



**KERN HEALTH
SYSTEMS**

**SPECIAL MEETING OF THE
BOARD OF DIRECTORS**

Thursday, March 7, 2019

at

900 A.M.

At

**Kern Health Systems
5701 Truxtun Avenue, Suite 201
Bakersfield, CA 93309**

The public is invited.

For more information - please call (661) 664-5000.

AGENDA

BOARD OF DIRECTORS

KERN HEALTH SYSTEMS
5701 Truxtun Avenue, Suite 201
Bakersfield, California 93309

Special Meeting
Thursday, March 7, 2019

9:00 A.M.

All agenda item supporting documentation is available for public review at Kern Health Systems in the Administration Department, 9700 Stockdale Highway, Bakersfield, 93311 during regular business hours, 8:00 a.m. – 5:00 p.m., Monday through Friday, following the posting of the agenda. Any supporting documentation that relates to this agenda item for the open session of this special meeting that is distributed after the agenda is posted and prior to the meeting will also be available for review at the same location.

PLEASE REMEMBER TO TURN OFF ALL CELL PHONES, PAGERS OR ELECTRONIC DEVICES DURING BOARD MEETINGS.

BOARD TO RECONVENE

Directors: Rhoades, McGlew, Deats, Hoffmann, Hinojosa, Judd, Melendez, Patel, Patrick, Stewart

STAFF RECOMMENDATION SHOWN IN CAPS

PUBLIC PRESENTATIONS

- 1) This portion of the meeting is reserved for persons to address the Board on any matter which has been described in the notice (agenda) for the meeting before or after consideration of that item. Board members may respond briefly to statements made or questions posed. They may ask a question for clarification, make a referral to staff for factual information or request staff to report back to the Board at a later meeting. Also, the Board may take action to direct the staff to place a matter of business on a future agenda. **SPEAKERS ARE LIMITED TO TWO MINUTES. PLEASE STATE AND SPELL YOUR NAME BEFORE MAKING YOUR PRESENTATION. THANK YOU!**

- 2) Proposed sale of surplus real property to JACO Oil Company (Fiscal Impact: \$9,200,000) –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO ACCEPT OFFER FROM QUALIFIED, HIGHEST BIDDER JACO OIL COMPANY IN THE AMOUNT OF \$9,200,000; AUTHORIZE CHIEF EXECUTIVE OFFICER TO NEGOTIATE, FINALIZE AND EXECUTE PURCHASE AND SALE AGREEMENT AND LEASE BACK AGREEMENT BETWEEN JACO AND KERN HEALTH SYSTEMS SUBJECT TO APPROVAL AS TO FORM BY COUNSEL

ADJOURN TO THURSDAY, APRIL 11, 2019

**AMERICANS WITH DISABILITIES ACT
(Government Code Section 54953.2)**

The meeting facilities at Kern Health Systems are accessible to persons with disabilities. Disabled individuals who need special assistance to attend or participate in a meeting of the Board of Directors may request assistance at the Kern Health Systems office, 9700 Stockdale Highway, Bakersfield, California or by calling (661) 664-5000. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting material available in alternative formats. Requests for assistance should be made five (5) working days in advance of a meeting whenever possible.



To: KHS Board of Directors
From: Douglas A Hayward, CEO
Date: March 7, 2019
Re: 9700 Stockdale Hwy. Sale Proposal

Background:

In December 2018, the Kern Health Systems Board adopted a Resolution declaring 9700 Stockdale Hwy. as surplus property and notifying the public of its intention to sell this property. Over the last few months, KHS advertised in three major newspapers of general circulation, notified the entire provider network and solicited interest from the private sector. Several walkthroughs of the property were conducted and final sealed bids were due on February 25, 2019. The successful bid was submitted by JACO Oil Company for the price of \$9,200,000, with an option to lease back at \$1.50/sq. ft.

Emily Duran, Director of Provider Relations will provide a detailed presentation to the Board.

Recommended Action:

Authorize KHS Chief Executive Officer to negotiate, finalize and execute Purchase and Sale Agreement and Lease Agreement, between the qualified, highest bidder JACO Oil Company and Kern Health Systems.



KERN HEALTH SYSTEMS

SURPLUS REAL PROPERTY SALE

9700 STOCKDALE HWY.

MARCH 7, 2019



1-800-391-2000
kernfamilyhealthcare.com

Sale of Surplus Real Property



Background

- Kern Health Systems Board of Director adopted official Resolution deeming 9700 Stockdale Hwy as surplus property. Resolution included intent to sell surplus property.
- Kern Health Systems will be relocating operations from the Stockdale and Truxtun extension offices, upon completion of construction.
- New building will be located in the heart of the member population we serve.

Sale of Surplus Real Property

Advertisement

1. Newspapers: Bakersfield Californian, Fresno Bee, LA Times (published for 6 weeks)
2. Sale Signage at Site
3. Distributed Provider Bulletin to KHS network:
All PCPs, Hospitals, Specialists
4. Posted notice on KHS Website
5. Email blast to local schools, oil companies & banks



1-800-391-2000
kernfamilyhealthcare.com

Sale of Surplus Real Property

TIMELINE

12/13/18	Board of Directors Adopt Intent to Sell Resolution
12/13/18	Publicizes Notice of Intent to Sell
As requested	Scheduled Walkthrough of Property
2/18/19	Questions Due to KHS by 4 p.m.
2/25/19 @ 1:30 PM	Receive written Offers
2/25/19 @ 2:00 PM	Oral Auction
3/7/19	Board of Directors Accept and Approve Sale
3/8-11/19	Open Escrow
TBD – est. 6/8/2019	Closing Date



Sale of Surplus Real Property

Due to uncertainty regarding precise timing of sale and occupancy of its new Executive Office Building, KHS included a lease back option. Maximum rate proposed was at \$1.50/sq. ft. Triple-Net, which is well within the reasonable market rate set forth in the property appraisal.

Proposed Lease Agreement was drafted by KHS outside counsel.



1-800-391-2000
kernfamilyhealthcare.com

Board Of Director's Action

Approve the sale transaction of 9700 Stockdale Hwy, in the amount of \$9,200,000.

Authorize CEO to negotiate, finalize and execute Purchase and Sale Agreement and Lease-back Agreement, subject to approval as to form by counsel.

Questions

For additional information, please contact:

Emily Duran

Director of Provider Relations

(661) 664-5000



