

FORM APPROVED COUNTY COUNSEL

BY: *[Signature]* PATRICIA MURPHY
DATE: 1/14/15
Departmental concurrence

822



**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

FROM: Economic Development Agency/Facilities Management

SUBMITTAL DATE:
January 14, 2015

SUBJECT: Assignment of Skilled Nursing Facility Agreement – Indio, District 4, [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that the activity pursuant to the Assignment is exempt from CEQA guidelines 15061(b) (3) as it can be seen with certainty that there is no possibility the activity in question may have a significant impact on the environment; and
2. Approve the Assignment of the Indio Skilled Nursing Agreement from Optiflex Properties and Development LLC, to Coachella Medical Center LLC.

BACKGROUND:

Summary:
(Commences on Page 2)

[Signature]

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input type="checkbox"/> Policy x
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS:

Budget Adjustment: No
For Fiscal Year: 2014/15

C.E.O. RECOMMENDATION:

APPROVE
BY: *[Signature]*
Rohini Dasika

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

- By: *[Signature]*
Jerry Wengert, Director
Department of Mental Health
- A-30
 - 4/5 Vote
 - Positions Added
 - Change Order

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

Economic Development Agency/Facilities Management

FORM 11: Assignment of Skilled Nursing Facility Agreement – Indio, District 4, [\$0]

DATE: January 14, 2015

PAGE: 2 of 3

BACKGROUND:

Summary

The Board of Supervisors approved item 3-43 on April 6, 2010 authorizing the development of a Skilled Nursing Facility including a Special Treatment Program (STP) for psychiatric patients in the Indio area. Currently, the Department of Mental Health is paying the state mandated per diem rate of \$165 per patient/day to provide STP services in existing facilities. The Skilled Nursing Facilities Agreement reduces this obligation to \$25 per patient/day which will result in a saving of approximately two million dollars annually. The Developer will be compensated by State/Federal Medi-Cal based upon established Medi-Cal rates.

Although the County executed agreements with Optiflex Properties and Development for the planning and construction of the Indio facility, due to certain challenges in obtaining the necessary financing for the project, an assignment to a new entity with the capability to obtain the financing is required. Optiflex Properties and Development will assign the rights for the project to the Coachella Medical Center, a California Limited Liability company. Optiflex Properties and Development will remain guarantor for completion of the project. In addition, Optiflex Properties and Development and the Coachella Medical Center LLC will guarantee the completion of the project by January 5, 2016.

Summary of the Skilled Nursing Facility Agreement Assignment and Facility Features:

Agreement Terms:

- Term: Ten Years, commencing upon certification of occupancy
- Options: Two, ten year options to renew
- Facility/Beds: Developer to plan, construct and deliver a Skilled Nursing Facility consisting of 204 beds including 49% psychiatric and 51% medical beds
- County's Obligation: County to pay \$25 per patient/day per psychiatric patient
- County's Guarantee: County to guarantee referral of psychiatric patients to occupy a minimum of 50 beds.
- Completion Date: January 5, 2016

Building Features:

- Location: North of Dr. Carreon Blvd. and east of Cheyenne Road, Indio
Assessors Parcel Number 616-120-54, approximately 3.26 acres.
- Patient Beds: 204 beds total, consisting of 49% psychiatric and 51% medical patients
- Square Footage: Approximately 92,054 square feet
- Parking: 80 spaces required, 104 spaces to be provided
- Construction: Type VA, 2 level building
- Leed Rating: Some Leed Components

(Continued)

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PAGE: 3 of 3

Impact on Citizens and Businesses

The agreement will have a positive impact on Citizens and Businesses as it will place persons with psychotic behavior into a locked facility for rehabilitation and therapy and provide the facility for increased patient demand.

SUPPLEMENTAL:

Additional Fiscal Information

This agreement does not have a financial impact to the EDA budget. Mental Health will benefit from the cost savings as their department currently incurs the cost to provide services.

Contract History and Price Reasonableness

The original Indio Skilled Nursing Agreement was executed on April 6, 2010. This Assignment of the Indio Skilled Nursing Agreement has no financial impact on the original agreement.

Attachment:

Assignment and Assumption of Skilled Nursing Agreement (3)

Indio Skilled Nursing Facility Site



ASSIGNMENT AND ASSUMPTION OF SKILLED NURSING AGREEMENT

This ASSIGNMENT AND ASSUMPTION OF SKILLED NURSING AGREEMENT (“Assignment”) is effective as of August __, 2014 (“Execution Date”), by and between OPTIFLEX PROPERTIES AND DEVELOPMENT, a Delaware Limited Liability Company (“Assignor”), and COACHELLA MEDICAL CENTER, a California Limited Liability Company (“Assignee”), collectively the “Parties.” The COUNTY OF RIVERSIDE, a political subdivision of the State of California (the “County”) is a signatory hereto for the express purpose of acknowledging consent of this Assignment of the Skilled Nursing Agreement.

RECITALS

A. Pursuant to that certain Skilled Nursing Agreement, dated April 6, 2010, by and between the County and Assignor, (the “Skilled Nursing Agreement”) the Parties agreed that Assignor would plan and construct a Skilled Nursing Facility (the “Project”) on 3.82 acres located west of Cheyenne Road and north of Buffalo Trail in the City of Indio (the “Property”);

B. Due to certain delays incurred by Assignor in obtaining governmental approvals and financing for the new Skilled Nursing Facility, Assignor has represented to County that it is necessary to assign the Skilled Nursing Agreement to Assignee and, in addition, it is necessary to relocate the Project to another site of approximately 7.63 acres located north of Dr. Carreon Blvd., east of Cheyenne Road, in the city of Indio, known as Assessor’s Parcel Number 616-120-054;

C. Assignor now desires to assign to Assignee, and Assignee desires to assume from Assignor, all rights, obligations, duties and liabilities of Assignor under the Skilled Nursing Agreement as of the Execution Date;

D. Assignor has represented and warranted to the County that the Assignment is in connection with, and directly related to, the lack of procurement of the financing, and in reliance thereon, the County hereby consents to this Assignment of the Skilled Nursing Agreement;

E. Assignor and Assignee have represented that Assignee has obtained loan approval to finance the project, and that Assignee will obtain these funds to complete the project based on the project schedule attached as Exhibit “A.”

NOW THEREFORE, in consideration of the mutual promises made in this Assignment, the parties agree as follows:

AGREEMENT

1. Assignment. Assignor hereby assigns, transfers and conveys to Assignee, and Assignee hereby accepts and assumes, Assignor’s right, title, and interest in and to the Skilled Nursing Agreement. The parties hereto further acknowledge and agree that Assignee shall

expressly assume and be responsible for any and all liability for failure to perform or comply with any terms, covenants or conditions of the Skilled Nursing Agreement, or for any obligations thereunder. Assignee and Assignor hereby indemnify, hold harmless and release County from any liability which may arise from Assignor or Assignee's failure to complete the Project;

2. Guarantor of Assignment. Assignee agrees and acknowledges that Assignee shall remain liable as guarantor for the terms, conditions, and obligations of Assignor.

3. Schedule of Performance. Assignee agrees and acknowledges that the Project shall be completed by January 5, 2016 pursuant to the attached Exhibit "A." In the event the Project is not completed and certificate of occupancy issued by the applicable governmental jurisdictions by January 5, 2016, the County shall have the option to terminate pursuant to Section 6 of the Skilled Nursing Agreement. The County shall have the sole and subjective right to terminate the Skilled Nursing Agreement pursuant to Section 6 of the agreement.

4. Binding Effect. The provisions of this Assignment of Skilled Nursing Agreement shall be binding upon and inure to the benefit of Assignor and Assignee and their respective successors and permitted assigns.

5. Applicable Law. This Assignment shall be governed by the laws of the State of California.

6. Skilled Nursing Agreement. All of the provisions of the Skilled Nursing Agreement shall remain in full force and effect.

7. Counterparts. This Assignment of Skilled Nursing Agreement may be executed in counterparts, each of which shall be treated as an original hereof, but all of which, when taken together, shall constitute one and the same instrument.

[Signature page follows.]

Signature Page to Assignment and Assumption of Skilled Nursing Agreement

IN WITNESS WHEREOF, the parties have caused this Assignment of Skilled Nursing Agreement to be executed as of the day and year first above written.

COUNTY:

COUNTY OF RIVERSIDE

By: _____

Marion Ashley, Chairman
Board of Supervisors

ATTEST:

Kecia Harper-Ihem
Clerk of the Board

By: _____

Deputy

APPROVED AS TO FORM:

Gregory P. Priamos, County Counsel

By: _____

Patricia Munroe
Deputy County Counsel

ASSIGNOR:

OPTIFLEX PROPERTIES AND DEVELOPMENT
a Delaware Limited Liability Company

By: _____

Name: Willard Novodor
Title: Managing Member

ASSIGNEE:

COACHELLA MEDICAL CENTER,
a California Limited Liability Company

By: _____

Name: Willard Novodor
Title: Managing Member

ProWest Constructors

Skilled Nursing and Mental Health Facility

22710 Palomar St.
 Wildomar, CA 92595
 www.prowestpcm.com

TAT Development LLC.

ID	Task Name	Duration	Start	Finish	2014	Half 2, 2014	Half 1, 2015	Half 2, 2015	Half 1, 2016
1	Engage Architect H&B	0 days	8/12/2014	8/12/2014	MarAprMayJunJulAug	8/12	SeptOctNovDec	JanFebMarAprMayJunJulAug	SeptOctNovDecJanFebMar
2	Design	105 days	8/12/2014	1/5/2015			1/5		
3	OSHPPD Review	60 days	1/6/2015	3/30/2015			3/30		
4	Construction Start	0 days	3/31/2015	3/31/2015			3/31		
5	Construction	10 mons	3/31/2015	1/4/2016				1/4	
6	Substantial Completion	0 days	1/5/2016	1/5/2016				1/5	

Project: TAT Development Project
 Date: 8/1/2014

Task	External Milestone	Manual Summary Rollup
Split	Inactive Task	Manual Summary
Milestone	Inactive Milestone	Start-only
Summary	Inactive Summary	Finish-only
Project Summary	Manual Task	Deadline
External Tasks	Duration-only	Progress