

December 30, 2020

To: California Association of Bond Oversight Committees Members

From: Nick Marinovich, President

REPORT TO THE MEMBERS FOR JANUARY 9, 2021 ANNUAL MEETING

Greetings! This is the first in what is hoped to be a series of quarterly President Reports that will serve not only as information for our Board meetings but will also be posted on our web site so that the public and bond oversight members know the status of our services.

The services we provide those who believe in active independent bond oversight are so important, especially when one considers the \$180.8 billion in Proposition 39 (55%) school bonds that have been issued to date. Furthermore, there was a total of \$18.8 billion in bonds approved in March and November of 2020 by 92 School and Community College Districts.

A clear mission has been established.

Early after our formation we adopted our comprehensive “Purpose Statement as follows:

"The specific purpose of this corporation is to provide training, assistance, and encouragement to California School Proposition 39 Citizens' Bond Oversight Committee Members through development of training materials, delivery of on line training, conferences, workshops, formation of regional groups of California Citizens' Bond Oversight Committees and representing common interest at the statewide level." (Articles of Incorporation, Section 4).

In short, we are here to serve Bond Oversight Committees and directly support their member's requirements. Let us never forget we are a service organization.

This Web Site is up and operational and will be significantly expanded in the coming months.

The Web Site became operational on September 12, 2020. It contains basic information such as a description of the organization, information on the origins of bond oversight (Proposition 39), our Bylaws and articles of incorporation, and some information on the [Little Hoover Commission Report](#).

Expanded efforts will include the posting of FAQ's, Best Practices and an extensive Library of Reference Material.

Our committees are the key to accomplishing our mission.

Given the complexity and diversity of our needs, it was recognized the best way to get things done was to form either standing or ad hoc committees to focus on specific issues and data needs.

We can draw upon our individual areas of significant expertise and distribute the workload among our Board and Professional Advisors. The level of commitment and time spent by our volunteers is what has led to our tremendous progress to date, over just a 15-month period.

The foundation supporting all the Committees is a structured and focused Executive Committee. Up until recently we met every other week (now monthly) with comprehensive agenda topics and actions items with direction and guidance provided to our other standing and ad hoc subcommittees. Where appropriate Board action is called out, particularly where there may be policy issues.

Our Committees are as follows:

- Training Materials
- Membership Recruitment
- Legislation
- Membership Customer Services
- Public Relations
- Membership
- FAQ's
- QuickBooks Online
- Nominations-Elections
- Best Practices

The text that follows will describe some of the accomplishments of these committees.

There has been significant progress on Frequently Asked Questions.

There have been 14 Frequently Asked Questions developed to date. These questions are submitted for review by our Board of Directors and Professional Advisors and approved by the Executive Committee prior to finalization.

An example is provided below:

What is the legislative intent of School Bond Oversight?

The legislation that implemented Proposition 39 had the following legislative intent:

- ***Vigorous efforts*** are undertaken to ensure that the expenditure of bond measures, including those authorized pursuant to paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution, are in strict conformity with the law
 - Taxpayers ***directly participate*** in the oversight of bond revenues
 - The members of the oversight committees ***promptly alert the public to any waste or improper expenditure of school construction bond money***
 - Unauthorized expenditures of school bond revenues are ***vigorously investigated***, and that the courts act swiftly to restrain any improper expenditures
- Bond Oversight is supposed to be an active probing process.*

A Series of Legislative Proposals have been developed and will be seeking a bill sponsor(s) this coming year.

Over the past several months an active Legislative Committee has met weekly to hammer out a series of Legislative Proposals that were approved by the Executive Committee on December 22, 2020. The underlying guiding principles of the specific proposals are found in the of the Little Hoover Report regarding strengthening bond oversight (e.g. Require districts to provide a minimal budget for the oversight committees, including a budget to hire independent counsel with municipal bond expertise).

A synopsis of the specific proposals are as follows:

- Expanding the scope of the Performance Audit
- Increasing the Oversight Committee interaction with bond program auditor
- Allowing Committees to hire their own legal counsel paid for out of bond proceeds
- Strengthening the transparency of the selection of members to increase the likelihood of truly independent members
- A requirement that bond projects be consistent with a District Facility Master Plan
- Requiring the Oversight to have control over their web presence and the posting of documents
- Allowing Oversight Committees to adopt their own bylaws

The organization has been strengthened and structured through the adoption of detailed Board Policies.

Just like a well-run bond program and its school district, CABOC has detailed policies on conduct and processes, significantly reducing the chances of missteps and misunderstanding of acceptable behavior and participation in the CABOC Mission (e.g., Conflict of Interest Policy).

These policies are as follows:

- Board Standing and Ad Hoc Committees, March 14, 2020
- Conflict of Interest, March 14, 2020
- Director Duties, March 14, 2020
- Professional Advisor, March 14, 2020, amended September 12, 2020
- Partnership Program, March 14, 2020
- Website Document Review Process, June 13, 2020, amended September 12, 2020
- CBOC Liaison, September 12, 2020
- Director Elections, November 24, 2020 (pending ratification by Board of Directors)

In the interest of transparency, these policies are posted on our web site.

There has been a concerted effort to reach out and establish a database of bond oversight committee members.

The membership committee has made an aggressive effort to upload emails, member names, and web sites from the estimated 4,000 CBOC members in 556 school districts by

our membership committee. This is being accomplished through a Public Records Request process. To date we have list of 244 CBOC members and 74 media contacts.

Efforts are moving forward to establish Best Practices for Oversight Committees.

This effort to date has focused on a Memorandum of Understanding Template between a District and the Oversight Committee, facility master planning, strategic planning, and process for selection of bond performance auditors. It is anticipated there will be a review of the California League of Bond Oversight Committees Operating Guidelines and their current applicability to CABOC. Several current CABOC Members (myself, Anton Jungherr) were major authors of the Guidelines.

In my opinion, the organization should have a sense of urgency in moving forward on some key work products. This view on urgency is driven by three major factors:

- There were a number of bond measures approved in November that are “ripe” for some assistance or rekindling of bond oversight for their District
- There is a huge pent up demand for guidance and direction for bond oversight members

- We have within CABOC the resources to make a difference

Based upon these observations, I would recommend that we have an immediate focus on the following tasks and set firm near term completion date(s).

It is recognized that many of these tasks are all well underway:

- A fully operational Web Site that contains at minimum the following:
 - FAQ’s Best Practices Library
 - A Help Desk
 - A Monthly Newsletter (Presidents Letter for now)
 - A Description of CABOC’s Mission
 - Our Social Media Accounts
- A YouTube “This is CABOC” Video aka what we do and how we can help with a link on web site
- Direct verbal and written contact with all Districts who successfully passed bond measures in November 2020
- Correspondence with key media groups/individuals who have covered bond oversight issues to introduce the “new organization”
- An email to the data base of CBOC members thus far introducing us to them and directing them to our web site

I would highly recommend you check out the [First Amendment Coalition](#) approach on their web site to questions. It is tremendous and has a get question and answer process.

The lightning rod for the formation and significant progress of this organization is Anton Jungherr.

We incorporated on September 19, 2019 and it has been full steam ahead under the watchful eye and significant insight and work provided by Anton Jungherr. From preparing agendas for many meetings to writing policies Anton has been there. He works tirelessly for us and without any fanfare. Thank you Anton!!

Thank you for consideration of my thoughts.

Nick Marinovich
Nick Marinovich, President