

**SAN FRANCISCO BAY AREA
REGIONAL WATER SYSTEM FINANCING AUTHORITY
BOARD OF DIRECTORS MEETING**

Foster City Community Building, 1000 E. Hillsdale Blvd., Foster City, CA

July 23, 2003

The meeting will begin at 9:00 p.m. or as soon thereafter as possible, upon conclusion of the Bay Area Water Supply and Conservation Agency meeting, which begins at 7:30 p.m.

AGENDA

1. Introductions of Directors/Roll Call

2. Public Comments

Members of the public may address the Board on any issues not listed on the agenda that are within the purview of the Agency. Comments on matters that are listed on the agenda may be made at the time the Board is considering each item. Each speaker will be allowed a maximum of three (3) minutes.

3. Approval of Minutes of April 3 Meeting (*Attachment*)

4. Authorize Posting of Notice of Intent to Adopt Conflict of Interest Code (*Attachment*)

5. Directors' Discussion: Comments, Questions and Agenda Requests

6. Selection of Next Meeting Date, Time and Location

7. Adjourn

*Upon request, the San Francisco Bay Area Regional Water System Financing Authority will provide for written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. Please send a written request, including your name, mailing address, phone number and brief description of the requested materials and the preferred alternative format or auxiliary aid or service at least two (2) days before the meeting. Requests should be sent to: **Carolynne Born** by mail at **Bay Area Water Users Association, 155 Bovet Road, Suite 302, San Mateo, CA 94402** or by e-mail at **cborn@bawua.org**.*

**SAN FRANCISCO BAY AREA
REGIONAL WATER SYSTEM FINANCING AUTHORITY**

**BOARD OF DIRECTORS MEETING
Crowne Plaza Hotel, 1221 Chess Drive, Foster City
April 3, 2003 – 7 p.m.**

1. Call to Order/Pledge of Allegiance/Roll Call – 7 p.m.

Art Jensen, General Manager of the Bay Area Water Users Association, welcomed attendees to the first meeting of the board of directors of the San Francisco Bay Area Regional Water System Financing Authority and led the pledge of allegiance.

Roll call was by self-introduction. All directors were present. The roster of attendees is attached.

2. Welcome by Senator Jackie Speier

Senator Speier commended the board for having gotten SB 1870, the legislation creating the authority, passed within nine months, indicating that not only the elected members of the legislature recognized the need for an entity like the authority, but that the people of the state did as well. The senator recognized the elected officials, staff, and legal and communications counsels of the Bay Area Water Users Association who worked to get SB 1870 passed, and also cited the leadership of the general manager of the SFPUC in trying to get San Francisco to appreciate the merits of the bill relative to its ability to finance the Capital Improvements Program.

3. Oath of Office – administered by State Senator Jackie Speier

4. Election of Board Officers

a. Election of Chair: Rich Gordon and Ira Ruskin were both nominated for the position of Chair. The candidates and directors in support of their candidacy spoke about their qualifications. Two votes were taken without the requisite majority being achieved. A motion to elect Mr. Gordon as Chair and Mr. Ruskin as Vice-Chair was defeated. **A third vote for each of the candidates as Chair resulted in Mr. Ruskin being elected by a vote of 18 to 9. Mr. Gordon made a motion to make the election of Mr. Ruskin unanimous. The motion was seconded and carried.**

b. Election of Vice-Chair:

M/S/C (Risch/Gordon) that Mike Kasperzak be elected Vice-Chair.

5. Designation of Acting Secretary

Mr. Jensen explained that the board needs to have someone responsible for attending to certain administrative tasks to function effectively and in compliance with California statutes. Examples include ensuring proper notice of board meetings, preparation of minutes, maintaining custody of directors' oaths of office, and filing required

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documentation with the State. He offered to assume responsibility for these matters without cost to the Authority, if the board wished to designate him as “Acting Secretary” for that purpose.

M/S/C (Ruskin/O’Mahony) that Art Jensen be designated “Acting Secretary” of the Regional Financing Authority.

6. Reports to the Board

A. Origin of the Authority: Mr. Jensen reviewed the origin of the Authority and why it was established, citing issues and obstacles related to the current condition of the San Francisco regional water system, on which the members of the Authority rely for at least some, if not all, of their water supplies. He explained that Pat Martel, general manager of the San Francisco Public Utilities Commission (SFPUC), would describe the SFPUC’s capital improvement program and the needs that program will serve. He stated that the size and scope of the needed capital improvements are larger than anything attempted in the past. The Financing Authority was created as an “insurance policy” so that funds could be raised through bonds issued by wholesale customers outside San Francisco, thereby allowing a smaller financial share to be funded by San Francisco’s retail customers. If San Francisco requests the RFA’s assistance in financing system improvements, the RFA would decide whether or not to issue its own bonds and determine the contractual basis on which it would provide funds to San Francisco for that purpose. Mr. Jensen stressed that the main point of the Authority is to protect the public health and safety of all Bay Area communities, including San Francisco, by ensuring that financing is not an obstacle to the timely implementation of system improvements.

B. The SFPUC Capital Improvement Program and Financing Plan: Pat Martel, general manager of the SFPUC, reviewed the SFPUC’s capital improvement program and the financing plan. The SFPUC approved a \$3.6 billion CIP in May of 2002. In November, San Francisco voters approved Proposition A, authorizing issuance of \$1.6 billion in revenue bonds to finance acquisition and construction of improvements to the City’s water system, and Proposition E, giving the SFPUC greater organizational flexibility and allowing water revenue bonds to be issued without a further vote by San Francisco residents. Ms. Martel announced that the firm of Jacobs Engineering has been awarded program management responsibilities for the CIP. An update of the CIP is planned for July 2003. The Long-range Financial Plan (LRFP) is also to be updated.

She stated that the SFPUC’s long-term financing strategy is to utilize funds from Proposition A, then Proposition E, and last, from Regional Financing Authority revenue bonds.

C. Capital Improvement Financing Considerations: David Brodsky of Kelling, Northcross, Nobriga showed graphs and charts of the allocation of capital improvement program costs and forecasts of wholesale water rates as improvements

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are brought on line. He noted that decisions to issue bonds must be made well in advance of when the money is actually needed. Generally, twelve months' lead time is needed between the decision to issue bonds and the actual bond issuance.

Analyses of alternative funding methods, the resulting rate impacts and other factors will be generated over the next two years to facilitate making decisions about issuing bonds as well as terms of future water contracts.

- D. Closing Comments by Art Jensen:** Mr. Jensen explained the relationship between SB 1870, which created the Financing Authority, and AB 2058, which enabled the creation of the Bay Area Water Supply and Conservation Agency (BAWSCA). It is anticipated that BAWSCA could fill BAWUA's historical role in advocating for its member agencies' interests and participating in regional water issues. Mr. Jensen also mentioned AB 1823, which sets forth performance criteria for San Francisco relative to implementation of the capital improvements program to ensure that the regional system will be rebuilt as soon as possible and that provisions will be put in place for restoring the system in the event of a disaster.

7. Directors' Comments and Questions:

There was discussion about the feasibility of issuing bonds in a 2-year timeframe if the Authority met only quarterly. Mr. Ruskin pointed out that there was nothing to prevent the Authority from meeting more frequently when needed. In response to a question regarding staggered terms of office for directors, Mr. Jensen suggested that the staggered terms required by the legislation would be dealt with after the BAWSCA board has been seated to allow for members serving on both bodies to have the same terms of office for each board, if so desired.

8. Public Comments: None.

9. Next Meeting:

It was agreed that, when necessary and to the extent feasible, the Financing Authority would meet concurrently with BAWSCA. The first meeting of BAWSCA is anticipated to occur toward the end of June.

10. Adjournment: M/S/C (O'Mahony) that the meeting be adjourned at 10 p.m.

Respectfully submitted

Arthur R. Jensen
Acting Secretary

ARJ/GE
Attachment (Attendance Roster)

**San Francisco Bay Area
Regional Water System Financing Authority**

**Meeting of April 3, 2003
Attendance Roster**

Jean Auer	Town of Hillsborough
Bern Beecham	City of Palo Alto
Randy Breault	Guadalupe Valley Municipal Improvement District
Roberta Cooper	City of Hayward
Robert Craig	Westborough Water District
Dan DeYoung	Stanford University Service Area
Stan Gage	Los Trancos County Water District
Rich Gordon	California Water Service Company Service Area
Marc Hershman	City of Millbrae
Mike Kasperzak	City of Mountain View
Marguerite Kaufman	Skyline County Water District
Chuck Kinney	City of Menlo Park
Robert Livengood	City of Milpitas
Chris Mickelsen	Coastside County Water District
Ed Harrington	City and County of San Francisco
Irene O'Connell	City of San Bruno
Rosalie O'Mahony	City of Burlingame
Lee J. Panza	City of Brisbane
Ardyth Parle	City of Santa Clara
Tom Piccolotti	North Coast County Water District
Chuck Reed	City of San Jose
Tim Risch	City of Sunnyvale
Ira Ruskin	City of Redwood City
Daniel Seidel	Purissima Hills Water District
Adrienne Tissier	City of Daly City
Louis Vella	Mid-Peninsula Water District
John H. Weed	Alameda County Water District
David Woods	City of East Palo Alto
Rick Wykoff	Estero Municipal Improvement District

**SAN FRANCISCO BAY AREA REGIONAL WATER SYSTEM
FINANCING AUTHORITY**

Agenda Title: **Posting Notice of Intention to Adopt a Conflict of Interest Code**

Summary:

The Political Reform Act requires the San Francisco Bay Area Regional Water System Financing Authority (“Authority”) to adopt a Conflict of Interest Code (“Code”). Since the Authority has jurisdiction in more than one county, it must post a Notice of Intention to Adopt the Conflict of Interest Code (“Notice”) to provide notice to all employees and other persons affected by the Code, as well as the public.

Fiscal Impact:

The posting of the Notice has no fiscal impact.

Recommendation:

That the Board by motion direct the Acting General Manager to post the Notice and to file a copy of the Notice with the Fair Political Practices Commission.

Discussion:

The Political Reform Act of 1974, Government Code Section 83700, requires that every public agency adopt a Code and designate all positions that make or may participate in making decisions which foreseeably may materially affect economic interests. As a new agency, the Authority is required to adopt a Code and forward the Code to the Fair Political Practices Commission, the code reviewing body, within six months of coming into legal existence. (Gov’t Code § 87303.)

A “Notice of Intention to Adopt a Conflict of Interest Code by Written Comment Period,” providing for a 45-day written comment period, will be posted following this meeting in accordance with the regulations of the Fair Political Practices Commission. After consideration of any comments that may be received, the Code will be presented to the Board for approval. After the Board adopts the Code, it will be sent to the Fair Political Practices Commission for review and approval.

Supplementary Materials:

For the Board’s reference, a draft Conflict of Interest Code and a Notice are attached.

NOTICE OF INTENTION TO ADOPT A CONFLICT OF INTEREST CODE
BY WRITTEN COMMENT PERIOD

NOTICE IS HEREBY GIVEN that the San Francisco Bay Area Regional Water System Financing Authority (“Authority”), intends to adopt a Conflict of Interest Code (“Code”) pursuant to Government Code Section 83700. Pursuant to Government Code Section 87302, the Code will designate employees who must disclose certain investments, income, interests in real property and business positions, and who must disqualify themselves from making or participating in the making of governmental decisions affecting those interests.

A written comment period has been established commencing on [first day of the 45-day period], 2003 and terminating on [last day of the 45-day period]. Any interested person may present written comments concerning the proposed code no later than [last day of the 45-day period], 2003 to the San Francisco Bay Area Regional Water System Financing Authority, 155 Bovet Road, Suite 302, San Mateo, CA 94402. No public hearing on this matter will be held unless any interested person or his or her representative requests a public hearing, by contacting the person listed below, no later than fifteen (15) days prior to the close of the written comment period.

The Authority has prepared a written explanation of the reasons for the designations and the disclosure responsibilities and has available all of the information upon which its proposal is based.

Copies of the proposed Code and all of the information upon which it is based may be obtained from the San Francisco Bay Area Regional Water System Financing Authority, 155 Bovet Road, Suite 302, San Mateo, CA 94402. Any inquiries concerning the proposed Code should be directed to Ms. Georgie Easter at (650) 349-3000.

Note: This Notice should be filed with the Fair Political Practices Commission and served individually on Authority employees and officers affected by this Code 45 days prior to Authority action.

**WRITTEN EXPLANATION OF THE REASONS FOR
THE DESIGNATIONS AND THE DISCLOSURE RESPONSIBILITIES**

The San Francisco Bay Area Regional Water System Financing Authority (“Authority”) is required by law to adopt a Conflict of Interest Code (“Code”). The Authority has included in the Code all the positions who make, participate in making, or use their official position to influence decisions and the Authority has listed disclosure categories for all of these positions. The Members of the Board of Directors, General Manager and Financial Officer all manage public investments, as defined by 2 California Code of Regulations Section 18701(b), and shall file a statement of economic interests (full disclosure) pursuant to Government Code Section 87200.

**SAN FRANCISCO BAY AREA
REGIONAL WATER SYSTEM FINANCING AUTHORITY**

CONFLICT OF INTEREST CODE

Adopted on _____, 2003 by Resolution No. 2003-____
Approved by the California Fair Political Practices Commission
on _____, 2003

DRAFT 7-2-03

CONFLICT OF INTEREST CODE FOR THE
SAN FRANCISCO BAY AREA
REGIONAL WATER SYSTEM FINANCING AUTHORITY

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. Sec. 18730) which contains the terms of the standard conflict of interest code and can be incorporated by reference in an agency's code. After public notice and hearing, the regulation may be amended by the Fair Political Practices Commission to conform to amendments to the Political Reform Act.

Therefore, the terms of 2 California Code of Regulations Section 18730, and any amendments to it duly adopted by the Fair Political Practices Commission, are hereby incorporated by reference. This regulation and the attached Appendix designating officials and employees and establishing disclosure categories, shall constitute the conflict of interest code of the San Francisco Bay Area Regional Water System Financing Authority ("Authority").

Designated officials and employees shall file their statements of economic interests with the Authority which will make the statements available for public inspection and reproduction. (Gov. Code Section 81008). Upon receipt of statements from members of the Board of Directors and the General Manager, the Authority shall make and retain a copy and forward the original of these statements to the Fair Political Practices Commission. Statements for all other designated employees will be retained by the Authority.

APPENDIX OF DESIGNATED POSITIONS

DESIGNATED EMPLOYEES*

DISCLOSURE CATEGORIES

Secretary	3
Attorney	1, 2, 3
Consultants	**

* The positions indicated below manage public investments, as defined by 2 Cal. Code of Regs. Section 18701(b), and shall file a statement of economic interests (full disclosure) pursuant to Government Code Section 87200. Consultants who manage public investments shall also file a statement of economic interests (full disclosure) pursuant to Government Code Section 87200.

Members, Board of Directors
General Manager
Financial Officer

** Consultants shall be included in the list of designated officials and employees and shall disclose pursuant to the broadest disclosure category in the Code subject to the following limitation:

The General Manager may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The General Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.

DISCLOSURE CATEGORIES

The disclosure categories listed below identify the types of investments, business entities, sources of income, or real property which the designated employee must disclose for each disclosure category for which he or she is assigned.

- Category 1. All investments and business positions in, and sources of income from, business entities doing business within the jurisdiction of the Authority.
- Category 2. Interests in real property located within the jurisdiction of the Authority and/or within a two-mile radius of land owned or used by the Authority.
- Category 3. Investments and business positions in, and sources of income from, business entities which provide services, supplies, materials, machinery or equipment of the type utilized by the Authority.