

RESOLUTION NO. 013-2024

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PAJARO VALLEY HEALTH CARE DISTRICT ESTABLISHING THE MEASURE N INDEPENDENT CITIZENS' BOND OVERSIGHT COMMITTEE AND APPROVING BYLAWS

WHEREAS, the Pajaro Valley Health Care District (the "District"), through this Board of Directors (the "Board"), submitted to voters of the District its general obligation bond proposal in the amount \$116,000,000 for the election that was held on March 5, 2024; and

WHEREAS, the voters of the District approved said bond proposal as "Measure N" on the election ballot; and

WHEREAS, pursuant to Measure N and the District's Resolution Number 004-2023 approved by the Board on November 29, 2023, the District is obligated to establish an independent citizens' bond oversight committee (the "Committee") to provide oversight regarding the expenditure of Measure N bond proceeds; and

WHEREAS, this Board now wishes to establish the Committee and adopt bylaws and an ethics policy for the Committee.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE PAJARO VALLEY HEALTH CARE DISTRICT, CALIFORNIA, AS FOLLOWS:

1. Recitals. The foregoing recitals are true and correct and the Board so finds and determines.
2. Establishment of Committee. The Measure N Citizens' Oversight Committee is hereby established.
3. Committee Membership. The Committee shall consist of at least five (5) members but not more than seven (7) members to serve for terms of two (2) years, without compensation, and for no more than two (2) consecutive terms. No employee or official of the District or the Watsonville Community Hospital (the "Hospital") shall be appointed and no vendor, contractor, or consultant of the District or Hospital shall be appointed to the Committee. District staff is hereby authorized and directed to solicit applications for appointment to the Committee.
4. Committee Meetings. The Committee shall hold two (2) regular meetings each year, at times and places to be determined by the Committee. All Committee meetings shall be open to the public as required by the Ralph M. Brown Act, being California Government Code Section 54950 *et seq.*
5. Assistance. District staff and consultants are hereby authorized and directed to provide the necessary and appropriate notices of the public meetings to be held by the Committee.

District staff and consultants are hereby authorized and directed to provide the Committee with any necessary technical and administrative assistance in furtherance of its purposes and sufficient resources to publicize its conclusions. These resources shall include the provision of a location within the District to hold Committee meetings, the making of meeting Minutes, and making documents available for public viewing on the District's website.

6. Bylaws. The Board hereby adopts and approves the Committee Bylaws, attached hereto as Exhibit A and incorporated herein.

7. Delivery to Committee. The Board Clerk is hereby directed to transmit a copy of this Resolution, along with the Bylaws in Exhibit A, to the Committee.

8. Effect. This Resolution shall take effect immediately after its adoption.

PASSED AND ADOPTED by the Board of Directors of the Pajaro Valley Health Care District on September 25, 2024, by the following vote:

AYES: Directors Cox, Gallagher, Pimentel, Tavantzis, and Chair Nunez

NOES: None

ABSENT: None

ABSTAIN: None

Signed by:



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Jose A. Nunez, Chair

ATTEST

Signed by:



043C961596E6422...

James Joseph Gallagher, Secretary

**PAJARO VALLEY HEALTH CARE DISTRICT
MEASURE N
INDEPENDENT CITIZENS' BOND OVERSIGHT COMMITTEE
BYLAWS**

Section 1. Committee Established. The Pajaro Valley Health Care District (the “District”) was successful at the election held on March 5, 2024, in obtaining authorization from the District’s voters to issue up to \$116,000,000 aggregate principal amount of the District’s general obligation bonds (“Measure N”). The Measure N election was conducted pursuant to California Health and Safety Code Section 32000 *et seq.* Pursuant to Section 3 of Resolution No. 004-2023, adopted by the District’s Board of Directors (the “Board”) on November 29, 2023, the District is obligated to establish an independent citizens’ bond oversight committee for Measure N to ensure that all bond funds are spent only as authorized by the voters. The Board has established the Measure N Independent Citizens’ Bond Oversight Committee (the “Committee”) pursuant to Resolution No. [013-2024, and has granted it the duties and rights set forth in these Bylaws. The Committee does not have legal capacity independent from the District.

Section 2. Purpose. The purposes of the Committee are to serve in an oversight capacity to review the expenditure of Measure N bond proceeds and to provide additional independent verification that all expenditures have been approved by the voters. The Committee shall be deemed to be subject to the “Ralph M. Brown Public Meetings Act” (the “Brown Act”) of the State of California (California Government Code Section 54950 *et seq.*) and shall conduct its meetings in accordance with the provisions thereof, including holding all meetings open to the public in conformity with the notice and public comment requirements in the Brown Act. The District shall provide necessary administrative support to the Committee as shall be consistent with the Committee’s purposes.

The proceeds of general obligation bonds issued pursuant to Measure N are referred to herein as “bond proceeds.” The Committee shall confine itself specifically to bond proceeds generated under Measure N. Regular and deferred maintenance projects and all monies generated under other sources shall fall outside the scope of the Committee’s review.

Section 3. Duties. To carry out its stated purposes, the Committee shall perform only the duties set forth in Sections 3.1, 3.2, and 3.3 hereof, and shall refrain from those activities set forth in Sections 3.4 and 3.5.

3.1. **Inform the Public.** The Committee shall inform the public concerning the District’s expenditure of bond proceeds. In fulfilling this duty, all official communications to either the Board or the public shall come from the Chair, acting on behalf of the Committee. The Chair shall only release information that reflects the majority view of the Committee.

3.2. **Review Expenditures.** At least twice each fiscal year, the Committee shall review expenditure reports produced by the District to ensure that (a) bond proceeds were expended only for the purposes set forth in Measure N; and (b) no bond proceeds were used for administrative salaries or other operating expenses.

3.3. Annual Report. The Committee shall, once each fiscal year, approve and present to the Board, in public session, a written report for Measure N bond proceeds which shall include the following:

- (a) A statement indicating whether the District is in compliance with the requirements of Measure N; and
- (b) A summary of the Committee's proceedings and activities since the last report.

3.4. Duties of the Board and Chief Executive Officer. Either the Board or the District's Chief Executive Officer, as the Board shall determine, shall have the following powers reserved to it, and the Committee shall have no jurisdiction over the following types of activities:

- (a) Approval of contracts,
- (b) Approval of change orders,
- (c) Timing and expenditure of bond funds,
- (d) Handling of all legal matters,
- (e) Approval of project plans and schedules,
- (f) Approval of all deferred maintenance plans,
- (g) Prioritization of projects,
- (h) Selection of personnel and contractors,
- (i) Appropriation of funds, and
- (j) Approval of the sale of bonds.

3.5. Measure N Projects Only. In recognition of the fact that the Committee is charged with overseeing the expenditure of bond proceeds, the Board has not charged the Committee with responsibility for the following, which shall be outside the authority of the Committee:

- (a) Projects financed through the State of California, developer fees, redevelopment tax increment, certificates of participation, lease/revenue bonds, other forms of indebtedness, grants, the general fund, operating or capital budget, or the sale of surplus property without bond proceeds.
- (b) The establishment of priorities and order of construction for the bond projects, which shall be made by the Board and/or Chief Executive Officer in their sole discretion.

- (c) The selection of architects, engineers, soils engineers, construction managers, project managers, CEQA consultants and such other professional service firms as are required to complete the projects based on District criteria established by the Board in its sole discretion.
- (d) The approval of the design for each project including exterior materials, paint color, interior finishes, site plan and construction methods (modular vs. permanent) which shall be determined by the Board and/or Chief Executive Officer in their sole discretion.
- (e) The selection of independent audit firm(s), performance audit consultants and such other consultants as are necessary to support the activities of the Committee.
- (f) Providing direction to District staff, including those working on projects financed in whole or in part by bond proceeds.
- (g) The selection of independent audit firm(s) and such other professionals as are necessary to support the activities of the Committee.
- (h) The approval of an annual budget for the Committee that is sufficient to carry out its necessary activities.
- (i) The appointment or reappointment of qualified applicants to serve on the Committee, subject to legal limitations, and based on criteria adopted in the Board's sole discretion.

Section 4. Authorized Activities.

4.1. In order to perform the duties set forth in Sections 3.1, 3.2 and 3.3 above, the Committee may engage in the following authorized activities:

- (a) Receive and review copies of the District's annual, independent financial audit and annual budget by no later than April 1 of each year.
- (b) Review copies of deferred maintenance plans developed by the District.
- (c) Review efforts by the District to maximize bond proceeds by implementing various cost-saving measures.
- (d) Receive from the Board responses to any and all findings, recommendations, and concerns addressed in the audits, and review said responses.

Section 5. Membership.

5.1. Number. The Committee shall consist of at least five (5) but no more than seven (7) members appointed by the Board from a list of candidates submitting written applications. In addition, the Board may appoint one non-voting youth member.

5.2. Qualification Standards.

- (a) To be a qualified person, he or she must be at least 18 years of age.
- (b) The Committee may not include any employee, official, or any vendor, contractor or consultant of the District or the hospital.
- (c) The non-voting youth member must be at least 16 years of age.
- (d) All members must reside within the District.

5.3. Ethics; Conflict of Interests.

(a) Members of the Committee are not subject to the Political Reform Act (Gov. Code §§ 81000 *et seq.*), and are not required to complete Form 700; but each member shall comply with the Committee Ethics Policy attached as “Attachment A” to these Bylaws.

(b) The prohibitions contained in Article 4 (commencing with Section 1090) of Division 4 of Title 1 of the Government Code (“Article 4”) and Article 4.7 (commencing with Section 1125) of Division 4 of Title 1 of the Government Code (“Article 4.7”) are applicable to members of the Committee. Accordingly:

(i) Members of the Committee shall not be financially interested in any contract made by them in their official capacities or by the Committee, nor shall they be purchasers at any sale or vendors at any purchase made by them in their official capacity, all as prohibited by Article 4; and

(ii) Members of the Committee shall not engage in any employment, activity, or enterprise for compensation which is inconsistent, incompatible, in conflict with, or inimical to duties as a member of the Committee or with the duties, functions, or responsibilities of the Committee or the District. A member of the Committee shall not perform any work, service, or counsel for compensation where any part of his or her efforts will be subject to approval by any other officer, employee, board, or commission of the Board, except as permitted under the above-referenced Article 4.7.

5.4. Term. Except as otherwise provided herein, each member shall serve a term of two (2) years, commencing as of the date of appointment by the Board. No member may serve more than two (2) consecutive terms. At the Committee’s first meeting, members will draw lots or otherwise select a minimum of two members to serve for an initial one-year term and the remaining members for an initial two-year term so that the terms of all members would not expire at the same time. Members whose terms have expired may continue to serve on the Committee until a successor has been appointed, for a period not exceeding 180 days.

5.5. Appointment. Members of the Committee shall be appointed by the Board, in its sole discretion, through the following process:

- (a) the District will advertise in the local newspapers, on its website, and in other customary forums, as well as solicit appropriate local groups for applications;
- (b) the Chief Executive Officer of the District will review the applications;
- (c) the Chief Executive Officer will make recommendations to the Board; and
- (d) the Board will appoint members to the Committee in its sole discretion.

5.6. 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, their seat shall be declared vacant. The Board, in accordance with the established appointment process, shall fill any vacancies on the Committee. The Board shall seek to fill vacancies within 180 days of the date of occurrence of a vacancy.

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

5.8. Authority of Members.

- (a) Committee members shall not have the authority to direct staff of the District.
- (b) Individual members of the Committee retain the right to address the Board, either on behalf of the Committee or as an individual.
- (c) The Committee may establish ad hoc committees as they determine to be appropriate to fulfill their responsibilities.
- (d) The Committee shall have the right to request and receive copies of any public reports and records relating to projects funded by Measure N.

Section 6. Meetings of the Committee.

6.1. Regular Meetings. The Committee shall meet as needed at least twice a year, at times determined by the Committee.

6.2. Location. All meetings shall be held within the boundaries of the District.

6.3. Procedures. All meetings shall be noticed and open to the public in accordance with the Brown Act. Meetings shall be conducted according to "Rosenberg's Rules of Order: Simple Parliamentary Procedures for the 21st Century" and such additional procedural rules as the Committee may adopt. A majority of the number of Committee members shall constitute a quorum for the transaction of any business of the Committee. Pursuant to the Brown Act, the

Committee shall not discuss or take actions on items or subjects not on the agenda for the meeting.

6.4. Minutes. The Secretary to the Committee, who shall be appointed by the Board or Chief Executive Officer, shall cause minutes of all meetings of the Committee to be kept and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to District staff for posting on the District's website for the Committee.

6.5. Quorum. A quorum is necessary for the Committee to conduct its business. A majority of the Committee members shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn from time to time.

6.6. Voting. Each Committee member shall be entitled to one (1) vote. No actions shall be taken by the Committee except upon the affirmative vote of the majority of those Committee members present and voting.

Section 7. District Support.

7.1. Administrative overhead for the Committee for accounting, payroll, and human resources shall not exceed two percent (2%) of annually budgeted Measure N bond expenditures. The amount of the 2% cap on expenditures and the actual expenditures will be made available to the Committee. Subject to said restriction, the District shall provide to the Committee necessary technical and administrative assistance as follows:

- (a) preparation of and posting of public notices as required by the Brown Act, including meeting agendas, ensuring that all notices to the public are provided in the same manner as notices regarding meetings of the Board;
- (b) provision of a meeting room, including any necessary audio/visual equipment;
- (c) preparation, translation and copies of any documentary meeting materials, such as agendas and reports;
- (d) retention of all Committee records, and providing public access to such records on a website maintained by the District; and
- (e) printing and mailing of any required reports.

7.2. District staff and/or District consultants shall attend all Committee proceedings in order to report on the status of projects and the expenditure of bond proceeds.

Section 8. Reports. In addition to the Annual Report required in Section 3.3, the Committee may report to the Board from time to time in order to advise the Board on the activities of the Committee. Such report shall be in writing and shall summarize the proceedings and activities conducted by the Committee.

Section 9. Officers. The Chair and Vice-Chair of the Committee shall serve in such capacities for a term of one year and may be re-elected by vote of a majority of the members of the Committee. The Board and/or Chief Executive Officer of the District shall appoint the initial

Chair and Vice-Chair of the Committee. Thereafter, the Committee shall annually elect a Chair and a Vice-Chair at its final meeting of each fiscal year. The Vice-Chair shall act as Chair only when the Chair is absent. The Board and/or Chief Executive Officer of the District shall appoint a Secretary to the Committee Board.

9.1. Duties of the Chair. The duties of the Chair of the Committee are to (a) preside at meetings of the Committee, and (b) appear before the Board and other bodies to present and discuss the official actions of the Committee.

9.2. Duties of the Vice-Chair. The duties of the Vice-Chair of the Committee are to (a) preside at meetings of the Committee in the absence of the Chair, and (b) appear before the Board and other bodies, in the absence of the Chair, to present and discuss the official actions of the Committee.

9.3. Duties of the Secretary. The duties of the Secretary are as follows:

- (a) Record and maintain minutes of all Committee meetings.
- (b) Distribute minutes of all Committee meetings and reports to the Committee members and District staff for posting on the District's website.
- (c) Distribute Committee meeting agendas to all Committee members, to all other persons requesting copies of the agenda in accordance with the Brown Act, and to District staff for posting on the District's website.
- (d) Keep all documents of the Committee in the course of its business.
- (e) Prepare all necessary correspondence of the Committee.
- (f) Arrange and coordinate meeting locations and teleconferences of the Committee.

Section 10. Amendment of Bylaws. Any amendment to these Bylaws shall be approved by a majority vote of the Board. The Committee has no authority to amend these Bylaws.

Section 11. Termination. Upon the expenditure of all bond proceeds, the Committee shall begin preparation of the final Annual Report. The Committee shall automatically terminate and disband concurrently with the Committee's submission of its final Annual Report, which shall reflect the final accounting of the expenditure of all Measure N bond proceeds. Should the authority provided by the voters under Measure N be rescinded by the voters, the Committee shall automatically terminate.

Section 12. Effectiveness. These Bylaws shall become effective immediately upon their approval by the Board.

INDEPENDENT CITIZENS' BOND OVERSIGHT COMMITTEE ETHICS POLICY STATEMENT

This Ethics Policy Statement (this "Policy") provides general guidelines for members of the Pajaro Valley Health Care District (the "District") Independent Citizens' Bond Oversight Committee (the "Committee") in carrying out their responsibilities. Not all ethical issues that Committee members face are covered in this Policy. This Statement does, however, capture some of the critical areas that help define ethical and professional conduct for Committee members. The provisions of this Policy 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 Policy.

POLICY

1. Conflict of Interest. A Committee member shall not make or influence a District decision related to (i) any contract funded by bond proceeds, or (ii) any construction project which will benefit the Committee member's outside employment, business, or a personal finance or benefit an immediate family member, such as a spouse, child or parent.

2. 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 (i) any contract funded by bond proceeds, or (ii) 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 years after leaving the Committee, a former Committee member and the companies and businesses for which the member works shall be prohibited from contracting with the District with respect bidding on projects funded by the bond proceeds.

3. 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 (particularly the California Government Code and California Health and Safety Code) and all other applicable government entities, and the policies, procedures, rules and regulations of the District.

4. Commitment To District. A Committee member shall place the interests of the District above any personal or business interest of the member as they relate to the expenditure of bond proceeds and construction of facilities financed therewith.