

December 13, 2017

To: Eden Health District Board

From: Michael P. Mahoney

Re: December CEO Report

COMMUNITY GRANTS

Of the 13 grants that were approved 4 have been fully executed with the remaining 9 in process. We have strengthened the grant requirements to include more comprehensive demographic reporting including zip codes, ethnicities, gender identification and the number clients served; as well as qualitative data on the success of their program and each of their stated objectives.

BAYWOOD COURT

At the recent Baywood Court Board meeting, the primary topic was the plan to address the outstanding maintenance and facility infrastructure issues that have been identified over the last month or so. The list which has been previously distributed is now being provided to the Baywood Court Board at each meeting. The Board authorized Baywood management to utilize the approved capital budget to address the issues that most affect the patients and residents, as well as the safety of the employees and visitors. This may mean that some approved capital projects may be delayed or postponed.

Baywood Court has engaged a consultant to begin their new strategic planning process. Apparently the consultant has been involved in the past. Their planning process may have implications for clearly understanding the District's role with Baywood Court as things progress.

PROPERTY MANAGEMENT

DUBLIN GATEWAY

Suite 300, the new lease was executed on 11/17/17. The basic lease terms are a 93 month term starting at \$3.00 (NNN) per month with 3% annual base rent increases. Tenant received 3 months' rent abatement and a T.I. allowance of up to \$20 per sq. ft. (\$66,300)

Suite 305, this lease expires on 11/29/18. The tenant has two options to renew for 2 additional terms of 5 years each.

I did have a long conversation with Rick Needham regarding the additional development prospects at the site. Unfortunately he and his partner did not have anything concrete to discuss. They have not reached out to anyone but Stanford & Sutter at this stage. I have asked them to expand their discussions with John Muir especially now that they are part of the Canopy Health project. Canopy is a collection of hospitals, including UCSF and others, that are trying to develop a network to compete against Kaiser, Sutter and Stanford.

Parking

In spite of the valet parking there have been concerns expressed by PAMF for additional solutions. Bayside staff is working on a plan that might involve restriping & adding signage for "Permit Parking Only".

EDEN MEDICAL BUILDING

Suite 101, the lease for this tenant expired 8/31/17. After delivering a renewal notice the tenant did not initially exercise their option, however we have finally received the extension. The new term is for 3 years retroactive to 9/1/17 with a base rent rate of \$2.85 per sq. ft. per month with annual base rate increases of 3%.

Suites 201, 203 & 204 remain vacant with little expressed interest at this time.

Building Operational Issues

There has been concern expressed over the roof access. Several solutions have been proposed. EBM Construction is currently reviewing specifications for a new ladder to provide a more stable and safe way to access the roof.

There is a 2" gap on the 3rd floor lobby at the base of the lobby window. Attempts to contact the original contractor have been difficult so Bayside will be contacting other window installation contractors to determine a fix for this deficiency.

Now that there is a tenant on the 2nd floor we are working on acquiring some furniture for the lobby area.

Parking has been problematic on certain days. To date we have not had many complaints. However, as we continue to market Suites 201, 203, and 204 parking will be more impacted. We are working on a plan to have a long term solution in place as soon possible.

SAN LEANDRO MEDICAL ARTS BUILDING

Suite 110A. The lease expires 2/28/18. It appears that we will reach an agreement for the tenant to renew for at least a 5 year term starting at \$2.32 per sq. ft. or a 10 year term at \$2.25 per sq. ft.

Suites 119, 209 & 218 all expire in the second quarter of 2018. Initial renewal discussions are just starting.

Suites 102A, 116, 200A & 203 remain vacant with little promising activity.

The former tenant in Suite 102A has completed her payment plan.

Suite 200. A certificate of occupancy was issued on 8/27/17. There are still outstanding disagreements relating to the final construction costs and architectural fees. We are still researching the history in order to execute a final agreement.

PERSON OF THE YEAR

We are on target to have the first award given at the Hayward Chamber of Commerce Gala in January. Pam Russo has agreed to assist in preparing for the presentation.

STRATEGIC PLANNING PROCESS

It is my opinion that it is critical for the District to review and renew the strategic vision for the District. In particular the District has an opportunity to articulate that vision as part of the response to the recent LAFCO process as well as continuing to reach out to the critical stakeholders within our service area and the County in total.