

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

DRAFT

**Thursday, June 11, 2020
Via Teleconference
Regular Meeting - 7:30 p.m.**

CALL TO ORDER

President Deppe called to order the Regular Meeting of the Board of Directors at 7:33 p.m. Directors Cyrus Modavi, Rachelle 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 Walt Schuld, Business and Finance Manager Katherine Korsak, and Clerk of the Board Lynelle M. Lewis.

GENERAL PUBLIC COMMENT

– The following persons presented public comment: 1) Meryl Natchez commented that her email address was removed from the board meeting distribution list and asked for advanced notices going forward; 2) Lynn Wolter asked about the number of participants on the teleconference meeting; 3) Mabry Benson read a statement on local police behaviors and what the Board can do to make improvements to the culture and behaviors; 3) David Bergen commented that the agenda is posted on the KPPCSD website and he posts them on Next Door and he asked if the Police Department had an inventory of military type equipment; 4) David Spath commented that the Kensington Fire Protection District (KFPD) approved funding of the Public Safety Building (PSB) and asked about the Kensington Police Protection and Community Services District (KPPCSD) plans for this project; and 5) Lisa Caronna requested that KPPCSD mail out agendas rather than having persons go to the website.

BOARD/STAFF COMMUNICATION

Staff Communication

Interim General Manager Bill Lindsay provided an update on the Kensington Community Center and said the project is now in its final stages of completion. He reported that the Kensington Community Center has cancelled the summer camp program. Next, he reported that on June 3rd the KFPD Board agreed to do away with the 2x2 Committee and directed that both General Managers work together to develop options for Board consideration and public input. He noted that the KFPD Board eliminated the plan with an elevator and said that the architect will work with the county to discuss ways to address American with Disabilities Act code issues. In concluding, Mr. Lindsay acknowledged and commended several residents who donated their time to clean up an area in the community.

– The following persons presented public comment: 1) Dave Spath asked about KPPCSD's plans for relocation during the PSB renovation; 2) Lynn Wolter commented that funds for the temporary relocation of staff from the PSB should be included in the budget; 3) Peter [unknown] asked about plans for replacing the aging police vehicles; 4) Paul Dorrah suggested that the Zoom screen should show all Board members in tile view during the meeting; and 5) Meryl Natchez asked if General Manager Lindsay would be participating in the PSB discussions.

Board Communication

Director Modavi commented on the PSB transition and requested having a Board agenda item regarding the PSB plan. Director Sherris-Watt provided an update on the PSB transition and the decision of the 2x2 Committee decision to bring plans before the Board and community once questions were answered. She commented on national police conduct, the need for accountability, and the need for safeguards to protect citizens and the police. President Deppe commented that recent accusations about attorney Danforth's overbilling are false and reflect poorly on the Board. Director Nottoli commented that these are very trying times and we need to do better on how we work with each other. Director Hacaj supported comments about police accountability.

CONSENT CALENDAR

1. Consider Approval of Minutes for the Regular Board Meeting of May 14, 2020.

- It was moved by Director Sherris-Watt, seconded by Director Deppe, to approve the Regular Meeting Minutes of May 14, 2020, carried (4-1) by the following roll call vote: AYES (Directors Sherris-Watt, Nottoli, Hacaj and Deppe); and NOES (Director Modavi).

BOARD DISCUSSION AND DETERMINATION

2. Receive a Report from Interim Police Chief Walt Schuld Concerning Use of Force Policy for the Kensington Police Department. (Information)

Interim Police Chief Walt Schuld reported that KPPCSD had not accepted any equipment from the military. Next, he presented an overview on the District's use of force policy and said it conforms with federal and state law. He noted that the District uses Lexipol which provides state-specific, legally defensible policies. He is currently updating policies that will be updated on the website. Additionally, he reported that officer training is provided, use of force is very low, police use body-worn cameras, and there is a diverse staff. Chief Schuld said he looked forward to working with the community to make it a great place to live.

- The following person presented public comment: 1) Sebastian Kaplan asked whether a use of force board had been convened and if there is a use of force analysis available to the public.

3. Conduct a Public Hearing and Consider Adoption of a Resolution Approving the Levy and Collection of Assessments Within the Kensington Landscape Maintenance Assessment District to Pay the Costs of Improvements for the Fiscal Year Commencing July 1, 2020 and Ending June 30, 2021. (Resolution)

Interim General Manager Lindsay reported that each year the KPPCSD Board of Directors must approve the resolutions that initiate the process of collecting the park assessments to pay the costs of improvements for Fiscal Year 2020-21. The Board adopted three resolutions at its meeting of May 14, 2020 to initiate proceedings for the levy and collection of assessments. The final step in the process is to conduct a Public Hearing and for the Board to adopt a resolution approving the assessment levy and collection of assessments within the Landscape Maintenance District for fiscal year commencing July 1, 2020 and ending June 30, 2021. 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. The total balance to levy will be approximately \$41,529.

President Deppe opened the Public Hearing.

- The following person presented public comment: 1) Lynn Wolter provided historical background on the establishment of the Kensington Landscape Maintenance Assessment District.
- It was moved by Director Hacaj, seconded by Director Sherris-Watt, to adopt Resolution No. 2020-06 of the Board of Directors of the Kensington Police Protection and Community Services District, confirming the assessment and ordering the levy 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. 2020-06 - A Resolution Of The Board Of Directors Of The Kensington Police Protection And Community Services District, Confirming The Assessment And Ordering The Levy For The Kensington Park Assessment District For Fiscal Year 2020/21.

4. Discuss the Use of Pension Obligation Bonds to Fund the Current Public Employees Retirement System (PERS) Unfunded Liability and Consider Approval of the Following: a) Resolution Establishing a Debt Issuance Policy for Future Obligations and b) Resolution Authorizing the Issuance and Sale of a Bond in the Principal Amount Not to Exceed \$4,544,000 to Refund Certain Pension Obligations of the District, Approving the Form and Authorizing the Execution of a Commitment Letter and Authorizing Actions Related Thereto.

Interim General Manager Lindsay presented an overview of the possible use of pension obligation bonds to fund the current Public Employees Retirement System (PERS) unfunded liability and the resolutions that would be required to complete the transaction. These include a resolution establishing a Debt Issuance Policy and a resolution authorizing the issuance and sale of a bond in the Principal Amount Not to Exceed \$4,544,000 to refund certain pension obligations of the District.

He reported that at its meeting of May 14, 2020, the KPPCSD Board of Directors received a presentation by Kosmont Transactions Services regarding the possible use of pension obligation bonds to fund the District's current Public Employees Retirement System (PERS) unfunded liability. Following this presentation, the KPPCSD Board of Directors voted to direct that all documents be prepared allowing for final approval of the transaction by the Board prior to the required June 18 closing date. He also reported that the KPPCSD Finance Committee received a presentation from the POB finance team its meeting of May 5, 2020 regarding their potential advantages and risks for use by KPPCSD. Following this discussion, the Committee voted to send the issue to the full Board of Directors without a recommendation.

Next, the financial consulting team led by Kosmont Transactions Services, summarized the proposal to authorize the sale of a bond in the amount of not to exceed \$4,544,000. The proposal involves a private placement of the bonds with Capital One Public Funding which offers a 60-day rate lock at 3.85%. He noted that bond proceeds will be used to pay to CalPERS

the amount of the District’s unfunded accrued liability (UAL) and costs of issuance. He 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 UAL debt (7%), then it will achieve cost savings. The particulars of the proposed issue, in the context of a comparison with CalPERS funding of the UAL (status quo), is as follows:

	Pension Obligation Bonds	CalPERS UAL Financing
Principal	\$4.544 million (approximate including costs of issuance)	\$4.5 million
Term	20 years	26 years
Interest Rate	3.85%	7% current amortization rate
Debt service schedule	Level debt service mounting to \$6.5 million over the life of the bonds	Variable debt service amounting to \$8.3 million over the amortization period
Total interest paid	Approximately \$2.0 million over the life of the bonds	Approximately \$3.9 million over the amortization period
Costs of issuance	\$120,000 (approximate, included in principal amount)	Not applicable

The use of pension obligations with the terms described above yields \$1.8 million in gross savings, \$1.2 million in net present value savings, or net present value savings of 26.42%. Next, Bond Counsel Rudy Salo summarized the resolution to establish a debt insurance policy prior to issuing debt and the resolution to authorize the POB issue. He concluded with an overview of the schedule of activities.

Board Discussion

There was extensive discussion by the Board about the pros and cons of the POB issuance. Board members concurred that while the transaction was attractive, they raised the following concerns: the current economic uncertainty, the risks associated with the POB sale, uncertainty about whether the amount charged by CalPERS to amortize the UAL debt may fall below the 3.85%, concerns and anxiety of the community, the transaction is rushed, and there were no other comparative proposals for consideration. Interim General Manager Bill Lindsay and Kosmont representative Dan Massiello responded to concerns and questions raised and pointed out that the POB fixed interest rate would add stability in the budget.

- It was moved, seconded, and carried (5-0) to extend the meeting beyond 9:30 p.m.

Director Modavi commented that the debt policy should have been reviewed by the Finance Committee prior to coming before the Board. Director Sherris-Watt commented that the POB proposal had been vetted by the Finance Committee on May 5th and noted that she had received letters from Finance Committee members that raised questions.

The following persons presented public comment: 1) Paul Dorrah said he liked the economics of this proposal, requested more detail on the covenants, and asked to hear full Board conversation; 2)

S. Robert Diener commented that this proposal is a good deal; and 3) Mike Logan (Finance Committee) commented that the District would do well in going forward with the proposal.

- It was moved, seconded, and carried (5-0) to extend the meeting to 11:00 p.m.
- It was moved by Director Hacaj, seconded by Director Sherris-Watt, to adopt Resolution No. 2020-07 of the Board of Directors of the Kensington Police Protection and Community Services District establishing a Debt Issuance Policy for future obligations, carried (4-1) by the following roll call vote: AYES (Directors Sherris-Watt, Nottoli, Hacaj and Deppe); and NOES (Director Modavi).

Resolution No 2020-07 - Resolution Of The Board Of Directors Of The Kensington Police Protection And Community Services District, Establishing A Debt Issuance Policy For Future Obligations.

There was discussion about tabling this item until after the fiscal year budget is approved and having community input. Interim General Manager Bill Lindsay said this offer expires June 18.

- It was moved by Director Hacaj, seconded by Director Modavi, to adopt Resolution 2020-08 of the Board of Directors of the Kensington Police Protection and Community Services District authorizing the issuance and sale of a bond in the principal amount not to exceed \$4,544,000 to refund certain pension obligations of the District, approving the form and authorizing the execution of a commitment letter and authorizing actions related thereto, carried (3-1-1) by the following roll call vote: AYES (Directors Sherris-Watt, Nottoli, Hacaj and Deppe); and NOES (Director Modavi); and ABSTAINED (Director Nottoli).

Resolution No 2020-08 - Resolution Of The Board Of Directors Of The Kensington Police Protection And Community Services District Authorizing The Issuance And Sale Of A Bond In The Principal Amount Not To Exceed \$4,544,000 To Refund Certain Pension Obligations Of The District, Approving The Form And Authorizing The Execution Of A Commitment Letter And Authorizing Actions Related Thereto.

5. Review the Kensington Police Protection and Community Services District Proposed Fiscal Year 2020/21 Budget and Provide Direction to Staff.

There was consensus of the Board to discuss and provide direction to staff on the proposed Fiscal Year 2020/21 Budget at the June 25th Regular Meeting.

- It was moved, seconded, and carried (5-0) to extend the meeting to 11:15 p.m.

6. Discuss and Consider Adopting a Resolution Ordering the Even Year Board of Directors Election, Consolidation of Elections, and Specifications of the Election Order. (Resolution)

Interim General Manager Lindsay reported that the terms of the KPPCSD Directors Sylvia Hacaj and Eileen Nottoli expire December 4, 2020. The District must order and call a General Election for these wards. The election will be consolidated with the Statewide General Election in Contra Costa County. The directors shall be elected for a four-year term commencing on January 1, 2021.

- The following person provided public comment: 1) A. Stephen Delk asked about the dates for the terms of office listed in the agenda report.
- It was moved by Director Modavi, seconded by Director Sherris-Watt, to adopt Resolution 2020-09 ordering the election of two Directors at the November 3, 2020 Statewide General Election, consolidation of elections with Contra Costa County, and specifications of the election order, carried (5-0) by the following roll call vote: AYES (Directors Modavi, Sherris-Watt, Nottoli, Hacaj and Deppe); and NOES (None).

Resolution No 2020-09 - A Resolution Of The Board Of Directors Of The Kensington Police Protection And Community Services District Ordering The Even Year Board Of Directors Election, Consolidation Of Elections, And Specifications Of The Election Order.

7. Discuss and Consider Approval of a First Amendment to the Lease Agreement between Kensington Fire Protection District and Kensington Police Protection and Community Services District for Occupancy of Kensington Public Safety Building.

Interim General Manager Lindsay presented background information on the lease agreement with the KFPD for occupancy of a portion of the Public Safety Building. The term of this lease was for 18 months, beginning January 1, 2019 and extending through June 30, 2020. The lease provided for payment of rent by KPPCSD to KFPD in the amount of \$3,050.25 per month (\$36,603 annually). The permitted use of the property by KPPCSD was for government administrative offices, including the functions of a police station. The KFPD Board has authorized an extension of the lease with KPPCSD through September 30, 2020, under largely the same terms and conditions as set forth in the current lease. The lease amendment provides that, on October 1, 2020, the lease term will be month-to-month until either party delivers thirty days' advance written notice of termination.

There was Board discussion about the 30-day notice of termination because it would not provide KPPCSD sufficient time for relocation. There was consensus for Interim General Manager to work with KFPD on a longer (i.e. 60 to 90 days) notice of termination provision.

- The following persons provided public comment: 1) Larry Laurence Nagel (KFPD) said the Board already approved this lease extension and was not planning to consider it again; and 2) Julie Stein (KFPD) said the Board approved this lease in April .
 - It was moved by Director Sherris-Watt, seconded by Director Deppe, to approve the First Amendment to the Lease Agreement between Kensington Fire Protection District and Kensington Police Protection and Community Services District for occupancy of Kensington Public Safety Building, carried (5-0) by the following roll call vote: AYES (Directors Modavi, Sherris-Watt, Nottoli, Hacaj and Deppe); and NOES (None).
- 8. Discuss and Consider Approval of the Purchase from Advanced Systems Group (ASG) of Equipment and Necessary Services to Install the Audio-Visual System at the Renovated Community Center in the Amount Not to Exceed \$20,000.**

Interim General Manager Lindsay reported that one of the last items to complete on the Community Center renovation is the purchase and installation of audio-visual equipment. To facilitate this task, the architect (Glass Associates, Inc.) obtained a proposal from ASG for a projector, screen, and associated installation services, including data ports specified by the architect. The total cost of the audio-visual equipment and installation services proposed by ASG is \$19,480.54.

- It was moved by Director Sherris-Watt, seconded by Director Deppe, to approve the purchase from Advanced Systems Group (ASG) of equipment and necessary services to install the audio visual system at the renovated Community Center in the amount not to exceed \$20,000, carried (5-0) by the following roll call vote: AYES (Directors Modavi, Sherris-Watt, Nottoli, Hacaj and Deppe); and NOES (None).

The next regular meeting will be held on July 9, 2020.

ADJOURNMENT

President Deppe adjourned the meeting at 11:10 p.m.

SUBMITTED BY:

Lynelle M. Lewis, District Clerk of the Board

APPROVED: June 25, 2020

Bill Lindsay, Interim General Manager

Chris Deppe, President of the Board