



**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT**  
Citizens' Bond Oversight Committee

Monday, March 9, 2015  
3:00 PM – Regular Meeting  
Sam Karas Room, Library and Technology Center  
Monterey Peninsula College  
980 Fremont Street  
Monterey, California

Meeting Minutes

MEMBERS PRESENT: Mr. Wayne Cruzan, Vice Chair  
Mr. Thomas Gaspich  
Mr. Rick Heuer  
Mr. Birt Johnson, Jr.  
Ms. Sharon Larson  
Mr. Rob Lee  
Mr. James Panetta, Chair  
Mr. Maury Vasquez

ABSENT: Mr. Hunter Harvath

STAFF PRESENT: Ms. Rosemary Barrios, Controller  
Mr. Earl Davis, Vice President for Administrative Services (by conference phone)  
Ms. Vicki Nakamura, Assistant to the President  
Dr. Walter Tribley, Superintendent/President

OTHERS PRESENT: Mr. Michael Carson, Kitchell

**1. Call to Order**

The regular meeting of the Citizens' Bond Oversight Committee of Monterey Peninsula College was called to order at 3:03 PM by Chair Panetta.

**2. Introduction of New Members**

A handout was provided with background information on the new members. Dr. Tribley asked each of the new members, Ms. Larson, Mr. Lee, and Mr. Gaspich to introduce themselves to the committee, reporting that Mr. Harvath was unable to attend when the meeting was rescheduled. Ms. Larson and Mr. Lee both noted they were former MPC students.

**3. Public Comment**

There were no public comments.

**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 for the new members regarding the role of the committee. Mr. Casnocha stated the college's bond, Measure I, was approved under Proposition 39 requirements which amended the California Constitution. He noted Proposition 39 lowered the threshold for voter approval of general obligation bonds to 55% and required the establishment of an oversight committee. In addition to acquisition and renovation of real property, Proposition 39 allowed bond proceeds to be used for acquisition of furniture and equipment. Proposition 39 also required an annual independent financial and performance audit. He noted Proposition 39 amended Education Code to include the powers of the oversight committee.

Mr. Casnocha then reviewed the committee's Bylaws. Section 2 specifies that the committee's activities are subject to the Brown Act; all committee business must be conducted in public. Only items appearing on the meeting agenda may be discussed. He stated the Brown Act prohibits serial meetings where one member talks to a second member who then talks to a third member resulting in agreement on an issue. He cautioned against engaging in discussion of committee business outside of the regular meetings.

He noted section 3 describes the key functions of the committee, with the primary purpose being to review expenditure reports to determine that bond funds are spent only for purposes authorized in Measure I. The project list, Exhibit B, of the district's bond resolution, provides the types of projects approved by the voters for bond expenditure. Mr. Casnocha stated 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 district needs change over time. He advised the committee to review the project list included with Measure I to determine projects the bond funds were intended to fund.

Mr. Casnocha stated bond funds cannot be used for operations nor for administrator or teacher salaries. He indicated the state attorney general issued an opinion that bond funding may be used for staff who administer bond funds for the District. MPC has not used funds for this purpose.

Another key function of the committee described in Section 3 is to inform the public of the committee's activities and District expenditure of bond funds. Mr. Casnocha noted this communication should be accomplished through the committee chair and reflect the committee as a whole. He provided examples of how information could be provided, such as through the committee website or through an annual report presented in a public meeting. The annual report must be submitted each year and must include an affirmative conclusion that the District is in compliance with legal requirements regarding bond expenditures. All annual reports are posted on the website and new members may have suggestions for a different style. He stated annual reports are generally provided at the end of the year, but the committee may want to change the date to allow for submission after the Proposition 39 financial audit reports are received.

Mr. Casnocha reviewed the authorized committee activities listed in Section 4. For the committee to perform the duties of reviewing expenditures, informing the public, and preparing a written annual report, the committee is to receive the annual financial audit and performance reports. He noted a recent legislative change that requires the committee to receive the audits at the same time as the District. To comply with this provision, Mr. Casnocha advised the audit reports be emailed to the committee at the time of receipt. He said the Bylaws will need a new section that specifies the

committee has the right to receive District responses to audit findings or qualifications within three months of receipt of the audit.

In addition, the committee may inspect college grounds and facilities through a tour. The committee is also 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 may also review the efforts of the District to maximize bond funds, such as applying for state matching funds.

Mr. Casnocha discussed Section 5 which covers committee membership. He noted members are not subject to state conflict of interest regulations as specified in Section 5.3 because the committee's purpose is to provide oversight rather than be a decision-making body. This section will be revised to remove the requirement to complete the state conflict of interest form. Under Section 5.4, the Bylaws provide for continuity of membership through the staggering of terms and specify committee members are limited to two consecutive terms. Mr. Casnocha said there has been a recent legislative change and committee members may now serve three consecutive terms. In addition, a member whose term has expired may continue serving until a replacement has been appointed.

Section 7 regarding District support for the committee was reviewed. Under 7.2 regarding meeting attendance of District staff and consultants, Mr. Casnocha advised members to request the District auditor to attend if they are unfamiliar with bond audit reports.

Mr. Casnocha concluded his review of the Bylaws with Section 11 regarding termination of the committee. He stated this section needs to be revised to state the committee will remain in existence through the fiscal year after the last bond dollar has been spent.

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

Mr. Casnocha included his review of the Brown Act as part of his presentation on the committee's role. Mr. Lee asked if the Brown Act applies to emails. Mr. Casnocha responded that using e-mail to discuss committee matters is also a violation of the Brown Act.

Mr. Casnocha advised the committee to ask staff to contact him if there are further questions regarding the committee's duties or the Brown Act. He said there would be no charge for these inquiries.

**6. Approval of November 17, 2014 Minutes**

A handout providing follow-up to questions recorded in the minutes of the November 17 meeting regarding the bills and warrants report was distributed and reviewed. Mr. Davis explained staff is still determining the market value of the portable trailers, particularly the mobile kitchen. If available, information will be provided at the next meeting.

Motion made by Mr. Johnson, seconded by Vice Chair Cruzan, to approve the minutes of the November 17, 2014 meeting, as amended by the follow-up document. Motion carried unanimously.

|          |            |                                                                |
|----------|------------|----------------------------------------------------------------|
| AYES:    | 8 MEMBERS: | Cruzan, Gaspich, Heuer, Johnson, Larson, Lee, Panetta, Vasquez |
| NOES:    | 0 MEMBERS: | None                                                           |
| ABSENT:  | 1 MEMBERS: | Harvath                                                        |
| ABSTAIN: | 0 MEMBERS: | None                                                           |

**7. Accept Bills and Warrants Report**

Chair Panetta advised the report would be reviewed by page and invited questions. On page 1, Mr. Heuer asked about the vendor, Palace Art and Office Supply, providing labor. Mr. Carson explained the vendor is a contractor and provided custom cabinetry for the art buildings project.

Regarding the furniture and equipment purchases on page 2, Chair Panetta asked about the darkroom enlarger. Mr. Carson said three enlargers were purchased for use by photography classes at a total cost of \$3500. Mr. Heuer inquired about the purchase for the TRIO conference room and the skeleton model. Mr. Carson said the TRIO program is located in the Student Center and the skeleton was purchased for use by the art program. He noted the furniture and equipment category covers several different projects. Occasionally a bond project, such as one that has a state funding match, has its own equipment budget.

On page 4, Mr. Heuer questioned the expense for Matthew Lattanzio under the miscellaneous category. Mr. Davis explained Mr. Lattanzio was working as an information technology consultant for the District. Ms. Nakamura added the miscellaneous grouping is being used as a holding category while a new infrastructure project is further defined by the District. These expenses will then be moved under the project.

On page 5, Mr. Johnson noted there was no new expense for the period under the closed project, the Public Safety Training Center renovation. However, on page 3, under the bond program management category, there is a Division of State Architect (DSA) re-opening fee for the project. Mr. Carson explained approval of a skylight was needed to close out the project and a fee to re-open the project with DSA was required.

There were no further questions regarding the report.

It was moved by Mr. Heuer and seconded by Mr. Johnson to accept the December 31, 2014 bills and warrants report. Motion carried unanimously.

|          |            |                                                                |
|----------|------------|----------------------------------------------------------------|
| AYES:    | 8 MEMBERS: | Cruzan, Gaspich, Heuer, Johnson, Larson, Lee, Panetta, Vasquez |
| NOES:    | 0 MEMBERS: | None                                                           |
| ABSENT:  | 1 MEMBERS: | Harvath                                                        |
| ABSTAIN: | 0 MEMBERS: | None                                                           |

**8. Bond Expenditure Status Report**

Chair Panetta asked for questions on the December 31, 2014 bond expenditure status report.

Mr. Heuer observed the balance on the pool and tennis court renovation project was large. He asked if the surplus will be used to cover cost overruns on other projects. Mr. Carson responded yes; however, the total project expense still needs to be reviewed and finalized.

With construction listed as 100% complete and a large balance remaining, Ms. Larson asked if less work was done on the Arts Complex project than originally planned. Mr. Carson explained the Arts Complex was a larger project that included the renovation of the Art-Studio and Art-Ceramics buildings, which has been completed. Also included was the HVAC repair and re-roofing of the Art-Dimensional building, estimated at \$950,000, that remains to be done. Ms. Larson suggested

separating the Arts Complex project into phases, with the work completed to be identified as Phase I. Mr. Davis stated the major portion of the project has been done and the other piece could be broken out as a separate phase to allow close out of the completed portion. Mr. Johnson and Chair Panetta concurred with Ms. Larson's suggestion to separate the project into 2 phases. The next report should reflect this change.

**9. Bond Auditors' Reports for 2013-14**

Mr. Davis stated the external auditor which prepared the bond audits also handles the District financial audit. He said the Board of Trustees have reviewed the reports. Mr. Davis noted the auditor performed extensive testing of bond transactions and found the expenditures to be for authorized bond projects. Mr. Lee commented that the Schedule of Finding and Questioned Costs reported no findings, an impressive result given the amount of transactions made for the year.

**10. Monterey County Treasurer's Investment Report**

The December 31, 2014 investment report was shared with the committee for information. Mr. Davis commented the County Treasurer keeps the pool of funds liquid as funds need to be available in a short timeframe. The District is not getting much investment return currently, but the District is getting safety.

**11. Meeting Schedule**

The meeting schedule was reviewed, with future meetings scheduled on:

- Monday, June 15, 2015
- Monday, August 10, 2015
- Monday, November 2, 2015 (Annual Organizational Meeting)

**12. Suggestions for Future Agenda Topics and Announcements**

A tour of facilities projects funded by the bond was proposed prior to the next meeting for both new and current committee members.

Dr. Tribley noted Mr. Johnson presented the Committee's annual report to the Board. Mr. Johnson said the Board was supportive and appreciative of the Committee's work.

Mr. Heuer complimented the District for the good organization of the bond program.

**13. Adjournment**

Motion was made by Mr. Heuer and seconded by Mr. Johnson to adjourn the meeting at 4:15 PM. Motion carried unanimously.

|          |            |                                                                |
|----------|------------|----------------------------------------------------------------|
| AYES:    | 8 MEMBERS: | Cruzan, Gaspich, Heuer, Johnson, Larson, Lee, Panetta, Vasquez |
| NOES:    | 0 MEMBERS: | None                                                           |
| ABSENT:  | 1 MEMBERS: | Harvath                                                        |
| ABSTAIN: | 0 MEMBERS: | None                                                           |

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT  
CITIZENS' BOND OVERSIGHT COMMITTEE  
Monday, June 15, 2015

**Follow-up Items from March 9, 2015 CBOC Meeting**

Per the meeting minutes:

**#6. Approval of November 17, 2014 Minutes**

A handout providing follow-up to questions recorded in the minutes of the November 17 meeting regarding the bills and warrants report was distributed and reviewed. Mr. Davis explained staff is still determining the market value of the portable trailers, particularly the mobile kitchen. If available, information will be provided at the next meeting.

The District recently sold the mobile kitchen trailer to Orange Coast College for \$45,000 (MPC's purchase price was \$70,000). The monies received will be deposited back into the Building Fund (where bond funds are held) under the Swing Space account where the original purchase was made from. There has been no change in the status of the other portable trailers.