

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

CITIZENS' BOND OVERSIGHT COMMITTEE

Meeting Minutes
November 11, 2003

MEMBERS PRESENT: Barbara Canter
Christine Ferguson
Howard Gustafson, Jr.
Rick Heuer
Jay Hudson
Rick Johnson
Melvin Kline
David Lewis for Lynn Davis
Steven Vagnini
Ken White

ABSENT: Ashley Jones

1. Welcome and Introductions

Dr. Kirk Avery, Superintendent/President, welcomed the committee members and guests. Mr. David Casnocha, the district's bond counsel from the firm of Stradling, Yocca, Carlson and Rauth, was introduced. Committee members introduced themselves and shared information about their related experience and their affiliations with the college. Mr. David Lewis indicated that he had been selected to replace Lynn Davis as the MPC Foundation's representative on the Committee. Mr. Davis was just elected to the Board of Trustees, and Mr. Lewis will be formally appointed at the next Board meeting.

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

Mr. Casnocha reviewed Proposition 39 which provides for general obligation bonds to be approved with 55% voter approval rather than a 2/3 majority vote. Proposition 39 requires a mandatory Citizens' Oversight Committee and the preparation of annual financial reports on bond expenditures. He explained the committee's authority, powers, and duties were set by the state legislature and not by the college trustees.

Mr. Casnocha then reviewed the committee's bylaws which had been approved by the trustees. The committee has no independent legal capacity apart from the district; thus, the committee's powers are not self-initiating. The three primary duties of the committee are to inform the public, review and report on the expenditure of taxpayers' monies, and advise the public on the district's compliance with Proposition 39.

Mr. Casnocha stated that "review" was the operative word; the committee cannot pre-approve projects or expenditures. The committee has the responsibility to review expenditures for consistency with what was promised to the voters and that employee salaries

and operating expenses are not funded with bond monies. He advised that quarterly meetings were typical of other bond oversight committees.

To inform the public, Mr. Casnocha stated the committee should prepare an annual report. The district will also be setting up a website link to post meeting minutes.

Dr. Melvin Kline noted that the committee seemed to be providing oversight after the fact and he asked if the committee could give approval of expenditures in advance. Mr. Casnocha responded that the answer was no; the legislature did not give the committee that authority. Mr. Casnocha stated that it is the college trustees who authorize expenditures and prioritize the projects. The staff will carry the opinions of the oversight committee to the Board.

Continuing his review of the Bylaws, Mr. Casnocha stated the committee has no review or say over projects financed with other funding. He noted that in addition to the committee, bond counsel and the district are also required by Proposition 39 to prepare annual reports. Typically, the district will have an outside audit firm prepare an annual financial report and performance audit for the bond. This bond financial report/audit may be reviewed by the committee. In addition, the committee may make on-site inspections, review the deferred maintenance and master plan, and review the district's cost-saving measures in regards to design, bidding, and energy efficiency.

Committee members' terms are limited to two 2-year terms, with some members serving an initial 1-year term and others serving an initial 2-year term. The purpose of this staggering of terms is to ensure continuity in the committee's membership over the 15 years of bond expenditures.

Mr. Jay Hudson noted that the terms of committee members begin March 1. Mr. Casnocha stated staff will ask the trustees to amend the Bylaws to reflect November 1 as the beginning of a term.

Mr. Casnocha reviewed the authority of committee members. He stated that committee members cannot direct staff and may only receive reports submitted to the Board or documents which are considered public records. The committee can expect the district to: post meeting agendas in compliance with the Brown Act, provide meeting room space, prepare meeting materials, and retain committee records. District staff and consultants, such as architects, will also meet with the committee to provide information. Mr. Casnocha emphasized bond monies cannot be used to support the committee; rather the district's general fund will provide funding support.

Mr. Casnocha concluded with a review of the Ethics Statement and Policy. He gave a reminder that if committee members have a conflict of interest, they must put them aside, e.g., members should not lobby for a contract to be given to a friend. Committee members must abide by the commitment made to the district; the college will be better when the greater good is advanced. He stated committee membership is not a platform for public office and that fair play and sound judgement should be used.

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

Mr. Casnocha distributed a handout on the Brown Act and briefly reviewed the requirements. He noted committee members may get together on a social basis and should not feel constrained; however, committee business needs to be restricted to public meetings. He stated that the public has a right to comment at the public meetings and all meetings are to be noticed and open to the public. Serial meetings, such as when members conduct a phone chain to poll each other, should not take place. In regards to Closed Sessions, Mr. Casnocha said the committee's should expect all of their business to be covered in open session.

Dr. Kline asked if committee members needed to file conflict of interest forms. Mr. Casnocha advised that committee members do not have to file these forms.

Mr. Casnocha commented that the Citizens' Bond Oversight Committee can be tremendously helpful to the college. The committee is the eyes and ears of the voters. He advised that if the college is doing a good job, the committee should tell the Board. One way to inform the public is by reading a statement at the Board of Trustees meeting. If the college is not doing a good job, Mr. Casnocha noted the committee has a duty to inform the public, but he advised following an appropriate process and protocol. He concluded by saying every community college has more projects than dollars approved in the bond measure. Mr. Casnocha stated not every project will get funded, but this was not a violation of the law; trustees have to prioritize.

Ms. Jean Grace, a member of the public, commented that the agenda had no place for public comment and stated her concern that the public cannot be required to sign in.

4. Bond Implementation Activities

Mr. Joe Bissell, Vice President for Administrative Services, stated that Exhibit B covers projects to renovate the campus and also build a satellite campus and public safety training facility at Fort Ord. He said the district's 5-year capital outlay plan, the deferred maintenance plan, the facilities condition analysis and the educational plan for instructional and student services were used to determine the list of projects. It was estimated that \$228 million would be needed to complete all of the projects; thus there were more projects than could be completed with the \$145 million bond.

Mr. Bissell also reviewed the educational facilities master planning process that was underway with the district's consultant, Maas Companies. He stated the consultant has been meeting with departments and would develop the master plan based on analysis of the education plan, enrollment data, population projections, and state funding formulas. It is expected the plan will be presented to the Board for approval by February.

In advance of the educational facilities master plan completion, the Board has approved "early start" projects. Mr. Bissell distributed a status report and reviewed the progress of the projects. He reported that as of October 30, \$2,241,764.87 had been committed out of the \$3,945,000 that had been allocated to complete these projects.

Mr. Steven Vagnini asked about reviewing an expenditure report with more detail. Mr. Bissell stated that the Board is provided with a warrants list that contains more detail, and this document would also be provided to the committee.

Mr. Hudson asked about using short-term certificates as an investment vehicle for bond proceeds. Mr. Bissell explained that all of the college's funds are handled by the County Office of Education and the bond proceeds are invested in LAIF (Local Agency Investment Funds), currently yielding 1.72% interest.

5. Determination of Term of Members

The initial term of members was determined by straw lot as follows:

Barbara Canter	2-year initial term
Christine Ferguson	2-year initial term
Howard Gustafson, Jr.	2-year initial term
Rick Heuer	2-year initial term
Jay Hudson	2-year initial term
Rick Johnson	1-year initial term
Melvin Kline	1-year initial term
David Lewis	1-year initial term
Steven Vagnini	1-year initial term
Ken White	2-year initial term

6. Availability to Serve as Committee Chair

Dr. Avery informed the committee that he has appointed Mr. Jay Hudson to serve as the Chair of the Citizens' Bond Oversight Committee, as per the Bylaws. Volunteers were solicited to serve as Vice Chair. Mr. Howard Gustafson, Jr. volunteered and was elected by unanimous proclamation.

7. Public Comments

The public was invited to make comments.

Ms. Sharon Sarris referred to the cost saving provision in Section 4D of the Bylaws. She noted that equipment may appear to cost more initially, but the committee should be aware that extensive analysis would have been completed in that decision.

Mr. Bissell introduced Mr. Peter Buechel, the district's purchasing agent, Mr. Steve Morgan, Director of Facilities, and Mr. Danis Taylor, architect with the firm of Wald, Ruhnke and Dost.

Mr. Ken White asked committee members to consider speaking through one voice, through the Chair and to be sure of having all the facts before speaking. He also advised that students and faculty are the best ambassadors once work gets underway.

Chair Hudson commented that he appreciated receiving information regarding the role of the committee. He observed the committee has an important oversight role to play, noting there are examples of schools getting into trouble with the expenditure of bond funds.

8. Next Meeting

It was suggested that the next meeting be scheduled after the Board approval of the educational facilities master plan in February. The date of March 1 was selected and it was agreed to meet at 3:00 PM.

Ms. Barbara Canter asked about the frequency of meetings. Chair Hudson thought quarterly meetings would be sufficient.

9. Adjournment

The meeting was adjourned at 4:50 PM.

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