

**REGULAR MEETING
BOARD OF DIRECTORS
BEACH CITIES HEALTH DISTRICT
July 25th, 2018**

A Regular Meeting of the Board of Directors of the Beach Cities Health District was called to order in the Beach Cities Room of the Beach Cities Health Center at 6:34 p.m.

Members Present: Dr. Noel Chun (Via Conference Call)
Jane Diehl
Vish Chatterji
Vanessa Poster

Members Not Present: Dr. Michelle Bholat

Legal Counsel Present: Robert Lundy, Hooper, Lundy & Bookman
Staff Present: Tom Bakaly, CEO

AGENDA ITEM	DISCUSSION	ACTION OR FOLLOW-UP
I. Call to Order-Salute to the Flag	Ms. Jane Diehl opened the meeting and led the flag salute	
II. Public Discussion	Ms. Poster asked if any member of the public would like to address the Board on any issue not on the agenda.	
III. Beach Cities Health District Staff Recognition Twenty Year Anniversaries: Sydney Whitaker, Community Services	Ms. Kerianne Lawson highlighted the following: <ul style="list-style-type: none"> • Honoring Sydney for 20 years of service • She is the backbone of the department • She is always there for anything • Thanked her for all her years of service Ms. Sydney Whitaker highlighted the following: <ul style="list-style-type: none"> • Key benefit of longevity is getting to see how coworkers have progressed over the years • Great seeing the District progress and is on her 3rd CEO. • Proud of Community Services department and really appreciative 	
IV. CEO Report		

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<p>A. Chief Executive Officer</p>	<p>Ms. Poster Invited Mr. Tom Bakaly, Chief Executive Officer, to address the Board of Directors</p> <p>Mr. Bakaly referred the Board to the written report.</p> <p>Mr. Bakaly highlighted the following:</p> <ul style="list-style-type: none"> • Last Tuesday, the Redondo Beach City Council approved an agreement with us to implement our worksite wellness program. Ms. Jackie Berling spearheaded this effort for us and is working closely with the city's HR Director to begin phase one of the pilot program. • BCHD will host the second of three public study circles for the Healthy Living Campus project on Aug. 1. The study circle will focus on building community gathering spaces that support intergenerational activities and interactions and build on what we learned during our previous study circle on intergenerational programming. • The study circle will be led by Paul Murdoch, an award-winning architect who has more than 30 years of experience designing innovative, environmentally sustainable campuses and institutions across the U.S. and around the world. • Our third and final study circle will be held Sept. 5 and focus on creating a center of excellence. • The input and findings from these study circles will help inform the design concepts that we will bring to you for consideration in the coming months. We will also hold a board study session in Sept. to provide a comprehensive update and present findings and feedback. • Our staff met with Kaiser Manhattan Beach to discuss opportunities to increase interagency collaboration and with Torrance Memorial to discuss synergizing efforts around care 	

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	<p>management for seniors and reducing hospital readmissions. Community Services has since been added to Torrance Memorial's Ensocare Provider Referral Portal. More to come on both of those emerging partnerships.</p> <p>Ms. Poster asked about Community Care coalition and wanted clarification.</p> <p>Ms. Lawson replied that the Community Care coalition is the group in Franklin County that we have been watching that has had success in bringing down their student drinking numbers. We invited them out in August to do a series of workshops and presentations to various stakeholder groups.</p>	
<p>V. Program and Staff Reports</p> <p>A. AdventurePlex</p>	<p>Mr. Tom Bakaly invited Ms. Aja Jordan, AdventurePlex Manager, up to the Podium</p> <p>Ms. Jordan and MS. Foster highlighted the following:</p> <ul style="list-style-type: none"> • Mission is to be a place where children and families play their way to good health • Drop in play is at 19,155 • Rockwall and ropes course is very popular due to a Groupon deal we started a few years back • Seasonal Camps have been counted as best camp by the Daily Breeze • We have 460 members for Toddler Town • Offer themes at Toddler Town and use activities to teach kids mindfulness • We created the Kids Club and offer APlex branded bubbles • We have books to help guide the curriculum <p>Ms. Diehl asked if the weather has helped with attendance to which Ms. Jordan replied yes, the heat and rain help bring in more people.</p>	
<p>B. Legal Council</p>	<p>Mr. Lundy reported that there was nothing to report.</p>	

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VI. Activity Break/Mindfulness	Ms. Jacqueline Sun, Community Policy Analyst led the group in a mindfulness activity break.	
VII. Committee Reports		
A. Community Health Committee	Mr. Chatterji reported that the Community Health Committee has not met. The committee will next convene in September.	
1. Discussion and Potential Action Item: Appointment of Community Committee Members to the Community Health Committee	Mr. Chatterji asked for a motion to approve the appointment of community committee members to the community Health Committee.	It was Moved and Seconded (Chatterji/Diehl) to approve the appointment of community committee members to the community Health Committee. Ms. Diehl, Dr. Chun Ms. Poster and Mr. Chatterji voted yes. Dr. Bholat was not in attendance. Motion Carried
B. Finance Committee/ Treasurer's Report	Ms. Diehl reported that the Finance Committee met on Monday, July 9 th , 2018 at 6:00pm at 1200 Del Amo st. The following items were on the Agenda: <ul style="list-style-type: none"> • BCHD Financial and Investment Update • Discussion Item: BCHD 15 Year financial outlook: Impact and Opportunities 	
1. Discussion and Potential Action Item: Appointment of Community Committee Members to the Finance Committee	Ms. Diehl asked for a motion to approve the appointment of community committee members to the Finance Committee.	It was Moved and Seconded (Diehl/Chatterji) to approve the appointment of community committee members to the Finance Committee. Ms. Diehl, Dr. Chun, Ms. Poster and Mr. Chatterji voted yes. Dr. Bholat was not in attendance. Motion Carried

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<p>2. Discussion and Potential Action Item: BCHD 15 Year Financial Outlook: Impact and Opportunities</p>	<p>Ms. Diehl invited Ms. Monica Suua up to the podium.</p> <p>Ms. Suua and Mr. Bakaly highlighted the following:</p> <ul style="list-style-type: none"> • Challenges include: 63 year old hospital building not meeting tenant needs, Increasing BCHD & Tenant building operating expenses, loss of tenant lease income, loss of notes receivable revenue, Seismic condition of building and \$86 million cost upgrade, and doing nothing is not an option • Looked at different sources like historical trends and expert advice • Average Annual assumption in revenues include: <ul style="list-style-type: none"> ○ Property Taxes 4% - 2% ○ Joint Venture .05 % ○ Health & Fitness 0.5% ○ Interest -10.0 (Yield 2%) ○ Notes Receivable – Fully amortized 2025 ○ Tenant Leases -2.3% (expiration/renewals) • Average annual assumption in Expenditures include: <ul style="list-style-type: none"> ○ Salaries & benefits 1.8% ○ Community contracted services 1.2% ○ Facility management 4.6% ○ All other operating expenses 1.3% ○ Notes payable – fully amortized 2025 ○ Capital expenditures 5.6% • We have tracked and managed all of our expenses and we have been addressing the building issues <p>Ms. Poster asked what if the difference between building maintenance and capital requirements to which Ms. Suua replied that building maintenance is operational repairs and regular replacements as opposed to infrastructure repairs, like HVAC, electrical.</p> <p>Ms. Suua and Mr. Bakaly continued to highlight the following:</p> <ul style="list-style-type: none"> • If we take on the Seismic work on, we 	

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	<p>could not afford the \$86 million dollars, and create a big gap and the revenue lines will drop even further since we will have to close the building and this is not an affordable option.</p> <ul style="list-style-type: none"> • Conclusions: <ul style="list-style-type: none"> ○ Estimated financial down-turn starting in 2022 due to increasing building maintenance and capital requirements and loss of tenant income ○ Seismic and building improvements to existing structure are not financially viable without substantially reducing expenses or adding new revenue streams ○ Next 1-5 years in a “window of opportunity” to capitalize on the District’s strengths to address campus challenges and needs • Recommended solution is the Healthy Living Campus • We have 11 acres in the South Bay and we have a market for Health Related Services • Next Steps include: <ul style="list-style-type: none"> ○ Continue the Study Circles to identify the community needs ○ Explore community and industry partnerships ○ Market study – rehabilitation and medical office building need and cost per square feet analysis ○ Lessons learned from other Health Care Districts – Industry standards for building life cycles and costs ○ Present long – term financial and campus alternatives to the Board and Community – Late 2018/early 2019 <p>Mr. Chatterji stated that the clear data and foresight of the analysis makes it easy to be proactive and fully supports the recommendation. If there is something as a board we can do to formalize as a go ahead, he would like to move forward with it tonight.</p> <p>Mr. Chatterji asked if we can motion to continue with the Healthy Living Campus Project.</p>	

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<p>3. Discussion and Potential Action Item: Approval to award a contract to public agency retirement services (PARS) for Other Post-Employment Benefits (OPEB) and pension 115 trust investment Management Services</p>	<p>Ms. Poster motioned to concur with the presentation of the 15 year plan and re-affirm the commitment to looking into the Healthy Living Campus as a solution to meeting the needs in the next 15 years.</p> <p>Mr. Chatterji asked if we can add reaffirming the commitment to pursue the Healthy Living Campus as a solution to meeting the needs in the next 15 years. To the next meeting.</p> <p>Ms. Poster stated that she would like recommend taking this to the Properties committee to formulate what it is we are re-affirming so it goes through a vetting process before coming back to the Full Board.</p> <p>Ms. Suua Highlighted the following:</p> <ul style="list-style-type: none"> • During the FY18-19 budget process the BCHD Finance Committee and the Board reviewed and discussed the recommendation by management to set-up a 115 Trust Fund and allocate (i.e. set aside) approximately \$3 million to restricted funds to manage the unfunded accrued liabilities for Pension and Other Post-Employment Benefits (OPEB) obligations. • The District has completed a Request for Qualifications (RFQ) process to select a 115 Trust Fund Investment Management Service provider • Because Mr. Kappadakunnel's proposal was to act as an individual Fund 	<p>It was Moved and Seconded (Poster/Chun) to concur with the presentation of the 15 year plan and re-affirm the commitment to looking into the Healthy Living Campus as a solution to meeting the needs in the next 15 years.</p> <p>Ms. Diehl, Dr. Chun, Ms. Poster and Mr. Chatterji voted yes.</p> <p>Dr. Bholat was not in attendance.</p>

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	<p>Manager without being able to offer the actual trustee, compliance and reporting services, his application was deemed non-responsive.</p> <ul style="list-style-type: none"> • While pricing is almost identical, PARS beats out PFM in experience (longevity and number of CA Government Clients), higher historical returns and lesser asset volatility for a Moderate Portfolio (50% Equity / 50% Fixed Income). • In addition, PARS services City of Manhattan Beach and Hermosa Beach. • Plus, the District already uses PFM as their Asset Manager for its main portfolio and for short-term investing and diversification is recommended. <p>Ms. Diehl added that as a public entity some people do not understand how important this is and it is an extremely responsible move on our part.</p> <p>Ms. Diehl asked for a motion to approve awarding a contract to public agency retirement services (PARS) for Other Post-Employment Benefits (OPEB) and pension 115 trust investment Management Services</p>	<p>It was Moved and Seconded (Diehl/Chatterji) to approve awarding a contract to public agency retirement services (PARS) for Other Post-Employment Benefits (OPEB) and pension 115 trust investment Management Services Ms. Diehl, Dr. Chun, Ms. Poster and Mr. Chatterji voted yes. Dr. Bholat was not in attendance. Motion Carried</p>
C. Policy Committee	Mr. Chatterji reported that The Policy Committee has not met. The committee chairs are being polled.	
D. Properties Committee	<p>The Properties Committee has not met. The committee is scheduled to meet on Monday, July 9th, at 5:00pm at 1200 Del Amo St. The following items were on the agenda:</p> <ul style="list-style-type: none"> • Review of planned exterior improvements at South Bay Family Health Care Building – Artesia Blvd 	

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<p>1. Discussion and Potential Action Item: Approval for CEO to Execute Easement Documents for the city of Redondo Beach related to the city's planned project to resurface Prospect Ave</p>	<ul style="list-style-type: none"> • Review of easements for city of Redondo Beach work on Prospect • Using Flagler Lot for temporary parking • HVAC update for 1200 Del Amo St. <p>Ms. Diehl invited Mr. Lesley Dickey, Executive Director of Real Estate up to the podium.</p> <p>Mr. Dickey highlighted the following:</p> <ul style="list-style-type: none"> • The City of Redondo Beach has requested two easements from BCHD related to the City's planned project to resurface Prospect Avenue. • One easement is a Temporary Construction and Access Agreement and the other is a permanent easement for a public sidewalk approximately 4 feet by 93 feet at the Prospect Avenue entrance. <p>Mr. Chatterji commented that he is personally affected as his mother is in Silverado so it makes a lot of sense for the city to do this because of ADA compliance.</p> <p>Ms. Diehl motioned to approve for the CEO to execute easement documents for the city of Redondo Beach related to the city's planned project to resurface Prospect Ave contingent upon researching other easements that may exist</p>	<p>It was Moved and Seconded (Diehl/Chatterji) to approve for the CEO to execute easement documents for the city of Redondo Beach related to the city's planned project to resurface Prospect Ave contingent upon researching other easements that may exist Ms. Diehl, Dr. Chun, Ms. Poster and Mr. Chatterji voted yes. Dr. Bholat was not in attendance. Motion Carried</p>
<p>E. Ad-Hoc Mind Health Committee</p>	<p>Ms. Poster reported that The Ad-Hoc Mind Health Committee has not met. We are polling the committee chairs for a July 2018 meeting.</p>	
<p>F. Strategic Planning Committee</p>	<p>Ms. Diehl reported that The Strategic Planning Committee has not met. The next meeting is</p>	

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<p>1. Discussion and potential Action Item: Appointment of Community Committee Members to the Strategic Planning Committee</p>	<p>scheduled to meet on Monday, August 6th, 2018 at 6:00pm at 514 N Prospect Ave</p> <p>Ms. Diehl asked for a motion to approve the appointment of community committee members to the Strategic Planning Committee.</p>	<p>It was Moved and Seconded (Diehl/Chun) to approve the appointment of community committee members to the Strategic Planning Committee. Ms. Diehl, Dr. Chun, Ms. Poster and Mr. Chatterji voted yes. Dr. Bholat was not in attendance. Motion Carried</p>
<p>VIII. Consent Items</p> <p>1. Discussion and potential action item: Approval of minutes of the June 27th, 2018 Regular Meeting</p> <p>2. Discussion and potential action item: Approve checks No. 70964 through 71185 totaling \$1,272,734.49 for accounts payable for the month of June 2018</p>	<p>The Board reviewed the Minutes of the June 27th, 2018 Regular Meeting and checks No. 70964 through No. 71185, totaling \$1,272,734.49 for Accounts Payable for the month of June 2018</p>	<p>It was Moved and Seconded (Chatterji/Diehl) to approve the Minutes of the June 27th, 2018 Regular Meeting and checks No. 70964 through No. 71185, totaling \$1,272,734.49 for Accounts Payable for the month of June 2018. Ms. Diehl, Dr. Chun, Ms. Poster and Mr. Chatterji voted yes. Dr. Bholat was not in attendance. Motion Carried</p>
<p>IX. Old Business</p>	<p>There was no old business.</p>	
<p>X. New Business</p>	<p>There was no New Business</p>	
<p>XI. Board Member Reports</p>	<p>Mr. Chatterji reported that he attended:</p> <ul style="list-style-type: none"> • 1:1 with Tom • Redondo Beach City council about Vector Control <p>Ms. Poster reported that she attended:</p>	

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	<ul style="list-style-type: none"> • Yoga on the Beach twice • Redondo Beach Leadership • 1:1 with Tom • Lifeguard Event <p>Dr. Bholat was not present</p> <p>Ms. Diehl reported that she attended:</p> <ul style="list-style-type: none"> • 1:1 with Tom • Redondo Beach Round Table • Lifeguard award dinner <p>Dr. Chun reported that he attended:</p> <ul style="list-style-type: none"> • Finance Committee Meeting • Properties Committee Meeting • 1:1 with Tom • Tour of rental space on 3rd floor 	
XII. Announcements/ Questions and Referrals to Staff	<p>There was no Announcements/Questions and Referrals to staff.</p> <p>Ms. Diehl asked about timing of Mr. Bakaly's Evaluation, and Mr. Bakaly stated that it would be for November.</p>	
XIII. Adjournment	<p>Ms. Poster moved to adjourn the meeting in the memory of Jean McMillan</p>	<p>There being no further business, Ms. Poster Moved to adjourn the meeting. Meeting adjourned at 7:55 p.m.</p>

The next Regular Meeting of the Beach Cities Health District Board of Directors is scheduled for Wednesday, September 26th, 2018 at 6:30 p.m. in the Beach Cities Room of the Beach Cities Health District, located at 514 N. Prospect Avenue, Redondo Beach, California