

STAFF REPORT



Meeting Date: February 15, 2023

To: Board of Directors

From: Michael J. Aho – District Administrator

Subject: Bond Oversight Committee By-Law Change

I. Recommendation

Approve changing Term 2.3 of the Bond Oversight Committee (BOC) by-laws (Attachment A) from "Each member shall serve a term of one (1) year, commencing on the date of their appointment by the Board. No member may serve more than five (5) consecutive one-year terms.

To: "Each member shall serve a term of one (1) year, commencing on the date of their appointment by the Board and may be reappointed to as many successive terms as the Board of Directors shall determine.

II. Background

Measure J, a \$26.9 Million Dollar General Obligation Bond Measure, was approved by the voters of Fair Oaks Recreation and Park District in November 2018. As part of Measure J the formation of an independent Citizen Oversight Committee is required to review Bond Expenditures and to ensure bond proceeds are spent only for the projects listed in the Bond Project List. The Bond Oversight Committee (BOC) was established by the FORPD Board and held their first meeting in April 2019. BOC does not have independent legal capacity from the District.

The projects funded by Measure J have been affected by the COVID-19 Pandemic and the length of time required to complete the projects

has taken longer than was expected when the BOC By-Laws were adopted by the FORPD Board. Because of the delays some of the BOC members are close to reaching their limit of terms as specified in the current BOC By-Laws.

III. Problem /Situation/ Request

After careful consideration and consultation with members of the BOC committee, Staff proposes to change Term 2.3 from: *"Each member shall serve a term of one (1) year, commencing on the date of their appointment by the Board. No member may serve more than five (5) consecutive one-year terms. To: "Each member shall serve a term of one (1) year, commencing on the date of their appointment by the Board and may be reappointed to as many successive terms as the Board of Directors shall determine.*

This change will allow the oversight responsibilities of BOC to maintain continuity. The FORPD Board will still have the authority to limit the number of terms of the existing and future BOC members since each BOC member's reappointment will require FORPD Board to approve the reappointment.

IV. Financial Analysis

There is no financial impact to the District.

Respectfully Submitted,



Michael J. Aho
District Administrator

Attachment A: By-Laws

ATTACHMENT A

FAIR OAKS RECREATION AND PARK DISTRICT BOND OVERSIGHT COMMITTEE

The Fair Oaks Recreation park District (the "District") was successful at the election conducted November 2018, in obtaining authorization from the District's voters to issue up to \$26,900,000 aggregate principal amount of the District's general obligation bonds (the "Bond Measure"). The District is now obligated to establish the Bond Oversight Committee in order to satisfy the accountability requirements of Measure J.

The Board of Directors (the "Board") of the Fair Oaks Recreation and Park District hereby establishes the Bond Oversight Committee (the "BOC") which shall have the duties and rights set forth in these Bylaws. The Committee does not have independent legal capacity from the District.

1. MISSION STATEMENT

The Bond Oversight Committee (BOC) established by the Fair Oaks Recreation and Park Board (Board), provides citizen input and fiscal oversight into projects that the District will undertake that will be funded by the \$26.9 Million Dollar General Obligation Bond Measure known as Measure J, which the residents of Fair Oaks Recreation and Park District approved in the November 2018 election.

BOC members provide citizen involvement, a channel of public communication and fiscal oversight to the Board in regards to Bond Projects. As directed by the Board and supported by Staff, the BOC will study issues, advise on subjects and make recommendations and comments in regards to Measure J Projects.

2. COMPOSITION, NOMINATIONS AND APPOINTMENTS

2.1 Members: The Committee shall consist of a **minimum** of five (5) members appointed by the Board. The BOC shall consist of citizens representing the District's diversity and varied interests.

2.1.1 One (1) member active in a business organization representing the business community located in the District.

2.1.2 One (1) member active in a senior citizen's organization.

2.1.3 Two (2) members who are associated with or members of the District Partner Organizations

2.1.4 Remaining members will reside within the District Boundaries

2.2 Qualification Standards:

2.2.1 To be a qualified person, he or she must be at least 18 years of age, in accordance with Government Code section 1020 and reside within the District's geographic boundary.

2.2.2 The committee may not include any employee, official of the District, or any vendor, contractor or consultant of the District.

2.3 Term: Each member shall serve a term of one (1) year, commencing on the date of their appointment by the Board and may be reappointed to as many successive terms as the Board of Directors shall determine.

2.4 Appointment: Members of the Committee shall be appointed by the Board through the following process:

2.4.1 The Board, local community organizations, and individuals will be solicited for applications;

2.4.2 The Community Resources Development Committee of the Board will review the applications;

2.4.3 The Community Resources Development Committee will make recommendations to the Board.

2.5 Removal; Vacancy: The Board may remove any Committee member for any reason, including failure to attend two consecutive Committee meetings without reasonable excuse or for failure to comply with the Committee Ethics Policy. Upon a member's removal, his or her seat shall be declared vacant. The Board, in accordance with the established appointment process shall fill any vacancies on the Committee.

2.6 Compensation: The Committee members shall not be compensated for their services.

3. DUTIES: To carry out its stated purposes, the BOC shall perform the following duties:

3.1 Inform the Public: BOC shall inform the public concerning the District's expenditure of bond proceeds by providing a communication channel between the Board and the residents of Fair Oaks Recreation and Park District by obtaining community input through public meetings and other forms of public engagement in regards to details and timing of the Bond Projects.

3.2 Report to the Board: BOC shall report to the Board the results and

recommendations that the Committee obtained through public engagement.

3.3 Review Expenditures: The Committee shall review quarterly expenditure reports produced by the District to ensure that:

- 3.3.1 Bond proceeds are expended only for the purposes set forth in the Bond Measure;
- 3.3.2 No bond proceeds are used for any staff or nonrelated administrator salaries or other nonrelated operating expenses.

3.4 Annual Report: The Committee shall present to the Board, in public session, an annual written report which shall include the following:

- 3.4.1 A statement indicating whether the District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution; and
- 3.4.2 A summary of the Committee's proceedings and activities for the preceding year.

3.5 Auditor's Report: Receive an annual auditor's report:

- 3.5.1 Provide reports to the Board on whether the expenditures match those promised during the bond campaign.

3.6 Authorized Activities: In order to perform the duties, the Committee may engage in the following authorized activities:

- 3.6.1 Participate in the selection of bond performance auditors and assist in establishing the scope of the audit in accordance with GAGAS (Generally Accepted Government Auditing Standards).
- 3.6.2 Receive and review copies of the District's annual independent bond performance audit and annual independent financial audit, required by Article XIII A of the California Constitution.
- 3.6.3 Inspect District facilities and grounds for which bond proceeds have been or will be expended.
- 3.6.4 Review efforts by the District to maximize bond proceeds by implementing various cost-saving measures.
- 3.6.5 Organize and participate in public meetings and other methods to receive input in regards to Bond Projects and timing of Bond Projects.

3.7 Meetings of BOC:

- 3.7.1 Meetings of the BOC will be scheduled not less than four (4) times annually at the call of the chair.
- 3.7.2 Seven (7) days prior to each meeting, Minutes of the preceding meeting and an Agenda for the approaching meeting will be mailed to each member of the BOC.
- 3.7.3 If a question is raised regarding procedure, the Committee shall resort to Robert's Rules of Order. Otherwise informal procedures shall be used, in accordance with applicable law.
- 3.7.4 A quorum of this Committee shall consist of a majority of the total filled seats on Committee.
- 3.7.5 The Chair or a majority of the Committee members may call special meetings, and it shall be mandatory for the Chair to call a special meeting at the direction of the Board of Directors.
- 3.7.6 Members of the District and the public may visit any meeting of the Committee. Public comment shall be in accordance with the Ralph M. Brown Act.
- 3.7.7 Dates of BOC meetings will be announced on the Board's agenda. The BOC Chair may call special meetings, with one week's notice to all BOC members.

3.8 BOC Officers and District staff support:

- 3.8.1 The BOC shall elect members to serve as Chair and Vice Chair, for a one year term. The first election of officers will take place at the first official meeting of the BOC as established by the Board and every November after that, with the term to begin the following January
- 3.8.2 The District Administrator or his/her designee will provide staff support to the BOC and will provide a staff member to attend all meetings as Secretary to the BOC.

3.9 BOC Recommendations and Comments to the Board:

- 3.9.1 BOC recommendations will be submitted to the Board at the next scheduled Board meeting except when the item under consideration is delayed due to unforeseen circumstances.

- 3.9.2 The BOC Chair, or designee, will submit all recommendations to the Board and/or Board Committee, and will include the number of members present and the number of votes for and against a recommendation.
- 3.9.3 BOC recommendations may be submitted to the full Board and/or a Committee of the Board.
- 3.9.4 Recommendations made by the BOC shall require a simple majority of those present for approval and submittal to the Board or Board Committee.
- 3.9.5 As needed or requested by the Board, the BOC Chair, or designee, shall report information regarding the BOC and its activities to the Board.

3.10 Termination of BOC: The Committee shall automatically terminate and disband at the earlier of the date when either:

- 3.10.1 All bond proceeds are spent, or
- 3.10.2 All projects funded by bond proceeds are completed.

The following Ethics Policy Statement provides general guidelines for BOC members to follow in carrying out their roles. Not all ethical issues that Committee members face are covered in this Statement. However, this Statement captures some of the critical areas that help define ethical and professional conduct for Committee members. The provisions of this Statement were developed from existing laws, rules, policies and procedures as well as from concepts that define generally accepted good business practices. Committee members are expected to strictly adhere to the provisions of this Ethics Policy

BOND OVERSIGHT COMMITTEE ETHICS POLICY STATEMENT

CONFLICT OF INTEREST. A Committee member shall not make or influence a District decision related to:

(1) any contract funded by bond proceeds, or (2) any construction project which will benefit the committee member's outside employment, business, or provide a financial benefit to an immediate family member, such as a spouse, child or parent.

OUTSIDE EMPLOYMENT. A Committee member shall not use his or her authority over a particular matter to negotiate future employment with any person or organization that relates to: (1) any contract funded by bond proceeds, or (2) any construction project. A Committee member shall not make or influence a District decision related to any construction project involving the interest of a person with whom the member has an agreement concerning current or future employment, or

remuneration of any kind. For a period of two (2) years after leaving the Committee, a former Committee member may not represent any person or organization for compensation in connection with any matter pending before the District that, as a Committee member, he or she participated in personally and substantially. Specifically, for a period of two (2) years after leaving the Committee, a former Committee member and the companies and businesses for which the member works as an employee or owner during his/her service as a Committee member shall be prohibited from contracting with the District with respect to: (1) bidding on projects funded by the bond proceeds; and (2) any construction project.

COMMITMENT TO UPHOLD LAW. A Committee member shall uphold the federal and California Constitutions, the laws and regulations of the United States and the State of California and all other applicable government entities, and the policies, procedures, rules and regulations of the Fair Oaks Recreation and Park District.

COMMITMENT TO DISTRICT. A Committee member shall place the interests of the District above any personal, family member or business interest of the member.







8.6 Bond Oversight Committee By-Laws Change.

Final Audit Report

2023-02-10

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| Created: | 2023-02-10 |
| By: | Jennifer Larkin (jlarkin@forpd.org) |
| Status: | Signed |
| Transaction ID: | CBJCHBCAABAAYCWgVVYndycJcBy823hJOvdW6jmB1w2b |

"8.6 Bond Oversight Committee By-Laws Change." History

-  Document created by Jennifer Larkin (jlarkin@forpd.org)
2023-02-10 - 11:16:38 PM GMT
-  Document emailed to maho@forpd.org for signature
2023-02-10 - 11:16:50 PM GMT
-  Email viewed by maho@forpd.org
2023-02-10 - 11:24:55 PM GMT
-  Signer maho@forpd.org entered name at signing as Michael J. Aho
2023-02-10 - 11:25:27 PM GMT
-  Document e-signed by Michael J. Aho (maho@forpd.org)
Signature Date: 2023-02-10 - 11:25:29 PM GMT - Time Source: server
-  Agreement completed.
2023-02-10 - 11:25:29 PM GMT