

KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS MEETING MINUTES

Thursday, May 14, 2020
Via Zoom Teleconference
Regular Meeting - 7:30 p.m.

CALL TO ORDER

President Deppe called to order the regular meeting of the Board of Directors at 7:32 p.m. Directors Cyrus Modavi, Rachele Sherris-Watt, Eileen Nottoli, and Sylvia Hacaj were present at roll call.

Staff present included Interim General Manager Bill Lindsay, General Counsel Ann Danforth, Interim Police Chief Steve Simpkins, Business and Finance Manager Katherine Korsak, and Clerk of the Board Lynelle M. Lewis.

GENERAL PUBLIC COMMENT

- The following persons presented public comment: 1) Linda Lipscomb asked about the status of the 2x2 Committee meetings and when the Board approved the contract for Interim General Manager Bill Lindsay; 2) Lynn Wolter asked about the Interim General Manager's contract approval and when there would be an update on the Public Safety Building (PSB); 3) David Bergen asked about the status of the audiovisual system setup and the name of the internet provider for the Kensington Community Center; 4) A. Steven Delk welcomed new Police Chief Walt Schuld and Interim General Manager Bill Lindsay, and suggested that the District require exit interviews or final reports for principal employees (i.e. General Manager and Police Chief); and 5) Pat Gillette reiterated concerns about the status of the PSB, asked for clarification about a comment regarding bankruptcy of the District, and asked about the costs for the recently hired administrative staff.

BOARD/STAFF COMMUNICATION

Staff Communication. Interim General Manager Bill Lindsay reported that the Kensington Community Center is in the final stages of completion with a few punch list items outstanding that are being addressed by the contractor and architect. Next, Mr. Lindsay reported that based on discussions with Kensington Fire Protection District (KFPD), the Kensington Police Protection and Community Services District (KPPCSD) lease agreement will be extended until the end of September after which time the lease term will be month to month. Regarding the PSB design, Mr. Lindsay reported that the KFPD architect is working with county building officials to resolve design feasibility issues. Once this is completed, then the KPPCSD and the KFPD can meet to discuss design concepts for future presentation. In concluding, Mr. Lindsay reported that staff is preparing the Fiscal Year 2020-21 Budget and will present it at the next Finance Committee meeting.

- The following persons presented public comment: 1) Pat Gillette asked about the contingency plan for the KPPCSD's lease of the PSB and about the whether the District was facing

bankruptcy; 2) Linda Lipscomb asked when the KFPD and KPPCSD Board's would discuss the plans for the PSB; 3) Julie Stein reported that the KFPD had appointed a new Interim General Manager, commented on the KFPD Board discussions about the PSB plan, and suggested that KPPCSD work with the KFPD architect to evaluate KPPCSD's specific scope of work (i.e. elevator and wheelchair lift); and 4) Lisa Caronna commended staff on the information provided in the agenda reports. Interim General Manager Lindsay remarked that there is no contingency plan for KPPCSD's relocation, but he will continue to follow this issue. Additionally, he remarked that he didn't see any indication that the District was close to bankruptcy. Mr. Lindsay responded to questions about the 2x2 Committee saying that it is important to have some questions answered before both boards can discuss options.

Outgoing Interim Chief of Police Steve Simpkins thanked the Board, staff and community for their support during his tenure. He said it had been a great experience and he was grateful for the opportunity to come to Kensington. Mr. Simpkins went on to say that he was confident in Mr. Schuld's ability to build on the foundation that had been set.

Board Communication. President Chris Deppe thanked the police and firefighters for the work they are doing during the current public health crises. Director Sherris-Watt commented that the Kensington Community Center is nearing completion and said she is looking forward to sharing it with the community. She thanked the KPPCSD and KFPD responders who assisted in the search for a lost resident. Director Modavi commented that he would like to see discussion of the PSB on the upcoming agenda so that the community can be involved in the process.

BOARD DISCUSSION AND DETERMINATION

1. Approve the Regular Meeting Minutes for December 12, 2019, February 13, 2020, March 26, 2020, and the Special Meeting Minutes of March 26, 2020.

President Deppe commented that a correction was needed to the motion on Item 4 in the Regular Meeting Minutes of March 26th. He pointed out that the motion should be corrected to reflect that the Board only "authorized the retention of Bill Lindsay as Interim General Manager and authorized the President and Vice-President to work with General Counsel Danforth to execute the contract." He also commented that his name was misspelled on page 3 in the Regular Meeting of Minutes of December 12, 2019. Director Modavi commented that the acronym for Kensington Fire Protection District should be corrected to KFPD rather than KPD in the Regular Meeting of Minutes of December 12, 2019.

- It was moved by Director Deppe, seconded by Director Sherris-Watt, to approve the Minutes with the requested corrections. Director Nottoli made a friendly amendment that the motion should include the administrative corrections submitted by the Clerk of the Board, and the friendly amendment was accepted. The motion carried (4-1) by the following roll call vote: AYES (Directors Sherris-Watt, Nottoli, Hacaj and Deppe); and NOES (Director Modavi).

Approved the Regular Meeting Minutes for December 12, 2019 (as amended), February 13, 2020, and March 26, 2020 (as amended), and the Special Meeting Minutes of March 26, 2020.

2. Receive a Presentation by Kosmont Transactions Services Regarding Use of Pension Obligation Bonds to Fund the Current Public Employees Retirement System (PERS) Unfunded Liability and Provide Direction to Staff as Appropriate.

Interim General Manager Bill Lindsay presented background the District's pension obligation. Mr. Lindsay said the underlying premise in using pension obligation bonds (POBs) is that, if an agency such as KPPCSD can reduce the interest rate that is currently charged to amortize its unfunded accrued liability (UAL) debt, then it will achieve cost savings. General Manager Lindsay described the staff recommendation to: 1) authorize the use of POBs as described in the report, and as presented by Kosmont Transactions Services; and 2) direct that documents be prepared allowing for final approval of the transaction by the Board prior to the required June 18 closing date. Mr. Lindsay reported that on May 5th the Finance Committee received a presentation by Kosmont Transactions Services to explore the use of POBs to restructure the District's CalPERS UAL.

Next, Kosmont Transactions Services presented an overview of a private placement opportunity for issuing POBs to refinance all or a portion of the District's UAL with Capital One Public Funding. They reported that the KPPCSD's current CalPERS Classic Safety Plan has a substantial UAL. The private placement opportunity is offered at a 3.85% interest rate versus the 7.00% CalPERS amortization which would achieve \$1.8 million in gross savings, \$1.2 million in net present value savings, or net present value savings of 26.4%. The approximate cost of issuance is \$120,000 and would be wrapped into the financing. It was noted that the cost savings could be used for current expenditures or projects, budget reserves, and/or to fund an investment portfolio to further reduce future pension costs. The next steps are to engage the finance team, present the proposal to the Board for consideration, draft legal documents, finalize transaction details, and payoff the UAL with CalPERS. Closing must occur by June 18, 2020 to get the 3.85% interest rate.

Board Discussion. Board members made comments and asked questions about the proposal. In response to a comment that KPPCSD needs to address ways to pay off the UAL, General Manager Lindsay said that KPPCSD was not in a position to pay off the existing UAL in a lump sum. A question was raised about the collateral details of the private investment and Kosmont representative Dan Massiello said that the POB proposal is a general obligation bond and there is no collateral pledge and no tax levy component. A question was also raised about the potential savings associated with a 20-year CalPERS payment option, and General Manager Lindsay explained that the District's annual payment would be substantially higher. Director Sherris-Watt clarified that her comment at the May 5th Finance Committee about bankruptcy was only a hypothetical question about the possible impact of a catastrophic event on the District's ability to collect property tax. It had nothing to do with current finances.

- The following persons presented public comment: 1) Jim Watt advocated considering a public offering approach to get a lower rate; 2) Lynn Wolter thanked outgoing Police Chief Steve Simpkins for his excellent service, thanked Mr. Lindsay for his excellent presentation, and asked about POB payments to CalPERS; 3) Linda Lipscomb suggested investigating other offers (municipal bonds or banks) to get a lower interest rate; 4) A. Steven Delk said the proposal was too good to be true; 5) David Spath remarked that while the proposal was a golden opportunity for substantial savings, the Board needed to establish a future strategy for going forward; and 6) Rudy Salo expressed support for the POB proposal.
- It was moved by Director Rachelle Sherris-Watt, seconded by Director Hacaj, to authorize the use of pension obligation bonds as described in the report and as presented by Kosmont Transactions Services, carried (3-1-1) by the following roll call vote: AYES (Directors Sherris-Watt, Hacaj and Deppe); NOES (Director Modavi); and ABSTAINED (Director Nottoli).
- It was moved by Director Rachelle Sherris-Watt, seconded by Director Deppe, that documents be prepared allowing for the Board to contemplate the final approval of the transaction at its next Regular Meeting prior to the required June 18 closing date, carried (4-0-1) by the following roll call vote: AYES (Directors Modavi, Sherris-Watt, Hacaj and Deppe); NOES (None); and ABSTAINED (Director Nottoli).

3. Discuss and Consider Approving the Employment Agreement for At-Will Interim Chief of Police Walt Schuld.

General Manager Bill Lindsay announced that following a recruitment and background examination led by current Interim Chief of Police Steve Simpkins, staff is recommending that the Board of Directors approve an at-will employment agreement with Walt Schuld to become KPPCSD's new Interim Chief of Police. Mr. Lindsay reported that Mr. Schuld is a 32-year veteran of the San Pablo Police Department. He rose through the ranks of that department to become Chief of Police and, subsequently, Assistant City Manager. He holds a Master's Degree in Criminal Justice and is a graduate of the FBI National Academy. While in San Pablo, Mr. Schuld was recognized for enacting numerous community programs and for decreasing crime through proactive policing and the use of technology. Outgoing Chief of Police Steve Simpkins said that Mr. Schuld was the perfect choice to build on the recent accomplishments at the Police Department.

Mr. Schuld thanked Mr. Simpkins for the improvements made under his tenure and for assisting with his transition. Mr. Schuld said he looked forward to working with the police officers, staff, the Board, and the community of Kensington. Board members welcomed Mr. Schuld.

- The following persons presented public comment: 1) Lisa Caronna welcomed Chief Schuld; 2) Linda Lipscomb expressed thanks for finding a good Chief; 3) Kevin [last name unknown] expressed thanks to the Board for handling complex issues, thanked Chief Simpkins for his outstanding work with Kensington Fire Protection District Board, and welcomed Chief Schuld.

- It was moved by Director Sherris-Watt, seconded by Director Modavi, that the Board approve the employment agreement for At-Will Interim Chief of Police Walt Schuld, carried (5-0) by the following roll call vote: AYES (Directors Modavi, Sherris-Watt, Nottoli, Hacaj and Deppe); and NOES (None).

Director Nottoli pointed out that the pages of the contract should be numbered for clarity.

4. Acknowledge Outgoing KPPCSD Interim Police Chief Steve Simpkins for His Outstanding Service to the Kensington Community.

Interim General Manager Bill Lindsay acknowledged outgoing Chief of Police Simpkins. President Deppe thanked Mr. Simpkins for his tireless work to make things better in Kensington. He highlighted Chief Simpkins accomplishments some of which included: purchase of body-worn cameras, installing new computers and an updated software, participating in numerous community meetings, updating the Police Department section of the website, improving the complaint form, instituting a corrective counseling policy, revamping the payroll process, implementing a new system for traffic warnings, and providing beneficial design ideas for the PSB.

Board members extended their gratitude for the improvements Chief Simpkins made at the District and expressed appreciation for his commitment to Kensington and for the improved morale under his leadership. They also expressed appreciation for his community outreach efforts and addressing resident's concerns. The Board wished Chief Simpkins well in his new position at the Contra Costa County Sheriff Department.

- The following person presented public comment: 1) Julie Stein thanked Chief Simpkins for his service and for his valuable input on ways both agencies could potentially be housed in the PSB.

5. Discuss and Consider Adopting Resolutions for Fiscal Year 2020-21 Providing for the Collection of Kensington Park Assessment Pursuant to the Landscaping and Lighting Act of 1972.

General Manager Lindsay reported that each year, the KPPCSD Board of Directors needs to approve the resolutions that initiate the process of collecting the park assessment, pursuant to the Landscaping and Lighting Act of 1972, under which regulation the Kensington Park Assessment District was established. The specific steps in this process that are: a) adopting a resolution initiating proceedings for the levy and collection of assessments for the Kensington Park Assessment District for Fiscal Year 2020-21; b) adopting a resolution approving the Annual Report for the Kensington Park Assessment District for Fiscal Year 2020-21; and c) adopting a resolution declaring its intention to levy and collect assessment for the Kensington Park Assessment District for Fiscal Year 2020-21. The final step in the process will be to hold a Public Hearing on June 11, 2020. The total assessment to each dwelling unit is \$18.36, which is an increase from \$17.85 last year, with a total of 2,190

parcels to be assessed. Anticipated revenue from the Kensington Park Assessment District levy is \$41,029. General Manager Lindsay pointed out that the amount of this levy relative to the proposed expenditures will necessitate a subsidy from the general operating funds of KPPCSD to be considered by the Board as part of the FY 2020-21 budget.

Mr. Lindsay reported that the proposed budget for the Kensington Park Maintenance District for FY 2020-21 is significantly higher than in prior years. This is due to costly capital improvements, including tree removal and tennis court resurfacing; an increase in contract maintenance expenditures to reflect actual ongoing service needs; an increase in water utilities to more accurately reflect historical usage; and an increase in landscape maintenance costs associated with the recently renovated community center. Even without the capital improvements, the basic maintenance needs of the park are estimated to be approximately \$28,000 higher than the District levy. Thus, the KPPCSD Board will need to make a future policy decision on how to address this deficit.

- It was moved by Director Sherris-Watt, seconded by Director Deppe, to adopt a resolution initiating proceedings for the levy and collection of assessments for the Kensington Park Assessment District for Fiscal Year 2020-21, carried (5-0) by the following roll call vote: AYES (Directors Modavi, Sherris-Watt, Nottoli, Hacaj and Deppe); and NOES (None).

Resolution No. 2020-03 – A Resolution of the Board of Directors of the Kensington Police Protection and Community Services District, Declaring Its Intention to Levy and Collect Assessments for the Kensington Park Assessment District for Fiscal Year 2020/21.

- It was moved by Director Sherris-Watt, seconded by Director Deppe, to approve the Annual Report for the Kensington Park Assessment District for Fiscal Year 2020-21, carried (5-0) by the following roll call vote: AYES (Directors Modavi, Sherris-Watt, Nottoli, Hacaj and Deppe); and NOES (None).

Resolution No. 2020-04 – A Resolution of the Board of Directors of the Kensington Police Protection and Community Services District, Declaring Its Intention to Levy and Collect Assessments for the Kensington Park Assessment District for Fiscal Year 2020/21.

- It was moved by Director Sherris-Watt, seconded by Director Deppe, to adopt the resolution declaring its intention to levy and collect assessment for the Kensington Park Assessment District for Fiscal Year 2020-21, carried (5-0) by the following roll call vote: AYES (Directors Modavi, Sherris-Watt, Nottoli, Hacaj and Deppe); and NOES (None).

Resolution No. 2020-05 – A Resolution of the Board of Directors of the Kensington Police Protection and Community Services District, Declaring Its Intention to Levy and Collect Assessments for the Kensington Park Assessment District for Fiscal Year 2020/21.

6. Discuss and Consider Approving an Agreement for Legal Services with Renne Public Law Group (RPLG) Which Integrates Terms from Ann Danforth's Contract with the District.

Interim General Manager Bill Lindsay reported that the Renne Public Law Group (RPLG) has asked Ann Danforth, legal counsel for KPPCSD, to join their firm on an of-counsel basis so that she may take on some contract work for their public clients. To continue the services of Ms. Danforth, the Board is requested to approve a new contract for legal services with RPLG that incorporates the terms of Ms. Danforth's services as legal counsel for the District. Under the proposed contract, Ms. Danforth shall continue to serve as General Counsel to the District. As such, she will continue to perform all basic General Counsel duties and functions entrusted to her by the District including attendance at Board Meetings and other District meetings as requested; regular office hours; provision of legal advice on District matters, including by email or phone; preparation of ordinances, resolutions, contracts, and other legal documents pertaining to District affairs. There is no fiscal impact resulting from the change in services by Ms. Danforth being transferred to RPLG. There is a future impact from the increase in hourly rates beginning January 1, 2021, with the increased rate being consistent with past practice. Ms. Danforth recused herself from the discussion due to a potential conflict of interest.

- It was moved by Director Nottoli, seconded by Director Hacaj, to approve the agreement for legal services with Renne Public Law Group which integrates terms with Ann Danforth's contract with the District, carried (4-1) by the following roll call vote: AYES (Directors Sherris-Watt, Nottoli, Hacaj and Deppe); and NOES (Director Modavi).

ADJOURNMENT

President Deppe adjourned the meeting at 10:50 p.m.

SUBMITTED BY:

Lynelle M. Lewis, District Clerk of the Board

APPROVED: June 11, 2020

Bill Lindsay, Interim General Manager

Chris Deppe, President of the Board