



Midpeninsula Regional
Open Space District



BOND OVERSIGHT COMMITTEE – MEASURE AA

February 21, 2017

AGENDA ITEM 3

AGENDA ITEM

Strawman of Final Bond Oversight Committee Report to the Board of Directors

GENERAL MANAGER'S RECOMMENDATION

Review the attached strawman report for the Bond Oversight Committee to use as the foundation for their report to the Board of Directors.

SUMMARY

At the January 31, 2017 meeting, the Bond Oversight Committee (BOC) expressed interest in receiving a strawman report that can be used to generate the final report to the Board of Directors. District staff has prepared the attached strawman report for the BOC to edit and complete. After the meeting, an electronic Word version will be distributed to the BOC.

The strawman report as prepared by staff includes composition of the BOC, meeting schedule, agreed-upon procedures, and sample selection of transactions. BOC meeting packages (including minutes, discussion items and other reports) can serve as attachments to the final report.

DISCUSSION

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

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

The BOC has selected sample transactions and will review the supporting documentation to ensure the expenditures are conform Measure AA. After this review is complete, the BOC will report to the Board of Directors on their findings and opinion. To assist the BOC in developing such a report, based on District format and standards, staff has prepared a strawman shell, as attached, for the BOC to edit and finalize into their report to the Board.

An electronic version in Microsoft Word will be distributed to the BOC meeting package for the February 21st, 2017 meeting to facilitate ease of editing.

FISCAL IMPACT

No fiscal impact.

PUBLIC NOTICE

Public notice was provided as required by the Brown Act.

CEQA COMPLIANCE

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

NEXT STEPS

The BOC to edit and finalize the strawman report into their final report to the Board of Directors. Incorporate the findings from the discussion and review of the selected sample expenditures in the BOC report to the Board of Directors. Discuss and finalize the draft report at the next BOC meeting on March 14th in preparation for a presentation to the Board of Directors on April 12th.

Attachment

1. Strawman report

Responsible Department Head:

Stefan Jaskulak, Chief Financial Officer/Director of Administrative Services

Prepared by:

Stefan Jaskulak, Chief Financial Officer/Director of Administrative Services



Midpeninsula Regional
Open Space District



BOND OVERSIGHT COMMITTEE – MEASURE AA

April 12, 2017

AGENDA ITEM XX

AGENDA ITEM

Report from the Bond Oversight Committee to the Board of Directors for the review period from May 11, 2014 to June 30, 2016.

COMMITTEE RECOMMENDATION

The Bond Oversight Committee recommends....

SUMMARY

The Bond Oversight Committee (BOC) was appointed by the Board of Directors as a component of implementing Measure AA.

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

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

District staff compiled a report for BOC review covering the initial period from May 11, 2014 to June 30, 2016. The BOC met four times to organize and orient, establish Agreed-Upon Procedures, review sample transactions, and develop the report to the Board of Directors on the BOC's findings and recommendations.

In the opinion of the BOC, the District (manages the Measure AA funds well, finding..., recommendation...)

DISCUSSION

Committee Formation

The Measure AA ballot included a section to establish the Bond Oversight Committee:

“An independent Citizen Oversight Committee will be formed to verify expenditures of bond proceeds. The independent citizen oversight committee, consisting of seven at-large members, all of whom shall be District residents. The Citizen Oversight Committee will be selected by the Board of Directors and interviewed and approved in open session, and will be subject to the conflict of interest constraints of the California Political Reform Act.” (NOTE: the independent Citizen Oversight Committee was established as the Bond Oversight Committee.)

As an integral part of the implementation of Measure AA, the Board of Directors adopted, as part of the Board Policy Manual, the Measure AA Oversight Committee Bylaws, Policy 1.10 with the stated 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 Bond Oversight Committee has the following three responsibilities for each of the years the Measure AA general obligation tax is collected or revenues expended:

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

Committee Composition

In 2016, applications were received from citizens interested in serving on the BOC. The Board reviewed the applications and after interviewing the top candidates, appointed the Bond Oversight Committee:

Paul Betlem
Carla Dorow
Elizabeth Eischen
Denise Gilbert
John Melton
Tom Scannell
Jo Zientek

At their orientation meeting on November 29th, 2016, the BOC voted to selected Paul Betlem as Chair and Carla Dorow as Vice-Chair.

Prior to the next meeting on January 17th, 2017, John Melton resigned. At the regular Board on January 25th, the Board of Directors appointed Bruce Tolley to fill the vacated seat.

Committee Activity

January 17, 2016 meeting

Staff presented the Annual Accountability Report for the review period from May 11, 2014 to June 30, 2016 (see attachment 2). The structure of the report was reviewed and explained in the following chapters:

- Executive Summary
- Priority Portfolio Actions by Region (from Measure AA Expenditure Plan)
- Portfolio Expenditure Summary (Numerically by Portfolio Number)
- Financial Report from New World ERP by Project

January 31 2017 meeting

At this meeting, the Annual Accountability Report was discussed and questions from BOC members were answered by staff. The District's external auditor, Sheldon Chavan from Chavan & Associates, provided a walk-through of his audit scope regarding the Measure AA expenditures and explained that approximately 70% of the expenditures were tested as part of his audit. The BOC approved the staff recommended Agreed-Upon Procedures to request the following samples:

- 5 Expenditures related to land purchases
- 10 non-land expenditures with the highest dollar values
- 5 assorted project expenditures not previously tested in prior BOC reviews

From the list of transactions, as provided by staff, the BOC selected the transactions on which supporting documentation will be provided. The samples selected of the land purchase expenditures cover 58.4% of the total Measure AA expenditures to date and the samples selected of the non-land expenditures cover 7.1%, for a combined sample coverage of 65.5% of the expenditures.

Staff also agreed to provide documentation on 3 journal entries that BOC members requested, in addition to the agreed upon sampling size.

February 21, 2017 meeting

Discuss documentation supporting the transactions selected in the samples.

March 14, 2017 meeting

Finalize report to the Board of Directors
Preview of portfolio progress during Fiscal Year 2016-17 and beyond

FISCAL IMPACT

No fiscal impact.

PUBLIC NOTICE

Public notice was provided as required by the Brown Act.

CEQA COMPLIANCE

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

NEXT STEPS

After the Annual Audit and Report for the Fiscal Year 2016-17 is completed, the BOC will reconvene to review the transactions during that fiscal year and report their findings and/or recommendations to the Board of Directors in 2018.

Attachments:

1. Board Policy Manual – Measure AA Oversight Committee Bylaws – Policy 1.10
2. Measure AA Bond Annual Accountability Report – May 11, 2014 to June 30, 2016
3. Committee Package for the November 29, 2016 meeting
4. Committee Package for the January 17, 2017 meeting
5. Committee Package for the February 21, 2017 meeting
6. Committee Package for the March 14, 2017 meeting
7. Draft minutes of the March 14, 2017 meeting

Responsible Department Head:

Stefan Jaskulak, Chief Financial Officer/Director of Administrative Services

Prepared by:

Stefan Jaskulak, Chief Financial Officer/Director of Administrative Services
Bond Oversight Committee

Contact:

Paul Betlem, Measure AA Bond Oversight Committee Chair