

MOTION BY SUPERVISOR HILDA L. SOLIS

March 19, 2019

Adoption of Resolution of Notice of Intention to Acquire St. Vincent Medical Center Campus Properties through Bankruptcy Auction, and Related Actions

In August, 2018, Verity Health System of California ("Verity") filed for Chapter 11 bankruptcy protection in federal court. Verity owns the former Daughters of Charity hospital system, including St. Vincent Medical Center ("SVMC"), just outside of downtown, and St. Francis Medical Center in Lynwood. The SVMC campus is 10.49 acres at Alvarado and 3rd Street in the City of Los Angeles.

SVMC and other Verity hospitals are being auctioned by the bankruptcy court, providing the County with an unprecedented opportunity to create a new Health and Human Services Campus in an area of high need and with a shallow County services footprint. The County would not operate SVMC as hospital, as acute care needs can be better served by other local hospitals.

The SVMC campus includes: (1) 2131 West 3rd Street, (APN 5154-018-018), consisting of approximately 5.28 acres and 390,598 square feet of buildings (the "Hospital"); (2) 199 and 201 South Alvarado Street (APN 5154-018-019), consisting of approximately 1.23 acres with a 110,003 square foot professional office building; (3) 2200 West 3rd Street (APN 5154-034-006), consisting of approximately 1.37 acres with
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Motion

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a 46,273 square foot medical office building; (4) 262 and 272 South Lake Street/2120 Valley Street (APN 5154-018-021), consisting of approximately 1.05 acres with a 92,927 square foot guest house; (5) 2222 Ocean View Avenue (APN 5154-033-021), consisting of approximately 1.22 acres with a 34,449 medical office and laboratory building; (6) 143 South Alvarado Street (APN 5154-008-012), consisting of approximately .16 acres and 5,000 square feet of storage; and (7) 171 South Alvarado Street (APN 5154-018-020), consisting of approximately .18 acres of vacant land (collectively, the "Properties").

The not to exceed purchase price of \$120,000,000 reflects fair market value for the Properties, which has been substantiated by a County-commissioned appraisal report.

To participate in the bankruptcy auction, a good faith deposit is required that will be returned if the County is not the successful bidder for the Properties, and will be credited against the purchase price if the County is the successful bidder for the Properties.

Section 25353 of the California Government Code authorizes the Board to purchase real property necessary for use of the County for buildings or for other public purposes. Government Code sections 25350 and 6063 require that a notice of the Board's intention to purchase be published once a week for three successive weeks in a newspaper of general circulation in the County, identifying the property to be acquired and the sellers, the purchase price, and the time and place at which the Board will meet to consummate the acquisition.

Acquisition of the Properties will be subject to compliance with the notice requirements of Government Code section 65402.

Acquisition of the Properties is categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines, sections 15301(a), (d), and (f) (Existing Facilities), 15302(c) (Replacement or Reconstruction), 15303(e) (New Construction or Conversion of Small Structures), and 15311(a)

(Accessory Structures), and Classes 1(c), (d), and (i), 2(e), 3(d), and 11(d) of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G. None of the applicable exceptions to the use of these exemptions apply.

I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

1. Find that, the proposed purchase of the Properties is categorically exempt from CEQA pursuant to State CEQA Guidelines, sections 15301(a), (d), and (f) (Existing Facilities), 15302(c) (Replacement or Reconstruction), 15303(e) (New Construction or Conversion of Small Structures), and 15311(a) (Accessory Structures), and Classes 1(c), (d), and (i), 2(e), 3(d), and 11(d) of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G, and that none of the applicable exceptions to the use of these exemptions apply.
2. Adopt the Resolution of Notice of Intention to Purchase (Attachment 1) ("Resolution") for acquisition of the Properties for a purchase price not to exceed \$120,000,000, subject to participation in the bankruptcy auction and approval of the sale to the County by the bankruptcy court.
3. Set April 16, 2019 as the date for a Board meeting to receive comment and consummate the proposed acquisition and instruct the Executive Office-Clerk of the Board of Supervisors to publish the Notice of Intention to Purchase attached to the Resolution, in accordance with Government Code section 6063.

4. Delegate authority to the Chief Executive Officer (CEO) or her designee to negotiate and execute the Asset Purchase Agreement for acquisition of the Properties, subject to approval as to form by County Counsel, as required to participate in the bankruptcy auction, and authorize the CEO, or her designee, and County Counsel to take all further actions necessary and appropriate to participate in the bankruptcy auction.
5. Authorize the CEO to submit a good faith deposit of ten percent of the bid amount in accordance with the requirements of the bankruptcy court.

**AT THE DULY NOTICED BOARD MEETING ON APRIL 16, 2019, IT IS
RECOMMENDED THAT THE BOARD:**

1. Order the purchase of the Properties to be consummated, in accordance with Government Code section 25350.

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**RESOLUTION OF NOTICE OF INTENTION OF THE BOARD OF SUPERVISORS OF
THE COUNTY OF LOS ANGELES TO ACQUIRE THE ST. VINCENT MEDICAL
CENTER CAMPUS**

WHEREAS, in August, 2018, Verity Health System of California, Inc. ("Verity"), and its affiliated entities, filed for Chapter 11 bankruptcy protection in federal court; and

WHEREAS, Verity owns the former Daughters of Charity hospital system, including St. Vincent Medical Center ("SVMC"), just outside of downtown, on a 10.49 acre campus at Alvarado and 3rd Street in the City of Los Angeles; and

WHEREAS, SVMC and other Verity hospitals are being auctioned by the bankruptcy court, providing the County of Los Angeles ("County") with an unprecedented opportunity to create a new Health and Human Services Campus in an area of high need and with a shallow County services footprint; and

WHEREAS, County desires to purchase the SVMC campus, located in the City of Los Angeles, which includes: (1) 2131 West 3rd Street, (APN 5154-018-018), consisting of approximately 5.28 acres and 390,598 square feet of buildings (the "Hospital"); (2) 199 and 201 South Alvarado Street (APN 5154-018-019), consisting of approximately 1.23 acres with a 110,003 square foot professional office building; (3) 2200 West 3rd Street (APN 5154-034-006), consisting of approximately 1.37 acres with a 46,273 square foot medical office building; (4) 262 and 272 South Lake Street/2120 Valley Street (APN 5154-018-021), consisting of approximately 1.05 acres with a 92,927 square foot guest house; (5) 2222 Ocean View Avenue (APN 5154-033-021), consisting of approximately 1.22 acres with a 34,449 medical office and laboratory building; (6) 143 South Alvarado Street (APN 5154-008-012), consisting of approximately .16 acres and 5,000 square feet of storage; and (7) 171 South Alvarado Street (APN 5154-018-020), consisting of approximately .18 acres of vacant land (collectively, the "Properties"); and

WHEREAS, the purchase price for the Properties will not exceed \$120,000,000; and

WHEREAS, sections 25353 and 6063 of the California Government Code require that a notice of the Board of Supervisor's ("Board") intention to purchase be published once a week for three successive weeks (with five days intervening between publication dates) in a newspaper of general circulation in the County, identifying the property to be acquired and the sellers, the purchase price, and the time and place at which the Board will meet to consummate the acquisition (the "Notice of Intention to Purchase"); and

WHEREAS, the Board has set April 16, 2019 as the date for a Board meeting to receive comment and consummate the proposed acquisition following publication of the Notice of Intention to Purchase, in accordance with California Government Code Section 6063; and

WHEREAS, the Notice of Intention to Purchase, containing the information required by section 25353 of the California Government Code, is attached hereto as Exhibit "A," and incorporated herein by this reference.

NOW THEREFORE, be it resolved and ordered by the Board of Supervisors of the County of Los Angeles that the Notice of Intention to Purchase, attached hereto as Exhibit "A," shall be published as required by Government Code section 6063 once a week for three successive weeks (with five days intervening between publication dates) in a newspaper of general circulation in the County before April 16, 2019.

The foregoing resolution was on the 19th day of March, 2019, adopted by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.



CELIA ZAVALA, Executive Officer-Clerk
of the Board of Supervisors
of the County of Los Angeles

By: 
Deputy

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By: 
TIANA J. MURILLO
Assistant County Counsel
Property Division

EXHIBIT A

NOTICE OF INTENTION TO PURCHASE REAL PROPERTY

NOTICE IS HEREBY GIVEN that it is the intention of the Board of Supervisors of the County of Los Angeles to purchase the following parcels of property in the City of Los Angeles from the following sellers: (a) St. Vincent Medical Center, a California nonprofit public benefit corporation, as the seller of 2131 West 3rd Street, Los Angeles, California (APN 5154-018-018); and (b) Verity Holdings, LLC, a California limited liability company, as the seller of (i) 199 and 201 South Alvarado Street, Los Angeles, California (APN 5154-018-019), (ii) 2200 West 3rd Street, Los Angeles, California (APN 5154-034-006), (iii) 262 and 272 South Lake Street/2120 Valley Street, Los Angeles, California (APN 5154-018-021), (iv) 2222 Ocean View Avenue, Los Angeles, California (APN 5154-033-021), (v) 143 South Alvarado Street, Los Angeles, California (APN 5154-008-012), and (vi) 171 South Alvarado Street, Los Angeles, California (APN 5154-018-020) (collectively, the "Properties"). The purchase price for the Properties will not exceed \$120,000,000.

NOTICE IS HEREBY GIVEN that the Board of Supervisors of the County of Los Angeles will meet to consummate the proposed purchase of the Properties on April 16, 2019, at 9:30 a.m., or as soon thereafter as the matter can be heard, in the Hearing Room of the Board of Supervisors, Room 381, Kenneth Hahn Hall of Administration, 500 West Temple Street, Los Angeles, California 90012.



CELIA ZAVALA, Executive Officer-Clerk
of the Board of Supervisors
of the County of Los Angeles

By: 
Deputy

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By: 
TIANA J. MURILLO
Assistant County Counsel
Property Division