

# KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

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## AGENDA

A meeting of the Finance Committee of the Kensington Police Protection and Community Services District will be held **Wednesday, September 21, at 6: 00 P.M.**, at the Community Center, 59 Arlington Avenue, Kensington, California.

1. **Call to Order/Roll Call 6:00 P.M.**
2. **Public Comments-** Members of the public may address the Committee on any issues listed on the agenda that are within the purview of the Committee. Comments on matters that are listed on the agenda may be made at the time the Committee is considering each item. Each speaker is allowed a maximum of five (5) minutes per Board Policy 5030.41.
3. **Approval of the Finance Committee Minutes.**
  - a. Minutes of the Finance Committee Meeting of August 31, 2016. Page 2
4. The Committee will review and further discuss a proposal, presented by Committee member Rob Firmin, to include forecasting of scenarios and uncertainties, using leading software and other methods, as an integral part of District budgeting and financial analysis. The Committee may take action to recommend the Board of Directors form a sub-committee to evaluate the use of this model in the future.

## ADJOURNMENT

### General Information-Accessible Public Meetings

NOTE:UPON REQUEST THE KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT WILL PROVIDE WRITTEN AGENDA MATERIALS IN APPROPRIATE ALTERNATIVE FORMATS, OR DISABILITY-RELATED MODIFICATION OR DISABILITIES TO PARTICIPATE IN PUBLIC MEETINGS. PLEASE SEND A WRITTEN REQUEST, INCLUDING YOUR NAME, MAILING ADDRESS,PHONE NUMBER AND A BRIEF DESCRIPTION OF THE REQUESTED MATERIALS AND PREFERRED ALTERNATIVE FORMAT OR AUXILARY AID OR SERVICE AT LEAST 2 DAYS BEFORE THE MEETING. REQUESTS SHOULD BE SENT TO:

Interim General Manager Kevin. E. Hart, Kensington Police Protection & Community Services District, 217 Arlington Ave, Kensington, CA 94707. POSTED: Public Safety Building-Colusa Food-Library-Arlington Kiosk- and at [www.kensingtoncalifornia.org](http://www.kensingtoncalifornia.org).

Complete agenda packets are available at the Public Safety Building and the Library.

All public records that relate to an open session item of a meeting of the Kensington Police Protection & Community Services District that are distributed to a majority of the Board less than 72 hours before the meeting, excluding records that are exempt from disclosure pursuant to the California Public Records Act, will be available for inspection at the **District offices, 217 Arlington Ave, Kensington, CA 94707** at the same time that those records are distributed or made available to a majority of the Board.

**KPPCSD Finance Committee Meeting Minutes for 8/31/16**

A Meeting of the Finance Committee of the Kensington Police Protection and Community Services District was held Wednesday, August 31, 2016, at 6:00 P.M., at the Community Center, 59 Arlington Avenue, Main Room, Kensington, California.

**ATTENDEES**

<u>Committee Members</u>	<u>Speakers/Presenters</u>
Len Welsh, President	
Chuck Toombs, Director	
Paul Haxo	
Derek Suring	
Paul Dorroh	
Paula Black	
Simon Brafman	
Rob Firmin	
Linda Lipscomb	
Karl Kruger	
Gloria Morrison	
Elena Caruthers	
<u>Staff Members</u>	
Kevin Hart, Interim General Manager/Chief of Police (IGM/COP)	
Lynn Wolter, District Administrator	
<u>Press</u>	

President Welsh called the meeting to order at 6:05 PM and took roll call. President Welsh, Director Chuck Toombs, Derek Suring, Paul Haxo, Paul Dorroh, Simon Brafman, Rob Firmin, Linda Lipscomb, Karl Kruger, Gloria Morrison, Paula Black, Elena Caruthers IGM/COP Hart, and District Administrator Wolter were present. Pat McLaughlin, and Jim Watt were absent.

**PUBLIC COMMENTS**

None.

**Approval of the Finance Committee Minutes  
The Minutes of the Finance Committee Meeting of August 9, 2016.**

Paula Black asked that the minutes be amended to include that, during the meeting, she had recommended that there be a subcommittee to work with Rob Firmin on the financial modeling.



Director Toombs asked that the minutes be amended to reflect that it had been Jim Watt, not himself, who had recommended Nicolay and that they be amended to correct Paula's name, on page three, where "Paul" had appeared.

Director Toombs said he wanted to make it clear that Rob Firmin was buying an "off the shelf" product and embellishing it with add-ons to make it serve the financial modeling needed by the District. He added that Mr. Firmin would be spending time modifying this product. Mr. Firmin clarified that he would actually be combining multiple products. President Welsh noted that a big part of the job would be inputting assumption data. Mr. Firmin responded that he was pleased that there would be a subcommittee because each member of the subcommittee would work on specific assumptions that would be used in the modeling. President Welsh indicated that this should be placed on the agenda for the next meeting. Following some discussion, it was determined that this should be placed on the Board's October agenda. IGM/COP Hart said that the committee had agreed to create a subcommittee and to recommend modeling to the Board. President Welsh said there would be another Finance Committee meeting before the Board's October meeting and asked if any more work should be done on this – to flesh it out some more – before the presentation to the Board. Paul Haxo said that his recollection was that the Committee had waffled on this a bit but had decided first to go to the Board for its blessing and then establish a subcommittee. President Welsh responded that, if there was a Finance Committee meeting before the October Board meeting, the notion of having a subcommittee could be part of the presentation to the Board. Paul Dorroh, Gloria Morrison, and IGM/COP Hart said they had September 21 on their calendars as the possible date for the next Finance Committee meeting. Linda Lipscomb said her understanding was that the Committee was going to go to the Board first about the modeling because of the \$1,000 purchase price of the program. President Welsh asked that establishing a subcommittee be placed on the next Finance Committee meeting agenda.

**MOTION: Paul Haxo moved and President Welsh seconded, that the minutes be approved as amended.  
Motion passed unanimously.**

**The committee reviewed and considered recommending approval to the Board of Directors the Fiscal-Year 2016/17 final proposed budget. The Kensington Police Protection and Community Services District Board of Directors would review and possibly vote to approve the final proposed budget for Fiscal-Year 2016/17 at its regular meeting to be held September 8, 2016.**

IGM/COP Hart said this would be an abbreviated review: It was the fourth time the public had seen the proposed budget. He said there were only a few minor modifications, as compared to the last time the Finance Committee had seen the document. He noted that Jim Watt had submitted an email, posing multiple questions, and said that, in response to the reply provided, Mr. Watt had indicated that he approved of all the changes that had been made – especially those corrections that had been made with respect to some of the side-funds. IGM/COP Hart said he thought Mr. Watt was happy with Debbie Russell's explanations.

IGM/COP Hart said the Board had approved a proposed budget, which is what the District had been working from. He summarized the expense categories and said that budgeted expenses totaled \$3,184,462. Karl Kruger noted that \$86,133 had been added to the PERS line item so that the total was now \$253,259. He said this wasn't a minor change and asked what the reason was for the change. Director Toombs responded that this change was due to the side-fund having been paid for the current fiscal year and for the next fiscal year. Len said that the Committee had had an earlier discussion of this, which Mr. Kruger acknowledged and noted that this removed a liability. IGM/COP Hart said that paying this amount saved the District about \$10,000.



Mr. Kruger also asked about Account 972 and noted that \$100,000 had been added to this account: He asked if the District would be spending this. IGM/COP Hart responded that this had been the subject of one Jim Watt's email questions, that the Board had already voted on setting this money aside, and that it was unlikely that all the money would be spent in the current fiscal year. Paul Dorroh noted that this reflected moving reserves from one reserve account to another; it was not operating expense. IGM/COP Hart noted that the District also had a \$115,000 grant that could offset anticipated expenses. IGM/COP Hart said that the District had received five sealed bids for the architectural design, which he said would be opened in a week or two. He indicated that this could enable the District to get started on the Community Center work in the current fiscal year. Director Toombs said he wanted to correct something that had been said: The money had been moved out of reserves into a potential expense item: The reserves had been reduced by \$100,000 and this amount had been moved into a potential expense item – the net effect would be zero until the money was spent.

Karl Kruger said the District's net for the year was projected to be negative \$138,000, which didn't make him too nervous. He said the problem was that legal fees were still budgeted to be \$99,000. He asked if the District had any idea what legal fees were for the last year. President Welsh responded that the District was way over budget on legal fees for the fiscal year just ended. He said that Mr. Kruger had been critical when \$150,000 had been budgeted the prior year and had pressed for a more sober estimate of what would actually be spent. He said the District was at almost double that amount – almost \$300,000. President Welsh said the Board didn't want to go through that again, and so he had asked the attorneys to provide a detailed breakdown of what items were causing the fees to be so high in order to enable the Board to find ways to control costs going forward. He said he anticipated having a thorough discussion of this at upcoming meetings – the Board had a big problem and had to fix it. IGM/COP Hart said that, in the absence of that information, legal fees had been budgeted at the same amount as had been budgeted last year. He added that, for the current fiscal year, things were looking pretty good, though the District didn't yet have a new general counsel, and that he was waiting for direction from the Board with respect to this line item. Mr. Kruger said that, with revenue for the upcoming year at \$3,100,000, one would have thought the District would be "home free." IGM/COP Hart said that the net loss projected for the year did not include the anticipated \$100,000 of COPS grant money, that Mr. Kruger's point about the legal fees had been well made, and that he thought the Board was wrestling with the issue. Gloria Morrison asked if the Board had a policy with respect to contacting attorneys. IGM/COP Hart responded that the Board had started the conversation about having some kind of process or procedure in place. First, he said, the Board needed to get the costs analyzed to determine what was generating them. He added that part of what was complicating the analysis was the fact that certain costs were embedded in the general counsel's invoice. President Welsh noted that the attorneys had provided a preliminary breakdown but it hadn't provided the level of detail needed and that he had asked them for greater detail. He said he hoped this would be made available before the September meeting. President Welsh said there had been a policy at the beginning, with respect to accessing attorneys, but there had been some objection to it: There were new Board members, they wanted access to the attorneys, and he had seen no reason for them not to have it. President Welsh said that things had arisen that simply had not been anticipated and reiterated that there would be a thorough discussion of this. Paul Dorroh asked if the MOU had contributed to the costs. President Welsh responded that MOU costs had contributed very little to the big legal bill.

Linda Lipscomb asked if there was a time limit associated with the Measure WW Grant money. IGM/COP Hart responded that the \$158,000 would expire in December 2018. He clarified that the District would need to spend its money and then ask for a reimbursement. He added that he thought the District was on track for meeting the deadline. Paul Haxo asked if funding options, other than taking money out of reserves, were being considered. President Welsh asked if Mr. Haxo meant grant money. Mr. Haxo responded by asking if bonds or loans were being considered. President Welsh said that, if recent experience were an indicator, a bond was not the way to go. IGM/COP Hart said it would be nice to have another source of revenue because he wished he could have the expense come from somewhere other than operating revenue. He added that he was constantly looking for other sources and subscribed to websites that offered grants but that the District hadn't qualified for anything yet. President Welsh said there was KCC – it was prepared to contribute toward the project. He added that the District would have to work with KCC to determine to which kind of work it wanted to contribute. Mr. Haxo asked if the District might consider taking out a loan. IGM/COP Hart responded that he had not had that conversation with the Board. President Welsh said this

was not impossible to consider. Director Toombs noted that, if there were a loan, there would have to be sufficient cash flow to repay it. Director Toombs said that the reason the Measure L had been pursued was because the Board had looked to this as a way to partner with the community and have it help the District fund the renovation.

IGM/COP Hart noted that the loan for the Park would be paid off next year. Director Toombs clarified that it would be the taxpayers who would pay this off.

Paul Dorroh said the KCC had a matching fund for funds donated toward improvements to the Community Center. He clarified that the KCC would match, dollar for dollar, all such funds donated and said that \$40,000 had been donated to date. IGM/COP Hart added that there was a possibility that the KIC and KPOA would also contribute, but they want more detailed information about the work to be done, and he indicated that such information likely would become available once architectural plans were developed. Linda Lipscomb confirmed that the KIC carried this as a commitment on its books.

IGM/COP Hart summarized the budget's primary sources of revenue: property taxes, the special tax, and the Measure G tax. He noted that there were additional smaller sources of revenue and that it was anticipated the District would receive COPS grant money, though this couldn't be included in the budget. He also noted that, because two officers would be going out on 4850 time, there would be Supplemental Workers' Compensation revenue; however, this likely revenue was not included in the revenue total. He reported that total revenue was projected to be \$3,050,419 and reiterated that this amount did not include COPS grant revenue. He summarized that total projected revenue minus projected expenses would result in a net loss of \$134,000 and said that, at the end of the year, he hoped to bring in a balanced budget. He also reported that he had added a new projector to the budget because the projector, when used for a recent Finance Committee meeting, had failed to function properly.

President Welsh asked how much had been budgeted for the new sound system. IGM/COP Hart responded that the Board had authorized \$21,000 and that KIC and KCC had committed \$8,000. He added that he believed that, if he went back to the KCC to ask for another \$2,000, they would approve it. President Welsh asked for confirmation that IGM/COP Hart needed \$31,000 for the system. IGM/COP Hart responded in the affirmative and noted that system would be very versatile: It would potentially be interactive – the meetings could be live-streamed; it would be state-of-the-art; and it would be plug-and-play, which would eliminate the need for staff or volunteers to record meetings. IGM/COP Hart said he had researched this extensively, that a professional system cost this much money, and that he was ready to move forward. IGM/COP Hart noted that youth groups were still playing dodge ball in the Community Center, so the camera would need to be encased in a protective device.

Paula Black asked about the amount budgeted for overtime. She said this amount had been increasing over recent years. She noted that \$75,000 had been budgeted for the current year, \$60,000 had been budgeted for the prior year, and \$50,000 for the year prior. She said she was concerned about the trajectory of this expense category and asked what was driving its increase. President Welsh responded that Officer Martinez had been out for a year and that there had been some other injuries that had contributed to this increase. He, too, asked why the expense was projected to be higher for the current year. GM/COP Hare responded that, for the prior year, \$45,000 had been budgeted and that, when he came on board, he thought that amount was too low and so recommended increasing the amount to \$60,000. He said that, for the current fiscal year there would be two officers out on 4850 time, so some of the overtime expense would be offset by workers' compensation reimbursements. He also noted that another officer was out on administrative leave. He said that, when a department works to put a minimum of one officer on the street – when so many officers are out and when offsetting sick and vacation leave – overtime is generated. Ms. Black asked at what point it would make sense to bring on another full-time officer. District Administrator Wolter responded that, because overtime was not pensionable, it was less expensive than the cost of another full time officer. IGM/COP Hart added that, when he was hired, supervisors had the authority to approve overtime: He changed this so that he, himself, now authorizes overtime. He noted that very little of the overtime had been pro-active; most of it had been for calls for service. He explained that, when the police made an arrest, they had to complete the needed report – all of the photos and all the evidence tagged and marked – within 72 hours: Otherwise, the DA wouldn't charge. He added that there had been an uptick in property crime, and



he cited a specific recent case, which had resulted in about 50 hours of overtime. President Welsh said that how overtime was assigned and what triggered it was not well understood and said it would be a good for IGM/COP Hart to make a presentation on this. IGM/COP Hart further explained that, since he was hired, the department hadn't been fully staffed and that, currently, three officers were out. He said that, at a minimum, he had one officer on the street and that, nowhere else in California, would an agency have only one officer on the street – there should be at least two.

Linda Lipscomb said that, even with its lower recent staffing levels, Kensington had just been cited as the seventh safest community in the Bay Area and the thirteenth safest in California. She noted that the overtime increase constituted a small percentage of the budget. IGM/COP Hart said that he had come from the Department of Mental Health Hospitals, which had five state hospitals and 750 officers, and that the overtime budget, alone, had been \$10 million. He noted that, although the Kensington department was on a smaller scale, overtime was something to be managed.

Paul Dorroh said that the overtime issue was something that could be managed. He also said that he had learned, by attending Fire District meetings and listening to Chief Maples talk about that agency's budget, that the Fire District has a pretty big overtime amount. He said that Chief Maples, when asked about this, had said that he had found it to be more economical to incur overtime because of the PERS and benefits costs associated with filling the time need with a fulltime employee. He said the employees liked this situation because they're able to earn overtime, and the employer likes this because it's saving money. Thus, he said, overtime wasn't necessarily a bad thing.

Rob Firmin said that raising this question about the budget was not meant to be critical of IGM/COP Hart. Linda Lipscomb responded that this was a good point and thanked him for saying it. She said the District had been in such a state of contentiousness that it was good to remember that the group could defer to good management. Mr. Firmin said he agreed with her.

Paul Haxo said that, as someone who had been involved with District finances for twenty years, overtime had been a recurring issue for a long time. He noted that a bad crime could ruin an overtime budget. He said that, when he had been on the District Board, they had looked at the cost of a police officer as the point at which the overtime costs needed to be scrutinized more carefully. He said that the cost to the District of a fulltime officer was a little over \$200,000. Thus, he said, if overtime were exceeding that amount, it might be time to consider adding another officer, but the \$75,000 budgeted for overtime was not close to this amount. President Welsh asked what would be the tipping point at which it would make sense to hire an additional officer. IGM/COP Hart responded that he could provide such an analysis.

Rob Firmin noted that, as compared to the prior year's budget, non-sworn salaries had been increased by 23%. IGM/COP Hart responded that the District has two half-time personnel and that this was not enough: There is work that needs to be done. President Welsh asked if these employees were putting in extra hours. IGM/COP Hart responded in the affirmative. President Welsh said that he could not support IGM/COP Hart's perception more and that, at some point, the District would have to discuss more robust staffing. He said it has been a strain on non-sworn personnel to keep up with all the work that needs to be done – even though they have found ways to work more efficiently. IGM/COP Hart added that three key things for a Police Chief are drugs, money, and guns – all of which are locked up in the department's evidence room. He said that, when he had been hired, the evidence room hadn't been purged in eight to ten years. He explained that a portion of the extra hours and overtime, during the prior year and the current year, had been incurred as a result of purging that room appropriately – as required by law and policy. Simon Brafman asked why the evidence room had been in this state when IGM/COP Hart had arrived. He responded that he didn't know and asked District Administrator Wolter if she had any insight. She responded that she didn't because she didn't handle that part of the District's business. IGM/COP Hart said he didn't want to dwell on the past; rather, he wanted to focus on the present and the future. He said that a project underway was introducing barcode technology to the evidence room to make it technologically current – a project he cited as needing additional staff time. IGM/COP Hart noted that, in particular, guns donated to the police department were time-consuming items to purge from the evidence room because purging them required a court order.

IGM/COP Hart said he was not offended by anyone questioning the budget.

President Welsh noted the completion of the discussion and asked if there was a motion to recommend approving the budget.

**MOTION: Paul Haxo moved, and Gloria Morrison seconded, recommending adoption of the budget to the Board.  
Motion passed unanimously.**

**The Committee received a report from the Interim General Manager and considered recommending approval to the Board of Directors a contract, with either Bartel Associates or Nicolay Consulting Group, to perform an OPEB Actuarial Valuation for the District.**

IGM/COP Hart reported that, at the prior Committee meeting, the group had discussed Bartel Associates, which had been recommended by Adam Benson. He said that he had obtained a bid from this company and presented it to the Committee for consideration and that, at the prior meeting, Paula Black had asked about getting a second proposal. IGM/COP Hart said that he had contacted four companies, recommended by PERS, to solicit bids and that only two – Bartel and Nicolay – had responded. He noted that the Nicolay's bid was significantly lower than Bartel's and that he then contacted Nicolay to inquire about this. He reported that Nicolay told him that they had contacted Bartel to ask them what their bid amount was, and Bartel had told them. IGM/COP Hart added that Nicolay had gone on to say that it wanted the job – in part because it used to perform this service for the District – and that this was why the bid was so much lower. IGM/COP Hart reported that he and the individual at Nicolay had discussed details such as the discount rate, the trend rate, and other key components and that Nicolay was firm in its proposal.

Director Toombs said that the Bartel proposal had been about \$13,000 and that he was concerned that, with possible add-ins, there might be less of a difference in the cost of the two proposals. He also said that the prior actuarial report had cost \$12,000. IGM/COP Hart suggested that, perhaps, there be a not-to-exceed amount for Nicolay because there could be additional costs, and he noted that Nicolay had provided its hourly rate.

Director Toombs asked if it was legitimate for Nicolay to talk to a competitor about bid amounts. Rob Firmin said the competitor didn't have to answer the question. Director Toombs said this bothered him.

IGM/COP Hart noted that the District was in compliance with the law, with respect to its actuarial reports. However, he said, the Board wanted to update its actuarial report to reflect recent changes in the MOU and to ensure that correct assumptions had been used in the most recent report. He said that Nicolay knew that the District was looking for an interim report and so would be using some of the pre-existing assumptions. IGM/COP Hart said Nicolay's proposal looked very complete and was easy to understand. But, he said, he was concerned that Nicolay had under-bid the job and might ask for additional fees for any extra work, such as attending an additional meeting. President Welsh asked what the hourly rate would be. IGM/COP Hart responded that it was \$275 per hour. President Welsh asked how Nicolay's caveats compared to those of Bartel. Director Toombs noted that Nicolay wrote that it assumed the plan was not materially changed from the prior valuation and that there were other carve-outs of things it would not be doing. He said he had not examined Bartel's carve-outs. President Welsh said it would be important to compare these. Derek Suring asked if the District needed to build some wiggle room into the two proposals.

IGM/COP Hart said that Bartel was a leader in the field and that this could have impacted the bid amount. President Welsh noted that Bartel had submitted a hard cap on their estimate of \$16,500 for a full consulting valuation and that it didn't look as though there was wiggle room for them to charge more. President Welsh said he was reluctant to work with someone who was charging \$4,500 – even if the company was looking for a long-term relationship. He also noted that PLG had recommended Bartel.





President Welsh said that flaws had been found with the most recent valuation and that the District needed something better.

Paula Black said that the Nicolay proposal had pretty clear language, with respect to fees. Director Toombs responded that page 94 had a number of carve-outs. IGM/COP Hart said that the Nicolay proposal stated that it assumed there would be no material changes from the prior valuation but that there had been changes. Paul Dorroh asked if the change, from an actuary's perspective, was material. Mr. Dorroh said that the group couldn't assume that it was worth paying Bartels \$8,000 more than Nicolay to do the work if the District would be receiving the same result. He said this was actuarial science. President Welsh responded that there was a protocol that was followed but that the assumptions varied – he'd never seen two reports with the same conclusions.

Director Toombs noted that this would be an interim actuarial report and that the District would still need to do another report two years from the last report. He said this report would be done only because of the new MOU, and so, perhaps, \$4,500 was a reasonable amount. IGM/COP Hart said that the most recent actuarial report, which had been done in June 2015, would be good until 2017. Derek Suring asked if this interim report would re-set the two-year clock. Director Toombs responded in the negative. IGM/COP Hart said he would need to validate whether or not this would re-start the clock.

Simon Brafman said that Nicolay's lower price didn't mean that it wouldn't produce a quality product. Rob Firmin asked if Bartel was a much larger firm. Paul Dorroh responded that Bartel's staffing level was about four times that of Nicolay. Mr. Firmin said that Bartel may have more over-head and that this might have impacted the amount of its bid.

Director Toombs asked Rob Firmin and Paula Black for a business reason why they thought Nicolay would be a better choice. Mr. Firmin responded that it would be important to go back to Nicolay and ask if the company would give the District an absolute cap. IGM/COP Hart said that, perhaps, Adam Benson could evaluate the two proposals. President Welsh responded that perhaps the Adam Benson could be asked what he thought of Nicolay. Mr. Firmin said that, if Nicolay could answer the question he posed, he would be comfortable selecting that company, and he noted that Paul Haxo had said Nicolay's reports had been good and easy to understand. Mr. Firmin asked why it would make sense to spend more money on this, given the fact that ours is a small district.

Karl Kruger said he would be comfortable selecting Nicolay. He said he didn't think Adam Benson needed to be asked to weigh in on this. He said that, if IGM/COP Hart was comfortable with what the District would be getting, that would be good enough for him.

Paul Dorroh suggested giving IGM/COP Hart the authority to get more information from Nicolay.

Director Toombs again raised the question about whether the interim report would start the clock again. President Welsh said that perhaps a good way to look at this was that the District would be trying out a new actuary for an interim report, and if it went well, the District could engage Nicolay to do the next required actuarial report.

Simon Brafman said that the District had prior experience with Nicolay, so it wasn't an unknown. Therefore, he said, he saw little risk in selecting this firm.

President Welsh said that there seemed to be consensus to select Nicolay, as long as there was more clarity about the not-to-exceed amount. Discussion ensued about what the not-to-exceed amount should be, and the group decided upon \$8,000. IGM/COP Hart responded that he wanted to get the best price for the District. Director Toombs said the bid had been \$4,500, and he was concerned that a not-to-exceed could increase that amount. Rob Firmin asked if, in this kind of negotiation, it wouldn't be better to ask Nicolay to provide the District with a not-to-exceed amount. President Welsh responded that the Committee still needed to give IGM/COP Hart a not-to-exceed amount. Mr. Firmin and Karl Kruger said they thought \$8,000 was a good number. President Welsh said he hoped that Nicolay would provide a much lower amount.



IGM/COP Hart responded that this would give him the flexibility he needed. Paul Dorroh said it would be necessary to determine whether changes in the plan would make a difference.

President Welsh said that IGM/COP Hart should contact Nicolay to let the company know what the District is looking for and then let the Board know the results of that discussion. IGM/COP Hart said this item was already on the draft agenda for the next week's Board meeting.

Linda Lipscomb said IGM/COP Hart had the authority to make enter into contracts for services that didn't exceed \$5,000. She added that publicizing a top amount on a matter that should be a closed negotiation between a vendor and the IGM/COP was not smart.

IGM/COP Hart said he heard the Committee's direction and said he planned to make a recommendation to the Board. Linda Lipscomb clarified that the consensus was that IGM/COP Hart should go back to Nicolay and negotiate further.

Director Toombs noted that a discussion pertaining to negotiations with an actuary was not among the things that could not to be done in public. He said that the amount would have to be a public discussion at the upcoming Board meeting.

**MOTION: Karl Kruger moved, and Gloria Morrison seconded, that the meeting be adjourned. Motion passed unanimously.**

The meeting was adjourned at 7:38 P.M.

  
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Lynn Wolter  
District Administrator