



**San Francisco
County Transportation
Authority**

BD041123

RESOLUTION NO. 23-46

RESOLUTION APPROVING THE REVISED DEBT, EQUAL BENEFITS, INVESTMENT, RULES OF ORDER, AND SUNSHINE POLICIES

WHEREAS, The Transportation Authority Board has directed review of all policies periodically to ensure compliance with current statutes and Transportation Authority objectives; and

WHEREAS, The Transportation Authority develops and implements policies and procedures to organize and formalize agency activities, and to ensure compliance with current statutes and the agency objectives; and

WHEREAS, The Transportation Authority reviews the Debt Policy annually to maintain prudent debt management principles and maximize its debt capacity; and

WHEREAS, The Transportation Authority also reviews the 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 the portfolio are met; and

WHEREAS, The Transportation Authority while not required to annually review the Equal Benefits, Rules of Order, and Sunshine policies, does so on a regular or as-needed basis; and

WHEREAS, The recommended action would not have an impact on the adopted Fiscal Year 2022/23 budget; and

WHEREAS, The CAC considered the proposed revisions to the Debt, Equal Benefits, Investment, Rules of Order, and Sunshine policies at its March 29, 2023, meeting and unanimously adopted a motion of support for the staff recommendation; now, therefore, be it

RESOLVED, That the Transportation Authority hereby approves the recommended revisions to the Debt, Equal Benefits, Investment, Rules of Order, and Sunshine policies to conform to applicable law, provide additional clarity and flexibility, and reflect administrative and organizational changes since the last update.



**San Francisco
County Transportation
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RESOLUTION NO. 23-46

Attachments:

1. Proposed Debt Policy
2. Proposed Equal Benefits Policy
3. Proposed Investment Policy
4. Proposed Rules of Order
5. Proposed Sunshine Policy



**San Francisco
County Transportation
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RESOLUTION NO. 23-46

The foregoing Resolution was approved and adopted by the San Francisco County Transportation Authority at a regularly scheduled meeting thereof, this 25th day of April 2023, by the following votes:

Ayes: Commissioners Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai, Stefani, and Walton (11)

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Rafael Mandelman 5/11/2023
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Rafael Mandelman Date
Chair

DocuSigned by:
Chang 5/12/2023
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ATTEST:

Tilly Chang Date
Executive Director



Debt Policy

Resolution 24-48

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 Transportation Authority debt issued in the capital markets or through an alternative funding vehicle. The Debt Policy shall also govern 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 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, 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 eligible projects. The Strategic Plan sets priorities and strategies for allocating 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. CAPITAL PROJECTS.

The Transportation Authority will issue long-term debt only to finance and refinance 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 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 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 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.

1. New Money Debt.

New money debt is debt issued to finance capital projects. Capital projects eligible for financing with debt issued by the Transportation Authority include the acquisition, construction, or major rehabilitation of capital assets. 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.

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 cannot be financed with current revenues or funds. The proceeds derived from long-term debt 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 to accommodate the market conditions at such time. Bond features that may be selected include the dollar amounts for different principal maturities, discount and premium pricing for each maturity, call provisions, use of bond insurance, 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. 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 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 or Revolving Credit Agreements** shall be considered as an alternative to or credit support for other short-term borrowing options. The Transportation Authority presently has a \$125 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 \$125 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 structures could include, without limitation, interest rate swaps, interest rate caps and the matching of assets and liabilities.
 - 2) **Variable Repayment Amounts.** The amount repaid over time will be variable, and is anticipated to move in the same direction as market-generated variable interest rates. 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 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 other forms of borrowing, 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 so as to not unnecessarily 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 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. 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.



E. 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 2017, tax law was amended such that tax-exempt bonds can be refunded on a tax-exempt basis only if the refunding bonds are issued no more than 90 days before the call date. 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.

F. 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.

G. 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.

H. 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.

I. 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, rating agencies, and investors.

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

X. 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.

XI. METHODS OF 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 \$125 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.

XII. 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, nationally recognized rating agencies. The Transportation Authority's debt is rated by S&P Global Ratings and Fitch Ratings. Depending on the particulars of a transaction, the Transportation Authority may choose to seek ratings from one or more rating agencies with a preference toward maintaining its relationship with its existing rating providers.

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.

XIII. 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 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.



XIV. 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 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 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 price at the time a substantial amount of such issue is sold to the public).

Original Issue Premium. The amount by the 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.

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 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 federal tax law together with all income earned on the accumulated 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.



**San Francisco
County Transportation
Authority**

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Equal Benefits Policy

Resolution 23-46

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. 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 their age, if such person has attained the age of 40 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. 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 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 they have 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.
 - (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.
 - (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.
- (i) 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(h) 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 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 24-48

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.



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.

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.

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.

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.

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.

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.

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 U.S. Treasury securities or Federal Agency securities. 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 a repurchase agreement 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 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 will be organized within the United States as a special purpose corporation, trust, or limited liability company, have program-wide credit enhancements including, but not limited to, over collateralizations, letters of credit, or surety bond; and have 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. Medium-term notes may 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 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 money, a bank, savings association, federal association, or federally insured industrial loan company must 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.
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. 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 (r) 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 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.

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.

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.

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.

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.

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 by a bank or trust company that guaranteed payment at a later time.

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.

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.

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 price where the issue price is lower than the principal amount.

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.

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.

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.

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.) are issued and traded.

Nationally Recognized Statistical-Rating Organization (NRSRO). 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.

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

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.

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.

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.

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, also called net capital rule and net capital ratio. Indebtedness covers all money owed, including margin loans and commitments to purchase securities. This is one reason new public issues are spread among members of underwriting syndicates. Net 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.



Rules of Order

Resolution 23-46

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 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 (California Government Code § 131000 et seq.), the San Francisco County Transportation Authority Reauthorization Ordinance (San Francisco Business and Tax Regulations Code, Article 14, § 1401 et seq.), the 2022 Transportation Expenditure Plan approved by voters as Proposition L on November 8, 2022, and the Administrative Code.

Except as otherwise determined by the Chair, regular meetings of the Board shall be held on the second and fourth Tuesday of each month in the Legislative Chamber, or on a Tuesday within that month that does not fall on a federal holiday. 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).

*All meetings of the Board shall be conducted in the manner prescribed by the Ralph M. Brown Act (California Government Code § 54950) 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 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 (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 absent, and note those members who arrive subsequent to the first roll call. 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 start of the meeting, by an order entered in the minutes, shall elect one of the members to act as the presiding officer, Chair pro tempore. The Chair pro tempore shall have the authority of the Chair while in this role, 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
5. Consent Agenda (or Items Recommended from Committee)
6. 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 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 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 § 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 after the agenda was posted (Code § 54954.2).

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 present at the meeting at the time of the vote, 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 an agenda item divided if it includes multiple propositions with 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 § 1090 et seq. and 87100 et seq., and all other relevant laws or regulations). A member with a conflict of interest pursuant to California Government Code § 87100 et. seq. shall follow the disqualification procedures set forth in the California Code of Regulations § 18707.

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

*A tie vote on any matter before the Board shall be deemed fail of a motion (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 agenda item, as well as the number of 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 items to be considered at an upcoming meeting, and such notice shall be 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 (Code § 59454.2 and 54956).
- In the case of a rescheduled or canceled meeting, notice of the rescheduled meeting shall be posted outside San Francisco City Hall Room 244.
- 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 (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 had not been discussed earlier in the meeting. 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 and enter in the minutes the names of those members present 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
2. Approval of Minutes
3. Items for Recommendation
4. Introduction of New Items
5. Public Comment
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 (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 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 § 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 after the agenda was posted (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, 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 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 § 1090 et seq. and 87100 et seq., and all other relevant laws or regulations). A member with a conflict of interest pursuant to California Government Code § 87100 et. seq. shall follow the disqualification procedures set forth in the California Code of Regulations § 18707.

No member shall be permitted to vote until the roll is called or before 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 § 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 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 items to be considered at an upcoming meeting, and such notice shall be 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 (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 had not been discussed earlier in the meeting. 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**

1455 Market Street, 22ND Floor, San Francisco, California 94103 415-522-4800 info@sfcta.org www.sfcta.org

Sunshine Policy

Resolution 23-46

STATEMENT OF PURPOSE

It is the duty of the San Francisco County Transportation Authority (Transportation Authority) 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 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:

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 any 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 a member of the Transportation Authority Board; 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. 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 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 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 passive meetings need not provide opportunities for comment by spectators, although the person presiding may, in their discretion, entertain such questions or comments from spectators as may be relevant to the business of the gathering.
 - e. Passive meetings may hold closed sessions under circumstances allowed by this Policy, 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.
 - 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, pursuant to Government Code Section 54956.
 - d. Meetings of advisory policy bodies shall be preceded by notice delivered 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 advisory policy body, for the conduct of its business 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 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 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 electronic 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.
 - 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) 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.
 - i.
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 notice given pursuant to Government Code Section 54954.1, and any call and/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) 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) 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.
- 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 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 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 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, 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 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 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 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 litigation on a related case, the documents required to be disclosed by subsection (b) of this Section need not be disclosed until the 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 immediately. 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. Audio or Video Recording 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 recorder, a still picture camera, or 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 audio or video record each regular and special meeting. Each such audio or video 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. 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.
12. 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. Minutes. The minutes for each regular and special meeting shall be kept in accordance with Rules of Order Rule 3.20. . 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 public speakers supported or opposed the matter, and the time the meeting was adjourned. 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.

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.
 - 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 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 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 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, at the discretion of the Executive Director of the policy body.



- 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.