

Cambria Community Healthcare District – Measure C-24

Citizens’ Bond Oversight Committee Bylaws

Section 1 - Committee Established. The Cambria Community Healthcare District (the “District”) successfully obtained authorization from the District’s voters to issue up to \$5,900,000 of bonds at legal rates at the election conducted on November 5, 2024 (the “Election”). While bonds are outstanding, the District is now obligated to establish appropriate accountability measures for such bond proceeds in accordance with Cal. Gov’t Code § 53410. Pursuant to Section 8, paragraph (f) of Resolution 44-24 of the District Board of Directors, passed and adopted on May 28, 2024, these accountability measures include the appointment of “an independent citizens’ oversight committee to ensure that Bond proceeds are expended only for the purposes described in the measure approved by the voters.” The Board of Directors of the Cambria Community Healthcare District (the “Board”) hereby establishes the Citizens’ Bond Oversight Committee (the “Committee”), which shall have the duties and rights set forth in these Bylaws. The Committee does not have legal capacity independent from these bylaws and any other actions taken by the District Board of Directors.

Section 2 - Purposes. The purpose of the Committee is to review expenditures from the proceeds of the Measure C-24 General Obligation Bond and the construction activity associated therewith and to inform the public about the use of the proceeds of the general obligation bonds issued pursuant to the Election (the “Bond Proceeds”). The Committee shall be deemed to be subject to the Ralph M. Brown Public Meetings Act, Cal. Gov’t Code § 54950 et seq., and shall conduct its meetings in accordance with the provisions thereof. The District shall provide necessary administrative support to the Committee as shall be consistent with the Committee’s purposes.

The Committee shall confine itself specifically to oversight of the Bond Proceeds generated under Measure C-24. Regular and deferred maintenance projects and all monies generated from 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, 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 of the Committee acting on behalf of the Committee. The Chair shall only release information that reflects the majority view of the

Committee, as expressed by an action of the Committee taken at a duly noticed, public meeting of the Committee.

3.2 Review Expenditures. 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 C-24; and (b) no Bond Proceeds were used for administrative salaries or other operating expenses.

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

- (a) A statement indicating whether the District is in compliance with the Measure's requirement that bond proceeds are spent only on projects listed in the Bond Project List (both individually and collectively, the "Projects"); and
- (b) A summary of the Committee's proceedings and activities for the preceding year.

3.4 Duties of the Board/Administrator. In accordance with the California Health Care District Law, Cal. Gov't Code § 32000, et seq., the Board reserves and does not delegate herein its sole authority to bind or commit the District to any policy, act, or expenditure. Specifically, either the Board or the Administrator, 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) Expenditures of bond funds,
- (d) Handling of all legal matters,
- (e) Approval of project plans and schedules,
- (f) Approval of all deferred maintenance plans, and
- (g) Approval of the sale of bonds.

3.5 Measure C-24 Projects Only. The Committee is charged with overseeing the expenditure of Bond Proceeds only. The Board does not charge the Committee with responsibility for any of the following:

- (a) The establishment of priorities and order of construction for the bond Projects, which shall be made by the Board in its sole discretion.
- (b) The selection of architects, engineers, soils engineers, owner's advisors, construction managers, project managers, CEQA consultants, and any other such professional service firms as are required to complete the Projects based on District criteria established by the Board in its sole discretion.

- (c) The approval of the design for each of the Projects, including exterior materials, paint color, interior finishes, site plan, and construction methods (modular vs. permanent), which shall be determined by the Board in its sole discretion.
- (d) The selection of independent audit firm(s), performance audit consultants and such other consultants as are necessary to support the activities of the Committee.
- (e) The approval of an annual budget for the Committee that is sufficient to carry out the activities described herein.
- (f) 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 Section 3.0, the Committee shall engage in the following authorized activities:

- (a) Receive copies of the District's annual independent performance audit and annual independent financial audit.
- (b) Inspect District facilities and grounds for which Bond Proceeds have been or will be expended in accordance with any access procedure established by the District's Administrator, with prior notice to the District.
- (c) Receive from the Board, within three months of the District receiving the audits described in Section 4.1(a), responses to any and all findings, recommendations, and concerns addressed in such audits, and review said responses.

Section 5 - Membership.

5.1 Number.

The Committee shall consist of five (5) members appointed by the Board from a list of candidates submitting applications. =

5.2 Qualification Standards.

- (a) Members of the Committee must be at least 18 years of age and must continue to meet the requirements under which they are appointed in Section 5.1 and this Section 5.2 during the entirety of their term.
- (b) The Committee may not include any employee, official of the District, or any vendor, contractor, or consultant of the District.

5.3 Ethics: Code of Ethics and Conflict of Interest.

- (a) Members of the Committee are not subject to the Political Reform Act, Gov't Code § 81000 et seq.), and are not required to complete Form 700, but each member shall comply with the District's Code of Ethics policy (Policy Number 1030) and Conflict of Interest policy (Policy Number 1035).

These two policies provide general guidelines for members of the Committee in carrying out their responsibilities. Not all ethical issues that Committee members may face are covered in these policies. However, these policies capture some of the critical areas that help define ethical and professional conduct for Committee members.

- (b) **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 that will benefit the Committee member's outside employment, business, or personal finance or benefit an immediate family member, such as a spouse, child or parent.

(i) Members of the Committee shall not be financially interested in any contract made by them in their official capacity 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 subsection (b) of Section 5.2; 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 District's Board of Directors.

- (c) **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.

- (d) **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 Cambria Community Healthcare District.

(e) COMMITMENT TO DISTRICT. A Committee member shall place the interests of the District above any personal or business interest of the member.

5.4 Term. Except as otherwise provided herein, each member shall serve a term of two (2) years. No member may serve more than three (3) consecutive terms. Members whose terms have expired may continue to serve on the Committee until a successor has been appointed. Terms commence on the date the Member is appointed to the Committee by the Board of Directors.

5.5 Appointment. Members of the Committee shall be appointed by the Board through the following process: (a) the District will advertise the positions; (b) the Administrator will review the applications; and (c) the Administrator will make recommendations to the Board.

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, failure to comply with Section 5.3 - Ethics, or failure to meet the qualification standards in Section 5.2. Upon a member's removal, his or her seat shall be considered 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 90 days of the date of the vacancy.

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

Section 6 - Meetings of the Committee.

6.1 Regular Meetings. The Committee shall meet at least once a year but shall not meet more frequently than quarterly.

6.2 Location. All meetings shall be held within the boundaries of the Cambria Community Healthcare District in Cambria, California.

6.3 Procedures. All meetings shall be open to the public and follow any procedural rules the Committee may adopt. Three Members shall be required to constitute a quorum for the transaction of any business of the Committee.

Section 7 - District Support.

7.1 The District shall provide to the Committee necessary technical and administrative assistance as follows:

- (a) preparation of and posting of public notices;
- (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; and
- (d) retention of all Committee records and providing public access to such records, including posting the annual report and any other documents at the Committee's request on an Internet website maintained by the District.

7.2 District staff and/or District consultants shall attend Committee proceedings as requested or as necessary 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 Board President shall appoint the initial Chair. Thereafter, the Committee shall elect a Chair and a Vice-Chair who shall act as Chair only when the Chair is absent. The Chair and Vice-Chair shall serve in such capacities for a term of one year and may be re-elected by a vote of a majority of the members of the Committee.

Section 10 - Amendment of Bylaws. Any amendment to these Bylaws shall be approved by a majority vote of the District Board.

Section 11 - Termination. The Committee shall automatically terminate and disband concurrently with the Committee's submission of the final Annual Report, which reflects the final accounting of the expenditure of all Measure C-24 Bond Proceeds.