3. Repurchase Agreements not to exceed one year duration. There is no limitation as to the percentage of the portfolio that may be invested in this category. The Repurchase Agreements must be secured by following collateral restrictions will be observed: Only U.S. Treasury securities or Federal Agency securities are acceptable collateral. All securities underlying repurchase agreements must be delivered to the Transportation Authority's custodian bank versus payment or be handled under a properly executed tri-party repurchase agreement. The market value of securities that underlie underlay a repurchase agreement ~~will~~ must be valued at 102 percent or greater of the funds borrowed against those securities and the value will be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations,





the investments in repurchase agreements will be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

4. Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by the state or any local agency; provided that the obligations are rated in one of the two highest categories by a nationally recognized statistical-rating organization (NRSRO). There is no limitation as to the percentage of the portfolio that may be invested in this category.
5. Registered treasury notes or bonds of any of the other 49 states of the United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states of the United States, in addition to California, provided that the obligations are rated in one of the two highest categories by a NRSRO. There is no limitation as to the percentage of the portfolio that may be invested in this category.
6. Bankers' Acceptances issued by domestic or domestic branches of foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest category by a NRSRO. ~~Such Purchases of~~ Banker's Acceptances may not exceed 180 days maturity or 40 percent of the Transportation Authority's portfolio. No more than 30 percent of the Transportation Authority's portfolio may be invested in the Banker's Acceptances of any one commercial bank.
7. Commercial paper of "prime" quality rated the highest ranking or of the highest letter or number rating as provided by a NRSRO. The entity that issues the commercial paper will meet all of the criteria in either (1) or (2) as follows: (1) the corporation will be organized and operating within the United States as a general corporation, will have assets in excess of five hundred million dollars (\$500,000,000), and will issue debt, other than commercial paper, if any, that is rated "A" or higher by a NRSRO; or (2) the entity corporation will be organized within the United States as a special purpose corporation, trust, or limited liability company, ~~have has~~ program-wide credit enhancements including, but not limited to, over collateralizations, letters of credit, or surety bond; ~~and have has~~ commercial paper that is rated "A-1" or higher, or equivalent by a NRSRO. Eligible commercial paper may not exceed 270 days' maturity nor represent more than 10% of the outstanding paper of an issuing corporation, or 25% of the Transportation Authority's portfolio.
8. Medium-term corporate notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state and operating within the U.S. Medium-term corporate notes will be rated in a rating category "A" or better by a NRSRO. ~~Purchases of m~~Medium-term notes ~~may will~~ not exceed 30 percent of the Transportation Authority's portfolio.



9. FDIC insured or fully collateralized time certificates of deposit in financial institutions located in California. ~~Such Purchases of~~ time certificates of deposit may not exceed 1 year in maturity or 10 percent of the Transportation Authority's portfolio.
10. To be eligible to receive ~~the Transportation Authority's local agency~~ money, a bank, savings association, federal association, or federally insured industrial loan company ~~must shall~~ have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California's communities, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code. ~~The FFIEC provides an overall assessment of the insured depositories' ability to meet the credit needs of their communities, consistent with safe and sound operations.~~
11. Negotiable certificates of deposit or deposit notes issued by a nationally or state-chartered bank, a savings association, or a federal association, a state or federal credit union or by a state-licensed branch of a foreign bank. ~~Purchases of n~~ Negotiable certificates of deposit may not exceed 30 percent of the Transportation Authority's portfolio.
12. State of California's Local Agency Investment Fund (LAIF). The LAIF portfolio should be reviewed periodically. There is no limitation as to the percentage of the portfolio that may be invested in this category. However, the amount invested may not exceed the maximum allowed by LAIF.
13. The California Asset Management Program, as authorized by Section 53601 (p) of the California Government Code. The Program constitutes shares in a California common law trust established pursuant to Section 6509.7 of Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments permitted by subdivisions (a) to ~~(q)~~ of Section 53601 of the Government Code of California, as it may be amended.
14. Insured savings account or money market account. To be eligible to receive local agency deposits, a financial institution must have received a minimum overall satisfactory rating for meeting the credit needs of California communities in its most recent evaluation. There is no limitation as to the percentage of the portfolio that may be invested in this category. Bank deposits are required to be collateralized as specified under Government Code Section 53630 et. seq. The collateralization requirements may be waived for any portion that is ~~insured covered~~ by the FDIC. The Transportation Authority shall have a signed agreement with any depository accepting Transportation Authority funds per Government Code Section 53649.
15. Placement Service Certificates of Deposit (CDs). Certificates of deposit placed with a private sector entity that assists in the placement of certificates of deposit with eligible financial institutions located in the United States (Government Code Section 53601.8). The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by the FDIC. The combined maximum portfolio exposure to Placement Service CDs and Negotiable CDs is limited to 30%. The maximum investment maturity will be restricted to five years.



16. The San Francisco City and County Treasury Pool. There is no limitation as to the percentage of the portfolio that may be invested in this category. Unless otherwise noted, the maximum maturity from the trade settlement date can be no longer than five years. Any loans or investments of Transportation Authority funds invested in the San Francisco City and County Treasury Pool to agencies of the City and County of San Francisco will specifically require the approval of the Board prior to purchase or acceptance.
17. Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940. To be eligible for investment pursuant to this subdivision these companies shall meet either of the following criteria:
  - Attain the highest ranking or highest letter and numerical rating provided by not less than two NRSROs.
  - Have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).

The purchase price of shares of beneficial interest purchased will not include any commission that these companies may charge and will not exceed 20 percent of the Transportation Authority's portfolio.

## **~~XI~~.XII. INELIGIBLE INVESTMENTS**

The Transportation Authority will not invest any funds in inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages, or in any security that could result in zero interest accrual if held to maturity.

## **~~XII~~.XIII. MAXIMUM MATURITY**

Investment maturities will be based on a review of cash flow forecasts. Maturities will be scheduled so as to permit the Transportation Authority to meet all projected obligations.

Where this Policy does not specify a maximum remaining maturity at the time of the investment, no investment will be made in any security, other than a security underlying a repurchase agreement, that at the time of the investment has a term remaining to maturity in excess of five years, unless the Board has granted express authority to make that investment either specifically or as a part of an investment program approved by the Board no less than three months prior to the investment.



## **~~XIII~~.XIV. REPORTING REQUIREMENTS**

The Executive Director will submit a quarterly list of transactions to the Board. In addition, the Executive Director will submit to the Board an investment reports each quarter, which will include, at a minimum, the following information for each individual investment:

- Type of investment instrument
- Issuer name
- Purchase date
- Maturity date
- Purchase price
- Par value
- Amortized cost
- Current market value and the source of the valuation
- Credit rating
- Overall portfolio yield based on cost
- Sale Date of any investment sold prior to maturity

The quarterly report also will (i) state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance, (ii) include a description of any of the Transportation Authority's funds, investments or programs that are under the management of contracted parties, and (iii) include a statement denoting the ability of the Transportation Authority to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money may, or may, not be available. For all of the Transportation Authority's investments held in the City and County of San Francisco's Treasury Pool the Executive Director will provide the Board with the most recent investment report furnished by the Office of the Treasurer and Tax Collector.

## **~~XIV~~.XV. SAFEKEEPING AND CUSTODY**

All security transactions entered into by the Transportation Authority will be conducted on a delivery-versus-payment basis. Securities will be held by an independent third-party custodian selected by the Transportation Authority. The securities will be held directly in the name of the Transportation Authority as beneficiary.



## **~~XV.XVI.~~ INVESTMENT POLICY REVIEW**

The Executive Director will annually render to the Board a statement of investment policy, which the Board will consider at a public meeting. Any changes to the policy will also be considered by the Board at a public meeting.



## GLOSSARY

**Agencies.** Federal agency securities and/or Government-sponsored enterprises.

**Asked.** The price at which securities are offered.

**Bankers' Acceptance (BA).** A draft or bill of exchange ~~issued~~ ~~accepted~~ by a bank or trust company ~~that guaranteed payment at a later time. The accepting institution guarantees payment of the bill, as well as the issuer.~~

~~**Benchmark.** A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.~~

**Bid.** The price offered by a buyer of securities. (when you are selling securities, you ask for a bid.) See offer.

**Broker.** A broker brings buyers and sellers together, for ~~which the broker typically receives a commission for a successful sale~~ ~~a commission.~~

**Certificate of Deposit (CD).** A time deposit with a specific maturity evidenced by a certificate. Large-denomination CDs are typically negotiable.

**Collateral.** Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**Coupon.** (a) the annual rate of interest that a bond issuer promises to pay the bondholder on the bond's face value. (b) a certificate attached to a bond evidencing interest due on a payment date.

**Dealer.** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

~~**Debenture.** A bond secured only by the general credit of the issuer.~~

**Delivery versus Payment.** There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

**Derivatives.** (1) financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an



underlying index or security (interest rates, foreign exchange rates, equities, or commodities).

**Discount.** The difference between ~~the principal amount of a security and its issue~~ ~~the cost price where the issue price is lower than the principal amount of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.~~

**Discount securities.** Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury bills.

**Diversification.** Dividing investment funds among a variety of securities offering independent returns.

**Federal credit agencies.** Agencies of the federal government set up to supply credit to various classes of institutions and individuals, e.g., S&Ls, small business firms, students, farmers, farm cooperatives, and exporters.

**Federal Deposit Insurance Corporation (FDIC).** A federal agency that insures bank deposits, currently up to ~~\$250,000 per depositor per insured bank~~ ~~\$100,000 per deposit.~~

**Federal funds rate.** The rate of interest at which fed funds are traded. This rate is currently pegged by the federal reserve through open-market operations:

**Federal Home Loan Banks (FHLB).** ~~Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBS is to liquefy the housing related assets of its members who must purchase stock in their district bank.~~

**Federal National Mortgage Association (FNMA).** ~~FNMA, like GNMA was chartered under the federal national mortgage association act in 1938. FNMA is a federal corporation working under the auspices of the department of housing and urban development (HUD). It is the largest single provider of residential mortgage funds in the united states~~ ~~United States.~~ ~~Fannie mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.~~

**Federal Open Market Committee (FOMC).** ~~Consists of seven members of the federal reserve board and five of the twelve federal reserve bank presidents. The president of the New York federal reserve bank is a permanent member, while the other presidents serve on a rotating basis. The committee periodically meets to set federal reserve guidelines regarding purchases and sales of government securities in the open market as a means of influencing the volume of bank credit and money.~~



**Federal reserve system.** The central bank of the united states created by congress and consisting of a seven member board of governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

~~Financial statements. Financial statements are an overview of the agency's finances and shall be prepared in accordance with generally accepted accounting principles and shall be accompanied by a report, certificate, or opinion of an independent certified public accountant or independent public accountant.~~

~~Government national mortgage association (gnma or ginnie mae). Securities influencing the volume of bank credit guaranteed by gnma and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the Government. Ginnie mae securities are backed by the fha, va or fmha mortgages. The term "pass-throughs" is often used to describe ginnie maes.~~

**Liquidity.** A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

**Market value.** The price at which a security is trading and could presumably be purchased or sold.

~~Master repurchase agreement. A written contract covering all future transactions between the parties to repurchase=reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.~~

**Maturity.** The date upon which the principal or stated value of an investment becomes due and payable.

**Money market.** The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc. a) Are issued and traded.

**Nationally Recognized Statistical-Rating Organization (NRSRO).** A credit rating agency that issues credit ratings that the U.S. Securities and Eexchange Commission (SECsec) permits other financial firms to use for certain regulatory purposes.

**Offer.** The price asked by a seller of securities. (when you are buying securities, you ask for an offer.) See asked and bid definitions.

~~Open market operations. Purchases and sales of government and certain other securities in the open market by the new york federal reserve bank as directed by the fomc in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open~~





market operations are the federal reserve's most important and most flexible monetary policy tool.

**Portfolio.** Collection of securities held by an investor.

**Primary dealer.** A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the federal reserve bank of New York and are subject to its informal oversight. Primary dealers include securities and exchange commission (sec)-registered securities broker-dealers, banks, and a few unregulated firms.

**Prudent person rule.** An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

**Qualified public depository.** A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the public deposit protection commission to hold public deposits.

**Rate of return.** The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

**Repurchase Agreement (RP or REPO).** A purchase of securities by an agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the agency by book entry, physical delivery, or by third-party custodial agreement. A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use rp extensively to finance their positions. Exception: when the fed is said to be doing rp, it is lending money that is, increasing bank reserves.

**Safekeeping.** A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

**Secondary market.** A market made for the purchase and sale of outstanding issues following the initial distribution.

**Securities and Exchange Commission (SEC).** Agency created by congress to protect investors in securities transactions by administering securities legislation.



**Sec Rule 15c3-1.** See uniform net capital rule [definition](#).

~~Structured notes: Notes issued by government sponsored enterprises (fhfb, fnma, slma, etc.) And corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.~~

**Treasury bills.** A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

**Treasury bonds.** Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

**Treasury notes.** Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

**Uniform net capital rule.** Securities and exchange commission requirement that, [subject to certain exceptions, prohibits](#) member firms as well as nonmember broker-dealers in securities [from permitting their respective aggregate indebtedness to exceed 1500 percent of its net capital.](#) ~~Maintain a maximum ratio of indebtedness to liquid capital of 15 to 1;~~ also called net capital rule and net capital ratio. Indebtedness covers all money owed ~~to a firm,~~ including margin loans and commitments to purchase securities. ~~This is~~ one reason new public issues are spread among members of underwriting syndicates. ~~Net liquid~~ capital includes cash and assets easily converted into cash.

**Yield.** The rate of annual income returns on an investment, expressed as a percentage. (a) income yield is obtained by dividing the current dollar income by the current market price for the security. (b) net yield or yield to maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.



# **Procurement Policy**

Resolution 23-XX

## **I. INTRODUCTION**

The Procurement Policy is designed to guide decisions pertaining to procurement, including the modes, methods, and procedures for acquiring the materials, equipment, and services necessary to carry out the operations of the San Francisco County Transportation Authority (Transportation Authority). This policy is intended to establish the manner in which all Transportation Authority procurement activities shall be conducted, and define the requirements and/or limitations for the Transportation Authority and those individuals, firms or agencies doing business with the Transportation Authority. It is intended to be consistent with the Transportation Authority's Administrative Code, the Proposition K Sales Tax Expenditure Plan (Expenditure Plan), federal and state regulations, and general prudent accounting and financial management practices.

## **II. SCOPE AND AUTHORITY**

The Procurement Policy applies to the operations of the Transportation Authority and is not applicable to the operations of any project sponsoring agencies of the Transportation Authority, unless otherwise specifically provided. The Transportation Authority may enter into an agreement to solicit and award contracts on behalf of a sponsoring agency, if requested and if it is determined to be in the best interest of the Transportation Authority and the sponsoring agency. The award of such contracts shall be for goods and services for programs or projects contained in the Expenditure Plan.

The Procurement Policy provides guidelines for procuring materials and supplies, professional and technical services, and lease and rental agreements. The Procurement Policy is separate from, but shall be applied in conjunction with, the Transportation Authority's Strategic Plan, adopted Fiscal Policy and Disadvantaged Business Enterprise (DBE) and Local Business Enterprise (LBE) Policy, as applicable. Overall policy direction shall be the responsibility of the Transportation Authority Board (Board). Responsibility for implementation of the Procurement Policy, and day-to-day responsibility and authority for structuring, implementing, and managing the Transportation Authority's policies, goals, and objectives, shall lie with the Executive Director. This Policy will be reviewed and updated as required or deemed advisable at least once every three years. Any changes to the policy are subject to approval by the Board at a public meeting.

## **III. PROCUREMENT PROCESS**

Open competition is the basis for efficient, economic, and fair public procurement. It is the policy of the Transportation Authority to competitively bid on the procurement of all goods and services, and to encourage small and local firms to do business with the Transportation Authority. All procurement activities are considered to be contractual obligations



encompassing financial compensation in return for the rendering of specific goods and/or services. All procurements are to be negotiated on a fixed-price or cost plus fee basis.

#### **A. GENERAL PROVISIONS**

All procurement transactions, regardless of purchasing methodology or dollar value, shall be conducted in a manner that maximizes open and free competition. Solicitation for offers, whether by an informal or formal bid process or through competitive negotiation shall:

1. incorporate a clear and accurate description of the technical requirements for the materials, product, or services to be procured; and
2. clearly set forth all requirements which bidders must fulfill, and all other factors to be used in evaluating the proposals.

All bids or proposals must be submitted to and received at the location designated no later than the exact time and date stated in bid or proposal requirements, and must be date- and time-stamped and logged as received by Transportation Authority personnel. Bids or proposals received after the date and time deadline will be returned unopened and will be considered as disqualified. A bid or proposal may be withdrawn prior to bid or proposal opening for any reason by a bidder or ~~his/her~~their authorized representative, provided a written request to withdraw is received by the Transportation Authority prior to bid or proposal opening. After bid or proposal opening, a bid or proposal may be withdrawn only for material obvious error(s) and subject to written approval by the Executive Director.

The Transportation Authority reserves the right to modify and/or suspend any and all aspects, terms, conditions and requirements of any procurement, to obtain further information from any firm or person responding to the procurement, to waive any informality or irregularity as to form or content of the procurement document or any response thereto, to be the sole judge of the merits of the bids or proposals received, and to reject any or all bids or proposals for any reason provided that such actions are made in accordance with federal and state laws.

Contract awards shall be made only to responsive and responsible contractors that possess the potential ability to perform successfully under the terms and conditions of a proposed procurement. Consideration shall be given to such matters as compliance with public policy, record of past performance, and financial and technical resources. False statements in proposals will be a basis for disqualification. All contract awards shall be documented by written purchase order, written contract, or written memorandum. Contracts, including all options therein, will generally be limited to a maximum period of five (5) years.

The Transportation Authority annual budget establishes the monetary limits for the procurement of goods and services subject to this Policy. All procurements, whether formal or informal, shall be in compliance with the Transportation Authority's non-discrimination policy, DBE/LBE Policy, if applicable, and any other Transportation Authority contracting policy in effect at the time of the procurement.



## **B. CONFLICT OF INTEREST**

No employee, officer or agent of the Transportation Authority shall participate in the procurement process, or in the award or administration of a contract, if such participation would result in a conflict of interest, real or apparent, as defined by state and federal laws. No employee, officer, or agent shall solicit or accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to sub-agreements. The Transportation Authority shall be subject to Articles 1 and 3 of Title 9, Chapter 7 of the California Government Code and the regulations which implement those provisions as well as the San Francisco County Transportation Authority Conflict of Interest Code.

## **C. INFORMAL BID PROCESS**

Solicitations for goods and services that are anticipated to be equal to or less than ~~\$75,000~~ \$100,000 may go through an informal Request for Proposal (RFP) or bid process. Quotes may be requested by telephone, via the Internet or through mail from known qualified vendors or from current vendor catalogs and/or websites. Routine purchases in the amount of \$25,000 or less should be distributed equitably among qualified competitively priced suppliers, with consideration given to DBE/LBE utilization as applicable and as permitted by law. It is not permissible to segment the contract or use multiple solicitations for similar goods or services in order to circumvent the limitation for formal solicitation.

The informal bid or solicitation process shall include a minimum of three quotes from potential providers to ascertain that the proposed price is fair and reasonable. Transportation Authority files shall maintain support documentation demonstrating that a sufficient number of quotes were obtained.

Except in the case of an emergency, or a finding by the Board by two-thirds vote of all its voting members that, in its opinion, the supplies, equipment or materials may be purchased at a lower price in the open market, awards of contracts for supplies, equipment and materials in excess of \$25,000 shall be awarded to the lowest responsible and responsive bidder. Awards of contracts for supplies, equipment, and materials not in excess of \$25,000 will generally be awarded to the lowest bidder after a competitive process, but other factors including but not limited to delivery date and known performance and, if applicable and permitted by law, DBE/LBE participation may be considered in selecting the vendor.

Awards of contracts for professional services, including legal, financial advisory, private architectural, landscape architectural, engineering, environmental, land surveying, or construction project management firms shall be on the basis of demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required, and at a price that is fair and reasonable, in accordance with state and federal laws.

## **D. FORMAL BID PROCESS**

Solicitation of goods and/or services that are anticipated to be in excess of ~~\$75,000~~ \$100,000 shall be required to go through a formal Request for Proposal (RFP) or Invitation for Bid (IFB) process. An RFP process will also be used to procure professional and technical services as applicable in accordance with the provisions of California Government Code Section 4526 and applicable federal laws and regulations. Award of a



contract for professional services will be qualifications-based and will consider multiple factors that will be clearly stated in the RFP, although price may be considered during the negotiation of the contract. Procurement for establishing an on-call or preapproved list of professional services providers shall be based on a qualifications-based process in accordance with state and federal law, and price may be taken into consideration when negotiating a contract with a firm selected from such a list to fulfill task orders.

For procurements anticipated to be in excess of ~~\$75,000~~ **\$100,000**, an Invitation for Bids (IFB) process will be used to procure all supplies, equipment, or materials that are standard in nature, character, and quality; easily defined; and/or reasonably accessible in the open market. Award will be made to the lowest responsive and responsible bidder after competitive bidding, except in an emergency declared by the vote of two-thirds of the voting membership of the Board pursuant to California Public Utilities Code Section 131285. If, after rejecting bids received, the Transportation Authority, pursuant to California Public Utilities Code Section 131286, determines and declares by a two-thirds vote of the voting membership of the Board that, in its opinion, the supplies, equipment, or materials may be purchased at a lower price in the open market, the Transportation Authority may proceed to purchase these supplies, equipment, or materials in the open market without further observance of the provisions regarding contracts, bids, or advertisement.

Solicitation for offers in the formal bid process shall include the following:

1. A clear and accurate written description of the project scope and deliverables, and technical requirements for the materials, product, or service being procured;
2. Special conditions or restricting policies, policy goals such as DBE/LBE goals, if applicable, patents, liquidated damages, and performance, bid or indemnification requirements;
3. Proposed timetable for the project or service;
4. General format requirements and number of copies/items (if applicable) to be delivered;
5. Date of pre-proposal conference, if applicable;
6. A clear definition of the evaluation criteria to be used in evaluating the bids or proposals; and
7. Date, time, and place for submission of final bids or proposals.

If a pre-proposal conference is held, a listing of those in attendance showing name(s) of attendees and agency or company represented shall be maintained in the resulting contract files.

Responses to RFPs for professional and technical services shall require identification of the bidders or proposer's key employees and subcontractors. Bidders or proposers shall be required to notify the Transportation Authority of any pending lawsuits or labor disputes that may interfere with the delivery of services.



Procurements in amounts greater than ~~\$75,000~~ \$100,000 shall require a formal notice process including advertising requests for bids or proposals in local appropriate newspapers or other media outlets. Notice should occur with sufficient time to allow bidders or proposers reasonable time in which to respond. The term “reasonable time” may vary depending on the complexity of the proposed project. Thirty (30) calendar days shall be considered the standard time allotted in notification to potential bidders or proposers. More or less time may be allotted at the determination of the Executive Director.

RFPs and IFBs will be reviewed by a selection panel appointed by the Executive Director. The Executive Director may elect to assemble a separate cost evaluation panel to review cost proposals and evaluate cost assumptions. Based on their reviews and analysis, the selection panel and cost evaluation panel, if any, shall rank bids or proposals. The Executive Director will recommend to the Board award of a contract, based on the results of the procurement process and the recommendations the selection panel and cost evaluation panel, if any, to the bidder or proposer most advantageous to the Transportation Authority. In the case of IFBs, the Executive Director will recommend an award to the lowest responsive and responsible bidder or proposer.

Copies of all correspondence, including negative response letters, copies of evaluation sheets/scores, and copies of all bids or proposals not being considered further shall be maintained in the files.

In the event that only a single bid or proposal is submitted, the Transportation Authority shall document its efforts in soliciting responses; and record the history of all correspondence, negotiations, including parties involved, etc. that took place with reference to the award of the resulting contract.

#### **IV. NONCOMPETITIVE NEGOTIATED AGREEMENTS (SOLE SOURCE)**

A noncompetitive, negotiated contract may be developed when special conditions arise. These types of agreements are defined as “Sole Source” agreements. Conditions under which noncompetitive, negotiated contracts may be acceptable include:

1. A unique commodity or specialized professional service is known to be available from only one vendor;
2. An emergency of such magnitude that cannot permit delay; or
3. Competition is determined to be inadequate after solicitation of a number of sources.

In these cases, the Transportation Authority will develop an adequate scope of work, evaluation factors and cost estimate, and conduct negotiations with the vendor to ensure a fair and reasonable cost. The Transportation Authority will document details of the special conditions and retain those details in the respective contract file for audit and grant review purposes.



## V. PROHIBITING CONTRACTING IN STATES THAT ALLOW DISCRIMINATION AGAINST LGBT INDIVIDUALS ~~AND IN~~, STATES WITH RESTRICTIVE ABORTION LAWS, AND STATES WITH VOTER SUPPRESSION LAWS

On October 14, 2016, through Ordinance 189-16, the City and County of San Francisco prohibited city contracting involving states that allow discrimination against lesbian, gay, bisexual, and transgender individuals. This prohibition became effective on February 11, 2017. On August 9, 2019, through Ordinance 200-19, the City and County of San Francisco prohibited city contracting involving states with certain laws that restrict abortion access. This prohibition became effective January 1, 2020. On November 5, 2021, through Ordinance 201-21, the City and County of San Francisco prohibited city contracting involving states with voter suppression laws. The list of states banned from contracting under ~~both these three~~ Ordinances is known as the Covered State List and is maintained and updated by the City Administrator on at least a semiannual basis.

The Ordinances do not automatically apply to the Transportation Authority, since it is a separate governmental entity rather than a City department. In keeping with the public policy objectives leading to the City's adoption of the Ordinances, however, the Transportation Authority has adopted appropriate elements of the contracting prohibitions contained in the Ordinances, as further detailed below. Pursuant to this section, the Transportation Authority shall not: enter into a contract with a contractor that has its United States headquarters in a state on the Covered State List or where any or all of the work on the contract will be performed in a state on the Covered State List, unless it meets one or more of the exemption criteria detailed below.

1. This section shall not apply to contracts that meet one or more of the following circumstances:
2. The needed services are available only from one source, as supported by sufficient justification.
3. The contract is necessary to respond to an emergency which endangers public health or safety.
4. There are no qualified responsive bidders or prospective vendors that comply with the requirement of this section; and the needed service, project or property is essential to the Transportation Authority or the public.
5. The public interest warrants the granting of an exemption due to potential adverse impact on services.
6. The services to be purchased are available under a bulk purchasing arrangement with a federal, state, or local government entity or a group purchasing organization; the purchase under such arrangement will substantially reduce the Transportation





Authority's cost of purchasing such services, and the purchase under such arrangement is in the best interest of the Transportation Authority.

7. The services are planned to be funded in whole or in part by regional, state, federal, or private funding.
8. Application of this ban will violate or would be inconsistent with the terms or conditions of a grant or agreement with a public agency.

Additionally, this section shall not apply to contracts advertised, solicited, initiated, or executed prior to the effective date of this revised policy, including amendments to existing contracts and task orders under existing on-call contracts.

Application of this section does not apply to: (1) work performed on a contract by a subcontractor, subconsultant or supplier; or (2) the supply of off-the-shelf equipment.

Application of this section does not apply to procurements under on-call contracts, where on-call bench was established prior to the effective date of this revised policy.

If during the term of a contract, the contractor moves its headquarters, or the location from which it will provide services to the Transportation Authority, to a state on the Covered State List, such a move shall not constitute grounds to terminate the contract.

For the purposes of this section, "contract" means an agreement between the Transportation Authority and any person or entity that provides, at the expense of the Transportation Authority, for public works, public improvements, commodities, or services to be purchased, not including contracts for underwriting services for the purchase and sales of Transportation Authority bonds, notes, and other forms of indebtedness.

The Transportation Authority shall document any applicable contract exemption(s) and provide such documentation to the Executive Director prior to execution of the contract by the Transportation Authority, or prior to specific action by the Board authorizing award of the contract to the contractor, if applicable.

## **VI. PROCUREMENT PROTEST AND APPEAL PROCEDURES**

It shall be the policy of the Transportation Authority to have established protest procedures which shall apply to all procurements of supplies, equipment, and services. A copy of these policies and procedures shall be maintained in the Transportation Authority's offices for general inspection and review by the public. In addition, the Transportation Authority shall provide, upon request, a copy of these protest policies and procedures to all individuals, associations, corporations, and companies with which the Transportation Authority conducts business.



A bidder or proposer that has timely submitted a bid or proposal in response to a procurement of the Transportation Authority may file a protest asserting that the Transportation Authority has failed to follow applicable policies or procedures relative to seeking, evaluating, and/or awarding a contract or has failed to comply with relevant specifications or procedures contained in the bid documents or request for proposals. In order to file a protest, the protester must be an actual bidder or proposer whose direct economic interests would be affected by the award of a procurement contract or by the failure to award a procurement contract.

Such protests must be filed within the earlier of five (5) business days after (i) notice, actual or constructive, of the Transportation Authority's finding that the bidder or proposer's bid or proposal is not being considered further or (ii) an award of the contract by the Transportation Authority to another bidder or proposer.

A protest shall be deemed filed when the Transportation Authority actually receives the protest by mail or personal delivery. Failure to file a timely protest shall constitute a waiver of the right to file a protest under these procedures. Within five (5) business days of receipt of an untimely protest, the Transportation Authority shall notify the individual or entity that the protest was untimely and is being rejected. Such notice shall constitute the final decision of the Transportation Authority relative to the untimely protest.

All protests filed must be filed by an actual bidder or proposer responding to the procurement and must be in writing and include the following information:

1. Name of individual or entity filing protest;
2. Business address and telephone number of individual or entity;
3. Name and title of contact person;
4. Description of specific procurement and the action or decision being protested;
5. A clear and concise statement of the protest, including identification of:
  - a. procedures or specifications contained in bid documents or request for proposals which were allegedly not complied with, or
  - b. specific instance(s) of Transportation Authority failure to follow its policies and procedures;
6. Detailed factual support for the protest, including relevant documents or correspondence;
7. Desired resolution of the protest; and
8. Dated signature of individual, or authorized representative of entity, filing the protest.

The Executive Director shall review and consider all stated concerns and issues alleged to be in non-compliance and issue a decision within five (5) business days of receipt of the protest. If the decision of the Executive Director is not satisfactory to the protesting party, the protesting party may appeal that decision to the Board. The appeal must be filed within five



(5) business days of the date of the decision. The appeal must clearly state the basis for disputing the decision of the Executive Director.

The appeal shall be referred to the Board, which shall consider whether to accept the appeal and hold a hearing on the matter. If a majority of the Board does not wish to accept the appeal, the Board shall defer to the decision of the Executive Director as final.

If a majority of the Board agrees to accept the appeal and holds a hearing on the matter, the protesting party shall be notified of the hearing date and time, which shall be scheduled at the earliest convenience of the Board. At the hearing, the protesting party shall be allowed fifteen (15) minutes to present its case. The Transportation Authority staff shall then be allowed fifteen (15) minutes to present the Transportation Authority's case. The Board may extend these time periods at its discretion.

The Board shall review and act upon the appeal at its next regularly scheduled meeting unless it determines that additional time to consider the appeal is required. The Board shall issue written notification to the protester of its decision which shall constitute the final decision of the Transportation Authority.

## VII. CONTRACT ADMINISTRATION

No contractual obligations, administrative or capital, shall be assumed by the Transportation Authority in the excess of its ability to pay as defined by the adopted final budget and the Strategic Plan. Approval of the Board is required prior to the execution of any contract for the procurement of goods or professional services that authorizes payments that in the aggregate exceed ~~\$75,000~~ \$100,000 in a fiscal year. The Executive Director is authorized to approve and execute all such contracts that authorize payments not in excess of ~~\$75,000~~ \$100,000 per fiscal year, provided that the amounts are consistent with the adopted final budget, as amended in accordance with the Fiscal Policy for the current fiscal year or, in the event that the contract was not completed in a single fiscal year, the contiguous fiscal year(s). The Executive Director is authorized to amend contracts to extend time, to add or delete tasks of similar scope and nature, and to increase or reduce the total amount of the contract. The Executive Director may execute such amendments without prior Board approval, if the amount of the amendment does not exceed ~~\$75,000~~ \$100,000.

All contract procurements and expenditures shall comply with all federal, state, and local statutory requirements and applicable administrative regulations and orders, as well as other legal restrictions placed on the use of said public funds. The Executive Director shall execute all contracts in conformance with the monetary limits established in the adopted final budget. The Executive Director and/or his/her/their designee has the responsibility for monitoring all contractual agreements for compliance with the terms and conditions established in the contract and for rendering payment upon completion of services or delivery of goods and materials as agreed.



## Rules of Order

Resolution 23-XX

### CHAPTER 1. DEFINITIONS

- Rule 1.1** As used in these Rules, the following words and phrases shall have the meanings respectively ascribed to them by Rules 1.2 through 1.18.
- Rule 1.2** "Administrative Code" shall mean the San Francisco County Transportation Authority's Administrative Code.
- Rule 1.3** "Adopted" in connection with proposed resolutions or ordinances, shall mean and include adoption of such proposed resolutions or ordinances by the San Francisco County Transportation Authority.
- Rule 1.4** "Board" shall mean the Board of Commissioners of the San Francisco County Transportation Authority.
- Rule 1.5** "Chair" shall mean the Chair of the Board or in the absence of the Chair, the Vice-Chair acting as Chair.
- Rule 1.6** "Clerk" shall mean the Clerk of the San Francisco County Transportation Authority.
- Rule 1.7** "Code" shall mean the California Public Utilities Code.
- Rule 1.8** "Committee" shall mean a committee of the Board, including standing and select committees.
- Rule 1.9** "Committee Room" shall mean San Francisco City Hall Committee Room 263 ~~or 250 of City Hall~~, or other location as designated with proper notice; and "Legislative Chamber" shall mean San Francisco City Hall Room 250.
- Rule 1.10** "Measure" shall mean and include a proposal, in whatsoever form presented, fulfillment of the purpose of which requires action of the San Francisco County Transportation Authority by amendment, ordinance, resolution, or motion, other than a motion designed to accomplish an action strictly parliamentary in character.
- Rule 1.11** "Member" shall mean a member of the Board.



- Rule 1.12** "Ordinances" shall mean procedures for establishing all rules of conduct affecting third parties under the jurisdiction of the San Francisco County Transportation Authority and of a permanent nature and shall include but not be limited to the Administrative Code and employment rules.
- Rule 1.13** "Précis" shall mean a summary of a measure prepared by staff and presented as a part of the Board or committee materials.
- Rule 1.14** "Presiding Officer" shall mean the Chair or acting chair.
- Rule 1.15** "Previous Question" shall be a call to end debate on a matter.
- Rule 1.16** "Resolution" shall mean the procedures for establishing all expressions of opinion of the Board which may or may not be of a permanent nature or affect third parties under the San Francisco County Transportation Authority's jurisdiction.
- Rule 1.17** "Rules" shall mean the Rules of Order of the San Francisco County Transportation Authority.
- Rule 1.18** "Transportation Authority" shall mean the San Francisco County Transportation Authority.



## CHAPTER 2. ORGANIZATION AND MEETINGS

**Rule 2.1 Adoption of Rules of Order.** The Rules of Order (Rules) shall be adopted by motion carried by an affirmative recorded vote of a majority of the members of the Board. When adopted, such Rules shall remain in effect unless suspended or amended as provided herein. The Chair may adopt temporary rules to address a specific situation or point of order in the Board meeting.

**Rule 2.2 Suspension of Rules.** Except this rule and rules which are restatements of other applicable laws and which are designated in these Rules by an asterisk, any rule may be suspended by the affirmative vote of eight (8) members unless there be less than eight (8) members present, in which case the unanimous consent of the members present, but not less than six (6) shall be required. A motion to suspend the rules is not debatable.

**Rule 2.3 Amendment to Rules.** All proposed amendments to the Rules shall be considered by the Board for adoption.

**Rule 2.4 Parliamentary Authority.** On any question or point of order not contained in these Rules, the Chair shall issue a ruling.

**Rule 2.5 \*Meetings and Rules of Procedures.** All proceedings of the Board shall be in conformance with the provisions of the Bay Area County Traffic and Transportation Funding Act (~~Sections 131000 et seq. of Division 12.5 of the California Government Code § 131000 et seq.~~), the San Francisco County Transportation Authority Reauthorization ~~Authority~~ Ordinance (~~San Francisco Business and Tax Regulations Code, Article 14, §commencing with Section 1401 et seq. of the San Francisco Business and Tax Regulations Code~~), and the 2022 Transportation Expenditure Plan approved by voters as Proposition L on November 8, 2022 ~~New Transportation Expenditure Plan adopted by the voters as Proposition K on November 4, 2003~~, and the Administrative Code.

Except as otherwise determined by the Chair, regular meetings of the Board shall be held ~~at a time set by the Chair~~ on the second and fourth Tuesday of each month in the Legislative Chamber ~~of City Hall~~, or on a Tuesday within that month that does not fall except when that day is on a federal holiday, in which case the meeting shall be held on the following Tuesday. Committee meetings shall be held in the Committee Room or other location as designated with proper notice by the Transportation Authority.



\*The acts of the Board shall be expressed by motion, resolution, or ordinance ([California Government Code § 131263](#) ~~of the Code~~).

\*All meetings of the Board shall be conducted in the manner prescribed by the Ralph M. Brown Act ([California Government Code § 54950](#) ~~Chapter 9 commencing with Section 54950 of Part 1 of Division 2 of Title 5 of the California Government Code~~) and the Transportation Authority's adopted Sunshine Policy.

**Rule 2.6 Temporary Meeting Place.** In the event the regular meeting place is unavailable, the Chair shall designate some other appropriate place as ~~its~~ [the Board's](#) temporary meeting place.

**Rule 2.7 Special Meetings of the Board.** A special meeting of the Board may be called by the Chair.

**Rule 2.8 Attendance at Meetings.** All members of the Board shall be in their respective seats at the hour appointed for each regular, special, or recessed meeting of the Board or one of its committees. The Clerk shall keep a record of the attendance of the members and shall report such record in the minutes.

**Rule 2.9 \*Quorum.** A majority of the members of the Board shall constitute a quorum for the transaction of business, and all official acts of the Board shall require the affirmative vote of a majority of the members of the Board (~~Section 131262 of the California Government Code § 131262~~).

**Rule 2.10 Rights of the Members Less Than Quorum.** In the absence of a quorum, no official action shall be taken by the members present except to order a call of the Board or committee, to reschedule the same meeting, to recess, or to adjourn.

**Rule 2.11 Call of the Board or Committee.** Whether there be a quorum or not, upon a call of the Board or one of its committees, those absent members shall be sent for by the Board or committee chair and be brought to the Legislative Chamber or to the Committee Room for committee meetings.

When the Board or one of its committees is under call, no member shall leave the Chamber or Committee Room without an announcement from the Chair that the member is excused.

During a call of the Board or one of its committees, when there is a quorum present, business may be transacted as usual, except that no action shall be taken with respect to the matter in connection with which the call was made.



**Rule 2.12 Permission to Leave Meeting.** No member shall leave the Board or committee meeting while in session if the departure would cause the loss of a quorum.

**Rule 2.13 Permission to Remove Disruptive Persons.** The Board or committee Chair shall possess the power and duty to order removed from the meeting room any person who commits the following acts in respect to a regular or special meeting of the Board or a standing or select committee:

- Disorderly, contemptuous, or insolent behavior toward the Board or committee or any member thereof, tending to interrupt the due and orderly course of said meeting.
- A breach of the peace, boisterous conduct, or violent disturbance tending to interrupt the due and orderly course of said meeting;
- Disobedience of any lawful order of the presiding officer, which shall include an order to be seated or to refrain from addressing the Board or committee, and
- Any other unlawful interference with the due and orderly course of said meeting.

Any person so removed shall be excluded from further attendance at the meeting from which removed, unless permission to attend be granted upon a motion adopted by a majority vote of the Board or committee, and such exclusion shall be effected by attending law enforcement officer(s) upon being so requested by the presiding officer.

Any law enforcement officer(s) on duty and in attendance at the meeting or whose services are requested by the presiding officer shall carry out all orders and instructions given by the presiding officer for the purpose of maintaining order and decorum at the Board or committee meeting.

In addition to effecting removal of any person who, in the opinion of the presiding officer, has violated the order and decorum of any meeting, such presiding officer may request any law enforcement officer(s) to place such person under arrest for violation of Section 403 or Section 415 of the California Penal Code, or any other applicable law, and shall cause such person to be prosecuted therefore, the complaint to be signed by such presiding officer.





## CHAPTER 3. BOARD RULES AND PROCEDURES

**Rule 3.1 Call to Order and Roll Call.** The Chair shall preside at all Board meetings, and shall call each regular, adjourned, recessed, or special meeting to order at the appointed hour. Immediately after the call to order, the Clerk shall call the roll of the members of the Board and shall record and enter into the minutes those members present and ~~shall enter in the minutes the names of those members present~~ absent, as well as and note those members who arrive subsequent to the first roll call ~~and those absent~~. In the absence of the Chair, the Vice-Chair shall preside and in the absence of both the Chair and the Vice-Chair, the members present after waiting fifteen (15) minutes from the ~~scheduled onset~~ start of the meeting, by an order entered in the minutes, shall elect one of their members to act as the presiding officer. Chair pro tempore, ~~who, while so acting, The Chair pro tempore~~ shall have the authority of the Chair while in this role. ~~The presiding officer, and~~ shall proceed with the Order of Business of the meeting.

**Rule 3.2 Order of Business.** The normal Order of Business for the Board shall be as follows:

1. Roll Call
2. Chair's Report
3. Executive Director's Report
4. Approval of Minutes
- ~~4.5. Consent Agenda (or Items Recommended from Committee)~~
- ~~5.1. Approval of Minutes~~
6. ~~Old Business~~ End of Consent Agenda
7. Introduction of New Items
8. Public Comment
9. Adjournment

**Rule 3.3 Addressing the Board.** When a member desires to address the Board, the member shall address the presiding officer, and when recognized shall proceed to speak, confining discussion to the question-agenda item before the Board. Members shall not be recognized when away from their seats.

**Rule 3.4 Member Entitled to Floor.** When two (2) or more members arise at the same time to address the Board, the presiding officer shall designate the member who is entitled to the floor.

The committee chair, or in his or her absence or forbearance another member of the committee, shall be accorded priority in addressing the Board for the



purpose of making a presentation concerning any matter submitted to the Board by the committee.

**Rule 3.5 Agenda.** Prior to preparation of the agenda, the Executive Director shall review and finalize with the Chair all matters to be considered at the meeting. All matters to be acted on by the Board, except for approval of the Minutes and election of Chair and/or the Vice Chair, shall be placed on the agenda as action items at two (2) Board meetings in order to be considered for final action on the second appearance. If a matter is considered urgent, as determined by the Chair with no objections from members of the Board, it may be placed on the agenda for final approval on the first appearance and shall be noted as such on the agenda.

Matters to be acted on by the Board shall not be placed on the Consent Agenda on the first appearance but may be placed on the Consent Agenda for final action on the second appearance. If an item is considered to be substantially changed after the first appearance, as determined by the Chair with no objections from members of the Board, it shall be considered as a new item subject to two (2) appearances.

Any member may request of the Chair in writing ten (10) business days prior to the scheduled Board or committee meeting that an item be included on the agenda. The Chair shall either cause the item to be placed on an agenda, or, if a matter is within the authority of a standing committee, refer the item to the committee within a reasonable time or advise the member why it will not be scheduled.

**Rule 3.6 Calling of Items.** The Chair shall decide whether items may be acted upon individually (or grouped) when the ~~question~~ agenda item is called unless a member requests that they be considered separately.

**Rule 3.7 Reading Titles.** The Clerk may read abbreviated titles of measures on the agenda when the abbreviated wording will clearly express to the members and to the listening public the nature of the measure.

**Rule 3.8 Introduction of Measures.** Unless provided for by the Administrative Code, the Chair shall decide which items shall be referred to which committee or to the Board. The Executive Director shall prepare a précis of each item to be considered by the Board.

**Rule 3.9 \*Measures Not on the Agenda.** Before considering an item of business not on the agenda, the Board shall adopt a motion (i) by majority vote of the full



membership of the Board that an emergency situation exists, as defined in California Government Code ~~§ Section~~ 54956.5; or (ii) by a two-thirds vote of the full membership, or if less than two-thirds of the members are present, a unanimous vote of those members present, determining that there is a need to take immediate action and that the need to take action came to the attention of the Transportation Authority ~~arose~~ after the agenda was posted (~~Code §Section~~ 54954.2 ~~of the California Government Code~~).

**Rule 3.10 Action by Motion.** All resolutions, ordinances, parliamentary actions, recommendations of the Board, actions on matters which concern only the internal functioning of the Board, directives to the staff of the Transportation Authority to perform some specific act in the line of official duty, adoption of the annual report, inquiries, actions of a ceremonial or commemorative nature, and such other actions as may be approved by the Transportation Authority's legal counsel, may be accomplished by motion.

Unless otherwise provided by these Rules, a motion of a parliamentary nature shall require for adoption the affirmative vote of at least a majority of the members of the Board ~~f~~present at the meeting at the time of the vote, ~~there being present~~ not less than a quorum.

\*All other motions shall require for adoption the affirmative vote of a majority of all the members of the Board, except as otherwise provided by these Rules, the Administrative Code, or other applicable law.

**Rule 3.11 Motions to be Stated and Seconded.** The Clerk shall state all motions prior to debate. All motions are to be seconded unless provided for otherwise in these Rules. The Chair shall acknowledge members as they make motions and seconds.

**Rule 3.12 Motion Not Required.** The Board shall consider, without the necessity for a motion and a second, all measures recommended to the Board by a committee.

**Rule 3.13 Division of the Question.** On the demand of any member, the Chair shall order ~~a~~ question an agenda item divided if it includes multiple propositions ~~with so~~ distinct each distinct in substance that one being taken away, one of more substantive proposition shall remain for the decisions of the Board. When divided, each proposition shall then be considered and voted upon separately as if it had been offered alone.

**Rule 3.14 Seriatim Consideration.** When a measure under debate includes points which are ultimately connected, any member may have the matter considered by



section or paragraphs. Each section or paragraph may be amended while being considered, and the proposition as a whole shall then be voted upon.

**Rule 3.15 The Previous Question.** The previous question shall only be admitted when called for by three (3) members, and if the motion carries, its effect shall be to terminate all debate on the matter pending, except that the author or mover of the measure, motion, or amendment shall have the right to close and the question under discussion shall thereupon be immediately put to a vote.

It shall require a two-thirds vote of the members present to adopt a motion calling for the previous question.

The previous question shall be put in the following form: "Shall the previous question be now put?"

**Rule 3.16 Withdrawal of Motion.** After the motion has been stated, it shall be in the possession of the Board. Before it is acted upon, a motion may be withdrawn by the mover only with the consent of a majority of the members present.

**Rule 3.17 Reconsideration.** When a motion has been made and carried or lost, it shall be in order for any member voting with the prevailing side to move to reconsider the vote on that question.

To be recorded as having voted with the prevailing side, in order to move to reconsider the vote on any question, a member may change a vote before the result of the roll call has been announced.

**Rule 3.18 Rescind.** When a vote has been taken by the Board and carried or lost, it shall be in order at the same meeting for any member to move to rescind that vote unless something has been done as a result of the vote which is impossible to undo.

**Rule 3.19 \*Voting Requirements and Procedure.** Every member present when a measure is put forth shall vote for or against it unless prohibited from voting by applicable law because of a conflict of interest, which shall be disclosed (~~Code §Sections 1090 et seq. and 87100 et seq. of the California Government Code~~, and all other relevant laws or regulations). A member with a conflict of interest pursuant to California Government Code §Section 87100 et. seq. shall follow the disqualification procedures set forth in 2the California Code of Regulations §section 18707.

No member shall be permitted to vote ~~upon a question~~ until the roll is called or before ~~the a~~ vote is announced.



\*A tie vote on any matter before the Board shall be deemed ~~to be a disapproval~~fail of a motion (~~Section 131262 of the~~ Code § 131262).

**Rule 3.20 Minutes.** Minutes will be kept of each regular and special meeting by the Clerk.

**Rule 3.21 Vote to be Entered in the Minutes.** After the Board has voted upon any matter, the names of the members who voted for and those who voted against the ~~question agenda item, as well as the number of votes by ayes and noes shall be entered in the Minutes, and the votes by ayes and noes~~ shall be recorded in the minutes.

**Rule 3.22 Identification, Filing, and Indexing.** The Clerk shall assign to all measures appropriate identification. Thereafter, the Clerk shall maintain a legislative record and index of all measures.

**Rule 3.23 Disposition of Communications.** Written communications addressed to the Board regarding a matter to be considered or acted on shall be time-stamped and deemed received by the Clerk. Communications that were received prior to the posting of the agenda shall be distributed to the Board prior to the meeting by the Clerk. Communications received after the posting of the agenda shall either be summarized by the Clerk at the Board meeting or distributed within seventy-two (72) hours.

**Rule 3.24 \*Posting of the Agenda.** The Clerk shall post and distribute the agenda in an accessible manner to all persons known or presumed to be interested in ~~a particular measure~~items to be considered at an upcoming meeting, and such notice shall be ~~initiated so as to be reasonably designed to reach recipients~~posted or announced not later than seventy-two (72) hours before any regularly scheduled Board meeting and twenty-four (24) hours before any special meeting is scheduled (~~Sections 59454.2 and 54956 of the California Government~~ Code § 59454.2 and 54956).

In the case of a rescheduled or canceled meeting, notice of the rescheduled ~~new~~ meeting shall be posted outside San Francisco City Hall Room 244 ~~in City Hall~~.

**Rule 3.25 \*Meetings to Be Public.** Every Board meeting shall be open to the public except that the Chair may order a meeting to be held in closed session for consideration of matters permitted to be discussed in closed session (~~Sections 54954.5 et seq. of the~~ California Government Code § 54954.5 et seq.).



**Rule 3.26 \*Public Comment.** Any member of the public is entitled to comment on any matter on the agenda before it is acted on by the Board, unless a matter had previously been considered by a committee or the Board and was not substantially changed since it was heard, as determined by the Board. In addition, the last item prior to adjournment at each Board meeting shall provide an opportunity for members of the public to directly address the Board on items of interest to the public that are within the subject matter jurisdiction of the Transportation Authority, and which have had not been discussed earlier in the meeting ~~that are within the subject matter jurisdiction of the Transportation Authority~~. Members of the public may address the Board for up to two (2) minutes or for such number of minutes as set by the Chair. The Chair may limit the total testimony to thirty (30) minutes.



## CHAPTER 4. COMMITTEE RULES AND PROCEDURES

**Rule 4.1 Call to Order and Roll Call.** The committee chair shall preside at all committee meetings, and shall call each regular, adjourned, recessed, or special meeting to order at the appointed hour. Immediately after the call to order, the Clerk shall call the roll of the committee members and shall record ~~those members present~~ and ~~shall~~ enter in the minutes the names of those members present ~~as well as those members who arrive subsequent to the first roll call~~ and those absent ~~during roll call~~. In the absence of the committee chair, the vice-chair shall preside. The presiding officer shall proceed with the Order of Business.

**Rule 4.2 Order of Business.** The normal Order of Business for committees shall be as follows:

1. Roll ~~call~~ Call
- ~~2. Consent Agenda~~
- ~~3.2.~~ Approval of Minutes
- ~~4. Old Business~~
- ~~3.~~ Items for Recommendation
- ~~5.4.~~ Introduction of New Items
- ~~6.5.~~ Public Comment
- ~~7.6.~~ Adjournment

**Rule 4.3 Standing Committees, General Rules.** The standing committees of the Board and the matters to be referred to each are set forth in the Administrative Code. Select committees may be established as provided in Section 5.1 of the Administrative Code.

Any member of the Board who is not a member of an assigned committee may join with the members of the said committee in its deliberations provided such participation does not result in a quorum of the Board membership being present; however, only members of said committee shall be entitled to vote, except that the Chair may vote as provided in Section 5.1 (c) of the Administrative Code on such matters in committee. Except with respect to the Chair, the participation of a non-member of the committee shall not be counted for purposes of determining whether a quorum of the committee is present.

In the event that the scope of committee assignments may be conflicting, overlapping, ambiguous, or not stated, the Chair shall determine and designate which committee shall have jurisdiction over a particular matter.



- Rule 4.4 Committee Chair.** Appointments to committees, including committee chair and vice-chair, will be determined by the Board Chair at the beginning of each year (~~Section 3(a) of the~~ Administrative Code § 3(a)).
- Rule 4.5 Time of Meeting.** Every committee shall meet at the time set by the Board Chair, committee chair at the beginning of his or her appointment, or a majority of the committee, in that order of priority. Whenever a meeting falls on a holiday or a quorum does not result, the meeting shall be rescheduled at the discretion of the committee chair.
- Rule 4.6 Meeting Frequency.** The regular schedule of the standing committee meetings shall provide for meeting at least once a month for each of the committees, except for the Personnel Committee which shall meet only at the call of the Chair.
- Rule 4.7 Agenda.** Prior to preparation of an agenda, the Executive Director shall review and finalize with the committee chair all matters to be considered at the meeting.
- Rule 4.8 Calling of Items.** The committee chair shall decide whether items may be acted upon individually (or grouped) when the question agenda item is called, unless a member requests that they be separate.
- Rule 4.9 Reading the Titles.** The Clerk may read abbreviated titles of measure on the agenda when the abbreviated wording will clearly express to the members and to the listening public the nature of the measure.
- Rule 4.10 Introduction of Measures.** The Executive Director shall prepare a précis of each item to be considered by the committee.
- Rule 4.11 \*Measures Not on the Agenda.** Before considering an item of business not on the agenda, the committee shall adopt a motion (i) by majority vote of the full membership of the committee that an emergency situation exists, as defined in California Government Code §Section 54956.5; or (ii) by the two-thirds vote of its members, or if less than two-thirds of the members are present, by a unanimous vote of those members present, determining that there is a need to take immediate action and that the need to take action came to the attention of the Transportation Authority arose after the agenda was posted (~~Section 54954.2 of the~~ California Government Code (§ 54954.2)).
- Rule 4.12 Action by Motion.** All resolutions, ordinances, parliamentary actions, recommendations of a committee, actions on matters which concern only the





internal functioning of a committee, directives to the staff of the Transportation Authority to perform some specific act in the line of official duty, inquiries, actions of ceremonial or commemorative nature, and such other actions as may be approved by the Transportation Authority's legal counsel, may be accomplished by motion.

Unless otherwise provided by these Rules, a motion of a parliamentary nature shall require for adoption the affirmative vote of at least a majority of the members of the committee present at the meeting at the time of the vote, ~~there being present~~ not less than a quorum.

\*All other motions shall require for adoption the affirmative vote of a majority of all the members of the committee, except as otherwise provided by these Rules, the Administrative Code, or other applicable law.

**Rule 4.13 Motion to be Stated.** The Clerk shall state all motions prior to debate. No motion in the committee shall require a second. The committee chair shall acknowledge members as they make motions.

**Rule 4.14 Division of the Question.** On the demand of any member, the committee chair shall order a question (or agenda item) divided if it includes multiple propositions with so distinct each distinct in substance that one being taken away, one of more substantive proposition shall remain for the decisions of the committee. When divided, each proposition shall then be considered and voted upon separately as if it had been offered alone.

**Rule 4.15 Seriatim Consideration.** When a measure under debate includes points which are ultimately connected, any member may have the matter considered by sections or paragraphs. Each section or paragraph may be amended while being considered, and the proposition as a whole shall then be voted upon.

**Rule 4.16 Withdrawal of Motion.** After the motion has been stated, it shall be in the possession of the committee. Before it is acted upon, a motion may be withdrawn by the mover only with the consent of a majority of the members present.

**Rule 4.17 Reconsideration.** When a motion has been made and carried or lost, it shall be in order for any member voting with the prevailing side to move to reconsider the vote on that question.



To be recorded as having voted with the prevailing side, in order to move to reconsider the vote on any question, a member may change a vote before the result of the roll call has been announced.

**Rule 4.18 Rescind.** When a vote has been taken by a committee and carried or lost, it shall be in order at the same meeting for any member to move to rescind that vote unless something has been done as a result of the vote which is impossible to undo.

**Rule 4.19 \*Voting Requirements and Procedure.** Every member present when a motion is put forth shall vote for or against it unless prohibited from voting by applicable law because of a conflict of interest, which shall be disclosed (~~Code §Sections 1090 et seq. and 87100 et seq. of the California Government Code~~, and all other relevant laws or regulations). A member with a conflict of interest pursuant to California Government Code §Section 87100 et. seq. shall follow the disqualification procedures set forth in 2the California Code of Regulations §section 18707.

No member shall be permitted to vote ~~upon a question~~ until the roll is called or before ~~the a~~ vote is announced.

A tie vote on any matter before the committee shall be deemed to be a disapproval except that the Chair may break a tie vote as provided in Administrative Code ~~§Section 5.1-(c)~~.

**Rule 4.20 Minutes.** Minutes will be kept of each regular and special meeting by the Clerk.

**Rule 4.21 Vote to be Entered in the Minutes.** After the committee has voted upon any matter, the names of the members who voted for and those who voted against the question (or agenda item), as well as the number of votes by ayes and noes shall be entered in the Minutes, and the votes by ayes and noes shall be recorded in the minutes.

**Rule 4.22 Identification, Filing, and Indexing.** The Clerk shall assign to all measures appropriate identification. Thereafter, the Clerk shall maintain a legislative record and index of all measure.

**Rule 4.23 \*Posting of the Agenda.** The Clerk shall post and distribute the agenda in an accessible manner to all persons known or presumed to be interested in ~~a particular measure~~ items to be considered at an upcoming meeting, and such notice shall be ~~initiated so as to be reasonably designed to reach~~



~~recipients posted or announced~~ not later than seventy-two (72) hours before any regularly scheduled Board meeting and twenty-four (24) hours before any special meeting is scheduled (~~Sections 59454.2 and 54956 of the California Government Code § 59454.2 and 54956~~).

**Rule 4.24 Public Comment.** Any member of the public is entitled to comment on any matter on the agenda before it is acted on by the committee, unless a matter had previously been considered by the committee and was not substantially changed since it was heard, as determined by the committee. In addition, the last item at each committee meeting prior to adjournment shall provide an opportunity for members of the public to directly address the committee on items of interest to the public that are within the subject matter jurisdiction of the Transportation Authority, and which ~~have had~~ not been discussed earlier in the meeting ~~that are within the subject matter jurisdiction of the Transportation Authority~~. Members of the public may address the committee for up to two (2) minutes or for such number of minutes as set by the chair. The committee chair may limit the total testimony to thirty (30) minutes.



## **CHAPTER 5. MISCELLANEOUS**

**Rule 5.1 Conduct of Members.** No member in debate shall, directly or indirectly, by any form of words impute to another member or to other members any conduct or motive unworthy or unbecoming to a member.

**Rule 5.2 Honors Issued by the Board of Commissioners.** The Board may issue honors in the following categories for transportation-related activities:

1. Engrossed Resolutions. Such resolutions shall be prepared for members leaving office; Transportation Authority staff leaving the service after at least ten (10) years of service with the Transportation Authority; and Mayors, members of Congress, and members of the State Legislature upon leaving office.
2. Certificates of Honor and Letters of Commendation. Each member of the Board is authorized to be issued up to five (5) Certificates of Honor or Letters of Commendation a year on behalf of the Board without further Board action in accordance with the following procedure.
  - a) No certificates or letters shall be issued to a person or entity which has received a certificate or letter within the previous twelve (12) months.
  - b) Each member desiring to issue a Certificate of Honor or Letter of Commendation shall provide the name of the proposed recipient to the Clerk who will advise other members of the request.
  - c) During the two (2) business days following the provision of the name, other members may indicate their desire to join in on sponsoring the certificate or letter. The primary sponsor shall then permit the additional members to sign the certificate or letter.
3. The Executive Director shall, after consultation with the Chair, prescribe the form for each of these honors and shall facilitate the preparation of such certificates and letters by the staffs of individual members.
4. The Board shall be advised at its regularly scheduled meeting on any engrossed resolutions, certificates of honor, or letters of commendation awarded since the last Board meeting.



**San Francisco  
County Transportation  
Authority**

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## Sunshine Policy

Resolution 23-XX

### STATEMENT OF PURPOSE

It is the ~~duty of the San Francisco County Transportation Authority~~ Authority's (Transportation Authority) duty to serve the public, reaching its decisions in full view of the public.

Committees and the full Board of Commissioners exist to conduct the people's business.

This Policy will ~~assure~~ ensure that their deliberations are conducted before the people and that Transportation Authority operations are open to the people's review. Although access to the government decision making process is also the intent of California's Ralph M. Brown Act and Public Records Act, the Transportation Authority's Sunshine Policy was enacted to strengthen the requirements for open public decision making. The Transportation Authority adopts this Policy to assure that, in general intent as well as in administrative procedure, the people of the City remain in control of the government they created.

### A. DEFINITIONS

The terms as used herein shall be as defined in the Ralph M. Brown Act, California Government Code Sections 54950, et seq., and whenever in this Policy the following words or phrases are used, ~~they shall mean:~~

1. "Transportation Authority" shall mean the members of the Board of Commissioners of the San Francisco County Transportation Authority and staff.
2. "Meeting" shall mean any of the following:
  - a. a congregation of a majority of the members of a policy body at the same time and place;
  - b. a series of gatherings, each of which involves less than a majority of a policy body, to hear, discuss, or deliberate upon any item that is within the subject matter jurisdiction of the respective policy body, if the cumulative result is that a majority of members have become involved in such gatherings; or
  - c. any other use of personal intermediaries or communications media that could permit a majority of the members of a policy body to become aware of an item of business and of the views or positions of other members with respect thereto, and to negotiate consensus thereupon.
  - d. "Meeting" shall not include any of the following:
    - i. individual contacts or conversations between a member of a policy body and a public constituent or the staff or employees of the Transportation Authority, which do not convey to the member the views or positions of other members upon the subject matter of the contact or conversation and in which the



member does not solicit or encourage the restatement of the views of the other members.

- ii. the attendance of a majority of the members of a policy body at a regional, statewide, or national conference, or at a meeting organized to address a topic of local community concern and open to the public, provided that a majority of the members refrain from using the occasion to collectively discuss ~~the topic of the conference or meeting, or~~ any other business within the subject matter jurisdiction of the respective policy body; or
- iii. the attendance of a majority of the members of a policy body at a purely social, recreational, or ceremonial occasion other than one sponsored or organized by or for the policy body itself, provided that a majority of the members refrain from using the occasion to collectively discuss any business within the subject matter jurisdiction of the respective policy body. A meal gathering of a policy body before, during, or after a business meeting of the policy body is part of that meeting and shall be conducted only under circumstances that permit public access to hear and observe the discussion of members. Such meetings shall not be conducted in restaurants or other accommodations where public access is possible only in consideration of making a purchase or making some other payment of value.

3. "Policy Body" shall mean:

- a. the Board of Commissioners of the Transportation Authority;
- b. any advisory commission, committee, or body of the Transportation Authority; or
- c. any standing committee of a policy body irrespective of its composition.

A policy body shall not include a committee which consists solely of employees of the Transportation Authority or solely of employees of the Transportation Authority and/or employees of other local agencies.

**B. PUBLIC ACCESS TO MEETINGS**

1. Meetings to Be Open and Public; Application of the Ralph M. Brown Act. All meetings of any policy body shall be open and public, and governed by the provisions of the Ralph M. Brown Act and of this Policy. In case of inconsistent requirements under the Brown Act and this Policy, the requirement which would result in greater or more expedited public access shall apply.
2. Passive Meetings. Gatherings subject to this subsection, which shall be known as "passive meetings," are the following: advisory committees created in writing by ~~the initiative of~~ a member of the Transportation Authority Board ~~or~~; the Executive Director of the Transportation Authority at the request of a Transportation Authority Board member; and social, recreational, or ceremonial occasions sponsored or organized by or for a policy body to which a majority of such policy body members



have been invited. This subsection shall not apply to a committee which consists solely of employees of the Transportation Authority and/or employees of other local agencies.

- a. ~~Gatherings~~Passive meetings, as defined above, shall be accessible to individuals upon inquiry, and to the extent possible, consistent with the facilities in which such meetings occur.
  - b. Such ~~gatherings~~passive meetings need not be formally noticed, although the time, place, and nature of the gathering shall be disclosed upon inquiry by a constituent of the public, and any agenda actually prepared for the gathering shall be accessible to such public constituents as a public record.
  - c. Such ~~gatherings~~passive meetings need not be conducted in any particular space for the accommodation of spectators, although spectators shall be permitted to observe on a space available basis consistent with legal and practical restrictions on occupancy.
  - d. Such ~~gatherings of a business nature~~passive meetings need not provide opportunities for comment by spectators, although the person presiding may, in ~~his or her~~their discretion, entertain such questions or comments from spectators as may be relevant to the business of the gathering.
  - e. ~~Passive meetings~~Gatherings may hold closed sessions under ~~any~~ circumstances allowed by this Policy, ~~or but only to the extent also allowed by~~ the Ralph M. Brown Act. In addition, gatherings may hold closed sessions under circumstances allowed by the Ralph M. Brown Act.
3. Conduct of Business; Time and Place for Meetings.
- a. The Transportation Authority has established the time and place for holding its regular meetings in its Administrative Code.
  - b. If a regular scheduled meeting of a policy body would otherwise fall on a holiday, it shall instead be rescheduled in accordance with the Rules of Order, Rules 2.5 and 4.5, held on the next business day.
  - c. If, because of fire, flood, earthquake, or other emergency, it would be unsafe to meet in the customary location, the meetings may be held for the duration of the emergency at some other place specified by the policy body. The change of meeting site shall be announced, by the most rapid means of communication available at the time, in a notice to the local media who have requested in writing notice of special meetings, ~~in writing~~, pursuant to Government Code Section 54956.
  - d. Meetings of advisory policy bodies shall be preceded by notice delivered ~~personally or~~ by electronic or physical mail at least 24 hours before the time of such meeting to each person who has requested; in writing; notice of such meeting. If the advisory policy body elects to hold regular meetings, it shall provide by bylaws, or whatever other rule is utilized by the ~~respective~~ advisory policy body, for the conduct of its business, ~~and~~ and for the time and place for holding such regular meetings. In such case, no notice of regular meetings, other



than the posting of an agenda in the place used by the policy body or executive officer which it advises, is required.

- e. Special meetings of any policy body, including advisory policy bodies that choose to establish regular meeting times, may be called at any time by the presiding officer thereof or by a majority of the members thereof; ~~by delivering personally or by mail~~ written notice to each member of the policy body and to each local newspaper, radio, or television station that has requested notice of such meeting in writing. Such notice must be delivered ~~personally or by electronic or physical~~ mail ~~and received~~ at least 24 hours before the time of such special meeting as specified in the notice. The notice shall specify the time and place of the special meeting and the business to be transacted. No other business shall be considered at such meetings by the policy body. Such written notice may be dispensed with as to any member of the policy body who at or prior to the time the meeting convenes files with the secretary of the policy body a written waiver of notice. Such waiver may be given by ~~telegamelectronic mail~~. Such written notice may also be dispensed with as to any member who is actually present at the meeting at the time it convenes. Each special meeting shall be held at the regular meeting place of the policy body, except that the policy body may designate an alternate meeting place, provided that such alternate location is specified in the call and notice of the special meeting.

#### 4. Agenda Requirements; Regular Meetings.

- a. ~~A policy body shall post an agenda in accordance with the Rules of Order, Rules 3.24 and 4.23. At least 72 hours before a regular meeting, a policy body shall post an agenda containing a meaningful description of each item of business to be transacted or discussed at the meeting.~~
- b. ~~A description is meaningful if it is sufficiently clear and specific to alert a person of average intelligence and education whose interests are affected by the item that he or she may have reason to attend the meeting or seek more information on the item. The description should be brief, concise, and non-technical. It may refer to explanatory documents, such as correspondence or reports, posted adjacent to the agenda or, if such documents are of more than one page in length, available for public inspection and copying at a stated location during normal office hours.~~
- c. ~~The agenda shall specify the time and location of the regular meeting and shall be posted in a location that is freely accessible to members of the public, and on the policy body's website, if the policy body has one.~~
- d. ~~b.~~ No action or discussion shall be undertaken on any item not appearing on the posted agenda, except that members of a policy body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights. In addition, on their own initiative, or in response to questions posed by the public, a member of a policy body or its staff may ask a question for clarification, make a brief announcement, may provide a reference to staff for other resources for factual information, request staff to report back to





the respective policy body at a subsequent meeting concerning any matter, or take action to direct staff to place a matter of business on a future agenda.

~~c.~~ Notwithstanding subsection (~~b~~~~d~~) of this section, before considering an item of business not on the agenda, the policy body shall adopt a motion in accordance with the Rules of Order, Rules 3.9 and 4.11.

~~a.~~ ~~may take action on items of business not appearing on the posted agenda under any of the following conditions:~~

~~ii.~~ ~~Upon a determination by a majority vote of the policy body that an accident, natural disaster or work force disruption an activity or situation that severely impairs public health, and safety, or both exists.~~

~~iii.i.~~ ~~Upon a good faith, reasonable determination by a two-thirds vote of the members of the policy body present at a meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that (A) the need to take immediate action on the item is so imperative as to threaten serious injury to the public interest if action were deferred to a subsequent special or regular meeting, or relates to a purely commendatory action, and (B) that the need for such action came to the attention of the policy body subsequent to the agenda being posted as specified in subsection (a) of this Section.~~

~~i.~~ ~~The item was posted pursuant to subsection (a) of this Section for a prior meeting of the policy body occurring not more than five calendar days prior to the date of the subsequent meeting at which action is to be taken on the item, and at the prior meeting the item was continued to the subsequent meeting at which action is being taken.~~

~~6.5.~~ Agenda Disclosures; Closed Sessions.

a. In addition to the brief general description of items to be discussed or acted upon in open and public session, the agenda posted pursuant to Government Code Section 54954.2, any ~~mailed~~ notice given pursuant to Government Code Section 54954.1, and any call and ~~notice delivered/or email~~ to the local media and posted pursuant to Government Code Section 54956 shall specify and disclose the nature of any closed sessions by providing all of the following information:

i. With respect to every item of business to be discussed in closed session pursuant to Government Code Section 54956.9, either:

CONFERENCE WITH LEGAL COUNSEL

Existing litigation:

Unspecified to protect service of process

Unspecified to protect settlement posture

-----or:

CONFERENCE WITH LEGAL COUNSEL

Anticipated litigation:



As defendant

As plaintiff

The space under "Existing litigation" shall be used to specifically identify a case under discussion pursuant to subdivision (a) of Government Code Section 54956.9, unless the identification would jeopardize the policy body's ability to effectuate service of process upon one or more unserved parties, in which instance the space in the next succeeding line shall be checked, or unless the identification would jeopardize the policy body's ability to conclude existing settlement negotiations to its advantage, in which instance the space in the next succeeding line shall be checked. If the closed session is called pursuant to subdivision ~~(d)(2) or (4)(b) or~~ of Section 54956.9, the appropriate space shall be checked under "Anticipated litigation" ~~to~~ indicate the policy body's anticipated position as defendant or plaintiff, respectively. If more than one instance of anticipated litigation is to be reviewed, space may be saved by entering the number of separate instances in the "As defendant" ~~or "As plaintiff"~~ spaces or both as appropriate.

- ii. With respect to every item of business to be discussed in closed session pursuant to Government Code Section 54957, either:

THREAT TO PUBLIC SERVICES OR FACILITIES

Name of law enforcement agency and title of officer or name, title, and agency of law enforcement officer(s) to be conferred with:

----- or:

PUBLIC EMPLOYEE APPOINTMENT/HIRING

Title/description of position(s) to be filled:

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Position and, in the case of a routine evaluation, name of employee(s) being evaluated:

----- or:

PUBLIC EMPLOYEE DISMISSAL/DISCIPLINE/RELEASE

Number of employees affected:

6. Agendas and Related Materials; Public Records.

- a. Agendas of meetings and any other documents on file with the clerk of the policy body, when intended for distribution to all, or a majority of all, of the members of a policy body in connection with a matter anticipated for discussion or consideration at a public meeting shall be made available to the public. However, this disclosure need not include any material exempt from public disclosure under the California Public Records Act (Government Code Sections



6250, et seq.), including without limitation, Government Code Sections 6253.5, 6254, or 6254.7.

b. Records which are subject to disclosure under subsection (a) and which are intended for distribution to the policy body prior to commencement of a public meeting shall be made available for public inspection and copying upon request prior to commencement of such meeting, whether or not actually distributed to, or received by the policy body, at the time of the request.

~~c. Records which are subject to disclosure under subsection (a) and which are distributed during a public meeting but prior to commencement of discussion on the records, shall be made available for public inspection prior to commencement of, and during, discussion of the records.~~

~~d.c.~~ Records which are subject to disclosure under subsection (a) of this Section; and which are distributed during their discussion at a public meeting shall be made available for public inspection immediately or as soon thereafter as is practicable.

~~e.d.~~ A policy body may charge a duplication fee of one cent per page for a copy of a public record prepared for consideration at a public meeting. Neither this section nor the California Public Records Act (~~Government Code sections 6250; et seq.~~) shall be construed to limit or delay the public's right to inspect any record required to be disclosed by that Act, whether or not distributed to a policy body.

#### 7. Closed Sessions.

A policy body may hold closed sessions as follows:

- a. With the Attorney General, district attorney, sheriff, or chief of police, or their respective deputies, on matters posing a threat to the security of public buildings or a threat to the public's right of access to public services or public facilities.
- b. To consider the appointment, employment, evaluation of performance, or dismissal of policy body employee, if the policy body has the authority to appoint, employ, or dismiss the employee, or to hear complaints or charges brought against the employee by another person or employee unless the employee complained of requests a public hearing. As a condition to holding a closed session on specific complaints or charges brought against an employee by another person or employee, the employee shall be given written notice of ~~his or her~~ their right to have the complaints or charges heard in an open session rather than a closed session, which notice shall be delivered to the employee personally or by mail at least 24 hours before the time for holding the session. If notice is not given, any disciplinary or other action taken by the legislative body against the employee based on the specific complaints or charges in the closed session shall be null and void. The legislative policy body also may exclude from the public or closed meeting during examination of a witness, any or all other witnesses in the matter being investigated by the policy body. The term "employee" shall not include any elected official, member of a policy body ~~or~~



~~applicant for such a position~~, or person providing services to the policy body as an independent contractor or the employee thereof, other than an independent contractor or employee thereof who functions as an officer or employee of the policy body, including but not limited to independent attorneys or law firms providing legal services to the policy body for a fee rather than a salary.

- c. A policy body, based on advice of its legal counsel, ~~and on a motion and vote in open session to assert the attorney-client privilege~~, may hold a closed session to confer with or receive advice from its legal counsel regarding pending litigation when discussion in open session concerning those matters would prejudice the position of the policy body in the litigation. Litigation shall be considered pending when any of the following circumstances exist:
- i. An adjudicatory proceeding before a court, an administrative body exercising its adjudicatory authority, a hearing officer, or an arbitrator, to which the policy body is a party, has been initiated formally.
  - ii. A point has been reached where, in the opinion of the policy body on the advice of its legal counsel, based on existing facts and circumstances, there is a significant exposure to litigation against the policy body, or the policy body is meeting only to decide whether a closed session is authorized pursuant to that advice or, based on those facts and circumstances, the policy body has decided to initiate or is deciding whether to initiate litigation.

A closed session may not be held under this section to consider the qualifications or engagement of an independent contract attorney or law firm, for litigation services or otherwise.

- d. ~~Prior to holding a closed session pursuant to this section, the policy body shall disclose the justification for its closure either by entries in the appropriate categories on the agenda or, in the case of an item added to the agenda based on a finding of necessity and urgency, by an oral announcement specifying the same information.~~ Prior to any closed session, a policy body shall state the general reason or reasons for the closed session, and may cite the statutory authority, including the specific ~~section and subdivision~~ reference, or other legal authority under which the session is being held. In the closed session, the policy body may consider only those matters covered in its statement. In the case of regular and special meetings, the statement shall be made in the form of the agenda disclosures and specifications required by Section 5 of this Policy. In the case of adjourned and continued meetings, the statement shall be made with the same disclosures and specifications required by Section 5 of this Policy, as part of the notice provided for the original meeting. In the case of an item added to the agenda as a matter of urgent necessity, the statement shall be made prior to the determination of urgency and with the same disclosures and specifications as if the item had been included in the agenda pursuant to Section ~~5.4~~ of this Policy. Nothing in this section shall require or authorize a disclosure of information prohibited by state or federal law.

8. Disclosure of Closed Session Discussions and Actions.



- a. After every closed session, a policy body may in its discretion and in the public interest, disclose to the public any portion of its discussion which is not confidential under federal or state law, or non-waivable privilege. The policy body shall, by motion and vote in open session, elect either to disclose only such information as may be required by statute or other law or to disclose the information which a majority deems to be in the public interest. The disclosure shall be made through the presiding officer of the policy body or such other person, present in the closed session, whom he or she designates to convey the information.
- b. A policy body shall publicly report any action taken in closed session and the vote or abstention of every member present thereon, as follows:
  - i. Litigation: Direction or approval given to the policy body's legal counsel to prosecute, defend or seek or refrain from seeking appellate review or relief, or to otherwise enter as a party, intervenor, or amicus curia in any form of litigation shall be reported in open session as soon as given, or at the first meeting after an adverse party has been served in the matter if immediate disclosure of the policy body's intentions would be contrary to the public interest. The report shall identify the adverse party or parties, any co-parties with the policy body, any existing claim or order to be defended against or any factual circumstances or contractual dispute giving rise to the policy body's complaint, petition, or other litigation initiative.
  - ii. Settlement. A policy body shall neither solicit nor agree to any term in a settlement which would preclude the release, upon request by the public, of the text of the settlement itself and any related documentation communicated to or received from the adverse party or parties. Where the disclosure of documents in a litigation matter that has been settled could be detrimental to the public body's interest in pending affect litigation on a closely-related case, the documents required to be disclosed by subsection (b) of this Section need not be disclosed until the closely-related case is settled or otherwise finally concluded.
  - iii. Employee Actions: Action taken to appoint, employ, dismiss, transfer or accept the resignation of a public employee in closed session shall be reported immediately in a manner that names the employee, the action taken, and position affected and, in the case of dismissal for a violation of law or of the policy of the policy body, the reason for dismissal. The foregoing notwithstanding, the report of a dismissal or nonrenewal of any employment contract shall be deferred until the first meeting following the exhaustion of administrative remedies. "Dismissal" within the meaning of this ordinance includes any termination of employment at the will of the employer rather than of the employee, however characterized. The proposed terms of any separation agreement shall be immediately disclosed as soon as presented to the policy body, and its final terms shall be immediately disclosed upon approval by the policy body.



- c. Reports required to be made immediately may be made orally or in writing, but shall be supported by copies of any contracts, settlement agreements, or other documents related to the transaction that were finally approved or adopted in the closed session and that embody the information required to be disclosed ~~by immediately report,~~ Copies of such documents shall be provided to any person who requested such copies in a written request submitted within 24 hours of the posting of the agenda, or who has made a standing request for all such documentation as part of a request for notice of meetings.
  - d. A written summary of the information required to be immediately reported pursuant to this section, or documents embodying that information, shall be posted by the close of business on the next business day following the meeting, in the place where the meeting agendas of the policy body are posted.
9. Barriers to Attendance Prohibited.
- a. No policy body shall conduct any meeting, conference or other function in any facility that excludes persons on the basis of actual or presumed class identity or characteristics, or which is inaccessible to persons with physical disabilities, or where members of the public may not be present without making a payment or purchase. Whenever the policy body members anticipate that the number of persons attending the meeting will exceed the legal capacity of the meeting room, any public-address system used to amplify sound in the meeting room shall be extended by supplementary speakers to permit the overflow audience to listen to the proceedings in an adjacent room or passageway, unless such supplementary speakers would disrupt the operation of offices adjacent to the meeting site.
  - b. The policy body shall ensure that accessible seating for persons with disabilities, including those using wheelchairs, is made available for each regular and special meeting.
10. ~~Tape Audio or Video~~ Recording, ~~Filming,~~ and Still Photography.
- a. Any person attending an open and public meeting of a policy body shall have the right to record the proceedings with an audio or video ~~tape~~ recorder, ~~or~~ a still ~~or motion~~ picture camera, or ~~to~~ broadcast the proceedings, in the absence of a reasonable finding of the policy body that the recording or broadcast cannot continue without such noise, illumination, or obstruction of view as to constitute a persistent disruption of the proceedings.
  - b. The policy body shall ~~tape audio or video~~ record each regular and special meeting. Each such audio or video ~~tape~~ recording, ~~unless otherwise noted, is available for public inspection and download at the San Francisco Government TV website at <https://sfgovtv.org/sfgovtv-live-events> under Video on Demand > Commissions, Councils & Boards~~ and any audio or video recording of a meeting of any other policy body made at the direction of the policy body shall be a public record subject to inspection, pursuant to the California Public Records Act, and shall not be erased or destroyed for at least 30 days, provided that if during that 30-day period a written request for inspection or copying of that record is made, the recording shall not be destroyed or erased until the



~~requested inspection or copying has been accomplished. Inspection of any such video or tape recording shall be provided without charge on a device made available by the policy body. If a member of the public is unable to access the online recordings, they may make a written request within 30 days of a previous policy body meeting for a downloaded copy of the requested recording. Pursuant to the California Public Records Act, the record shall not be destroyed or erased until the requested inspection, copying, or receipt of copy has been accomplished, provided that the written request was made during the 30-day period.~~

#### 11. Public Testimony at Regular and Certain Special Meetings.

- ~~- Every agenda for regular and special meetings shall provide an opportunity for members of the public to directly address the policy body, in accordance with the Rules of Order, Rules 3.26 and 4.24. Every agenda for regular meetings shall provide an opportunity for members of the public to directly address a policy body on items of interest to the public that are within policy body's subject matter jurisdiction, provided that no action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by Section B.4.e. of this Policy.~~
- ~~- Every agenda for special meetings at which action is proposed to be taken on an item shall provide an opportunity for each member of the public to directly address the policy body concerning that item prior to action there upon.~~
- ~~a. A policy body may adopt reasonable regulations to ensure that the intent of subsections (a) and (b) of this Section 11 are carried out, including, but not limited to, regulations limiting the total amount of time allocated for public testimony on particular issues and for each individual speaker. Each policy body shall adopt a rule providing that each person wishing to speak on an item before the policy body at a regular or special meeting shall be permitted to be heard once for up to three minutes.~~
- ~~- A policy body shall not abridge or prohibit public criticism of the policy, procedures, programs, or services of the policy body, or of any other aspect of its proposals or activities, or of the acts or omissions of the policy body, on the basis that the performance of one or more public employees is implicated, or on any basis other than reasonable time constraints adopted in regulations pursuant to subsection (c) of this Section.~~

~~15:12. Minutes. The minutes for each regular and special meeting shall be kept in accordance with Rules of Order Rule 3.20. A clerk of the policy body shall record the minutes for each regular and special meeting of the policy body. The minutes shall state the time the meeting was called to order, the names of the members attending the meeting, the roll call vote on each matter considered at the meeting, the time the policy body began and ended any closed session, a list of those members of the public who spoke on each matter if the speakers identified themselves, whether ~~such~~ public speakers supported or opposed the matter, and the time the meeting was adjourned. The draft minutes of each meeting shall be available for inspection and copying upon request no later than 72 hours before the next meeting of the policy~~



~~body. The officially adopted minutes shall be available for inspection and copying upon request no later than ten working days after the meeting at which the minutes are adopted. Adopted minutes of each previously conducted meeting will be posted on the policy body's website at least 72 hours before the next meeting. Physical copies can be made available for public inspection or receipt, including format into Braille or increased type size, by written request no earlier than 72 hours before the next policy body meeting. Upon request, minutes required to be produced by this Section shall be made available in Braille or increased type size.~~

### C. PUBLIC INFORMATION

1. "Public Information" shall mean the content of "public records" as defined in the California Public Records Act, whether provided in documentary form or in oral communication.
2. Release of Documentary Public Information.
  - a. Release of documentary public information, whether for inspection of the original or by providing a copy, shall be governed by the California Public Records Act, ~~which shall prevail in the event of conflict with this Policy in any particulars not addressed by this Policy.~~
  - b. Inspection and copying of documentary public information stored in electronic form shall be made available to the person requesting the information in any form requested which is available to the policy body, its members, or employees, including ~~portable drive, printout, or FTP data access disk, tape, printout or monitor~~ at a charge no greater than the cost of the media on which it is duplicated, plus the direct costs of equipment, supplies, and labor costs associated with duplicating the electronic file which is requested. Inspection of documentary public information on a computer monitor need not be allowed where the information sought is intertwined with information not subject to disclosure under the California Public Records Act and this Policy. Nothing in this section shall require the policy body to program or reprogram a computer to respond to a request for information or to release information where the release of that information would violate a licensing agreement or copyright law.
3. Release of Oral Public Information.

Release of oral public information shall be accomplished as follows:

  - a. The Executive Director of the policy body, or a designee, shall provide information, including oral information, to the public about the policy body's operations, plans, policies, and positions.
  - b. The role of the person or persons so designated shall be to provide information on as timely and responsive a basis as possible to those members of the public who are not requesting information from a specific person. This Section shall not be interpreted to curtail existing informal contacts between employees and members of the public when these contacts are occasional, acceptable to the employees of the policy body, and not disruptive of ~~his or her~~ their respective operational duties and confined to accurate information not confidential by law.





- c. No employee shall be required to respond to an inquiry or inquiries from an individual if it would take the employee more than fifteen minutes to obtain the information responsive to the inquiry or inquiries.
  - d. Public employees shall not be discouraged from or disciplined for the expression of their personal opinions on any matter of public concern while not on duty, so long as the opinion (1) is not represented as that of the policy body and does not misrepresent the policy body position; and (2) does not disrupt coworker relations, impair discipline or control by superiors, erode a close working relationship premised on personal loyalty and confidentiality, interfere with the employee's performance of ~~his or her~~their duties or obstruct the routine operation of the office in a manner that outweighs the employee's interests in expressing that opinion. In adopting this subsection, the policy body intends merely to restate and affirm court decisions recognizing the First Amendment rights enjoyed by public employees. Nothing in this section shall be construed to provide rights to policy body employees beyond those recognized by courts, now or in the future, under the First Amendment, or to create any new private cause of action or defense to disciplinary action.
4. Public Review File -- Policy Body Communications.
- a. A clerk of the policy body shall maintain a file, accessible to any person during normal office hours, containing a copy of any letter, memorandum or other communication which the clerk has distributed to or received from a quorum of the members of the policy body concerning a matter calendared by the policy body within the previous 30 days or likely to be calendared within the next 30 days, irrespective of subject matter, origin or recipient, except commercial solicitations, periodical publications or communications exempt from disclosure under the California Public Records Act and not deemed disclosable under this Policy.
  - b. Communications, as described in subsection (a), sent or received in the last three business days of the current date, shall be maintained in chronological order in the office of the policy body. After documents have been on file for two full days, they may be removed, ~~and, in at~~ the discretion of the Executive Director of the policy body, ~~placed in a monthly chronological file~~.
  - c. Multiple-page reports, studies or analyses which are accompanied by a letter or memorandum of transmittal need not be included in the file so long as the letter or memorandum of transmittal is included.
5. Non-Exempt Public Information. Notwithstanding the policy body's legal discretion to withhold certain information under the California Public Records Act, the following policies shall govern specific types of documents and information:
- a. Litigation Material.
    - i. No pre-litigation claims against the policy body, or any other record previously received or created in the ordinary course of business, shall be exempt from disclosure.



- ii. Unless otherwise privileged under California law, when litigation is finally adjudicated or otherwise settled, records of all communications between the policy body and the adverse party shall be subject to disclosure, including the text and terms of any settlement.
- b. Personnel Information. None of the following shall be exempt from disclosure:
  - i. The job pool characteristics and employment and education histories of all successful job applicants, including at a minimum the following information as to each successful job applicant:
    - 1. Sex, age, and ethnic group;
    - 2. Years of graduate and undergraduate study, degree(s) and major or discipline;
    - 3. Years of employment in the private and/or public sector;
    - 4. Whether currently employed in the same position for another public agency;
    - 5. Other non-identifying particulars as to experience, credentials, aptitudes, training, or education entered in or attached to a standard employment application form used for the position in question.
  - ii. The professional biography or curriculum vitae of any employee, provided that the home address, home telephone number, social security number, age, and marital status of the employee shall be redacted.
  - iii. The job description of every employment classification.
  - iv. The exact gross salary and policy body-paid benefits available to every employee.
- c. Contracts, Bids and Proposals. Contracts, contractors' bids, responses to requests for proposals and all other records of communication between the policy body and persons or firms seeking contracts shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. All bidders and contractors shall be advised that information provided which is covered by this subsection will be made available to the public upon request.
- d. Budgets and Other Financial Information. Budgets, whether tentative, proposed or adopted, for the policy body programs, projects or other categories, and all bills, claims, invoices, vouchers or other records of payment obligations as well as records of actual disbursements showing the amount paid, the payee and the purpose for which payment is made, other than payments for social or other services whose records are confidential by law, shall not be exempt from disclosure under any circumstances.



6. Withholding Information. Process and Justification. No record shall be withheld from disclosure in its entirety unless all information contained in it is exempt from disclosure under express provisions of the California Public Records Act or of some other statute. Information that is exempt from disclosure shall be masked, deleted, or otherwise segregated in order that the nonexempt portion of a requested record may be released, and keyed by footnote or other clear reference to the appropriate justification for withholding required by this Policy. This work shall be done personally by the attorney or other staff member conducting the exemption review. If that employee's work in redaction and footnoting exceeds one hour, the requester may be required to pay that extra increment of time at the pro rata hourly salary rate of the employee. Staff time used to locate or collect records for review or copying shall not be included as chargeable. Any withholding of information shall be justified, in writing, as follows:
  - a. A withholding on the basis that disclosure is prohibited by law shall cite the statutory authority in the Public Records Act or elsewhere.
  - b. A withholding on the basis that disclosure would incur civil or criminal liability shall cite any statutory or case law, or any other public agency's litigation experience, supporting that position.
7. Fees for Duplication.
  - a. No fee shall be charged for making public records available for review.
  - b. For documents routinely produced in multiple copies for distribution, e.g., meeting agendas and related materials, unless a special fee has been established pursuant to subsection (c) thereof, a fee not to exceed one cent per page may be charged, plus any postage costs.
  - c. For documents assembled and copied to the order of the requester, a fee not to exceed 10 cents per page may be charged, plus any postage.
8. Index to Records. The policy body staff will maintain a master index to the types of records it maintains, including those it creates and those it receives in the ordinary course of business. The index shall be for the use of policy body officials, staff and the general public, and shall be organized to permit a general understanding of the types of information maintained, by which officials and departments, for which purposes and for what periods of retention, and under what manner of organization for accessing, e.g. by reference to a name, a date, a proceeding or project, or some other referencing system. The index need not be in such detail as to identify files or records concerning a specific person, transaction, or other event, but shall clearly indicate where and how records of that type are kept.



**San Francisco  
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# Travel, Conference, Training, and Business Expense Reimbursement Policy

Resolution 23-XX

## I. PURPOSE AND GENERAL POLICY

**Purpose.** This document establishes a set of policies relating to travel, conference, training, and business expenses, and establishes procedures for reimbursement of eligible San Francisco County Transportation Authority (Transportation Authority) Commissioners and employees, herein referred to as Transportation Authority personnel, for such expenses. These rules and guidelines are designed to safeguard public funds and to ensure the Transportation Authority and its personnel are using the most economical and well-documented procedures in a consistent manner.

**General Policy.** The Transportation Authority recognizes that in some instances it is necessary and/or convenient for authorized Transportation Authority personnel to incur expenses for travel, training, and other business purposes in connection with the official business of the Transportation Authority. Additionally, the Transportation Authority recognizes the benefit of attendance at meetings, conferences and other functions which advance professional knowledge and provide opportunities to exchange information related to transportation, government operations and issues. The policy of the Transportation Authority is to pay or reimburse Transportation Authority personnel for such expenses, travel, and fees that a reasonable and prudent person would incur when traveling on official business and which serve a Transportation Authority purpose and are deemed necessary and/or advantageous to the Transportation Authority.

**Limitations.** Travel and meeting expenditures shall not exceed the approved budget, except with justification and documentation, and shall be consistent with associated policies established by the Transportation Authority. Eligible Transportation Authority personnel are entitled to claim reimbursement for actual, reasonable, and necessary expenses for eligible expenses incurred in the discharge of their official duties, subject to the limitations set forth herein.

## II. ELIGIBILITY

- A. **Eligible Personnel.** Expenses are authorized for Transportation Authority Commissioners and employees (Transportation Authority personnel). Travel expenses may be authorized for the purpose of conducting business on behalf of the Transportation Authority, including employment interviews.
- B. **Eligible Travel Expenses.** The following expenses are eligible for reimbursement in connection with authorized Transportation Authority business, travel, conferences, meetings, and training, subject to the restrictions identified in this policy. Travel expenses are subject to review by the Deputy Director for Finance and Administration



and will only be approved if deemed reasonable and proper. Reimbursements shall be for actual expenditures (receipts required for expenses greater than \$25) for amounts not to exceed the per diem rates and allowances established by the General Services Administration (GSA) and/or United States Department of Defense (USDOD) as appropriate<sup>1</sup> :

1. Meals;
2. Lodging;
3. Transportation charges (including commercial carrier fares, rental car charges, private car mileage allowances, parking, bridge and road tolls, and necessary taxi, transportation network company or public transit fares); and
4. Miscellaneous expenses:
  - a. Local and long-distance business telephone calls, faxes, and internet access by the most economical practicable commercial service;
  - b. Registration fees for attending conferences, seminars, conventions, meetings, or other training of professional societies or community organizations;
  - c. Tips to ~~porters, baggage carriers, bellhops, hotel staff, and stewards or stewardesses~~ hospitality staff;
  - d. Purchase of necessary training or conference materials or supplies;
  - e. Business expenses in connection with the preparation of clerical or official reports while on training or travel status; and
  - f. Unforeseen or unusual expenses which are justified, necessary and substantiated.

**C. Non-Eligible Travel Expenses.** Transportation Authority personnel are not eligible to claim reimbursement for the following items:

1. Personal telephone calls;
2. Alcoholic beverages and entertainment expenses;

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<sup>1</sup> Per diem is an allowance for lodging (excluding taxes), meals, and incidental expenses. The GSA establishes per diem rates for destinations within the continental United States. The United States Department of State establishes the foreign rates.



3. Constructive expenses, which are those which might have been incurred for Transportation Authority business but were not, such as:
  - if two individuals traveled together to a meeting in one car and each claimed full transportation costs, then one would be making a “constructive” claim, or
  - if an individual on a trip stayed with friends or relatives, it would be “constructive” to claim a lodging expense; and
4. Expenses which are excessive or unreasonable as determined by the Deputy Director for Finance and Administration.

D. **Expense Limitations.** Reimbursement of costs shall be based on the minimum number of days and hours required to transact Transportation Authority business. Costs incurred due to early or late arrival shall be at the traveler’s expense unless it is shown that the savings in airfare outweighs other costs. In that event, it is up to the traveler’s discretion as to whether ~~he or she~~they wishes to take advantage of the reduced airfare by traveling at an earlier/later date.

E. **Cash Advance.** Cash advances may be requested to cover anticipated travel expenses for out-of-area or overnight travel if requested a minimum of ten working days before departure. Cash advances shall not be less than \$100 nor more than the estimated expenses listed on the approved travel authorization form. Advances must be refunded immediately when an authorized trip is canceled or indefinitely postponed.

### III. TRAVEL AUTHORIZATION

- A. **Approval.** Before any Transportation Authority paid or reimbursed overnight or out-of-area travel may take place, Transportation Authority personnel must first submit a travel authorization form to their supervisor for approval, who will forward the approved form to the Deputy Director for Finance and Administration to verify that sufficient funds are available in the Transportation Authority’s budget for the travel. The Deputy Director for Finance and Administration will forward the approved form to the Executive Director for final approval. Transportation Authority Commissioners must submit the travel authorization form to the Executive Director for pre-approval. The Executive Director is authorized to approve travel requests for Transportation Authority personnel consistent with this policy. The Executive Director will inform the Chairperson of the Transportation Authority of all Commissioner travel requests in excess of \$5,000. All travel requests must be approved in advance, prior to incurring any reimbursable expenses.
- B. **Local Travel.** Local travel, which does not involve overnight travel, can be reimbursed by the Transportation Authority without pre-verification of travel funds availability but staff shall obtain verbal approval from their respective supervisor and the Executive Director.



If overnight travel is necessary, a travel authorization form shall be submitted prior to incurring reimbursable expenses.

- C. **Out-of-Area Travel.** Out-of-area travel is defined as 50 miles or more beyond the San Francisco city limits.
- D. **Travel Authorization Form.** The travel authorization form shall list the destination, purpose and justification for the trip, departure and return dates, and the estimated costs for transportation, meals, lodging, registration, and other expenses.

#### **IV. PROHIBITING STAFF TRAVEL TO STATES THAT ALLOW DISCRIMINATION AGAINST LGBT INDIVIDUALS, ~~AND IN STATES WITH RESTRICTIVE ABORTION LAWS, AND STATES WITH VOTER SUPPRESSION LAWS.~~**

On October 14, 2016, through Ordinance 189-16, the City and County of San Francisco prohibited staff travel to states that allow discrimination against lesbian, gay, bisexual, and transgender individuals. This prohibition became effective on February 11, 2017. On August 9, 2019, through Ordinance 200-19, the City and County of San Francisco prohibited staff travel in states with certain laws that restrict abortion access. This prohibition became effective January 1, 2020. On November 5, 2021, through Ordinance 201-21, the City and County of San Francisco prohibited city contracting involving states with voter suppression laws.

The list of states banned from travel under ~~both these three~~ Ordinances is known as the Covered State List and is maintained and updated by the City Administrator on at least a semiannual basis.

The Ordinances do not automatically apply to the Transportation Authority since it is a separate governmental entity rather than a City department. In keeping with the public policy objectives leading to the City's adoption of the Ordinances, however, the Transportation Authority has adopted appropriate elements of the travel prohibitions contained in the Ordinances, as further detailed below. Pursuant to this section, the Transportation Authority shall not: 1) require any of its employees or officers to travel to a state on the Covered State List, or 2) approve a request for Transportation Authority-funded travel to a state on the Covered State List, unless such travel meets one or more of the exemption criteria detailed below.

This section shall not apply to travel that is one or more of the following:

1. Necessary for the enforcement of any state or Transportation Authority law, rule, or policy.
2. Necessary for the defense of any legal claim against the Transportation Authority.
3. Required by city, state, or federal law.
4. Required to meet contractual obligations incurred by the Transportation Authority.



5. Necessary for the protection of public health, welfare, or safety.

For purposes of this section, "travel" does not include landing in a state by plane to make a connecting flight to a destination outside that state, or traversing a state by automobile, train, bus, or otherwise, to reach a destination outside that state.

The Transportation Authority shall document any travel exemption requests and provide them to the Executive Director prior to considering the travel request.

## **V. PROCEDURES FOR CLAIMING EXPENSE REIMBURSEMENT**

- A. **Expense Report.** Any reimbursement for expenses incurred on behalf of the Transportation Authority shall be claimed on an expense report. Expense reports shall be submitted within 45 days of incurring the expenses, and the reports shall be accompanied by adequate documentation supporting the expenses.

The total amount of all expenses pertaining to a particular trip should be accounted for by the traveler on an expense report form. If the total actual cost of a trip exceeds the amount listed on the travel authorization form, justification and documentation of the excess cost must be provided. In the absence of a satisfactory explanation, any amount in excess of the estimated cost approved on the travel authorization form shall not be allowed. If the cash advance exceeds the actual reimbursable expense, then the traveler shall immediately return the excess amount with the expense report.

- B. **Nature of Claim.** Claims must be for actual and necessary expenses consistent with this document; not for "constructive" expenses.
- C. **Per Diem Adjustments.** Per diem claims will be adjusted, using the appropriate per meal rate, in those instances where meals are provided gratis or as part of a registration or any other fee claimed on the expense report.
- D. **Required Information.** Each claim must clearly indicate the date, nature of expense and amount for which reimbursement is being claimed.
- E. **Receipts.** Receipts or proof of payment must be submitted with the claim to substantiate expenditures for public carrier fares, rental cars, lodging (indicating the single rate), meals, conference, or seminar registration fees, and for any unusual items or items not specifically related to travel. Claims must be recorded and certified on an expense report. For any official business in-transit travel destination, Transportation Authority personnel must provide a receipt and narrative to substantiate claimed travel expenses for lodging and a receipt for any authorized expenses incurred costing over \$25. Itemized receipts shall be obtained and submitted with the expense report. If a receipt cannot be obtained or has been lost for expenses greater than \$25, a statement to that effect shall be made on the expense report and the reason given. In the absence of a satisfactory explanation, the amount involved shall not be allowed.





- F. **Commissioner Reports.** Transportation Authority Commissioners attending a meeting, conference, or training at the expense of the Transportation Authority shall provide a brief written and oral report of such at the next regular Board meeting of the Transportation Authority. The report must include a statement of how the Commissioner's attendance has an impact on, or was associated with, Transportation Authority business, and include any materials distributed at the meeting, conference, or training that could be helpful to other Commissioners.
- G. **Expenses Not Covered by Transportation Authority Policy.** In the event where an expense does not qualify for reimbursement under this policy, to be reimbursable, the expense shall be approved by the Transportation Authority Board, in a public meeting before the expense is incurred, unless the expense is related to lodging in connection with a conference or organized educational activity conducted in compliance with California Government Code s. 54952.2(c), including but not limited to ethics training required by Article 2.4 (commencing with §. 53234) of the Government Code.

## VI. PREPAYMENT OF CONFERENCE/SEMINAR/TRAINING FEES

All requests for prepayment of conference/seminar/training will be submitted for approval a minimum of ten working days in advance of the conference/seminar/training, unless reasonable justification is provided. If the ten-day requirement cannot be met, Transportation Authority personnel may personally pay registration fees and other expenses at their own risk and seek reimbursement on the expense report.

## VII. MEAL EXPENSE

- A. **General.** Transportation Authority personnel may incur expenses for the purchase of meals for persons not employed by the Transportation Authority, with whom the Transportation Authority is transacting business. The name and business affiliation of the person, as well as the purpose of the business meeting, must be included in the expense report. The maximum per-person expenditure shall not exceed a reasonable amount under the particular circumstances and shall not exceed the set per diem amount established by the GSA or USDOD as appropriate. Actual costs shall include reasonable and customary gratuities, but not the cost of alcoholic beverages. All such expenditures for personnel must be approved in advance by the Executive Director.
- B. **Restrictions.** The purchase of non-travel related meals is authorized only when Transportation Authority personnel are required, and where approved in advance by the Executive Director in the following circumstances:
1. to attend a breakfast, lunch, or dinner meeting concerning Transportation Authority business affairs because of the official position or duties of the individual;



2. to attend a meeting between Commissioners and staff when required to conduct Transportation Authority business outside of normal business hours;
  3. to attend consecutive or continuing morning, afternoon, and night sessions of a Transportation Authority, Board of Supervisors, city council, commission, district, or other public agency meeting to cover an agenda;
  4. to act as host for official guests of the Transportation Authority, such as members of examining boards, official visitors, and speakers or honored guests at banquets or other official functions; and
  5. to attend off-site training events (training workshops, seminars, and retreats) and ready access to reasonably priced meals is not available. The Executive Director may elect to either provide meals to the attendees or authorize individuals to purchase their own meals and claim reimbursement in accordance with provisions of this document.
- C. **Local Area Meals.** Reimbursement for employee meals in the local area must be associated with Transportation Authority business and must be approved in advance by the Executive Director. Meal expenses incurred prior to authorization will be at the risk of the employee. Meals should not exceed the per diem rates and allowances established by the GSA or USDOD as appropriate. Unusual costs must be justified in writing.
- D. **Out-of-Area Meals.** Reimbursement for employee meals during periods of approved trips out-of-area must be approved on the travel authorization form. Reimbursement for out-of-area meals will be based on actual costs, for which receipts must be provided for expenditures exceeding \$25; and in accordance with the per diem of the federal standard meal allowance, including single day and total trip meal rates, as established by the GSA or USDOD as appropriate. Unusual costs must be justified in writing.
- E. **Special Functions.** Reimbursement for meals at special functions, such as banquet meals at authorized conferences, professional meetings, or special events or functions, may be eligible for reimbursement at rates different than the per diem allowances. Eligibility for such reimbursements is based on pre-approval by the Executive Director or the Transportation Authority Board in accordance with this policy.

## **VIII. LODGING EXPENSES**

Reimbursement is allowable for single-room lodging expenses associated with attendance at out-of-area conferences or meetings. The cost of a single room will be reimbursed when travel exceeds the day's duration. Where available, government and group rates must be requested. No reimbursement is authorized for overnight accommodations within the nine Bay Area counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma unless prior authorization is granted.



Transportation Authority personnel will be expected to be prudent in the choice of lodging and will submit proper documentation to justify the expense. The Executive Director will approve the lodging as part of the approval of the travel request and reserves the right to determine which lodging is prudent, based on economic, comfort, safety, and reasonability considerations. If lodging is required in connection with a conference or activity, lodging shall be at the location where the conference or activity is being held. Lodging costs shall not exceed the maximum group rate published by the conference or activity sponsor, provided that the lodging at the group rate is available at the time of booking. If the group rate is not available and the hotel has no remaining vacancies, comparable lodging that is consistent with the requirements of this policy shall be used. No lodging shall be reimbursed on the final day of a conference or activity unless reasonable justification is provided or unless authorized by the Executive Director.

## **IX. MEANS OF TRANSPORTATION**

A. **General.** All travel must utilize the most efficient, direct, and economical mode of available transportation. Transportation Authority personnel shall use government and group rates offered by providers of transport where available. If for personal convenience, Transportation Authority personnel travel an indirect route and travel is interrupted, any resulting extra expense will be borne by the individual except for reasons beyond the control of the individual. For employees, any resulting excess travel time, except where beyond the control of the employee, will not be considered work time, but will be charged the appropriate type of leave.

Charges or loss of refunds resulting from failure to cancel reservations in accordance with the carrier's rules and time limits will not be reimbursed, unless it can be shown that such failure resulted from circumstances beyond the control of Transportation Authority personnel.

Unused portions of transportation tickets are subject to refund and, when purchased by the Transportation Authority, the individual traveler is responsible to see that they are turned in promptly to secure such a refund.

B. **Local Travel.** Transportation Authority personnel are encouraged to make optimum use of available public transit services and carpooling for local area travel. The following modes of transportation are to be used in the following priority:

1. public transportation;
2. privately-owned motor vehicles;
3. taxis, cabs, or transportation network companies; and
4. rental cars, after exhausting all other available options.

C. **Air and Rail Travel.** Transportation Authority personnel shall use coach-class or equivalent accommodations for air and rail travel whenever possible. Any additional fees



for seat location upgrades, seat spacing upgrades, or preferential boarding will not be reimbursed unless documentation is provided that there were no other reasonable options available and unless authorized by the Executive Director for special circumstances (e.g., physical or medical conditions).

#### D. Automobiles

##### 1. Privately-owned Automobile for Official Business

- a. In instances where Transportation Authority personnel use their private automobiles for transportation between their normal work location and other designated work locations (e.g., the site of a meeting), Transportation Authority personnel may be reimbursed for such mileage based upon the standard mileage rate as established by the GSA. When actual mileage exceeds by 10% the reasonable distance between points, Transportation Authority personnel must justify such excess. Inability to do so will result in the reimbursement being based on mileage for the most direct route. Mileage rate of reimbursement will be adjusted as required. Mileage reimbursement for out-of-area trips shall not exceed the cost of the most efficient and economical direct air rate. Transportation Authority personnel who use their privately-owned motor vehicles for transportation while on official Transportation Authority business must carry at least the minimum automobile liability insurance for privately-owned motor vehicles as required by the State of California. Reimbursement for this minimum automobile liability insurance coverage shall not be allowed. When using privately-owned motor vehicles, Transportation Authority personnel will not be reimbursed for any damages that may occur.
- b. Charges for ferries, bridges, tunnels, or toll roads will be allowed. Reasonable charges will also be allowed for necessary parking.
- c. Property damage to the automobile owned by Transportation Authority personnel incurred without fault or cause of the traveler shall be reimbursed in an amount up to \$250 or the amount of the deductible on the traveler's auto insurance policy, whichever is the lesser amount, for each accident. The Transportation Authority will assume an assignment of subrogation rights up to the amount expended, for recovery of such sums from third parties, known or unknown at the time of such payment.
- d. In order to be paid mileage for travel which originates other than at the normal work location, the mileage must be in excess of that normally driven from the traveler's residence to and from the normal work location. The requesting traveler will include justification in the expense report. In the absence of satisfactory justification, the mileage expense shall not be allowed.



2. Rental Automobiles

- a. Rental automobiles may be used when such rental is considered to be more advantageous to the Transportation Authority than the use of other means of transportation. Advance reservations should be made whenever possible and Transportation Authority personnel are expected to be prudent in the selection of an automobile model.
  - b. The traveler must obtain full collision coverage. Any additional charge for this coverage will be allowed for reimbursement.
  - c. Charges for ferries, bridges, tunnels, or toll roads will be allowed. Reasonable charges will also be allowed for necessary parking.
- E. **Other Modes of Transportation.** Limousine, taxi, and transportation network company fares will be allowed for travel where public transportation is not practical or available. Examples may include, but are not limited to, travel between transportation terminal and hotel, between hotel and place of business, and between places of business.
- F. **Reimbursement.** Unless otherwise provided above, the Transportation Authority will reimburse its personnel for transportation at the rates established by the GSA or USDOD as appropriate.

**X. BAGGAGE**

- A. Charges incurred for excess baggage will be reimbursed if justified as necessary for the purpose of the trip. An explanation of the circumstances and payment receipts must accompany the claim for reimbursement. Charges for checking and handling of baggage, including reasonable and customary gratuities will be allowed.