

**LAKESIDE WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Special Meeting
September 4, 2014**

The Special Meeting was called to order at 8:15 a.m. at the District office. Present at the meeting: Commissioners L. R. Ghilarducci, Jr., J. S. Korsmo, Jr., and G. J. Rediske; General Manager R. Black; Superintendent I. Black; Finance Director D. Logan; District Secretary C. Butler, and District Real Estate Agent K. Campbell.

PUBLIC COMMENT:

No members of the public were present.

**BOARD ACTION re. PSA ON PROPERTY AT 4205-4215 108th STREET SW,
TACOMA:**

The General Manager introduced Real Estate Agent K. Campbell who had done a considerable amount of research at the County and City levels on this piece of property and discovered it was not zoned for commercial but residential use. This significantly affected the value/selling price. The property owners were asking \$1.1M. The County Assessor's Office had the property somewhat unofficially valued at \$700K and was inclined to reduce the value once they were informed it was not commercially but only residentially zoned; it was not a point of significant value to that office in that there were no property taxes paid on this property. The District initially offered \$400K. The property owners countered with \$800K and asked for the District's best and final offer. The District presented its best and final offer of \$480K in July.

The matter had gone all the way to the Philippines for review. On 8/25/2014, Mr. Campbell received an email from the Church asking for \$700K for the property. The District held with its best and final offer. Four days later, the Church informed Mr. Campbell they accepted the District's best and final offer.

A draft of the Purchase and Sale Agreement was presented to the Board. Once the PSA was signed, forming a mutual agreement on the offer between the District and the Church, the District would have three business days from the next business day to submit earnest money in the amount of \$5000; e.g., if the District signed the PSA today, 9/4/14, it would have three business days from 9/5/14 to submit the earnest money. The District would also have 21 business days from the next business day after signing of the PSA for any Feasibility Study, at which time the District could perform soil samples and building examinations for any contamination of soils and/or any asbestos in the buildings. The General Manager recommended only the Church building remain intact to be used for storage; all other out buildings would be torn down. The Board concurred.

The District could close on this purchase as early as September 30, but the Board wanted to take its time to do due diligence in the area of the Feasibility Study, especially in light of a "junk yard" adjacent to the property and possible asbestos in the buildings. The General Manager felt due diligence could be attained within the 21 days, especially since there was no septic system to deal with at the property.

Mr. Campbell pointed out Item #6 of the PSA stating there was no warranty of any kind on the property or buildings, that it was an "as is" sale.

In Item #10, the PSA also called for the District paying all closing costs, including escrow, title, and recording fees as well as excise tax at an estimated total of \$11,885. Excise tax is typically paid by the seller.

Commissioner Korsmo moved to approve the purchase of the property at the purchase price of \$480K, to be paid for with funds available due to savings realized in the 2014 Budget. The seller and the District will split the closing costs, with any out-of-state costs and the excise and sales taxes to be paid by the seller.

After discussion, Commissioner Rediske seconded the motion, and it was passed by a unanimous vote. The General Manager modified the PSA to reflect the details of Commissioner Korsmo's motion for the District to pay closing costs except any outside costs and except the excise and sales taxes. Mr. Campbell will take the modified PSA to the owner. Once initialed, the mutual agreement will be complete and the rest of the process will proceed.

The District had worked with local firm, Designated Escrow for many years, but recently they closed their doors. A representative from Designated Escrow that had handled many District transactions over the years was now with Fidelity and was able to secure a Preferred Client Discount for the District in that all incidental fees and charges were waived.

Commissioner Korsmo asked for confirmation that this piece of property would be of noted value and beneficial use to the District. The General Manager heartily confirmed, noting the location and size of the property as first and second "pro" points, and also the proximity to be able to add more wells at this location and utilize the District's Abitibi water rights to serve its wholesale customers.

Commissioner Korsmo asked if the District had the funds available in the budget. The General Manager assured Commissioner Korsmo the District was able to fund this purchase with savings realized in the 2014 Budget in the areas of the AMI Meter Replacement Program and other capital and R&R projects. A report of said savings had been presented under Executive Session at the June 19, 2014 Regular Meeting when the Board was discussing an appropriate offer to place on the property.

Board of Commissioner's Special Meeting

September 4, 2014

Page 3

OTHER BUSINESS:

Dates for meetings—The General Manager discussed with the Commissioners dates for the rescheduled September meeting, a meeting for Open Government Training from Dawn Findlay-Reitan of Inslee Best, and the Bonds 101 presentation from Key Bank, as well as a Budget Workshop. The following dates/times/meetings were set: September 25 @ 8:30 a.m.—Special September Meeting; October 7 @ 8:30 a.m.—Special Meeting to accommodate Open Government Training and Bonds 101 from Key Bank; and October 16 @ 8:30 a.m.—Budget Workshop.

With no further business to address, President Ghilarducci adjourned the meeting at 8:45 a.m.

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS**

BY:



ITS PRESIDENT

BY:



ITS VICE PRESIDENT

BY:



ITS SECRETARY

ATTEST:



DISTRICT SECRETARY