



*Live Well. Health Matters.*

**TO: FINANCE COMMITTEE**

**FROM: MR. VISH CHATTERJI**

**SUBJECT: CALL TO MEETING**

A Special Meeting of the Finance Committee is scheduled as follows:

**DATE:** March 11<sup>th</sup>, 2019

**TIME:** 6:00 p.m.

**PLACE:** Beach Cities Health District  
Administrative Offices  
1<sup>st</sup> Floor Training Room  
1200 Del Amo Street  
Redondo Beach, CA 90277

**Finance Committee Members:**

- Vish Chatterji – BCHD Board Member
- Noel Chun, M.D. – BCHD Board Member
- Tom Bakaly – BCHD CEO
- Monica Suua – BCHD CFO
- Tim Lilligren – Manhattan Beach Treasurer
- Matthew Briskin – Strategic Advisory manager
- Gina Derosa – California Society of CPAs
- Stacey Lentz – University of Southern California Compliance Officer
- Wayne Powell – Former Manhattan Beach Mayor
- Doug Rodriguez – Redondo Beach City Planning Commission
- Cordelia Nguyen – Mira Costa High School Student
- Bryce Baldrige – Mira Costa High School Student



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## **AGENDA**

- |      |   |                                      |
|------|---|--------------------------------------|
| I.   | Call to Order   | Vish Chatterji                       |
| II.  | Public Discussion   |                                      |
| III. | <u>Action Item:</u><br>Review and Approval of Minutes from February 4, 2019                         | Vish Chatterji                       |
| IV.  | <u>Presentation, Discussion and Possible Action:</u><br>BCHD Healthy Living Campus Financial Update | Tom Bakaly, CEO,<br>Monica Suua, CFO |
| V.   | New Business  |                                      |
| VI.  | Old Business  |                                      |
| VII. | Action Item: Motion to Adjourn  |                                      |

**REGULAR FINANCE COMMITTEE MEETING  
BEACH CITIES HEALTH DISTRICT  
February 4<sup>th</sup>, 2019**

A Special Meeting of the Finance Committee of the Beach Cities Health District was called to order in the 1<sup>st</sup> Floor Training Room of the BCHD Administrative Offices, 1200 Del Amo Street, Redondo Beach at 6:01 p.m.

Board Members Present: Jane Diehl, Chair  
Dr. Noel Chun, 2<sup>nd</sup> Chair

Committee Members: Gina DeRosa  
Doug Rodriguez  
Tim Lilligren  
Bryce Baldrige (Student)  
Cordelia Nguyen (Student)

Members Absent: Wayne Powell  
Stacey Lentz  
Mark Briskin

Staff Present: Tom Bakaly, Chief Executive Officer  
Monica Suua, Chief Financial Officer  
Charlie Velasquez, Executive Assistant to the CEO  
Cristan Higa, Chief Marketing and Communications Officer

Others Present:

AGENDA ITEM	DISCUSSION	ACTION OR FOLLOW-UP
<b>I. Call to Order</b>	Ms. Diehl called the meeting to order. Ms. Diehl asked everyone to introduce themselves.  Everyone introduced themselves.	
<b>II. Public Discussion</b>	Ms. Diehl asked if any member of the public would like to address the committee on any issue not on the agenda. No one from the public stepped forward.	
<b>III. Review and Approval of Minutes of the November 5<sup>th</sup>, 2018 Special Meeting</b>	The Committee reviewed the minutes from the November 5 <sup>th</sup> , 2018 Special Meeting.	After review, it was <b>Moved and Seconded</b> (Chun/DeRosa) to approve the minutes of the July 9 <sup>th</sup> , 2018 Special Meeting as submitted.



AGENDA ITEM	DISCUSSION	ACTION OR FOLLOW-UP
	<ul style="list-style-type: none"> <li>• For the first 6 months of the fiscal year 2018-19, the portfolio interest has performed close to budget expectation</li> <li>• Total actual Interest Income is \$682,000 versus a budget of \$533,000</li> <li>• The positive variance is all due to the net of Unrealized Gain and Realized Loss not budgeted due to the nature of fluctuations in the market</li> </ul>	
<p><b><u>V. Presentation:</u></b></p> <p><b>BCHD Healthy Living Campus Update</b></p>	<p>Ms. Diehl asked Mr. Bakaly to discuss the next action item.</p> <p>Mr. Bakaly highlighted the following:</p> <ul style="list-style-type: none"> <li>• As relating to the master plan, we will be focusing on the “how” and reviewing the financials</li> <li>• Our campus is 11 acres and currently does not meet tenant needs or seismic requirements</li> <li>• We have about 1-5 year window</li> <li>• We are projecting that starting in 2021, our expenses are going to start to exceed our revenue</li> <li>• Why does this project matter? We use the building and assets to fund the 40+ community health Programs</li> <li>• We need to address the seismic safety issues</li> <li>• We want to modernize our campus to meet the community needs</li> <li>• We provide care for over 400 older adults</li> <li>• We have has over 2,200 volunteer visits</li> <li>• What we have seen through our Blue Zones, Exercise has increased by 8%</li> <li>• We are successful in community health and preventative health</li> <li>• What do we do next with our campus?</li> <li>• Healthy Living Campus: Project Pillars include Health, Livability and Community</li> <li>• Milestones regarding the Healthy Living Campus includes Forming Community Working groups, hosting study circles, hosting community open houses, analyzed public input, and focusing on phasing standpoint</li> <li>• Discussed the Master Plan consisting of the Community Wellness Pavilion, Residential Care for the Elderly, Active green space, Center for Health &amp; Fitness,</li> </ul>	

AGENDA ITEM	DISCUSSION	ACTION OR FOLLOW-UP
	<p>child development center and the Medical Office Building</p> <ul style="list-style-type: none"> <li>• The Community Wellness Pavilion will have meeting spaces, demonstration kitchen, rooftop gathering spaces, blue zones café, learning /visitors center, active green space, medically certified exercise center</li> <li>• Breaking the mold for residential care</li> <li>• Traditional model is ore senior housing while the healthy living campus is more of a residential care which is a multi-use community campus for all ages</li> <li>• Three phases for this:</li> <li>• Phase 1: new residential care and new fitness center and new child development center</li> <li>• Phase 2: New residential care and demo existing medical facilities</li> <li>• Phase 3: New residential care, new wellness pavilion, new community connection station, demo existing medical facility and demo existing parking structure</li> </ul> <p>Ms. Suua highlighted the following:</p> <ul style="list-style-type: none"> <li>• Long-term financial planning cycle</li> <li>• Completed items include Preliminary Analysis and Environmental scan</li> <li>• There was a need in the 1950s for a hospital and we had funding available in at the time</li> <li>• In the 90’s, the district reinvented itself and with the board, invested in long term items</li> <li>• We need to decide what to do going forward</li> </ul> <p>Mr. Bakaly highlighted the following:</p> <ul style="list-style-type: none"> <li>• Project pillar we are working on tonight is leveraging the campus to expand community health programs and services</li> <li>• Assets and strengths include: High valued land and assets</li> <li>• \$15 million in cash</li> <li>• Ability to issue tax exempt debt</li> <li>• Proven public-private partnerships</li> <li>• Significant market need for residential care</li> <li>• Moving forward we want to explore partnerships, explore new revenue</li> </ul>	

AGENDA ITEM	DISCUSSION	ACTION OR FOLLOW-UP
	<p>sources and analyze a combination of funding options</p> <ul style="list-style-type: none"> <li>• 2017 site plan cost is \$460 Million and does not align</li> <li>• Do Everything scenario cost is \$585 Million and does not align</li> <li>• 514 Building renovations cost is \$127 million and does not align</li> <li>• Master Plan total cost is estimated at \$206 million plus 1.8 million for the Flagler/Diamond Bike-Ped Path for Phase 1</li> <li>• Phase 2 would cost \$238 Million and \$85 million for the community wellness pavilion</li> </ul> <p>Ms. Suua highlighted the following:</p> <ul style="list-style-type: none"> <li>• BCHD Funding options: <ul style="list-style-type: none"> <li>○ Equity – cash land, buildings, BCJD value</li> <li>○ Debt Financing – Municipal Bonds, Private lenders</li> <li>○ P3 – Investors, operators and health partnerships</li> <li>○ New revenue sources – grants, philanthropy, sponsorships/naming, and public funding</li> </ul> </li> </ul> <p>Mr. Bakaly highlighted the following:</p> <ul style="list-style-type: none"> <li>• In summary, Master Plan estimated at \$531 Million</li> <li>• Can't find independently</li> <li>• Continue partnership development</li> <li>• Need to close gap if majority owner</li> <li>• Need expert assistance to continue analysis</li> <li>• Entitlements needed to complete financial analysis</li> <li>• We recommend for more Finance Committee Meetings in the next 3 months, move forward with EIR concurrently with Market Feasibility and Finance Committee review and continue to invest and assemble the project team</li> <li>• Another Finance Committee Meeting in March 2019</li> <li>• Community Open Houses in Marc 2019</li> <li>• March 27<sup>th</sup> – Board Meeting to consider initiating EIR process</li> </ul>	

AGENDA ITEM	DISCUSSION	ACTION OR FOLLOW-UP
	<p>Mr. Rodriguez asked is this will trigger a zone change vote to which Mr. Bakaly stated we don't believe this will trigger a vote.</p> <p>Mr. Baldrige asked how the public funding worked in the beginning of the Health District to which Mr. Bakaly responded that the public came together in 1955 and voted for bonds and property taxes to fund the hospital</p> <p>Mr. Liligren asked what the next stage is for the committee to which Mr. Bakaly responded that we would need commitment for more meetings in the next several months and moving forward with the EIR.</p> <p>Ms. DeRosa asked if she could get more detail about the feasibility slide after to which Ms. Suua stated she would be happy to answer any questions.</p>	
<b>VI. New Business</b>	There was no New Business.	
<b>VII. Old Business</b>	There was no Old Business.	
<b>VIII. Adjournment</b>	Ms. Diehl made a motion to adjourn the meeting	There being no further business, Ms. Diehl <b>Moved</b> to adjourn. Meeting adjourned at 7:19 p.m.

The Next Special Meeting of the Beach Cities Health District  
Finance Committee to Be Determined