



Monterey Peninsula Community College District
Citizens' Bond Oversight Committee

Monday, March 2, 2020
3:00 p.m. - Regular Meeting
Library & Technology Center, Sam Karas Room
Monterey Peninsula College
980 Fremont Street, Monterey, CA

Meeting Minutes

MEMBERS PRESENT:

Mr. Dan Albert, Jr., Vice Chair
Mr. Dave Hober
Mr. Rob Lee, Chair
Mr. Glenn Nolte
Ms. Michelle Overmeyer

ABSENT:

Ms. Ellise Kittrell
Dr. Linda Turner Bynoe

STAFF PRESENT:

Ms. Shawn Anderson, Assistant to the President
Ms. Rosemary Barrios, Controller
Mr. Steve Haigler, Interim Vice President, Administrative Services
Mr. David Martin, Interim Superintendent/President

OTHERS PRESENT:

Mr. Michael Carson, Kitchell
Mr. David Casnocha, Stradling Attorneys at Law

1. Call to Order

The regular meeting of the Monterey Peninsula College Citizens' Bond Oversight Committee was called to order at 3:00 p.m. by Chair Lee.

2. Public Comment

There were no public comments.

3. Introduction of New Member

President Martin welcomed new committee member Mr. Glenn Nolte, a representative of the Gentrain Society and former Monterey County Public Defender. Chair Lee welcomed Mr. Steve Haigler, MPC's Interim Vice President of Administrative Services. Chair Lee also invited members to introduce themselves.

4. Purposes, Duties, and Authorized Activities of the Citizens' Bond Oversight Committee / Review of Ethics Policy Statement

Mr. David Casnocha, the district's municipal bond counsel, provided an orientation regarding the role of the Citizens' Bond Oversight Committee (CBOC).

Mr. Casnocha first provided an overview of Measure I, the district's bond measure that was approved by voters in November 2002. Mr. Casnocha noted that Measure I was approved under Proposition 39—a November 2000 amendment to the California Constitution. Proposition 39 added the option of lowering the voter-approval threshold for local school district general obligation bonds from two-thirds to 55%. Districts that chose to access this option were subject to added financial and performance accountability requirements. Therefore, to place Measure I on the ballot under this provision, the district was required to:

- limit the use of bond funds to the acquisition and improvement of real property and the acquisition of furniture and equipment for school facilities;
- provide a list of bond projects with the [ballot materials](#) so voters could see the types of projects that would be funded by Measure I;
- have independent financial and performance audits conducted annually;
- ensure that the tax rate would not exceed \$25 per \$100,000 of assessed value; and
- create a citizens' oversight committee empowered with the responsibilities set forth in the Education Code.

Mr. Casnocha noted that the Citizens' Bond Oversight Committee is an independent oversight committee and as such, its members are not subject to the same financial reporting requirements as elected officials or some advisory committee members. Unlike those individuals, CBOC members are not required to file Statements of Economic Interest (also known as Form 700), which are intended to reveal potential conflicts of interest.

Mr. Casnocha then reviewed the [committee's bylaws](#).

Section 3 of the bylaws describes the key functions of the committee.

- Review expenditure reports to determine that bond funds are spent only for purposes authorized in Measure I.
 - [Exhibit B of the district's bond resolution](#), the project list, provides the types of projects approved by the voters for bond expenditure. Mr. Casnocha stated that a project may not be expressly described in Exhibit B; however, if it corresponds with the types of projects listed, then the project is recognized as authorized. He explained the legislature realized that districts' needs change over time.
 - Bond funds cannot be used for operations nor for administrator or teacher salaries.
 - The state attorney general issued an opinion that bond funding may be used for staff who administer bond funds for the district. However, MPC has not used funds for this purpose.
- Inform the public of the committee's activities and district expenditure of bond funds.
 - This communication should be accomplished through the committee chair and reflect the committee as a whole.

- Examples of how information could be provided include the posting of annual reports on the committee website, the presenting of the annual report to the Governing Board of Trustees, or the production of a subsidized newsletter.
- Produce an annual written report.
 - Annual reports must be presented to the Governing Board of Trustees in public session.
 - The annual reports must include an affirmative conclusion that the district spent bond funds only for the purposes authorized in Measure I and therefore is in compliance with legal requirements regarding bond expenditures.
 - Committee members may offer suggestions for a different format.

Section 4 of the bylaws describes the committee's authorized activities.

- The committee may inspect, through a tour, college grounds and facilities that have been funded by the Measure I bond.
- The committee may review the efforts of the district to maximize bond funds, such as applying for state matching funds and soliciting bids for contracts. However, the power to decide which projects get done and the scope of the projects resides with the Governing Board of Trustees.
- The committee is authorized to review copies of deferred maintenance and other facilities' plans to determine how the district intends to maintain buildings constructed or renovated with bond funds.
- The committee is to receive the annual financial audit and performance reports.

Mr. Casnocha also commented on the Ethics Policy Statement. He noted that committee members are expected to put the interests of the district above their own personal interests and that they should not have financial interests that are impacted by the Measure I bond program.

Mr. Casnocha concluded his review by encouraging the committee to be particularly diligent at this point in time in reviewing the prudence with which Measure I monies are being spent and whether or not they're being spent in conjunction with state matching funds to ensure they're stretched as far as possible.

Mr. Lee asked Mr. Casnocha to confirm if "reply all" emails about committee business violate the Brown Act. Mr. Casnocha confirmed that they would be considered violations and suggested that individual members talk directly with the committee chair if they would like to suggest a topic for a meeting.

Mr. Casnocha also informed the committee that if the district were to pass another bond before this committee disbanded, the powers of this committee could be expanded to include the new measure.

5. Review of the Ralph M. Brown Public Meetings Act

Mr. Casnocha noted that the committee is subject to the Brown Act. Therefore,

- all committee business must be conducted in public, at an open meeting;
- only topics appearing on the committee agenda may be discussed; and
- serial meetings are prohibited, as they prevent the public from observing the committee's deliberations and conclusions.
 - One member communicating with a second member who then communicates with a third member resulting in agreement on an issue is considered a serial meeting.

Mr. Casnocha also cautioned the committee against engaging in discussion of committee business outside of the regular meetings.

Mr. Casnocha concluded his review of the Brown Act by inviting the committee to ask staff to contact him if there are additional questions regarding the committee's duties or the Brown Act. He noted that there would be no charge for these inquiries.

6. Approval of November 4, 2019 Minutes

Motion made by Ms. Overmeyer, seconded by Vice Chair Albert Jr., to approve the minutes of the November 4, 2019 meeting. Motion carried unanimously.

AYES:	5	MEMBERS:	Albert Jr., Hober, Lee, Overmeyer, Nolte
NOES:	0	MEMBERS:	None
ABSENT:	2	MEMBERS:	Kittrell, Turner Bynoe
ABSTAIN:	0	MEMBERS:	None

7. Accept Bills and Warrants Report

Chair Lee reviewed the report by page and invited questions.

Vice Chair Albert Jr. asked if staff members who develop these documents have any part of their salaries paid from the bond. President Martin responded that the district does not use bond funds for that purpose, although such expenditures would be bond eligible.

Motion made by Vice Chair Albert Jr., seconded by Ms. Overmeyer, to approve the bills and warrants report. Motion carried unanimously.

AYES:	5	MEMBERS:	Albert Jr., Hober, Lee, Nolte, Overmeyer
NOES:	0	MEMBERS:	None
ABSENT:	2	MEMBERS:	Kittrell, Turner Bynoe
ABSTAIN:	0	MEMBERS:	None

8. Bond Expenditure Status Report

Chair Lee reviewed the bond expenditure status report and invited questions. Members had no comments or questions.

9. Bond Auditors' Report for 2018-19

Chair Lee advised that President Martin would review the bond auditors' report for 2018-19.

President Martin explained that per Proposition 39 requirements, the district must receive a financial statement audit and a performance audit each year in order to operate a bond program.

President Martin first conducted an overview of the Independent Auditor's Report on the financial statements, which focuses on the accounting of the bond funds.

- Page 3 (Auditor's Opinion) - President Martin explained that the district received an unmodified audit opinion, which is the highest level of assurance the bond audit can provide.
- Page 4 (Measure I Bond Funds Balance Sheet) - As of June 30, 2019, the district had approximately \$8.8 million of bond funds sitting in our investment account at the Monterey County Treasury; approximately \$57,000 of accounts receivable; approximately \$158,000 in

- accounts payable, which were payments for construction management for the child center outdoor playground; and a total of \$8,762,107 of Measure I bond funds remaining.
- Page 5 (Abbreviated Statement of Revenues, Expenditures, and Changes in Fund Balance) - The district had approximately \$209,000 of interest revenues and \$285,000 in total expenditures for a net decrease of fund balance of \$75,179. The auditor's opinion indicates that those two financial statements in all material respects are presented fairly.

Vice Chair Albert Jr. inquired if the interest revenue increases the amount of money the district can spend on bond projects. President Martin responded affirmatively.

President Martin followed with a review of the Independent Auditor's Report on Performance. The performance audit focuses on whether or not the bond expenditures were in compliance with the proposition ballot language approved by voters in 2002.

- Page 1 (Auditors' Opinion) - The auditor's opinion is that of the expenditures they reviewed, the Measure I bond funds were spent in accordance with the ballot-approved language.

Chair Lee noted that pages 5 (Schedule of Findings and Questioned Costs) and 6 (Summary Schedule of Audit Prior Findings), included additional good news, as there were no findings reported.

10. Monterey County Treasurer's Investment Report

Chair Lee reviewed the treasurer's investment report and invited questions. Members had no questions or comments.

11. Meeting Schedule

Chair Lee reviewed the future scheduled meetings of the committee and invited members to notify Ms. Anderson if any schedule conflicts arose.

- Monday, June 8
- Monday, August 31
- Monday, November 2 (Annual Organizational Meeting)

12. Suggestions for Future Agenda Topics and Announcements

Chair Lee suggested a tour for the committee in June or August of 2020.

13. Adjournment

Chair Lee adjourned the meeting at 3:38 p.m.