



Midpeninsula Regional
Open Space District

R-16-02
Meeting 16-01
January 13, 2016

STUDY SESSION AGENDA ITEM 1

AGENDA ITEM

Discussion and Approval of a Selection Process for the Measure AA Bond Oversight Committee

GENERAL MANAGER'S RECOMMENDATIONS

1. Discuss possible options for interviewing and selecting the members of the Measure AA Bond Oversight Committee
2. Approve a procedure outlining the interview and appointment process for the Measure AA Bond Oversight Committee.

SUMMARY

Measure AA requires formation of a bond oversight committee to review bond expenditures to verify conformity with the adopted expenditure plan. On August 12, 2015, the Board of Directors adopted a resolution approving the bylaws for the Measure AA Bond Oversight Committee's (Committee) and deferred final decision on the selection and appointment process until the close of the recruitment period. Staff is returning with several alternatives for interviewing and appointing Committee members.

DISCUSSION

Background

On June 3, 2014, the voters of the Midpeninsula Regional Open Space District passed Measure AA authorizing the issuance of up to \$300 million in general obligation bonds (Ordinance 14-02). Section 3 of the Expenditure Plan attached to Measure AA includes the following language:

An Independent Citizen Oversight Committee [Measure AA Bond Oversight Committee] will be formed to verify expenditures of bond proceeds. The Independent Citizen Oversight Committee will consist of seven at-large members, all of whom shall be District residents. The Citizen Oversight Committee will be selected by the Board and interviewed and approved in open session, and will be subject to the conflict of interest constraints of the California Political Reform Act.

The responsibilities of the Committee include:

- Review Plan expenditures on an annual basis to verify conformity with the Expenditure Plan.

- Review District's Annual General Obligation Bond Audit and Annual Accountability Report and present the Committee's findings to the Board at a public meeting.
- Review any proposed amendments to the Expenditure Plan.

The Committee's bylaws defining its roles and responsibilities were approved by the Board on August 12, 2015, and the Committee members' terms will start on July 1, 2016, approximately four months prior to the completion of the audit of the first year's expenditures. At a study session on September 24, 2014, the Board decided to defer approval of a selection and appointment process until the close of the application period on December 11, 2015.

Discussion

Measure AA requires Committee members to be selected by the Board and interviewed and approved in open session. Following a robust recruitment campaign, 29 applications were received. In the schedule previously approved by the Board, the appointments are to be approved at the March 23, 2016 Board meeting and oaths of office administered on April 13, 2016 to the newly appointed Committee members. In order to meet the timeline, the Board may choose among several options for interviewing and appointing the Committee members.

Interviews and appointments by full Board of Directors (Option A)

In this alternative, all eligible applicants would be interviewed by the full Board of Directors during one or more special meetings. Prior to forwarding the applications to the Board for review, the applications would be pre-screened by staff to assure applicants meet the minimum eligibility qualifications, as defined in Measure AA of being 18 years or older and a resident living within the District's boundaries. The interview would consist of several predetermined questions and would last approximately 10 minutes per applicant. If the entire group of 29 was to be interviewed, a minimum of 5 hours would be required just to complete the interviews.

Following the interview process, the Board will formally vote on the applicants at a regular Board meeting either by ballot or by separate votes on each applicant. The appointments would be by a majority vote, requiring at least four affirmative votes. In order to facilitate the appointment of seven Committee members, each Board member could be allotted seven affirmative votes for the first round of appointments. The candidates receiving the most affirmative votes and at least four affirmative votes will be appointed. In the event of a tie or if seven Committee members are not chosen after the first vote, then Board members would be allotted the same number of votes as remaining Committee vacancies for each subsequent round of voting. Should a tie between the candidates receiving the most affirmative votes occur, the affected applicants will be voted on again. If a tie still remains, and the affected applicants each have received at least four affirmative votes, the Board President would ask the General Counsel to draw the name of the person to be appointed.

While this method provides every eligible applicant an opportunity to be interviewed by the full Board and to receive an individual up-or-down vote, it would be very time consuming and cumbersome. When a large number of applications are received, the interview process would most likely require several special Board meetings and the appointment process during the regular meeting could be lengthy. Also the formal interview by the full Board may be intimidating to some applicants, and the vote procedure may be embarrassing to those who receive fewer or no affirmative votes.

Board Ad Hoc Committee (Option B)

The Board may choose to appoint an ad hoc committee of its members to interview and make recommendations on Committee member appointments. Applications could be screened by the members of the ad hoc committee who would then select the applicants to be interviewed. The ad hoc committee would interview the applicants at an open and publicly noticed meeting. Following completion of the interview process, the ad hoc committee would make a recommendation to the Board of Directors of a slate of seven nominees to serve on the Committee. The ad hoc committee's recommendations would then require a motion and approval by at least four affirmative votes by the Board of Directors at a regular meeting. This method provides a streamlined process by which applications would be screened, selected applicants would be interviewed by the Board ad hoc committee, nominations would be made by the ad hoc committee, and appointments would be made by the full Board by motion adopted by at least four affirmative votes.

Nominations by Individual Board members (Option C)

Under this method, nominations are made by each Board member, to be submitted to the full Board for appointment by motion adopted by at least four affirmative votes. As with the methods described above, applications would be pre-screened by staff to assure applicants meet the minimum eligibility qualifications. All applications for available Committee seats would be forwarded to the full Board. Each of the Board members would review the applications, interview selected applicants in an open and publicly noticed meeting, and nominate one applicant. All nominations would be presented to the full Board for appointment by motion adopted by at least four affirmative votes.

Nominations by individual Board members provides an alternative process by which applications are screened, selected applicants are interviewed, and nominations are made by each Board member, for appointment by the full Board of Directors.

As described above, all interviews would be open to the public and properly noticed according to state law. The primary differences in the three options are the size of the interview panel for the applicants and the process for nominating candidates for approval by four affirmative votes of the Board of Directors. Upon approval of a selection and appointment process by the Board, the District Clerk will contact applicants to schedule interviews based on the process chosen.

Selection Criteria

In addition to the selection process, the Board may choose to approve additional selection criteria by which to inform their selection of Committee members. At the September 24, 2014 study session, the Board approved two selection criteria:

- Board preference that at least one member of the Committee will have a financial background.
- Committee will reflect the diversity and geographics of the District as much as possible.

Criteria used by other agencies include:

- Attendance or participation at past or current District Board, Committee, Citizens' Advisory Committee meetings or District outreach workshops (Vision Plan)
- Participation in civic organizations or other nonprofit organizations
- Preference for experience in municipal finance and budgeting
- Knowledge of the District

- Participation in other bond oversight or similar committees

FISCAL IMPACT

Any alternative chosen by the Board will require some level of additional staff time to support the Committee interview process, including necessary supplies and materials. These costs will be identified and incorporated into the annual District Budget for approval by the Board.

BOARD COMMITTEE REVIEW

Due to the important nature of the Bond Oversight Committee and the short timeline for interviewing and appointing Committee members, this report was brought to the full Board without prior Committee review to allow all Board members to weigh in.

PUBLIC NOTICE

Public notice was provided as required by the Brown Act. Notice was also provided to the current applicants for the Measure AA Bond Oversight Committee

CEQA COMPLIANCE

This item is not a project subject to the California Environmental Quality Act.

NEXT STEPS

Following approval of a Committee member selection process, District staff will contact applicants to schedule interviews and arrange Board or Committee meetings as necessary.

Attachments

1. Alternative Methods of Making Appointments to the Measure AA Bond Oversight Committee
2. Measure AA Oversight Committee Bylaws

Responsible Department Head:
Steve Abbors, General Manager

Prepared by:
Jennifer Woodworth, District Clerk

Option	General Procedure	Applications screened by	Interviews conducted by	Nominations made by	Appointment made by	Vote Process (during a regular Board meeting)
A	<p>Full Board of Directors interviews <i>all</i> applicants in a special meeting(s)</p> <p>Full Board votes on <i>every</i> applicant during a regular Board meeting</p>	Pre-screened by staff for minimum eligibility requirements	Full Board of Directors	n/a	Board of Directors	<p>Vote on every applicant; four affirmative votes appoints a candidate unless tied; repeat the process for ties; random drawing to break second tie.</p> <p>For each round of voting, each Board member has the same number of allotted votes as number of current vacancies on the Committee</p>
B	<p>Board Ad Hoc Committee interviews and nominates applicants in ad hoc committee meeting(s)</p> <p>Full Board votes on ad hoc committee's nominees during regular Board meeting</p>	<p>Pre-screened by staff for minimum eligibility requirements</p> <p>Screened by ad hoc committee to select those to be interviewed</p>	Board ad hoc committee	Board ad hoc committee	Board of Directors	Board appoints ad hoc committee's slate of nominees by motion and adopted by at least four affirmative votes
C	<p>Each Board member interviews chosen applicants and nominates one applicant for one seat on the Committee</p> <p>Full Board votes on nominees during regular Board meeting</p>	<p>Pre-screened by staff for minimum eligibility requirements</p> <p>Screened by Board members</p>	Individual Board members	Individual Board members	Board of Directors	Board appoints each Board member's nominee by motion and adopted by at least four affirmative votes

ADVANTAGES/DISADVANTAGES OF THE ALTERNATIVE METHODS OF MAKING APPOINTMENTS TO THE MEASURE AA BOND OVERSIGHT COMMITTEE

INTERVIEWS AND APPOINTMENTS BY FULL BOARD OF DIRECTORS (Option A)

Advantages

- All eligible applicants have the opportunity to be interviewed and voted on
- All Board members may participate in interviews

Disadvantages

- Some candidates may be intimidated by an interview panel with seven Board members
- Several special meetings may be required to interview all candidates (at least 5 hours for the 29 current applicants)
- Lengthy appointment process where some candidates may feel embarrassed or think they are unqualified if they do not receive any votes from Board members

BOARD AD HOC COMMITTEE (Option B)

Advantages

- Efficient use of Board member and staff time as fewer Board meetings will be required to interview and appoint committee members
- Ad hoc committee members would screen applications

Disadvantages

- Some candidates may not have the opportunity to be interviewed
- Only the ad hoc committee members would have the opportunity to interview eligible applicants

NOMINATIONS BY INDIVIDUAL BOARD MEMBERS (Option C)

Advantages

- Streamlined process maximizing efficient use of staff and Board member time
- Interview process more comfortable for candidates as it would be a one on one interview setup
- All Board members may participate in interviews
- Greater chance that Committee members will reflect the geographics of the District because each Board member will likely seek to nominate a Committee member to best represent their Ward

Disadvantages

- Some candidates may not have the opportunity to be interviewed
- Some candidates may be requested to be interviewed by several Board members
- Possible appearance of “insider politics” since each Board member will be nominating one Committee member

Midpeninsula Regional Open Space District

Board Policy Manual

Measure AA Oversight Committee Bylaws	Policy 1.10 Chapter 1 – Administration & Government
Effective Date: 8/12/15	Revised Date: N/A
Prior Versions: N/A	
Attachments: Bond Oversight Committee Application	

Purpose: The Measure AA Bond Oversight Committee (Committee) is appointed by the Board of Directors (Board) for the Midpeninsula Regional Open Space District (District) in order to promote transparency, and ensure oversight and accountability for all funds collected and allocated under Measure AA.

Committee Responsibilities: The Committee has the following three responsibilities for each of the years the Measure AA general obligation tax is collected or revenues expended:

- Review Plan expenditures on an annual basis to verify conformity with the Expenditure Plan.
- Review the District’s Annual Audit and Annual Accountability report and present the Committee’s findings to the Board at a public meeting.
- Review any proposed amendments to the Expenditure Plan.

The Committee Chair shall report the Committee’s findings at a public meeting of the Board of Directors.

The Committee shall not have authority to recommend, advise, or direct any such matters that may fall under its responsibility to review. The Committee is not advisory to the Board of Directors and has no power to determine how General Fund monies are spent. The Board of Directors retains its authority to make such decisions and determinations.

Committee Composition: The Committee shall consist of seven members, who are residents of the District.

- All members must be at least 18 years of age and reside within the Midpeninsula Regional Open Space District.
- Committee members may not be current District employees, District Board members, or any vendor, contractor, or consultant with active contracts or agreements with the Midpeninsula Regional Open Space District.
- If at any time during his/her term, a Committee member becomes aware of a potential conflict of interest by a potential contract for services or other possible financial interest in or with the District, the Committee member must notify both the staff contact and the District Counsel immediately for legal review of the issue.
- If at any time during his/her term, a Committee member ceases to maintain his/her principal place of residence within the District’s boundaries, then such person shall

become ineligible to continue to serve as a member of the Committee and said position shall be declared vacant by the Board of Directors.

Committee Operations:

Quorum and voting: A majority of the Committee constitutes a quorum for the transaction of business. The Committee shall make decisions only by an affirmative vote of at least a majority of all members of the Committee.

Attendance: Members will actively support Committee activities and regularly attend meetings. Accordingly, more than three absences during an 18-month period may be cause for removal from the Committee by the Board of Directors.

Record: The Committee shall maintain a record of its meetings. Minutes of all meetings consisting of actions taken and the time and place of each meeting shall be kept on file at the District's administrative office. District staff will prepare the minutes for each Committee meeting with the assistance of the Committee Chair. A member roster and record of Committee member attendance shall be maintained by the District Clerk.

Location of meetings: The Committee shall meet in the Board Room, 330 Distel Circle, Los Altos, CA, at a time convenient to Committee members and the public or at some other location designated by the Committee within the boundaries of the Midpeninsula Regional Open Space District, which is available to members of the public and complies with state and federal laws regarding accessibility.

Termination: A member's term shall terminate on the occurrence of any of the following:

- The member voluntarily resigns by written notice to the Committee Chair or District staff.
- The member fails to continue to meet the qualifications for membership, including attendance and residency requirements.

Committee Lifespan: The Committee shall sunset (cease to exist) once it has reviewed and reported on all audit reports covering the 30 years of Measure AA revenue collection. No Board action is required to terminate the Committee.

Committee Member Terms of Office: The seven seats on the Committee will have the following staggered terms of office:

Member Seats	First Term		Second Term	
	Appointment	Expiration	Appointment	Expiration
1, 3, 5, 7	July 2016	December 2020	January 2020	December 2024
2, 4, 6	July 2016	December 2018	January 2018	December 2022

Each of the seats will be for four year terms, with the exception of seats 2, 4 and 6 during the first term only. The first term for seats 1, 3, 5, and 7 will serve from July 2016 to December

2020, and seats 2, 4, and 6 will serve from July 2016 to December 2018. All subsequent terms will be for four years running from January through December.

Committee Meeting Schedule: The Committee shall meet at least once annually. The District's fiscal year currently ends on June 30 of each year with the Annual Financial Audit Report typically being provided in October each year. Consequently, the Committee shall meet each fall to review the Annual Financial Audit Report to verify that District expenditures conform to the Expenditure Plan. The exact meeting schedule will be dependent on the budget preparation schedule and available meeting dates for Committee members, which may vary from year to year.

When necessary the Committee shall meet to discuss any proposed amendments to the Expenditure Plan. These meetings may occur without regard to the budget cycle. All meetings of the Committee will be public and noticed in accordance with the Ralph M. Brown Act.

Committee Organization and use of Existing District Practices: The Committee shall follow all relevant existing District practices in terms of organization and conduct. Specifically, that the Committee:

- Shall choose a Chair and Vice-Chair at the first regular meeting of each year
- Shall operate in accordance with the Ralph M. Brown Act
- Shall comply with all state and local mandated conflict of interest/economic interest disclosure requirements
- Shall receive no compensation for his/her service on the Committee
- Shall comply with all applicable District policies and procedures

In the event of any conflict between these bylaws and the Expenditure Plan or other provisions of law, the Expenditure Plan or law shall prevail.

Recruitment: The General Manager's Office shall make efforts to fill Committee vacancies as soon as practical. Upon notification of a vacancy, whether planned or unplanned, staff shall inform the Board of the status of recruitment efforts to fill the vacancy.

Appointments: Appointments of Committee members shall be placed on the agenda at a Board of Directors meeting.

**MIDPENINSULA REGIONAL OPEN SPACE DISTRICT
APPLICATION FOR MEASURE AA BOND OVERSIGHT COMMITTEE**

Please print or type

Name: _____

Home Address: _____

Home Phone: _____ **Work Phone:** _____

Email Address: _____ **Cell Phone:** _____

Why do you want to serve on the Measure AA Bond Oversight Committee?

Do you have any training, expertise or experience that you would like the Board to consider as they review your application for the Bond Oversight Committee?

If you have served on other oversight committees or advisory boards/commissions please list and briefly describe your role:

Please provide two references including name, address, phone number, and relationship:

Please submit your application by email or mail to:

Bond Oversight Committee
c/o Jennifer Woodworth, District Clerk
330 Distel Circle
Los Altos, CA 94022
jwoodworth@openspace.org

Applicant Requirements:

- ☐ I am 18 years of age or older.
- ☐ I am a resident living within the boundaries of the Midpeninsula Regional Open Space District.
- ☐ I am not an elected official or a public employee of any agency that oversees or benefits from the proceeds of the Measure AA parcel tax or have any economic interest in any Measure AA-funded projects or programs.
- ☐ I have no economic interest (no contracts, no payments, etc) in the District.

MORE ABOUT THE MEASURE AA BOND OVERSIGHT COMMITTEE

The Committee is appointed by the Midpeninsula Regional Open Space District's Board of Directors pursuant to Measure AA to ensure accountability, transparency, and public oversight of all funds collected and allocated under Measure AA.

The Expenditure Plan approved as part of Measure AA defines the Committee's roles and responsibilities as follows:

- Review Plan expenditures on an annual basis to verify conformity with the Expenditure Plan.
- Review District's Annual Audit and Annual Accountability report and present the Committee's findings to the Board at a public meeting.
- Review any proposed amendments to the Expenditure Plan.

The Committee does not oversee any other District financial information nor does it set policy or provide input or direction on projects, budgets, work plans, or financial matters pertaining to other District funds. All actions, including decision about selecting projects for funding, will be made by the Board in public meetings.