

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



UNITED WATER CONSERVATION DISTRICT
“Conserving Water since 1927”

General Manager
Mauricio E. Guardado, Jr.

Legal Counsel
David D. Boyer

SPECIAL BOARD MEETING
MINUTES

Monday, June 11, 2018, 1:30 P.M.
1701 Lombard Street, Oxnard, CA 93030

DIRECTORS PRESENT:

Daniel C. Naumann, Vice President, Division 6
Michael W. Mobley, Secretary/Treasurer, Division 2
Sheldon Berger, Division 7
Bruce E. Dandy, Division 5
Lynn Maulhardt, Division 4
Edwin T. McFadden III, Division 1

DIRECTORS ABSENT:

Robert Eranio, President, Division 3

STAFF PRESENT”

Mauricio E. Guardado, Jr., General Manager
Tina Rivera, Chief Financial Officer
Mike Ellis, Chief Operations Officer
Christy Ramirez, Executive Coordinator
Clayton Strahan, Senior Park Services Officer
John Carman,
Brian Collins, Supervising Instrument and Electrical
Greg DeJarnette, Dam Tender
Dan Detmer, Senior Hydrogeologist
Kelly Johnson,
Craig Morgan, Senior Engineer
Kris Sofley, Executive Assistant/Clerk of the Board

PUBLIC PRESENT:

Bill Clarke, Coldwell Bankers Real Estate
Tyson Cline, Architect

OPEN SESSION: 1:30p.m.

Director Naumann called the Special Board Meeting to order at 1:30p.m.

1. Public Comments

Director Naumann asked for public comment. None were offered.

2. Inspection of proposed District Headquarters property

Motion

Mike Ellis updated attendees on the due diligence performed by District staff in evaluating the property located at 1701 Lombard Street, Oxnard, CA 93030. Mr. Ellis reported that an elevator inspection found the equipment to be in fine working condition. Garland did a roof inspection and determined with an estimated \$3,500 in repairs, the roof would be good for another five years. If the District wanted to invest \$240,000 in roof repairs, the company would guarantee the roof for an additional 15 years. VCCO did an inspection of the 29 HVAC units on the roof. They said that three should be replaced, at an estimated cost of \$7,5000 and the remaining 26 would need minimum repairs estimated to be between \$1,000 to \$2,000 each.

Director Dandy questioned why 29 HVAC units were needed for 29,000 square feet of office space.

Mr. Clarke said that the number of HVAC units is to accommodate multi-tenant use and requirements, whereas if the building were occupied by only one entity, such as the 14,000 square feet of space on the second floor, the number of units could be reduced.

Mr. Cline said the 2ton units could be replaced by one larger one, depending on how the District decides to break out the space, but that he could provide an analysis of the life cycle of the units, if required.

Mr. Ellis continued with his report, stating the visual plumbing inspection looked like everything was in very good condition. Landscaping and janitorial looks good so are. He had just received a copy of the building's basic blueprints and copies of lease agreements, which are currently being reviewed. He will continue with due diligence into the Escrow period.

Mr. Clarke reiterated that there is a 30 day due diligence period and 45 days until final contingency.

Mr. Ellis stated that the seller was having a bit of sellers remorse as there are limited non-commercial exchange properties and little if any properties available.

He continued to provide a tour of the space, pointing out the 718 square foot existing Board Room on the first floor, which had approximate 2250 square feet of space for a Boardroom, Board Chambers and other public meeting space. All staff offices would be located on the second floor, which is accessible by two stairwells and an elevator. Public restrooms, four for each gender are also handicap accessible.

Mr. Cline said a review of code standards regarding assembly space will determine the maximum size and fixture configuration. He said that it may all be fine, but more may be required.

Ms. Rivera asked about the roof repairs -- \$3,000 now for five years, then another \$240,000 for another 15 years.

Director Berger said the District is spending money on inspections and asked about the seller's commitment.

Mr. Clarke said that there is a deal in place, and that doesn't include a contingency on finding an exchange property.

Director Naumann asked if the contract mentioned an exchange and Mr. Collins replied that it did not.

Mr. Clarke said that the current tenant leases are "full service gross leases," which include janitorial service and all utilities, generating an income of approximately \$28,000 per month.

He said that worked about to about 25 cents to 30 cents a square foot for janitorial.

Director Naumann asked about the expiration dates of the lease agreements.

Mr. Ellis said the Workright lease expires in March 2019.

Mr. Clarke said he is in process with the City; getting income, offset costs, conducting tenant interview regarding renewals and lease terms.

Ms. Rivera asked if utilities included electricity.

Mr. Clarke said yes, all utilities are included.

Director Berger asked about the water usage, in particular Unilab.

Mr. Clarke said that Unilab has higher water usage and a separate restroom facility.

Mr. Guardado said we don't want to be subsidizing.

Mr. Clarke said to look at market rates and he would provide comps within the Gonzales corridor.

Director Naumann confirmed that downstairs is 6,000 square feet.

Mr. Ellis said that half of the downstairs space would be used for the Boardroom, chambers and other public meeting space. The asking price is \$5,750,000. He said the asphalt in the parking area needs some minor repair and resealing, which should cost about \$35,000. Mr. Clarke added that there are 4.5 parking spaces per square feet, plus street parking.

Ms. Rivera said Oxnard sewer rate set-back, resulting from a lawsuit over rates and asked Mr. Clarke about retention of value as she stated she had concerns about property values and pointed to Stockton's bankruptcy and how it impacted property values.

Mr. Clarke said that this is a market driven rent area due to the proximity to St. Johns. The area is a mix of medical and office space and that demand is still strong. He added that in 2008, the market took a bit of a hit but this area held strong.

Mr. Cline said a different user could make changes to the existing space, and suggested, for example, that the front door could be moved, impacting how people will use and access the space.

Director Naumann said there is no street entrance.

Mr. Cline said not at present; but that could be changed to make a prominent entrance off the street. He also suggested examining how to control public space on the first floor if all of the staff offices are located on the second floor.

Director Dandy asked if the entire first floor would be gutted, and Mr. Ellis said that there would need to be a reception area, public access to the meeting rooms and most likely sound proofing, both to eliminate noise from the meeting rooms and also from the elevator equipment.

Director Naumann then asked if any of the Board members had any other questions or comments.

Mr. Guardado said that he thought the District should stay the course, as the building seems to be worth the investment and meets a lot of the needs assessment requirements.

Director Berger asked if anyone had analyzed different scenarios, like if all of the tenants moved out; the District as landlord to subsidize the building. He said it is really important to stay on top of the leases and encouraged the Board and staff to be cognizant of the financial terms and expirations of lease agreements, maintenance and janitorial contracts, etc. He added that lenders always look at the number of leases and terms of each lease.

Director Dandy asked about bond money.

Ms. Rivera said that staff was looking at an inter-fund loan over five years and was factoring in the lease income as well.

Director Berger said that the lease income has to be there to balance the investment and that the numbers should be examined for a worst case scenario.

Mr. Guardado said that staff have looked at so many existing buildings and this was the first to have the parking space required, and that the age of the building and the price were very attractive.

Director Berger said he thought it was a good location and all part of the whole deal.

Ms. Rivera reminded the Directors of the various funding options that were presented to the Board and that they had all agreed on the inter-fund loan. She also said that she would do an update on the analysis to include a worst case scenario, no leases, as requested by Director Berger.

Director Naumann asked if there were any other options.

Ms. Rivera said issuing of debt was an option, but it is always more costly, but that's something that can be done even after the District owns the building. Board okayed two years to reimburse the purchase.

Director Naumann asked if there was the plan for the existing office in Santa Paula.

Mr. Ellis said if at all possible, the plan is to sell that property.

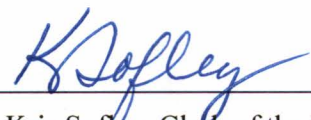
Director Berger encouraged staff to continue with due diligence and with negotiations, especially regarding the \$240,000 in roof repairs.

3. ADJOURNMENT 2:25p.m.

Director Naumann adjourned the Board to the next **Regular Board Meeting** on **Wednesday, June 13, 2018** or call of the President.

I certify that the above is a true and correct copy of the minutes of the Board of Directors Special Board meeting of June 11, 2018.

ATTEST: 
Michael W. Mobley, Secretary/Treasurer

ATTEST: 
Kris Soffley, Clerk of the Board