

Public Utilities Revenue Bond Oversight Committee

Minutes Regular Meeting

Monday, December 13, 2010

9:30 a.m.

1155 Market Street (between 7th & 8th Streets)
4th Floor Conference Room

Committee Members

Aimee Brown, Chair
Kyle Rhorer, Vice Chair
Brian Browne
Kevin Cheng
Ian Hart
David Sutter
John Ummel

1. Call to Order and Roll Call

Chair Brown called the meeting to order at 9:35 a.m. and roll call was taken:

Present: Aimee Brown, Kyle Rhorer, Brian Browne, Kevin Cheng, Ian Hart, David Sutter, and John Ummel.

Absent: None.

There was a quorum.

2. Public Comment: Members of the public may address the Revenue Bond Oversight Committee (RBOC) on matters that are within the RBOC's jurisdiction but are not on today's agenda.

Member Hart introduced himself to the Committee and provided a brief biography.

Public Comment: None.

3. Chair's Report

a. **SFPUC Staff Update: Construction Status of the Water System Improvement Project (WSIP).**

Harvey Elwin, SFPUC, presented an update on the construction status of the Water System Improvement Project and responded to questions from members of the Revenue Bond Oversight Committee.

Public Comment: Nancy Wuerfel asked if the local San Francisco projects would be completed on schedule in 2015. Mr. Elwin, SFPUC, responded that the schedule is currently in the quarterly report.

b. **SFPUC Staff Update: Establishment of the Revenue Bond Oversight Committee's (RBOC) Account with the City Controller.**

Mike Brown, SFPUC, presented an update on the establishment of the RBOC financial account with the City Controller's Office and responded to questions from members of the Revenue Bond Oversight Committee.

Department Representatives: Mark Blake, Deputy City Attorney; Charles Perl, Deputy Chief Financial Officer, San Francisco Public Utilities Commission.

The RBOC requested that the Controller address issues related to creating an independent account for the RBOC.

Public Comment: Nancy Wuerfel identified and commented on the differences between a special fund account and a subaccount for the RBOC with the City Controller's Office.

c. **SFPUC Staff Report: Water System Improvement Program (WSIP) Financing and Bond Sales.**

Mike Brown, Charles Perl, and Marc Hughes, SFPUC, presented a report on the Water System Improvement Program Financing and Bond Sales program and responded to questions from members of the Revenue Bond Oversight Committee indicating that the next sale of bonds is scheduled to occur soon.

Public Comment: None.

Continued to the next RBOC meeting without objection.

d. **Revenue Bond Oversight Committee Jurisdiction over the Indebtedness of the SFPUC and Expenditure Restrictions of the RBOC. Presenter: Mark Blake, Deputy City Attorney.**

Continued to the next RBOC meeting without objection.

Public Comment: None.

e. **Discussion and Possible Action: Proposed Resolution Clarifying the Policy to Fund the Revenue Bond Oversight Committee (RBOC) through Bond Sales.**

The RBOC members discussed the proposed resolution to clarify the policy for funding the RBOC through Bond Sales. Charles Perl, Deputy Chief Financial Officer, SFPUC, indicated that the proposed resolution may become obsolete as the Build America Bonds (BABs) are unlikely for renewal by the Federal Government.

Department Representative: Charles Perl, Deputy Chief Financial Officer, SFPUC.

Public Comment: None.

Continued to the next RBOC meeting without objection.

f. **SFPUC Staff Report: Contract Insurance.**

Several staff members from the Contract Administration Bureau of the SFPUC which included: Ivy Fine, Director of Contract Administration Bureau; Pauson Yun, Professional Services Principal Contract Analyst; Laura Bowman, Construction Contract Manager; Debra Luthie, Risk Manager, Assurance and Internal Controls; Florence Kyaun, Junior Analyst; and Ben Poole, Construction Contract Analyst, presented a report regarding contract insurance and responded to questions from members of the Revenue Bond Oversight Committee.

Department Representatives: Mark Blake, Deputy City Attorney; Charles Perl, Deputy Chief Financial Officer, and Nancy Hom, SFPUC.

Public Comment: Nancy Wuerfel asked questions regarding establishing general liability insurance requirements for different

areas. Ms Wurfel further asked if coastline projects receive additional earthquake and flood coverage? Ivy Fine, SFPUC, indicated that a response would be prepared for the RBOC at a later date.

4. Update: Revenue Bond Oversight Committee Contracting Working Group.

Member Rhorer presented an update from the RBOC Contracting Working Group responding to questions on how to create a sole source award and contracting with the UC Berkeley.

Ivy Fine, SFPUC, responded to questions from members of the RBOC. Ms. Fine plans to review previously issued documents relative to sole source contracting practices and to provide recommendations to the RBOC on future contracting efforts.

Department Representatives: Charles Perl and Mike Brown, SFPUC.

Public Comment: None.

This item was continued to the next RBOC meeting without objection.

5. Discussion and Possible Action: Approval of the Revenue Bond Oversight Committee (RBOC) Meeting Minutes of November 15, 2010.

Member Sutter moved, seconded by Member Cheng, to approve the Revenue Bond Oversight Committee meeting minutes for November 15, 2010, as amended, by the following vote:

Ayes: Aimee Brown, Kyle Rhorer, Kevin Cheng, Ian Hart, David Sutter, and John Ummel.

Noes: Brian Browne

6. Discussion and Possible Action: Revenue Bond Oversight Committee (RBOC) 2010 Annual Report.

Chair Brown provided an overview of the RBOC 2010 Annual Report and current process requesting that members of the RBOC submit any comments, additions or recommendations to the report.

This item was continued to the next RBOC without objection.

7. Discussion and Possible Action: Adoption of the Revenue Bond Oversight Committee (RBOC) Meeting Schedule for Calendar Year 2011.

Members of the RBOC discussed the meeting schedule for calendar year 2011.

Member Browne suggested reviewing the meeting schedule and a suitable location which would allow for public outreach.

It was moved by Member Rhorer and seconded by Member Sutter, to approve the following meeting schedule for the RBOC in 2011:

January 10, February 14, March 21, April 18, May 16, June 20, July 18, August 15, September 19, October 17, November 14, and December 19, 2011.

Ayes: Aimee Brown, Kyle Rhorer, Brian Browne, Kevin Cheng, Ian Hart, David Sutter, and John Ummel.

Absent: None.

Public Comment: None

Member Rhorer was noted absent at 12:24 p.m.

8. Discussion and Possible Action: Revenue Bond Oversight Committee (RBOC) Member Information Requests Raised at Today's Meeting.

Information requests mentioned from RBOC members included: Earthquake Preparedness, citing that emergency supplies are based on previous benchmarks. Members asked if San Francisco is prepared for an emergency. The SFPUC plans to report on this item in February 2011.

9. Discussion and Possible Action: Future Agenda Items.

Members of the RBOC discussed the SFPUC Peer to Peer Report (to be presented in February 2011).

Public Comment: Nancy Wuerfel requested that the RBOC follow-up on the Robert Kuo, December 10, 2009, report.

10. Adjournment

Member Sutter moved, seconded by Member Cheng, to adjourn the meeting of December 13, 2010, by the following vote:

Ayes: Aimee Brown, Brian Browne, Kevin Cheng, Ian Hart, David Sutter, and John Ummel.

Absent: Kyle Rhorer.

The meeting adjourned at 12:25 p.m.

Documents submitted by Member Brian Browne attached.

The minutes of the Public Utilities Revenue Bond Oversight Committee for December 13, 2010, were approved on March 21, 2011.

Audio recordings of the meeting of the Revenue Bond Oversight Committee are available at:
http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=97

For information concerning agendas, minutes and meeting information please contact:

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For information concerning SFPUC reports and documents please contact:

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(415) 487-5245

Please have the following resolution printed for consideration by the RBOC today (12.13.10). Please make copies of this email and the "Revised Resolution" (below/mine) for members and the public. Any revenue bond sold by the SFPUC must automatically have a set aside, in a special, unique, capitalized and well documented account (2003 - forward) established by the Controller's Office, of 1/20th of 1% of all revenue bond sales by the SFPUC to be used for the independent oversight activities of the RBOC as mandated by 2002 Proposition P.

I do not believe it is the mandate of this Committee to unwind or amend any bond action by any entity other than demand, on behalf of the voters/stakeholders, that the RBOC stay unswervingly true to the voters (stakeholders) in implementing all of 2002 Proposition P.

Proposition P is unequivocal as to the source of funding, amount of funding, where/how these funds shall be kept, and the purposes for which these funds shall be used. This is our concern pursuant to our narrow but important mandate as enshrined in P.

In passing the alternative resolution presented by the City Attorney it is my opinion we are way overstepping our mandate. We don't need a resolution per se. We merely need to follow P or restate 2002 Proposition P as I have done below.

Please also include this email and the following resolution (mine) in the minutes for the 13 December 2010 RBOC meeting.

Sincerely,

Brian Browne
No 1 Chair for SF Board of Supervisors.

REVISED RESOLUTION

12/13/10

Member Brian Browne Alternative Resolution

Resolution of the Public Utilities Revenue Bond Oversight Committee Requesting that the Commissioners of the San Francisco Public Utilities Commission appropriate a non-utilized sum equal to 1/20th of 1 percent of the sale value of all revenue bonds issued by the San Francisco Public Utilities Commission (SFPUC) and that these funds be deposited immediately and on an ongoing basis (future sales) in the special RBOC account established by mandate of 2002 Proposition P at the Controller's Office.

WHEREAS, The Public Utilities Revenue Bond Oversight Committee (the

"RBOC") was created under the provisions of the voter-approved Proposition P on November 5, 2002 to provide oversight of the San Francisco Public Utilities Commission ("SFPUC") regarding the SFPUC's expenditure of revenue bond proceeds on finance charges, the repair, replacement, upgrading and expansion of the City's water collection, power generation, water distribution and wastewater treatment facilities (etc); and,

WHEREAS, Under the provisions of Proposition P, Administrative Code, Chapter 5, Section 5.31 (d), the oversight activities of the RBOC are funded by 1/20th of 1% of the gross proceeds from each issuance or sale of public utility revenue bonds;

Whereas the language is unequivocally clear ."from and after the effective date of this ordinance one- twentieth of one percent of the gross proceeds from each issuance or sale of public utility revenue bonds shall be deposited in a fund established by the Controller's Office and appropriated by the Board at the direction of the Committee to cover the costs of said Committee";

This fund shall be a unique RBOC and not a subset of any SFPUC account and may be accessed only after a duly noted agenda item and consideration by the full RBOC Committee at a regularly scheduled meeting:

Funds shall automatically be transferred into this special account immediately upon sale by the SFPUC of any revenue bonds;

Outstanding funds, held by the SFPUC or any other entity, and not yet deposited to this account must be deposited immediately;

This account will be an interest bearing account and subject to all legal requirements of such an interest bearing account;

This account must be fully capitalized at an appropriate interest rate for any unused RBOC funds accruing from the effective date of the ordinance;

This account must have a fully delineated accounting of all RBOC financial transactions from the effective date of the ordinance through the sunseting of this Committee and must be open to full sunshine

scrutiny;

BE IT Resolved by the Public Utilities Revenue Bond Oversight
Committee as follows:

Section 1. The Public Utilities Revenue Bond Oversight Committee
finds the above recitals to be true and correct.

Section 2. The Public Utilities Revenue Bond Oversight Committee
hereby demands the Commissioners of the San Francisco Public Utilities
Commission to appropriate 1/20th of all revenue bonds issued for
purposes of the RBOC as required to be set aside under the provisions
of Proposition P, and that such amounts, be deposited immediately and
capitalized into the special RBOC fund established by the Controller's
Office as directed (by the Committee and) as required under Proposition
P.
