



AGENDA

Please turn off all cell phones while meeting is in progress.

STALLION SPRINGS COMMUNITY SERVICES DISTRICT
27800 STALLION SPRINGS DRIVE, TEHACHAPI, CA 93561

BOARD OF DIRECTORS SPECIAL BOARD MEETING
MONDAY, APRIL 9, 2018

CLOSED SESSION @ 4:30 pm

1) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Initiation of litigation pursuant to Government Code section 54956.9(d)(4) (One potential case)

OPEN SESSION

Call to Order

This meeting is held in accordance with the Brown Act. Individuals may address the Board on any matter listed on this agenda, excluding CLOSED SESSION. Members of the audience desiring to address the Board must approach the podium and request recognition from the Board President. Presentation by the audience is limited to three minutes per agenda item.

Roll Call:

Directors present:

Directors absent:

Flag Salute

- 1) **Reserved for President's Comments and Addendum.**
- 2) **PUBLIC PRESENTATIONS** – This portion of the meeting is reserved for persons desiring to address the Board on any matter not on this agenda and over which this Board has jurisdiction. "Please be advised however, the Brown Act prohibits action on items that are not listed on the Agenda, or properly added to the Agenda under the provisions of the Brown Act. The Board may set such items for consideration at some

future Board meeting.” Speakers are limited to three (3) minutes. PLEASE STEP TO THE PODIUM TO MAKE YOUR PRESENTATION. STATE YOUR NAME AND ADDRESS FOR THE RECORD, before making your presentation. Thank you.

- 3) **BOARD MEMBER ITEMS** – This portion of the meeting is reserved for Directors to present to the Board and to the public, information, announcements and items that have come to their attention. No formal action will be taken. A Board member may request that an item be placed, for consideration, at a future Board meeting.
- 4) Discussion and direction in regard to the pursuing of the Golf Course via outright purchase or a lease purchase agreement for \$1.4 million dollars.
- 5) Discussion and direction in regard to a potential Solid Waste Site located at Churchill and Stallion Springs Dr.
- 6) Discussion in regard to selling the property located at 16904 Bold Venture Drive.
- 7) Approval of a Park Agreement with Tehachapi Valley Recreation and Parks District and Stallion Springs CSD in regard to lifeguard employment.
- 8) Discussion and direction in regard to pursuing a 501(C)(3) Organization in conjunction with the SSCSD for Park Programs and Park Development.
- 9) Motion to Adjourn

ADA compliance statement: In compliance with the Americans with Disability Act, if you need special assistance to participate in this meeting, please contact the General Manager, David Aranda, at 661-822-3268. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting.

Posted April 6, 2018



STALLION SPRINGS COMMUNITY SERVICES DISTRICT

27800 STALLION SPRINGS DRIVE, TEHACHAPI, CA 93561
(661) 822-3268, FAX (661) 822-1878, sscsd@stallionspringscsd.com

AGENDA SUPPORTING INFORMATION

Agenda #4

Subject: Discussion and direction in regard to pursuing of the golf course via outright purchase or a lease purchase agreement for \$1.4 million dollars.

Submitted by: David Aranda, General Manager

Meeting Date: April 9, 2018

Background: Mr. Neveau met with me on Friday March 16, 2018 and informed me that he will not be continuing to maintain the golf course and NOW is the time for performing the proper maintenance on the greens. He strongly encouraged the District to purchase the golf course and utilize the Assessment process in order to fund the purchase.

The following week I received a phone call from Supervisor Zack Schirvner. He is very concerned that the golf course in Stallion may become "another Golden Hills" and stated that he was hopeful something could be done to avoid that. The County has no financial resources to assist but could assist in other ways.

I have received a number of follow up phone calls from Mr. Neveau in regard to this issue and thus I am bringing this agenda item to the Board for some direction.

Please note the following requirements and issues in regard to purchasing the golf course:

1. The District must have an appraisal done on the golf course in order to understand the fair market value of the course. The District cannot purchase property for more than the fair market value of the asset. Estimated cost for an appraisal is \$16,000.
2. The District would need to contract with an agency that has the capability to produce an "engineering report" on the special benefit

determined for properties in Stallion Springs. The estimated cost for this project is \$30,000.

3. As noted by the attorney's e-mail, it is very possible that a worst-case situation would be a finding that there is no "special benefit" to property owners and thus no monies can be assessed. In a best-case situation, it would be a weighted assessment per parcel based on the location of the property from the golf course. Logically parcels close to the golf course would pay more in assessment fees than those parcels further away.
4. Making an assumption for ease of numbers that all parcels were equal and the District needed \$2 million dollars to purchase and have initial startup costs there would be \$200 per year per parcel for five years needed in order to fund this project. The process does involve a MAJORITY OPPOSE vote but I feel that would still be a tough sell to the overall community, even with the thought that property values can drop up to 30% with the closure of the golf course.
5. Operational a course in good shape would run about \$100,000 per year. Mr. Neveau states that there is a professional firm ready to manage the course. I have not had any discussions with the firm to determine what their terms would be to take on managing the golf course.
6. The water situation in regard to irrigating the golf course is good from the standpoint of the agreement of treated water from the prison being available for a very good price.
7. Mr. Neveau stated that because the process will take time and the course is in need of care right now, the District may wish to enter into a lease purchase agreement with him.
8. I have attached the sale agreement, the information from the attorney in regard to the Proposition 218 process and the quote from an appraisal company.

General Manager Recommendation: I had the unique situation in regard to the fact that I was the General Manager for the Resort from 1984-1994 and thus operated the golf course. Considering the condition of the golf course and the country club I do not believe that the value of what Mr. Neveau is asking can be justified. I also do not believe that the District can afford to be the responsible party in owning, operating and maintaining the golf course.

Each Director should state their position and then a vote should be taken on the question "Should the District pursue purchasing the golf course in its current state at the current asking price?"

David –

With respect to the Prop 218 question below, here is the response prepared by my colleague, Lutfi Kharuf, who, as I mentioned, works closely with Kelly Salt in our San Diego office.

1. In order to impose an **assessment** on properties in the District, the District must hold a noticed public hearing. Unlike with fees and charges, however, the Prop 218 hearing is a “ballot protest proceeding,” meaning each property owner upon which the assessment is to be imposed will be afforded the opportunity to submit a ballot to or for the proposal. The ballots are weighted – the higher the financial liability, the more weight the ballot has. **If a majority of the weight of the ballots opposes the assessment, the assessment cannot be imposed.** They can mail the ballots in (which perhaps is what the owner is referencing), but the District will also have to provide the opportunity for written protests to be submitted at a public hearing.
2. The challenge with assessments, however, is that you can only levy for “special benefit,” and it has to be proportional to the special benefit conferred. If there is any “general benefit,” i.e. any benefit that inures to the public at large or is not separate, unique, and distinct to the property owner assessed, that portion needs to be paid for with other unrestricted revenues. **The District will need to hire an assessment engineer to conduct the analysis (this is required under Prop 218 – a detailed assessment engineer’s report will be required).** There will be additional requirements depending on the particular type of assessment the Board choose.
3. **There are alternatives.** Depending on the number of properties, you can consider voluntary or contractual assessments, where each property owner agrees to be assessed for their share of the golf course. Since this pays for ongoing maintenance, this may be difficult. Alternatively, you can consider forming a Community Facilities District. However, this will require a special tax election (albeit through easier procedures than under the elections code).
4. Finally, if the golf club is **private and only serves a specific community** (for example, a gated community with a golf club for members only), then they can probably easily divide the assessment evenly amongst homeowners. If they take additional members, they can offset the amount assessed to homeowners by what they collect from additional members. The special benefit issue is the challenge with assessments, which is why they are going out of style, but those are the sorts of things to look at here.

Feel free to call Lutfi directly at 619-525-1302 with any questions or if you would like to discuss.

Thanks for your patience on this. From the above, looks like we will need a couple of questions answered and then you can decide what if anything goes next to the Board.

Ruben



Ruben Duran
Partner

David

From: Michael Burger <mburger@valbridge.com>
Sent: Monday, March 26, 2018 4:48 PM
To: Daranda300@gmail.com
Subject: Stallion Springs Golf Course
Attachments: Golf Course Valuation.pdf

Hi David

My firm in partnership with a partner Valbridge office, as shown on the attached document, can appraise the golf course for you. As I mentioned I have an old appraisal on the golf course from about 10 years or so ago.

Before I provide a written proposal I want to quote the fee of \$16,000 and a delivery time 4 weeks.

If that is acceptable we will get that proposal to you.

Mike

Message from your call to my office

David Aranda with Stallion Springs Community Services District called. The owners of Horse Thief Country Club approached the District and would like to sell the golf course. Need an appraisal for fair market value. Wondered if we do golf courses which I didn't see any on the To-Do but I said that I would send you the info and that you would be in touch.

661-300-1231

Daranda300@gmail.com

Michael Burger MAI, RW-AC

Senior Managing Director

Valbridge Property Advisors | **Central California**

4915 Calloway Dr. Suite 101

Bakersfield, CA 93312

Office 661.587.1010 ext. 101 | Fax 661.834.0748

[LinkedIn](#)



Comprehensive Valuation & Advisory Services

OAK TREE AFFILIATES

Accounting Office:

28681 Stallion Springs Dr
Tehachapi, Ca 93561
Phone: 661 822 5400

Business Office:

7451 Circulo Sequoia
Carlsbad, Ca 92009
Phone: 310 729 0086
Fax: 661 823 8214

March 21, 2018

BOARD OF DIRECTORS
Stallion Springs Community Services District
28500 Stallion Springs Drive
Tehachapi, CA 93561

Re: Letter of Intent to purchase and sell Horsethief Golf Course
in the County of Kern, State of California

Dear David,

Oak Tree Affiliates, Inc. (Seller), hereby sets forth its intent to sell to Stallion Springs Community Services District (Buyer) those certain parcels of real property on which the business of the Horse Thief Golf Course is located, together with all businesses conducted on such real property, within the geographic jurisdiction of the Buyer in the unincorporated area of the County of Kern, State of California, and more particularly described in Exhibit A attached to this letter on the terms and conditions set forth in this letter. Additionally, OTA intends to sell to the Buyer the contract commonly known as the CCI contract for treated water delivered to the course in the amount of 350 acre feet per year.

The terms under which the Buyer will purchase the Property from the Seller are as follows:

1. **Purchase Price:** **\$1,400,000** all cash due at closing, consisting of the following:
 - A. 126 acres consisting of 18 fully functional holes of golf, and nearly all the equipment necessary to run it, and a functional pro shop and restaurant.
 - B. A dedicated pipeline bringing at a minimum, 350 acre feet of irrigation water at a price that is 25% of the minimum price available from any other source for the magnitude.
 - C. The opportunity to recover \$300,000 from anyone else that may want to use the pipeline for delivery of the water.
 - D. This offer is valid until March 22, 2018. At which time a signed copy of acceptance shall be returned to seller.

2. **Property:** The real property owned by Sellers is more particularly described in Exhibit A attached hereto, together with the business of operating the Horsethief Golf Course and the restaurant on the property together with the liquor license associated therewith, and all equipment leases associated therewith. The Contract with CCI will be assigned to SSCSD

3. **Deposit.** **\$10,000.00** due within two (2) business days after mutual delivery by Seller and Buyer of a binding Agreement for Purchase and Sale of

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Property that has been executed by the Seller and Buyer. This agreement to be signed by March 30, 2018, and a signed copy returned to Seller.

- 4. Due Diligence Period** Buyer shall have until April 15, 2018, to conduct any and all due diligence or inspection as Buyer, in its sole judgment, shall consider necessary. This period shall coincide with the delivery of the 218 voting document to every parcel holder in Stallion Springs to authorize an annual assessment
- 5. Close of Escrow:** May 31, 2018
- 6. Purchase Contract:** Both Buyer and Sellers shall make their best efforts to execute a binding Agreement for the Purchase and Sale of Real Property within ten (10) days after delivery by Buyer to Seller of this Letter of Intent fully executed by the Buyer.
- 7. Brokerage Fee:** Buyer and Sellers each represent to the other that no broker has been engaged in the negotiation or procurement of this transaction and that no broker, sales, finder or other fee is due to any person. Buyer agrees to indemnify Sellers against any claim from any person that any such fee is due arising from the action(s) of Buyer.
- 8. Term:** This Letter of Intent shall be valid until 5:00 pm, March 22, 2018, after which time it shall become null and void.
- 9. Escrow and Title.** The Escrow Agent to facilitate the closing of this transaction shall be Chicago Title Company, 1054 W. Valley Blvd., Tehachapi, CA 93561, _____, Commercial Escrow Officer. A CLTA Standard Coverage policy of Title insurance shall be provided to Buyer by Chicago Title Company. Sellers shall pay for the title insurance policy premium for a standard coverage title policy, recording fees, transfer fees, and one-half (1/2) of Escrow costs. Buyer shall pay one-half (1/2) of Escrow costs, the cost of any extended coverage title insurance, and any other closing costs. real property taxes, property operation expenses, association dues, utilities, and other recurring costs shall be prorated as of the closing date, except that from the date at which Buyer executes this letter of intent to the date of closing, Buyer shall pay to Seller all of the net costs of operation and maintenance of the golf course which have been incurred by Seller. Seller shall maintain the golf course and buildings in a manner that would be appropriate for the season and the normal use of the golf course and will take very effort to maintain the course in the condition that exists on the date of Buyer acceptance of this letter. Proof of the

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net costs of operation and maintenance will be presented by Seller to Buyer in a form using a generally accepted account format, and will be paid by Buyer to Seller after closing upon approval of the General Manager of the Buyer. The obligation of the Buyer to pay net costs under this provision shall not exceed \$55,000.00.

- 10. As-Is, Where Is** The Property is being sold in its "As-Is" condition, without warranty or representation, whether express or implied, of any kind by Seller.
- 11. Assumptions** Buyer shall assume all leases of equipment which Seller has entered into for the operation of the golf course which Buyer may examine during its due diligence period. Buyer shall assume the agreement between Seller and the Tehachapi Cummings Valley Water District relating to the provision of recycled water to the golf course. The buyer and seller may agree that while the course is in escrow, Spring Maintenance on the course may commence. All maintenance during this period will become reimbursable to the seller whether or not the escrow entered by both parties actually closes per the agreement. It will be the intentions of buyer and seller that the maintenance done during this period will be to insure that the course can open for play the day of the transfer of title.

This letter is intended solely as an expression of general intentions. This letter may be executed by the parties in counterparts, each counterpart intended to be a part of the letter. The parties agree that this letter is not intended to create any agreement or obligation by either party to purchase or sell the Property. The parties intend that neither Buyer or Seller shall have any contractual obligations to the other with respect to the matters referred to herein unless and until a definitive Agreement for Purchase and Sale of Real Property has been fully executed and delivered by the parties.

Seller looks forward to the early documentation and consummation of this transaction.

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OAK TREE AFFILIATES, INC., a California corporation

By _____
T. Daniel Neveau, President

AGREED AND ACCEPTED by Buyer

STALLION SPRINGS COMMUNITY SERVICES DISTRICT

By _____
PRESIDENT OF THE BOARD
OR ACTING CHAIRMAN



STALLION SPRINGS COMMUNITY SERVICES DISTRICT

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AGENDA SUPPORTING INFORMATION

Agenda #5

Subject: Discussion and direction in regard to a potential Solid Waste Site located at Churchill and Stallion Springs Dr.

Submitted by: David Aranda, General Manager

Meeting Date: April 9, 2018

Background:

At the February Board Meeting the Board gave the go ahead for the General Manager to pursue developing an enclosed solid waste site on the District owned property on Churchill adjacent to the Stallion Springs Administration Building. Further research into developing that property for that purpose has determined that a zoning change would be required and in conjunction with that change the District would spend additional money for a Conditional Use Permit. The District would also be required to find a property of equal or greater size and swap that property in regard to residential zoning.

At this point in time the General Manager is recommending that the District NOT pursue developing the property on Churchill for a solid waste site, continue to utilize the existing site with better signage, monitoring for violations and writing citations and continue to pursue other options for the future of a solid waste site.

Recommendation: The General Manager would like an actual vote of the Board on the following: The Stallion Springs Community Services District will not pursue the Churchill site as a solid waste transfer station at this time due to zoning and property restrictions.

David

From: Dave Lee <LeeD@kerncounty.com>
Sent: Tuesday, March 27, 2018 1:58 PM
To: David Aranda
Cc: Nancy Ewert; Chuck Magee; Ronelle Candia
Subject: RE: SSCSD Conceptual Site Plan

Good afternoon, David. I wanted to provide you an update after my conversation with KC Planning Department staff. This requires some detail and background information. If you have questions after reading this, we are happy to answer them.

The parcel (APN 318-430-12) being considered behind the Admin center is zoned R-3 PD (residential high density). As a R-3 zone, the operation and construction of a transfer station is not allowed under current local land use regulations. In order to operate a transfer station on the parcel, the District will be required to apply for a Zone Change Case to a A zone or A-1 zone. With the A/A-1 zone, a Conditional Use Permit (CUP) can then be issued for transfer station operations. In addition, Planning will be requiring the District to find another parcel of equal or greater size to replace/swap the residential parcel we are changing. The change is required so that Planning can maintain compliance with the Housing Element of the Greater Tehachapi Area Specific and Community Plan.

With all that said, here is what needs to occur to move forward with the operations if that parcel is to be used:

1. Determine a consulting firm to conduct the environmental review of the operation, which is required for the zone change and issuance of CUP. KC Planning specifically mentioned that some traffic mitigation (such as road improvements or a stop light) may be required at the intersection or side street if an influx of traffic is anticipated in the area.
2. Find a property or equal or greater size that can be swapped to a residential zoning. When property is found, Planning can review the property for consistency with the Specific Plan.

Dave Lee, Kern County Public Works
Waste Management Specialist
leed@kerncounty.com
(661) 862-8765

From: Nancy Ewert
Sent: Wednesday, February 28, 2018 9:13 AM
To: David Aranda <daranda300@gmail.com>
Cc: Dave Lee <LeeD@kerncounty.com>
Subject: RE: SSCSD Conceptual Site Plan

David - There is no drop dead date for SSCSD to have a approved transfer station. The County has committed 1 FTE staff person to help staff the site. From the beginning of our conversations, the Dept. will be ready to provide this service when the site can be secured.

To my knowledge, Environmental Health Dept acting as the Local Enforcement Agency (LEA) for CalRecycle has not cited Stallion for permit violations, and Stallion is not under a Notice & Order for transfer station violation. Therefore, there are no impending penalties. My understanding of the objective of relocating the transfer station is to provide better and broader solid waste and recycling services with a secure site.



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AGENDA SUPPORTING INFORMATION

Agenda #6

Subject: Discussion and direction in regard to selling the property at 16904 Bold Venture Dr.

Submitted by: David Aranda, General Manager

Meeting Date: April 9, 2018

Background: Director Stewart will explain her need to step out of the room for this discussion.

Woodward is interested in purchasing the property on the corner of Stallion Springs Drive and Bold Venture. A few years ago, this property was deeded over to the District by the Kern County Fire Department. The property currently has an old firehouse on site that is used by the Stallion Springs CERT.

The attached pages are the critical components to an appraisal report that Woodward Funded.

I am meeting with a representative from Woodward on Friday April 6th in regard to this discussion and I will provide more verbal comments on Monday at the Board Meeting.

The client in this assignment is Powdr Woodward CA LLC and the intended users of this report are Powdr Woodward CA, LLC and Stallion Springs Community Services District and no others. The intended use is for a potential sale transaction and no other use. The value opinions reported herein are subject to the definitions, assumptions and limiting conditions, and certification contained in this report.

The acceptance of this appraisal assignment and the completion of the appraisal report submitted herewith are subject to the General Assumptions and Limiting Conditions contained in the report. The findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions which might have affected the assignment results:

Extraordinary Assumptions:

- None

Hypothetical Conditions:

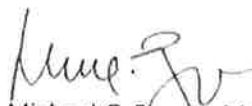
- None

Based on the analysis contained in the following report, our value conclusions are summarized as follows:


Value Conclusions

Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	March 7, 2018
Value Conclusion	\$125,000
	\$166.67 psf

Respectfully submitted,
 Valbridge Property Advisors | Central California



Michael C. Burger, MAI, R/W-AC
 President and Chief Appraiser
 California License #AG003817
 License Expires May 17, 2018



Laurie C. Eagleson
 Real Estate Appraiser
 California License #AL032591
 License Expires March 25, 2019

Value Indications

Approach to Value	As Is
Land Only - Sales Comparison	\$100,000
Cost	\$125,000
Sales Comparison	\$105,000
Income Capitalization	Not Developed

Value Conclusions

Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	March 7, 2018
Value Conclusion	\$125,000
	\$166.67 psf

Our findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions which might have affected the assignment results:

Extraordinary Assumptions:

- None

Hypothetical Conditions:

- None



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AGENDA SUPPORTING INFORMATION

Agenda #7

Subject: Approval of an agreement with Tehachapi Valley Recreation and Parks District and Stallion Springs in regard to lifeguard employment.

Submitted by: David Aranda, General Manager

Meeting Date: April 9, 2018

Background: A meeting with representatives from Tehachapi Valley Recreation and Parks District and the Stallion Springs Parks Manager led to the attached agreement.

Tehachapi Valley Recreation and Parks would like the Board of Directors approve this simple agreement.

The General Manager feels that this is beneficial to both entities and would like to work with Tehachapi Valley Recreation and Parks in having the ability to share lifeguards for pool operations this summer.

Recommendation: Approve the attached agreement.



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AN AGREEMENT BETWEEN TEHACHAPI VALLEY RECREATION AND PARKS DISTRICT AND STALLION SPRINGS COMMUNITY SERVICES DISTRICT (TVRPD AND SSCSD RESPECTIVELY)

It is understood that both agencies operate public swimming pools so it would be in the best interest that the two agencies work together in recruiting and utilizing the resources for lifeguard services over the 2018 swim year.

The following is agreed upon:

1. Both entities will work together in recruiting individuals interested in applying for lifeguard work.
2. Both entities will communicate on a regular basis in regard to the work ethic of the employees, how the scheduling is working and on-going interviews and the hiring process.
3. Both entities will work together as needed to address any issues that may arise with the hired staff.
4. Upon hiring EACH entity will provide the appropriate paperwork and attire to the individual who will be employed SEPERATLY by each entity.
5. TVRPD agrees to provide the scheduling for both entities and will ensure that the Stallion Springs CSD will have access to the schedules for informational purposes.
6. TVRPD agrees to provide the in-service training through the swim year for 2018. Trainings will occur every other week and can be at either location.

David Aranda, General Manager
Stallion Springs CSD

Michelle Vance, District Manager
TVRPD



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AGENDA SUPPORTING INFORMATION

Agenda #8

- Subject:** Discussion and direction in regard to pursuing a 501(C)3 organization in conjunction with the SSCSD for Park Programs and Development.
- Submitted by:** David Aranda, General Manager
- Meeting Date:** April 9, 2018
- Background:** Because we are a Governmental Agency the District is limited in some ways in regard to accepting donations and applying for grants. Non-profit organizations can qualify for tax deductible donations and certain grants.
- In the world of Independent Special Districts, especially those that operate park districts; it is not uncommon for a Non-profit arm to be formed in assisting a Governmental Agency. The Non-profit arm can assist in raising money for park development, overseeing certain park activities and recruiting for help organizing activities.
- The General Manager would appreciate the Boards consensus on the idea of pursuing the formation of a non-profit organization to assist Stallion Springs CSD.
- The General Manager has been in touch with an attorney that specializes in putting the documents in place, at a cost roughly around \$5,000. The attorney stated she would gladly participate in a phone conversation with the Board to better understand the details of forming such an organization.
- Recommendation:** Approve pursuing the formation of a 501(C)3, non-profit to benefit the Parks and Recreation Department.