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Lack of Real Oversight by Brian Browne

San Franciscans may be pleasantly surprised to learn that they have \$5,691,278,327 in “surplus funds.” The contributors to the Treasurer’s pool of funds are shown below. San Francisco ranks fourth in California for the size of its pooled portfolio of funds at \$6.2 billion. Los Angeles County with \$25.2 billion is number one, Local Agency Investment fund with \$20.3 billion is second and San Diego County with \$6.9 billion is third.

Equity Balance Percent of Fund	Amount	Percent
San Francisco Public Utilities Commission	\$1,702,596,114	29.92%
General Fund/Special City Funds/Internal Services Funds	941,580,441	16.54%
San Francisco International Airport	716,355,689	12.59%
Facilities and Capital Projects Funds – General	672,828,257	11.82%
San Francisco Municipal Transportation Authority	593,225,049	10.42%
San Francisco Unified School District	380,026,069	6.68%
Successor Agency – former SFRDA	187,707,403	3.30%
Port of San Francisco	124,097,291	2.18%
Pension and Retiree Health Care Trust Fund	70,538,599	1.24%
San Francisco County Transportation Authority	70,302,527	1.24%
San Francisco Community College District	53,316,527	0.94%
San Francisco General Hospital and Laguna Honda Hospital	17,266,241	0.30%
Other agencies (incl. Transbay Joint Powers, Trial Courts)	161,438,120	2.84%
Totals \$	\$5,691,278,327	100.00%

San Franciscans may not be pleased to learn that the return on these pooled funds is less than one-percent. The San Francisco Public Utilities Commission (SFPUC) which contributes approximately 30 percent of the funds for this pool pays approximately 4.5 percent to revenue bond coupon holders for its \$1.7 billion invested in this pool of funds. A high cost for excessive liquidity that with proper planning by the SFPUC could have been avoided.

San Franciscans may be pleased to learn that there is an oversight committee to ensure investment strategies are optimized. They may not be pleased with the track record of many of the past and present members of the Treasury Oversight Committee when they were associated with the SFPUC-Revenue Bond Oversight Committee (RBOC).

The current committee is comprised of Joe Grazioli, Ben Rosenfeld, Charles Perl and Aimee Brown. There is one vacant seat to be filled by the Chancellor of the Community College District or his/her designee.

Four of the present members of this committee Messrs Perl (SFPUC), Rosenfeld (Controller) and Miss Brown (former Chair RBOC for five terms) were movers in nullifying 2002 Proposition P. This proposition,

put on the ballot by then Supervisor Tony Hall, created a supposedly independent Revenue Bond Oversight Committee (RBOC). This Committee was specifically tasked with independently reviewing the SFPUC's revenue bond expenditures and had the unique power to stop bonds from being issued.

Ms Brown, Mayoral representative, working closely with Messrs Rosenfeld, Rydstrom, and Perl plus one former member of the Treasurer's pool oversight committee, Mr. Edward Harrington (SFPUC/Controller) was able to steer the RBOC away from fulfilling the independent investigative mandate of voters in passing 2002 Proposition P. Most members on this Committee supported these anti-legislative actions. Nullification could not have taken place without their approval.

The most egregious actions of those in control, ceding (high jacking) the supposedly independent control of the RBOC over to the SFPUC were;

1. Failing to properly investigate the 2009 Master Water Sales Agreement (MWSA), largest and most uneven contract in San Francisco history, that decimated San Francisco's supply of Hetch Hetchy water and will force San Francisco to augment (blend) its lost, pristine Hetch Hetchy supplies with aquifer and other inferior source water,

- 2 turning the independent contracting of the RBOC over to the Controller and his supposed "whistle Blowers," and

3. The Chair, Ms Brown, making disappear (without comment or explanation), by parliamentary manipulation, a brilliant stem to stern proposal (years in the making) by a multi-disciplinary team from the UCB and UCLA to independently study the efficacy of the bond expenditures of the SFPUC. The way these two great universities were ingloriously brushed aside is a major blot on San Francisco's record.

The failure of these past and present members of the Treasurer's Oversight Committee to implement 2002 Proposition P should have automatically excluded them from future financial oversight. It is better to have no oversight than the illusion of oversight. The most amazing phenomenon is that these retreads keep appearing and that the body politic,(especially the Board of Supervisors, and voters allow it to occur.

Brian Browne
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