

Board of Directors  
Bruce E. Dandy, President  
Robert Eranio, Vice President  
Daniel C. Naumann, Secretary/Treasurer  
Sheldon G. Berger  
Lynn E. Maulhardt  
Edwin T. McFadden III  
Michael W. Mobley



UNITED WATER CONSERVATION DISTRICT  
“Conserving Water since 1927”

General Manager  
Mauricio E. Guardado, Jr.

Legal Counsel  
David D. Boyer

**MINUTES**  
**SPECIAL BOARD MEETING**  
**Wednesday, December 13, 2017, 4:40 P.M.**  
**Board Room, UWCD G.I. “Irv” Wilde Headquarters**  
**106 North 8<sup>th</sup> Street, Santa Paula, California**

**Directors Present:**

Bruce Dandy, President, Division 5  
Daniel C. Naumann, Secretary/Treasurer, Division 6  
Lynn Maulhardt, Division 4  
Michael W. Mobley, Division 2

**Directors Absent:**

Sheldon G. Berger, Division 7  
Robert Eranio, Vice President, Division 3 [recused himself due to having a personal relationship with the property seller]  
Edwin T. McFadden, Division 1

**Staff Present:**

Mauricio E. Guardado, Jr., General Manager  
David Boyer, Legal Counsel, AALRR  
Tony Morgan, Deputy General Manager/Groundwater Resources Manager  
Tina Rivera, Chief Financial Officer  
Mike Ellis, Chief Operations Officer  
Jim Grisham, Engineering Manager  
Christy Ramirez, Executive Coordinator  
Kris Sofley, Executive Assistant/Clerk of the Board

**Visitors Present:**

Lindsay Thorson, AALRR

**OPEN SESSION 4:41p.m.**

**1. Public Comments**

In accordance with Government Code Section 54954.3: every notice for a special meeting shall provide an opportunity for members of the public to directly address the Board concerning any item that has been described in the notice for the meeting before or during consideration of that item.

President Dandy asked if there were any public comments, none were offered.

Mr. Guardado addressed President Dandy, stating for the record that Director Eranio recused himself due to a personal relationship he has with the seller and left the boardroom.

## **2. Consideration of Property Purchase and Sale Agreement**

### **Motion**

Mike Ellis addressed the Board, asking for approval of a Purchase and Sale Agreement (PSA) for the property located at 1300 Eastman Avenue in Ventura, CA, and its authorization of the General Manager to sign that agreement on behalf of the District.

Key terms of the purchase agreement is the purchase price of \$4.5 million dollars. The District will deposit \$135,000 within two business days of signing the agreement to the escrow holder. Ojai Wells will pay five percent of the purchase price split between the buyer and seller's brokers. The escrow will last for 30 days. This will begin the process for the due diligence period as well.

Mr. Ellis asked if there were any questions regarding the staff report.

Mr. Boyer added that his firm and its real estate specialist reviewed the agreement and recommended specific changes. Mr. Ellis said the seller has made AALRR's recommended changes to the agreement.

Director Maulhardt expressed his concerns about placing the District in the City of Ventura and believes it is setting up the District for a potential political firestorm. Throughout his long tenure as a Director, the City of Ventura has sued the District twice. Once over its payment for the Freeman Diversion, which the District and its legal counsel labored over to resolve. That lawsuit gave them a pass for 20 years and at the end of the agreement, they reneged on the agreement and sued us again. This time, United did its homework and we took them all the way to the Supreme Court and we won. Still, the same lunacy continues with the way the City of Ventura does things. As an Oxnard Plain's grower and pumper, Director Maulhardt said he is outraged and is not going to support this.

Director Maulhardt said he understands the dilemma, the District's need for more space and the cost savings of having staff in one location, but he cannot support this purchase.

President Dandy asked Mr. Boyer with only four members present, how many votes it would take to approve the motion. Mr. Boyer answered that it would take four votes.

Mr. Guardado addressed Director Maulhardt, stating that while he hasn't been involved in many of the situations he described, the District has had other lawsuits with other entities, so that shouldn't be the basis for doing or not doing business.

Director Maulhardt said that the level of support the District requires for many of its projects going forward requires buy in from other entities like Pleasant Valley or the City of Oxnard. His recommendation is that there is not a call for a vote and

the Board wait until there are more Directors here to take the vote. His fear is that the deck is being stacked the wrong way. He wants to speak with constituents to gauge the level of support and potential for political pushback before agreeing to the deal. Somehow, someday, staff needs to sway the Directors with the facts.

Mr. Guardado said those facts have been presented previously.

Director Maulhardt said this process started ten years ago.

President Dandy called the Board's attention to the screen in the boardroom, where Mr. Ellis displayed various comparisons.

Ms. Rivera also asked Mr. Ellis if he wanted to remind the Board that it directed staff to go forward and that it did not previously object to the area within the City of Ventura.

Director Naumann said that constituents were concerned about the money going out and how that impacted rates.

Mr. Guardado reminded Director Naumann that the District presented its budget to Pleasant Valley and Tommy Vujovich suggested using consultants instead of staff like the City of Oxnard. Mr. Guardado reminded him that the consultants route wasn't working for Oxnard and then Mr. Vujovich was in agreement about the budget item for new headquarters for the District. Mr. Guardado added that staff looked at properties in Oxnard and Santa Paula and there were always issues with parking or space and that the Eastman property was the only one to tick all the boxes. Also, the Board had stated that new District headquarters was among the top five projects ranked as priority projects for the year. He added that if staff were aware of the objections to the City of Ventura, staff never would have brought this proposal forward.

Director Maulhardt said he understands all that. Dan and Bruce may have a different opinion, but this issue has the potential of derailing. If Mr. Guardado has the consensus of the Board and if he is saying that this is the only game in town.

Mr. Guardado said it was Director Maulhardt's admission that he would be open to additional information that could change his mind, which is why Mr. Guardado continued to address the issue.

Mr. Guardado asked Mr. Ellis what a non-vote would mean to the schedule.

Ms. Rivera said she just wanted to be clear that there was another buyer interested in the property and a non-vote tonight could mean the District loses the building if action is delayed.

Director Maulhardt asked the other Directors what their opinion is on this subject.

President Dandy said that 30 years ago he went to work for the City of Oxnard and was introduced to the City of Ventura. It was not a good situation. He has tried to outreach to the City of Ventura, the last year and a half has been a bit more positive. He admitted to not knowing the Pleasant Valley folks the same way Lynn and Dan did. And checking this off the list is one of the priorities the Board gave Mr. Guardado. He voiced his respect for Director Maulhardt's opinion and asked Director Naumann to share his opinion.

Director Maulhardt asked if the site is within United's boundaries. Ms. Rivera replied yes, it is.

President Dandy said there are four Board members located in Oxnard, and while

Director Mobley added that while it is a lot of money, that isn't going to change much based on location. The District is growing, and even though there are dark clouds on the horizon, this agency is the only one that has the answers for water issues going forward. Long term, 30 or 50 years, it is time to move. He appreciates Director Maulhardt's pointing out the Council's actions, but none of those individuals are there anymore. Kevin Brown is light years better than Ms. Epstein, we have a good working relationship with him. There may be push back from people on the Plains, but it's the entire District that the Board has to think about. He would rather look forward and forget the past transgressions and he'd hate to lose this deal. Staff has been looking for years and he thinks the Board should seize the opportunity.

Director Naumann stated that he had concerns about lawsuits, having just approved \$1,000,000 for legal fees. The Board has been getting good response from outreach efforts. Visits to Washington, D.C. are beginning to generate positive results. He understands the timing issue, the need for the facility, but this is not the best result. We have four directors representing Oxnard. Craig Kaihara said he'd give us a 99 year lease if we wanted it, we took a pass. Oxnard, with all its management hick-ups, never hit the District with a lawsuit. With everything else the District has going on right now, he doesn't think this is the right time. This is a perception issue. We just okayed a million dollars, we're looking at five million and we could get ordered to pay even more. It's just not the time. He commended staff and Mr. Guardado for the effort put forth, but it's just not the right deal.

Director Maulhardt hopes he is wrong. He could vote yes under protest. He appreciates what Director Naumann is saying. Costs are amortized over 30 years, so that's not a concern, even though it's a lot of money. His issue is the perception that we're rewarding the spoiled brat in the family and the rest of the good kids are overlooked. He appreciates the logic of what the other Directors are saying, he believes the District will prevail on the Supreme Court issues, but is the District ready to take on the fight if the District gets monumental push back. But the shoe drops when you say it's located in the City of Ventura. If we have the

documentation of the buildings the District looked at, and the Board decided not to lease, it a question of whether the District is willing to fight for this building.

President Dandy asked Director Maulhardt if he would be willing to go present the concept to Mr. Vujovich and others in PV and Oxnard, to judge the political pushback.

Director Maulhardt said he didn't think he was the right person to make the case.

Mr. Guardado gave an example of a similar situation, where staff were excited about a new location and the chair had concerns, and asked the GM if he was willing to live with the "I told you so." The time that it would take to do the outreach would set-up the next deal, unless the seller was bluffing about having another buyer. The outreach wouldn't be for this particular site, but for clarification on the City of Ventura as a location in general.

Director Maulhardt said the holidays are coming, there are five days to reconvene the Board.

Director Mobley said you have 45 days to cancel the deal, without requiring a reason.

Ms. Ramirez said the deposit of \$135,000 is fully refundable during the escrow period or 45 days of due diligence.

Ms. Rivera asked to clarify one item. She heard mention of rewarding the City of Ventura and coming from a city finance perspective, it really isn't benefitting the City, per say, because if we don't come in, they're still generating sales tax from office workers.

Director Maulhardt clarified that the City's benefits were not his concerns, but rather the perception that the District is turning its back on Oxnard and rewarding the City of Ventura for its negative treatment of the District. The District has 45 days to conduct due diligence and determine if the location is a problem before it goes 'hard money.' If there is no push back, Director Maulhardt will live with the deal because it's a personal thing with him.

Director Naumann said it is all about perception. The District should be able to judge responses within that 45 day process.

Mr. Ellis reminded the Board of a previous General Manager who pushed back on a property deal thinking he could get a better deal and the District ended up losing the property.

Director Maulhardt said he would go forward providing that the agreement include language that the buyer can back out for no reason within the 45 day period. And

that staff and Directors conduct due diligence in all earnest to determine if there is any potential political push back.

Director Mobley said 45 days is plenty of time to conduct due diligence and is fairly standard practice.

President Dandy said Directors should be conducting the due diligence rather than staff. Staff could be included, but this is more appropriate for Directors and he didn't want to put Mr. Guardado in that position.

Director Maulhardt said he just wants constituents to be free to speak. He is open to a logical outreach process to ensure that this is not going to be a political nightmare.

Ms. Ramirez directed the Board's attention to page five. Mr. Boyer said the seller has the opportunity to cure the problem found during due diligence. Buyer's inability to secure a loan is cause for cancellation of the agreement. While there is not existing language covering any or no reason, and the buyer has to act in good faith.

Ms. Thorson said that the District could add language to the agreement.

Motion for the Board to approve the Purchase and Sale Agreement (PSA) relative to the 1300 Eastman Avenue property in Ventura CA, and authorizes the General Manager to sign the PSA on behalf of the District with the addition of language to the Purchase and Sale Agreement stating that the buyer may terminate the purchase agreement for any or no reason within 45 days and that its deposit will be fully refundable prior to that time and that the brokers will not receive a commission in that event, Director Naumann; Second, Director Mobley. Roll call vote: four ayes (Maulhardt, Mobley, Naumann and Dandy); none opposed; two absent (Berger, McFadden); one recused (Erano). Motion carries four/zero/two/one.

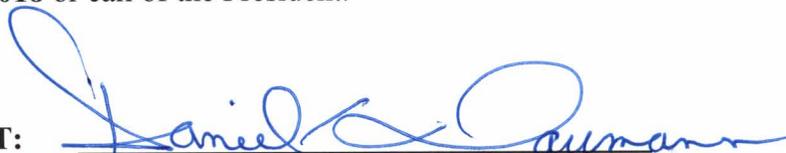
Director Maulhardt added direction to staff that extensive due diligence be conducted to ascertain the public's opinion about the location of the District's new headquarters.

President Dandy adjourned the meeting.

7. **ADJOURNMENT 5:47p.m.**

The Board adjourned to the **Regular Board Meeting on Wednesday, January 10, 2018** or call of the President.

ATTEST:

  
Director Daniel C. Naumann, Secretary/Treasurer

UWCD Special Board of Directors Meeting  
December 13, 2017  
MINUTES  
Page 7

I certify that the above is a true and correct copy of the minutes of the Special Board of Directors meeting of December 13, 2017.

**ATTEST:**

  
\_\_\_\_\_  
Kris Sofley, Clerk of the Board