

Riverside Public Utilities  
Financial Best Practices for the Mission Square Building  
Review Date: October 18, 2021

On November 20, 2015, the Board of Public Utilities amended the Riverside Public Utilities Real Property Financial Management Policy to reflect the commercial broker and leasing operation of the Mission Square Office Complex located at 3750 University Avenue, Riverside, including the provision of professional third-party commercial broker and leasing services.

On August 23, 2021, the Board of Public Utilities approved revisions to the Real Property Financial Management policy. This Best Practices document is intended to compliment the Riverside Public Utilities Real Property Financial Management Policy.

### **Professional Services**

The professional third-party commercial broker and leasing services are responsible for Mission Square Building professional services including:

1. Advertising, marketing, and listing office or retail space in multiple listing services, physically showing the space to prospective tenants;
2. Advising the City on prospective tenants and lease terms; and
3. Maintaining the buildings, grounds and all other areas which are the responsibility of the tenants as are necessary and reasonably appropriate in the course of maintenance of the Mission Square property.

### **Fiscal Services**

The professional third-party commercial broker and leasing services are responsible for Mission Square Building fiscal services including:

1. Preparing and submitting to the City an operating and capital budget for approval and inclusion as a part of the City's biennial budget process;
2. Billing tenants and collect all rent and other charges and shall deposit all monies in the Operating Account;
3. Maintaining adequate and separate books and records for the Mission Square property. Such books and records shall contain a separate accounting of all items of income and all items of expenses for the Mission Square property;

4. Providing the City with a report of all transactions occurring during the prior month, including monthly bank reconciliation, on or before the 15<sup>th</sup> of the month; and
5. Providing the City with a balance sheet for the Mission Square property within 60 days of (a) the close of the calendar year and/or (b) the termination of the Management Agreement.

### **Mission Square Operating Account**

The Property Manager shall retain a minimum balance in the Operating Account equal to 90 days of operating and maintenance expenses, and a maximum balance equal to 150 days of operating and maintenance expenses.

The Property Manager shall make a one-time annual payment to the City, effective June 30 of each year, in excess of this amount from the Operating Account. This excess amount shall be reduced equal to the estimated cost of a required planned operating or capital expenditure for the following fiscal year.

In addition to the Annual Contribution from the Electric Utility Reserves, equal to 2% of the building value, per the Cash Reserve Policy, the City shall deposit the one-time annual payment from the Property Manager into the Electric Fund – Mission Square Improvement Reserve to fund future major improvements to the Mission Square building.

The City shall contract with an external financial auditing firm to annually review the financial transactions of professional third-party commercial broker and the City for the Mission Square Operating Account. The results of the audit will be provided to Board of Public Utilities each year.