



Health Care District
OF PALM BEACH COUNTY
WE CARE FOR ALL

FINANCE AND AUDIT COMMITTEE MEETING AGENDA

May 21, 2025 at 1:00pm

1515 N Flagler Drive, Suite 101

West Palm Beach, FL 33401

Remote Participation Link:

<https://zoom.us/j/5507895592?pwd=REZ4TWtYUXowQWNpWTBaVXRszlDDQT09>

Telephone Dial-in Access: (646) 558-8656 / Meeting ID: 550 789 5592 / Password: 946503

1. Call to Order – Carlos Vidueira

- A. Roll Call
- B. Affirmation of Mission: The mission of the Health Care District of Palm Beach County is to be the health care safety net for Palm Beach County. Our vision is meeting changes in health care to keep our community healthy.

2. Agenda Approval

- A. Additions/Deletions/Substitutions
- B. Motion to Approve Agenda

3. Awards, Introductions and Presentations

4. Disclosure of Voting Conflict

5. Public Comment

6. Meeting Minutes

- A. **Staff Recommends a MOTION TO APPROVE:**
Finance and Audit Committee Minutes of March 12, 2025 [Pages 1-4]



Health Care District
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7. Consent Agenda – Motion to Approve Consent Agenda Items

HEALTH CARE DISTRICT

A. ADMINISTRATION

7A-1 **RECEIVE AND FILE:**

May 21, 2025 Internet Posting of District Public Meeting

<https://www.hcdpbc.org/EventViewTrainingDetails.aspx?Bck=Y&EventID=344&m=0|0&DisplayType=C>

7A-2 **RECEIVE AND FILE:**

Finance and Audit Committee Attendance [Page 5]

8. Regular Agenda

A. ADMINISTRATION

8A-1 **Staff Recommends MOTION TO APPROVE:**

Benoist Purchase and Sale Agreement – (Audrey Wolf) [Pages 6-26]

8A-2 **Staff Recommends MOTION TO APPROVE:**

Atlantis Purchase (Audrey Wolf) [Page 27-37]

9. CEO Comments

10. CFO Comments

11. Finance and Audit Committee Member Comments

12. Establishment of Upcoming Finance and Audit Committee Meetings

June 11, 2025

- 2:00PM, Joint Meeting with the Health Care District

September 17, 2025

- 4:00PM, Joint Meeting with the Health Care District Board

December 10, 2025

- 12:00PM, Finance and Audit Committee Meeting

13. Motion to Adjourn



Health Care District
OF PALM BEACH COUNTY
WE CARE FOR ALL

FINANCE AND AUDIT COMMITTEE
MEETING MINUTES
March 12, 2025, at 12:00PM
1515 N Flagler Drive, Suite 101
West Palm Beach, FL 33401

1. Call to Order – Patrick Rooney, Jr., Chair

A. Roll Call

Health Care District Finance and Audit Committee members present: Patrick Rooney, Jr., Richard Sartory, Heather Frederick, Carlos Vidueira (virtual), Cathleen Ward (virtual), and Mark Marciano (virtual). Sophia Eccleston and Joseph Gibbons were absent.

Staff present: Darcy Davis, President & Chief Executive Officer; Jessica Cafarelli, VP & Chief Financial Officer; Bernabe Icaza, SVP & General Counsel; Candice Abbott, SVP & Chief Operating Officer; Dr. Belma Andric, SVP & Chief Medical Officer; Heather Bokor, VP & Chief Compliance & Privacy Officer; Regina All, SVP & Chief Nursing Officer; and Geoffrey Washburn, VP & Chief Human Resource Officer.

B. Affirmation of Mission: The mission of the Health Care District of Palm Beach County is to be the health care safety net for Palm Beach County. Our vision is meeting changes in health care to keep our community healthy.

2. Agenda Approval

A. Additions/Deletions/Substitutions

B. Motion to Approve Agenda

CONCLUSION/ACTION: Richard Sartory made a motion to approve the agenda. The motion was duly seconded by Heather Frederick. There being no opposition, the motion passed unanimously.



Health Care District
OF PALM BEACH COUNTY
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3. Awards, Introductions and Presentations

- A. Economic Updates and Yield Curve Analysis
(John Grady, Public Trust Advisors)

Mr. Grady provided the Committee the economic update and yield curve analysis.

4. Disclosure of Voting Conflict

5. Public Comment

6. Meeting Minutes

- A. **Staff Recommends a MOTION TO APPROVE:**
Finance and Audit Committee Meeting Minutes of December 11, 2024

CONCLUSION/ACTION: Richard Sartory made a motion to approve the Finance and Audit Committee Meeting Minutes of December 11, 2024. The motion was duly seconded by Heather Frederick. There being no opposition, the motion passed unanimously.

7. Consent Agenda – Motion to Approve Consent Agenda Items

CONCLUSION/ACTION: Carlos Vidueira made a motion to approve the Consent Agenda. The motion was duly seconded by Mark Marciano. There being no opposition, the motion passed unanimously.

HEALTH CARE DISTRICT

A. ADMINISTRATION

7A-1 RECEIVE AND FILE:

March 2025 Internet Posting of District Public Meeting
<https://www.hcdpbc.org/EventViewTrainingDetails.aspx?Bck=Y&EventID=344&m=0|0&DisplayType=C>

7A-2 RECEIVE AND FILE:

Finance and Audit Committee Attendance



Health Care District
OF PALM BEACH COUNTY
WE CARE FOR ALL

8. Regular Agenda

A. ADMINISTRATION

8A-1 Staff Recommends MOTION TO APPROVE:

2024 Health Care District Audit

RSM Presented the 2024 Health Care District Audit to the Finance and Audit Committee.

CONCLUSION/ACTION: Heather Frederick made a motion to approve the 2024 Health Care District Audit. The motion was duly seconded by Richard Sartory. There being no opposition, the motion passed unanimously.

8A-2 Staff Recommends MOTION TO APPROVE:

Health Care District Financial Report January 2025

Ms. Cafarelli presented the Financial Report for January 2025

CONCLUSION/ACTION: Richard Sartory made a motion to approve the Health Care District Financial Report for January 2025. The motion was duly seconded by Heather Frederick. There being no opposition, the motion passed unanimously.

8A-3 Staff Recommends MOTION TO APPROVE:

Letter of Intent with the West Palm Beach Housing Authority

Mr. Icaza stated that this agenda item is to provide the CEO of the Health Care District of Palm Beach County with the necessary authority to enter into a non-binding letter of intent and to further negotiate the terms and conditions of a more definitive arrangement to jointly fund with the West Palm Beach Housing Authority the construction of three-story commercial building comprised of approximately 36,000 square feet together with an adjacent two-story parking garage and parking lot on land owned by the West Palm Beach Housing Authority.

CONCLUSION/ACTION: Cathleen Ward made a motion to approve the Letter of Intent with the West Palm Beach Housing Authority subject to final Board Approval, the motion was duly seconded by Heather Frederick. There being no opposition, the motion passed unanimously.



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9. CEO Comments

Ms. Davis informed the Finance and Audit Committee that Memorial Health Care System will no longer be hosting EPIC, and as a result we will be looking at different options.

10. CFO Comments

11. Finance and Audit Committee Member Comments

12. Establishment of Upcoming Finance and Audit Committee Meetings

June 11, 2025

- 2:00PM, Joint Meeting with the Health Care District

September Meeting (Date TBD)

- 4:00PM, Joint Meeting with the Health Care District Board

December 10, 2025

- 12:00PM, Finance and Audit Committee Meeting

13. Motion to Adjourn

There being no further business, the meeting was adjourned.

Patrick Rooney, Jr., Chair

Date



Finance and Audit Committee

Board Meeting Attendance Tracking for 2025

	12/11/24	3/12/25	5/21/25	6/11/25	9/17/25	12/10/25
Richard Sartory	X	X				
Mark Marciano	X	Virtual				
Joseph Gibbons	X	Absent				
Patrick Rooney	X	X				
Sophia Eccleston	VIRTUAL	Absent				
Heather Frederick	ABSENT	X				
Carlos Vidueira	X	Virtual				
Cathleen Ward	N/A	Virtual				

HEALTH CARE DISTRICT FINANCE AND AUDIT COMMITTEE

1. Description: Benoist Purchase and Sale Agreement

Purchase and Sale Agreement (PSA) for 9.67 acres of unimproved real property located at 100 N. Benoist Farms Rd (“Property”) for the development of the Crisis Center for Mental Health and Substance Abuse.

2. Summary:

Board Policy LEG 1000, approved June 2024, states “The Finance Committee shall review all real estate transactions involving the purchase of real property, which involves one or more of the following: a) a purchase in which the purchase price of the real property is greater than one hundred ten percent (110%) of the fair market value as determined by the appraisal or the average of the appraisals, b) appraisal(s) with hypothetical conditions or extraordinary assumptions, or c) change of land use, a comprehensive plan amendment or concurrency from that which currently exists.” There are no hypothetical conditions or extraordinary conditions, and the Property does not require a land use change for the District’s use. The average fair market value price of the two appraisals performed on the Property came in at \$12,675,000 after factoring in the cost to build a bridge to access the Property (\$1.3M), and the negotiated purchase price is \$16,750,000 or 32% above appraised value.

It is Staff’s opinion that the value of the Property to District warrants payment of the Property at the negotiated price and is in the District’s best interest. In addition to this Property enabling the opening of the Crisis Center in the shortest time of any property evaluated, Staff believes the price is appropriate for the value to the District due to; 1) the decreasing availability of land sites that meet the size, locational and adjacent use criteria needed by the District, 2) increasing cost to develop (both design and construction), 3) time delay potentially jeopardizing County funding contribution, and 4) “value” to the District Relative to the Strategic Facility Plan.

3. Substantive Analysis:

Palm Beach County faces a mental health crisis with inconsistent services. The main providers are Emergency Departments and the jail. In 2022, over 27,000 patients sought mental health care through ER or hospitalization. There have been 7,000 Baker Acts issued, impacting 316 individuals repeatedly, affecting patients, families, and the community.

The current ad-hoc approach to behavioral health services in Palm Beach County does not provide effective or comprehensive crisis treatment or ongoing medical

HEALTH CARE DISTRICT FINANCE AND AUDIT COMMITTEE

services. It can overwhelm facilities and is financially inefficient. There is a need for a coordinated behavioral health care system in the county.

The District has initiated efforts to establish the necessary infrastructure to serve as the central access point for such a system. Communities across the nation that have adopted the Crisis Now model have realized a 35% cost savings.

The proposed location provides a central access point for crisis care. The crisis care model supports patients during crises, stabilizes and treats them appropriately, and provides a medical home for ongoing care. Continuous care enhances patient resilience by equipping them with tools to prevent relapse, crises, or worsening symptoms. The envisioned Crisis Center will operate 24/7 for both adult and pediatric patients, offering inpatient and outpatient services, including an on-site pharmacy and integrated primary care for overall wellness. This will alleviate the burden on existing partners while promoting sustainable wellness for individuals experiencing crisis. The model adheres to national best practice guidelines for crisis care systems established by the Substance Abuse and Mental Health Services Administration (SAMHSA).

The coordinated care system has garnered support from community partners, the public with existing needs for comprehensive behavioral health services, and the Board of County Commissioners, all emphasizing the urgent need to proceed with this initiative.

Timeliness in opening the facility to provide services has been crucial throughout the site evaluation and negotiation processes. With timing being one of the most critical components in Staff's analysis of the potential sites and the Benoist Farms Site in particular, the following set forth the reasoning behind this Site and the purchase price. See Exhibit 1, Section 4.3 for additional details about these topics.

- There is a decreasing availability of land sites that meet the size, locational and adjacent use criteria (no adjacent residential land uses) needed by the District.
- The increasing costs associated with the development (design and construction).
- The potential to jeopardize County funding contribution if secondary site search and/or extended development timeframes associated with a more complicated site.
- The "value" this site brings to the District relative to the Strategic Facility Plan.

Exhibit 1 to this Finance Committee agenda item includes: 1) narrative/project description, 2) copies of appraisals, location maps, surveys, environmental audits, site assessments and other consultant reports, including any other pre-purchase due diligence utilized to determine valuation, 3) identification of transaction parties, 4) disclosure of representatives including brokers, land planners, lobbyists,

HEALTH CARE DISTRICT FINANCE AND AUDIT COMMITTEE

consultants, etc., 5) disclosure of any contemplated land use, zoning, or pending development applications, 6) discussion of valuation issues, 7) summary of negotiation history.

4. Fiscal Analysis & Economic Impact Statement:

The numbers shown (except for land acquisition) are based on a 60,000-sf building which is the estimated square footage, pre-programming and design and include contingencies.

Dollars shown in 1000s

Fiscal Years	2025	2026	2027	2028	2029	Total
<i>Capital Expenditures</i>	\$16,750 ¹ \$ 4,000 ² \$14,000 ³ \$ 3,000 ⁴		\$66,000 ⁵ \$15,000 ⁶ \$27,000 ⁷			\$ 145,750 ⁸
<i>Capital Contributions</i>	(\$10,000) ⁹					(\$10,000) ¹⁰
<i>Net Program Development Expenses *</i>						\$ 135,750

Is Item included in Current Budget:	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Does this item include the use of Federal Funds?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Does this item include the use of State Funds?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

¹ The purchase price of the land.

² The estimate of program management services that will be incurred over the course of the project.

³ The estimate of design services to be incurred over the course of the project. This includes any specialty consultants or professionals hired directly by the District or its design professional.

⁴ The estimated portion of the construction costs that are being allocated to early construction packages including securing the site after closing, construction of the canal crossing/bridge to the property, and pre-construction services for the construction manager.

⁵ The estimated construction costs for the project, not including the early construction expenses and pre-construction services that were included in footnote 4.

⁶ The estimated costs for furniture, fixtures and equipment (FFE), medical equipment and IT equipment.

⁷ The total contingency needed for the project and containing two components: 1) standard escalation to 2025 estimated expenses for start of construction at 5.25% annually, and 2) overall program contingency which encompasses any type of change from tariff impact and material cost changes to changes in programmatic requirements (square footage increases) to change orders.

⁸ The projected development costs.

⁹ Capital revenue from the \$10M County Funding Agreement

¹⁰ Capital revenue from the \$10M County Funding Agreement

HEALTH CARE DISTRICT FINANCE AND AUDIT COMMITTEE

*Non-budgeted expenditures in excess of \$250,000 require Finance and Audit Committee review and Board approval.

Recommended Sources of Funds/Summary of Fiscal Impact:

The total cost to develop the Crisis Center is estimated to be \$145,750,000; inclusive of land acquisition, program management service fees, design services fees, construction management fees, furniture fixture and equipment (FFE), medical equipment, information technology expenses, as well as a contingency, as detailed in the footnotes to the table. A \$10 million capital contribution will serve as a one-time capital contribution towards the land and design of the project.

The estimated operating expenses are \$35 million annually, and what is shown represents 6 months of ramp-up expenses to coincide with an opening in August/September 2029.

Reviewed for financial accuracy and compliance with purchasing procedure:

Signed by:

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Jessica Cafarelli
VP & Chief Financial Officer

5. Recommendation:

Staff recommends that the Finance and Audit Committee submit to the Board for approval a purchase and sale agreement to acquire 9.67 acres of unimproved real property located at 100 N. Benoist Farms Rd, West Palm Beach, FL with a total purchase price of \$16,750,000.

Approved for Legal sufficiency:

Signed by:

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Bernabe Icaza
SVP & General Counsel

DocuSigned by:

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Belma Andric, MD
EVP & Chief Medical Officer

Signed by:

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Darcy J. Davis
Chief Executive Officer

**EXHIBIT 1
FINANCE AND AUDIT COMMITTEE AGENDA ITEM
MAY 21, 2025
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- 2.0 Project Site Criteria
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 - 2.2.2 Timing
 - 2.2.3 Developability
 - 2.2.4 Development Costs
 - 2.2.5 Operating Costs
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 - 2.3 Site Search Process and Priorities
 - 2.3.1 County-owned Sites
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 - 4.1 Appraisals
 - 4.2 First Round of Negotiations
 - 4.3 District's Reconsideration of the Selection of the Benoist Farms Site
 - 4.4 Second Round of Negotiations
- 5.0 Purchase and Sale Agreement
- 6.0 Conclusions
- 7.0 Attachments

1.0 Project Description

Palm Beach County (“County”) is facing a mental health crisis, but there is hope for a brighter future. The current mental health services are inconsistent and fragmented, causing strain on the community. Emergency Departments and the jail have become the two largest mental health care providers in the County. In 2022 alone, over 27,000 adult and pediatric patients sought care for mental disorders through the Emergency Room or hospitalization. There have been 7,000 Baker Act holds, with 316 individuals being Baker Acted three or more times, impacting patients, families, and the community as a whole.

This ad-hoc approach to behavioral health services does not provide effective or comprehensive care, can overwhelm facilities, and is not financially efficient. Palm Beach County needs a coordinated behavioral health care system. The Health Care District of Palm Beach County (“District”) has stepped up to create the necessary infrastructure to become the central access point for this system. Communities across the nation that have implemented the Crisis Now model have realized savings of 35% in costs across the community.

The solution is a central access point for crisis care. This care model supports patients through crises, stabilizes and treats them appropriately, and provides them with a medical home for continued care. Consistent care supports patient resilience, giving them the tools they need to prevent relapses, crises, or worsened symptoms. The Crisis Center is that PLACE TO GO. The proposed Crisis Center will be available 24/7 for adults and pediatric patients (“Crisis Center”). It will offer inpatient and outpatient services, including an on-site pharmacy and integrated primary care for overall wellness. This will alleviate the pressure on our partners while supporting sustainable wellness for those suffering from crises. The Crisis Center I will meet national best practices guidelines for crisis care systems published by the federal Substance Abuse and Mental Health Services Administration (“SAMHSA”).

This coordinated care system has received support from community partners, the public, and the Board of County Commissioners, all expressing the urgent need to move forward with this effort. The time to open and provide services has been a key criteria throughout the site evaluation and negotiation process.

From pre-purchase due diligence studies, for a single story building, it is recommended that the Crisis Center be a 60,000 square foot building with a minimum floor plan of approximately 42,000 square feet for a multistory structure. The building will consist of a central receiving facility, crisis stabilization unit (chairs and beds for those patients requiring a longer stay), and outpatient services. This pre-purchase programmatic effort is discussed further in Section 2.1 and Attachment A.

2.0 Project Siting Criteria

Prior to starting the site search, Staff needed to define the approximate size of the property that was needed and the characteristics of the site which would be most desirable.

2.1 Size of Property

The District contracted with the team of Saltz Michelson Architects/WGI/JFO to conduct three (3) tasks, the first of which was known as Task 1 – Conceptual Programming and Spatial Relationships. It should be noted that the programming completed for this effort should not be considered design solutions or even concept proposals, but are sufficient for determining whether a site will be able to reasonably accommodate the facility. The design team will need to develop a separate comprehensive functional program in conjunction with Staff and as part of an overall architectural design effort.

The conclusion of the report was that a 60,000 square foot building on 6-8 acres of vacant land was needed. For improved sites, the building requirements would require about one acre, and the land requirement would vary based on the configuration and use of shared facilities. The complete work product from Task #1 is included as Attachment A to this document.

2.2 Key Site Characteristics

2.2.1 Location. The location criteria includes; 1) the desirability of the geographic location within the County taking into account service need and accessibility by public transportation, private vehicle and 1st responders, 2) visibility from major roads, 3) proximity to partners and similar uses, 4) adjacent uses, and 5) 365/24/7 considerations.

2.2.2 Timing. The timing criteria includes durations for: 1) time for HCD to achieve owner status, 2) ability to move forward independent of other organization's timing, 3) governmental approvals and conditions, 3) regulatory approvals (seeking entitlement and permits), 4) design; and 5) construction.

2.2.3 Developability. Includes: 1) ability to accommodate all components, 2) horizontal expansion capabilities, 3) does it fit, 4) probability of land use or rezoning without extraordinary conditions, 5) medical or land regulatory constraints that would hinder or materially constrain development, 6) whether other HCD uses would be allowed, 7) ability to achieve interior design objectives (high ceilings, natural light, views/outdoor spaces) and 8) ability to accommodate expansion/contraction of BH use or other use.

2.2.4 Development Costs. Includes: 1) land acquisition, 2) design including soft costs, 3) extraordinary land development costs, and 4) construction/demolition/renovation.

2.2.5 Operating and Operating Costs. Includes: 1) building operating cost savings or increases, 2) staff savings or increases, 3) operational disruption to desired workflows, 4) additional costs or cost savings associated with conceptual layout, 5) lease payments, 6)

health care regulatory concerns or modifications, 7) staff cross training, 8) maximizing use of common infrastructure, and 9) changing programmatic needs.

2.2.6 Other. Includes: 1) neighborhood impact, 2) support/objection of neighbors, 3) opportunity for workforce development, 4) opportunities for not for profits, 5) support from local government and 6) branding and identity.

2.3 Site Search Process & Priorities

The site search was initially limited to publicly owned land or buildings and land or buildings currently zoned for governmental, health care, or hospital use. Specifically, the limitations as described above would:

- minimize the time for solicitation, evaluation and contract negotiation by 3-7 months;
- reduce the probability of undergoing a lengthy land use and/or zoning process and minimize the likelihood of public opposition to the siting decision by 3-9 months; and
- contribute to the beneficial stewardship of publicly owned resources/assets by: 1) not reducing taxable assets, 2) leveraging assets already in public ownership to avoid additional public investments in land buildings, and 3) reinforcing existing and on-going relationships with sustainable partners.

2.3.1 County-owned sites. Three sites were initially identified: 45th & Australian Complex, property adjacent to the former Stockade, and the vacant land at 5741 Okeechobee Blvd. Staff met with the County Administrator as well as the Director of Facilities Development & Operations and it was determined that the first and second sites were not available due to existing and active redevelopment plans. The last site was the subject of a current RFP for affordable housing. Three additional County-owned sites were suggested for evaluation, but ultimately were rejected due to existing and active redevelopment plans.

2.3.2 Palm Beach State College – Lake Worth Campus (“PBSC”). Staff and PBSC had preliminary discussions about the possibility of a co-location on campus but ultimately needed to be removed from consideration due to the Crisis Center being prohibited by existing use limitations and restrictions.

2.3.3 Edward J Healey Skilled Nursing and Rehabilitation Center (“Health Care District Skilled Nursing Center Site” or “Skilled Nursing Center Site”). The District owns property located at 5101 W. Blue Heron Blvd, Riviera Beach, FL, which has one undeveloped parcel and a large surface parking area with future development potential as well as the opportunity for operational savings.

2.3.4 Former Jerome Golden Property. The privately owned former home of the Jerome Golden Center located at 1041 45th St. West Palm Beach, FL (SW corner of the St. Mary’s campus) was evaluated in early 2024 as part of the first search due to its previous use being mental health facility. The current owner of the Jerome Golden Site

was contacted and advised that he was not willing to engage in any discussions for less than \$18,000,000. Despite its previous use for mental health, Staff questioned the location and access to this site. While the site is already zoned for the existing behavioral health need, it is likely that there would be strong opposition to the District's particular use from the community due to the number of county-wide and regional uses already near the same residential areas. This improved property is approximately 9 acres and has multiple existing buildings which would need to be demolished to allow for construction of the Crisis Center. The property also has an additional free-standing building on it which houses a not-for-profit agency which holds a long-term lease. There are complicated title, utilities and access conditions that would need to be resolved pre-purchase.

2.3.5 Conclusion. With only one readily viable property at this point, Staff re-reviewed the privately held undeveloped properties which resulted from a windshield survey and database review. A total of 13 sites that were actively on the market remained. The privately owned site that Staff believed most desirable was then identified as 100 N. Benoist Farms Rd property ("Benoist Farms Site").

The conclusion of this effort was to move forward with the comprehensive due diligence study on the Skilled Nursing Center Site and the Benoist Farms Site.

3.0 Summary of Site Assessment for Benoist Farms Site.

Tasks 2 and 3 of the SMA/WGI/JFO due diligence study were the site assessments on the Skilled Nursing Center Site and Benoist Farms Site, respectively. The scope of work for the site assessments included the following activities.

- Utilize the approved conceptual programming and work-flow information developed in Task 1, prepare a proposed plan of development, complying with the program, development regulations, access and circulation requirements, and drainage.
- Ensure that the project complies with local zoning codes, ordinances, and any newly introduced regulatory requirements.
- Review the Comprehensive Plan designation, zoning designation and property regulations, including those that may be specific property and any current approvals on the site.
- Review HCD's future needs analysis and apply to the property and any studies currently available for the property.
- If the entire program for the Crisis Center (or other element) cannot be accommodated, identify the total interior and exterior requirements that will need to be accommodated elsewhere.
- Identify any existing regulations (both medical or land development) that would materially hinder or constrain development (either physically or financially), including a rough order of magnitude of the extent of the impact of such regulations on the project

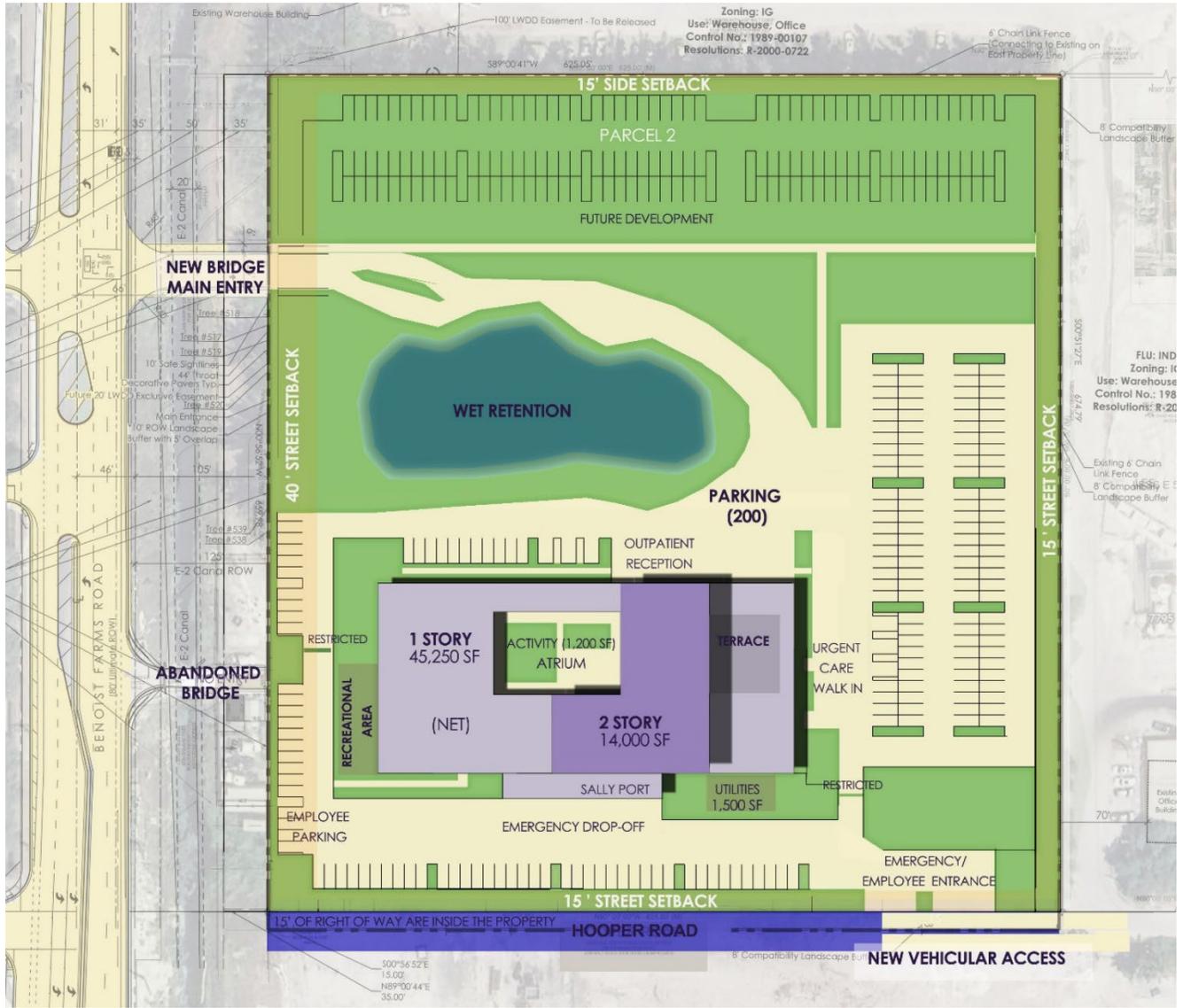
- Identify any variances, special exceptions, etc. that will be required because of sitting the Central Receiving Facility/Crisis Stabilization Unit and potentially the Community Behavioral Health Center on that site.
- Review of environmental and logistical factors.

The entire Benoist Farms Rd Site Assessment is included as Attachment B and C. Below is a summary of SMA/WGI/JFO's findings on the Benoist Farms Site.

3.1 General Site Description. The Benoist Farms Site is located on the east side of North Benoist Farms Rd, 400 feet north of Southern Blvd (aka SR 80 and US Highway 98), in an area of unincorporated Palm Beach County. The property address is 100 North Benoist Farms Rd, West Palm Beach, FL 33411. The Benoist Farms Site is a square shaped parcel containing 9.67 acres. The Benoist Farms Site is surrounded by undeveloped and developed industrial uses as well as commercial uses such as gas stations/convenient stores.

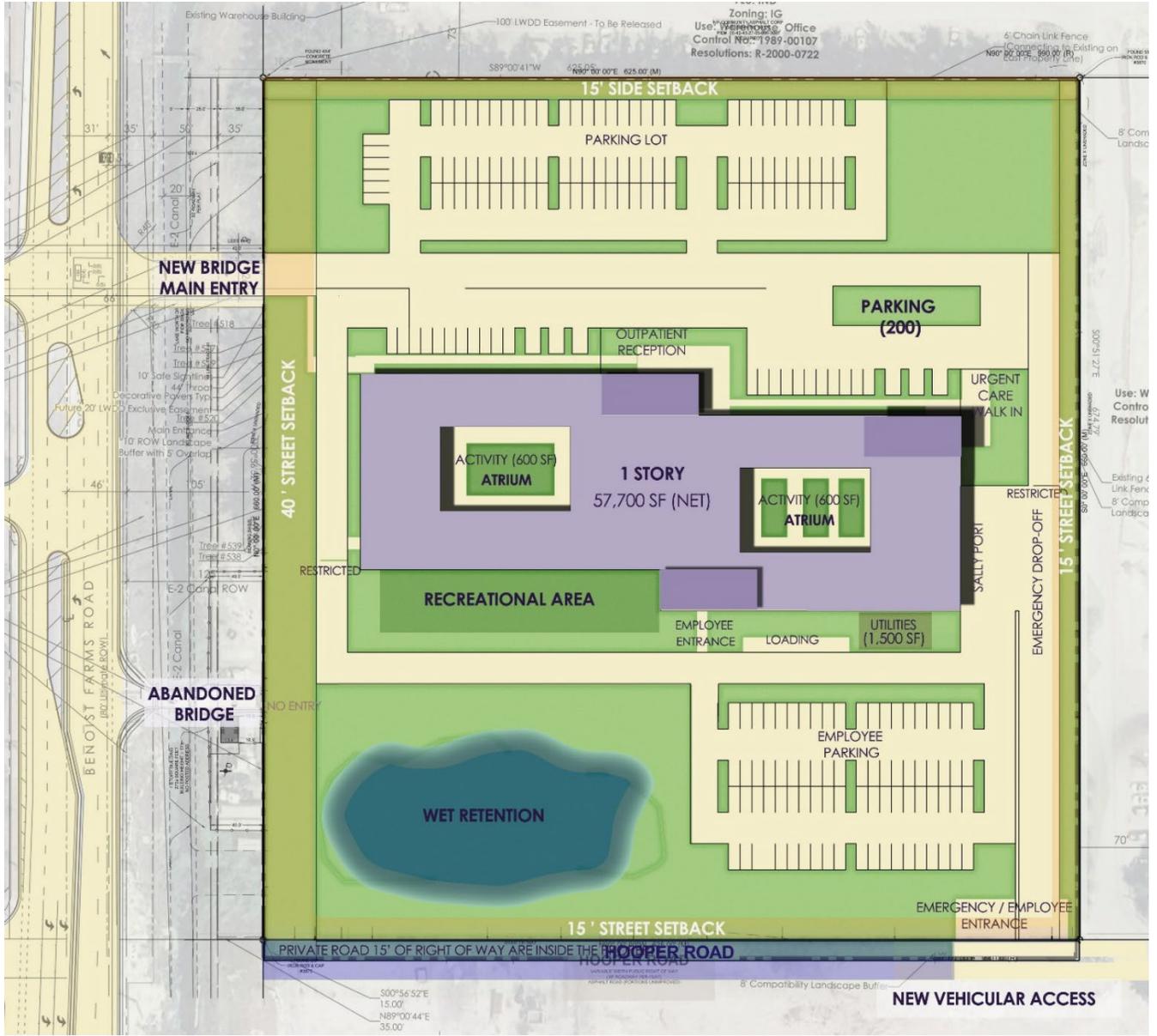
3.2 Development Plan Options. The purpose of the conceptual development plans is to: 1) ensure that all the plan elements (building, parking, water retention, circulation, buffer, setbacks, etc.) can "fit" on the site, 2) identify any extraordinary conditions and/or costs associated with developing the property for its intended purpose, and 3) identify any regulations that may negatively impact the development plan. These development plans are not designs, but instead a tool for conceptualizing how the property can be developed for this purpose.

Option 1 – Urban Plan:



Two -Story +/- 59,800 SF

Option 2- Suburban Plan



One-Story +/- 59,200 SF



3.3 Future Land Use and Zoning. The Benoist Farms Site has a land use of Industrial with a Light Industrial (“IL”) zoning district. Government Service¹ uses are allowed in the IL zoning district – by right provided the use is able to meet all property development regulations of the zoning district. The size of the property allows sufficient space to meet the property development regulations of the IL zoning district. As such, no land use or zoning changes are required for the Crisis Center use.

3.4. Parking. The parking requirement for Government Services is 1 parking space per 500 sf of facility. For the Crisis Center’s proposed use, this would equate to 120 parking spaces. However, 120 spaces are inadequate for the Crisis Center, so we have assumed 200 parking spaces are necessary² and those 200 parking spaces are reflected in the development plan options.

3.5 Access. Primary access to the site is via Benoist Farms Rd. Benoist Farms Rd is a County owned and maintained road. It is currently in the process of being expanded and the new cross section provides for a median opening near the northwest end the Benoist Farms Site to allow for southbound and northbound movement from the Benoist Farms Site onto Benoist Farms Road. A new bridge, meeting the LWDD standards, will be needed to provide for a vehicular crossing.³

There is also an opportunity for the District to provide a secondary, limited and controlled (staff and emergency vehicles) access from Hooper Rd. which currently terminates at the southeast corner of the Property and runs East to Pike Rd. Hooper Rd. is a County road with various segments having been dedicated to the County by the numerous landowners on both the north and south. A cost benefit analysis regarding the use of Hooper Rd. as a secondary access will need to be completed in conjunction with the design effort.

3.6 Traffic Capacity. The purpose of this traffic study was to assess the potential for the project to achieve Traffic Concurrency approval. The study concluded that links and intersections on Benoist Farms Road from Southern Boulevard to Okeechobee Boulevard will be expected to meet the adopted level of service at the assumed project buildout in the year 2030. It is also likely that the project as proposed will meet County Traffic Performance Standards (TPS) at the assumed buildout year in 2030 where a southbound left turn lane and a northbound right turn lane may be required at the proposed access on Benoist Farms Road. The complete traffic study is included as Attachment C.

3.7 Public Transportation. There are no public transportation lines available within walking distance on either Benoist Farms Rd or Southern Blvd. However, this is not a critical element for this location, as the nature of individuals seeking services is not

¹ Government Services in the PBC ULDC is defined as “buildings or facilities owned or operated by a government entity and providing services for the public, excluding utility, recreational services and prisons, jails or correctional facilities.”

² This is based on 60 staff persons, doubled to accommodate shift change, and all public areas at capacity and with simultaneous use.

³ This bridge will be discussed further in the next section.

typically conducive to riding on public transportation. Someone in crisis is likely to need private transportation or to be brought via a mobile response team.

3.8 Water Management/Drainage. The Benoist Farms Site is located within the jurisdiction of South Florida Water Management District (SFWMD) and the Lake Worth Drainage District (LWDD). The Benoist Farms Site is located within the SFWMD C-51 basin and does not have an existing water management system or SFWMD permit. The Benoist Farms Site will require a system of interconnected inlets and storm pipes with a discharge to a new on-site retention area. The legal positive outfall is to the LWDD E-2 canal along the northern portion of the property. Up to 20% of the site must be preserved for a wet retention area.

3.9 Environmental. Based on a Phase 1 Environmental Assessment conducted by WGI, there are no Recognized Environmental Conditions (RECs) or Controlled Recognized Environmental Conditions (CRECs) that would trigger a need for a Phase 2 Environmental Assessment. In addition, WGI found no Historical Recognized Environmental Conditions (HECs), *de minimis* or Business Environmental Risks (BERs). WGI recommended no additional investigation as part of Phase I ESA activities. Recommendations for Phase II ESA or other assessment activities are specifically not required by ASTM E1527-21. A complete copy of the Phase 1 Environmental Assessment is an attachment to the SMA/WGI Site Assessment (Attachment B to this report). An Environmental Feasibility Study was also completed, and a complete copy is an attachment to the SMA/WGI Site Assessment (Attachment B to this report). The most significant findings are related to tree mitigation and surface waters and wetlands and an outstanding (although neither rising to the level of a site specific issue or extraordinary cost) and an open/unresolved Notice of Violation and Consent Order by SFWMD.

A tree inventory and arborist report will need to be completed for site plan approval and to determine the actual required mitigation amount (replacement trees, buyout, or combination thereof). There are several sabal palms and strangler figs onsite which will require the preservation or relocation of these trees and palms, or sufficient justification provided for their removal.

The surface waters can be impacted with no mitigation required as long as the stormwater system accommodates any drainage that the surface waters were previously providing. Impacts to the wetland will require mitigation; either through the purchase of mitigation credits through the creation or restoration of wetlands onsite, or a combination of the two.

There is a second consent order pending against the property which incorporates the first consent order (against the previous owner which was passed along to the current owner) which requires the removal of all unauthorized fill from the wetlands and a return of the elevations to the pre-existing grades. It is WGI's opinion that the second consent order should not be assumed and/or amended and that the current owner should remove the unauthorized fill.

3.10 Summary of Extraordinary/Site Specific Costs at Benoist Farms Site. The property is square which is the ideal shape for a facility of this type, has no adjacent residential uses and is of more than adequate in size for the Crisis Center. The size and design could provide adequate land for another District use or an expansion of this use. There is significant space to accommodate a buffer from adjacent uses for purposes of creating a natural and soothing visual impact while mitigating noise and dust.

The following table summarizes the site specific and extraordinary costs associated with the Benoist Farms Site.

Site Specific and Extraordinary Costs

Cost Category	Benoist Farms Site
Bridge – Primary	\$ 1,300,000 ⁴
Hooper Rd	\$ 200,000 ⁵
Lift Station	\$ 250,000 ⁶
Water and Sewer	\$ 150,000 ⁷
Paving Grading and Drainage	\$ 500,000 ⁸
Total Site-Specific Costs	<u>\$ 2,400,000</u>

3.11 Staff’s Conclusions on Results of Site Assessments. Staff concluded that it was in the best interest of the District to commence negotiations with the owners of the Benoist Farms Site. The key factors in this decision were; 1) the unknown duration, costs and nature of impacts on the Skilled Nursing Center Site by the design and construction of the Crisis Center, 2) the lack of any capacity for modifications or expansion of Crisis Center as needs present, 3) the limitations on outdoor and recreational programming for the Crisis Center, 4) the more central location for a countywide facility, 5) the access potential from all four directions, 6) the future development potential for the Crisis Center as well as other facilities identified in the District’s Strategic Facility Plan, and 7) the ability of the Benoist Farms Site to allow for the District to create a facility with a plan and architecture that is totally consistent with the mission and programming for the facility.

The issue of no public transportation to support this site was not taken lightly. While typically this is a critical component for a siting decision; this facility is fairly unique in that regard. Public transportation is not a critical element for this location, as the nature of individuals seeking services is not typically conducive to riding on public transportation.

⁴ A new bridge is required to cross to and from Benoist Farms Road over the LWDD E-2 is required and has an estimated cost of \$1,300,000.

⁵ An alternate to Hooper is the addition of a secondary crossing from Benoist Farms Road at \$1,300,000.

⁶ A new lift station is required on site with an estimated cost of \$250,000 for a publicly maintained station and \$150,000 for a private lift station (not recommended).

⁷ there are other water and sewer related extraordinary expenses estimated at \$150,000 for water and sewer lines.

⁸ There is an estimate of \$500,000 in extraordinary paving, grading and drainage costs.

Someone in crisis is likely to need private transportation or to be brought via a mobile response team.

Approximately 2/3 of the facility from a square footage perspective is dedicated to crisis care, and these patients/clients arrive at the facility via 1st responders and in some cases by family members/friends. Based on the experience at our clinics, the majority of the outpatients arriving at the facility will be via private transportation, about 10% via self-pay patient transport services (e.g. Uber and Lyft). There are some out-patients that qualify for transportation assistance and same will be provided by the District as is currently offered at all Clinics.

It should also be noted that at the time the Staff came to these conclusions, it was estimated that the purchase price for the Benoist Farms Site would be \$15,000,000 with an additional cost of \$2,400,000 for a total of \$17,400,000. While there were no land acquisition costs at the Skilled Nursing Center Site, the estimated costs for the known extraordinary/site specific costs are \$15,250,000 including the construction of a parking garage. However, for the reasons listed above, the Staff proceeded with the Benoist Farms Site as the recommended site. A complete copy of the Skilled Nursing Center Site Assessment report is included as Attachment D to this report.

4.0 Purchase Price Discussions and Appraisals.

Staff first contacted the owner of the Benoist Farms Site (“Seller”) in December of 2024 expressing interest in their willingness to sell the property and to inquire as to whether the property was still for sale. The Seller is OSI 100 Benoist Farm Road LLC, and its broker Patrick McBride, SIOR, Esq., Principal ComReal, Miami Doral. No other brokers are involved in this transaction nor were any lobbyists involved. The assessed value is \$9,092,853 and the Seller acquired the parcel in May 2022 for \$14,000,000. The Seller indicated that it had been entertaining offers but that it was holding action on any potential offers pending the outcome of a refinancing on other properties.

Several weeks later, the Seller informed us that this property was ultimately included in the re-financing, and the offers were returned and they were willing to proceed through the due diligence process and provided the necessary access to the property for the District and its consultants to perform the necessary inspections. As part of these early discussions, the District indicated that it would likely be willing to pay market value for the property. The Seller indicated an asking price of \$17,000,000.

4.1 Appraisals The District’s Land Acquisition Policy requires two appraisals for a transaction of this value. The District contracted with Callaway & Price, Inc (“Callaway”), and Colliers International Valuation & Advisory Services (“Colliers”) for appraisal services. Both Callaway and Colliers appraised the market value of fee simple ownership with no hypothetical or extraordinary conditions. Market Value is defined as “the most probable price which a property should bring in a competitive and open market under all conditions requisition to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.....”

The scope of work for the appraisals generally included the following:

- Identification of the appraisal which includes the purpose or date of value, the interest to be appraised, identifying the real estate (legal description) of the property and whether the appraisal is subject to any hypothetical or extraordinary conditions.
- Inspection of the property, data collection process, and analysis of the factors that affect market value.
- Determination of the highest and best use of the property.
- Application of the appropriate approaches or the valuation.

Both appraisers determined the highest and best use for the property was Industrial – Light Industrial/Open Storage and both used the sales comparison method of valuation.

There are two sets of appraisals as the appraisers each updated and re-issued their appraisals after reviewing the results of the site assessments (due diligence studies). See table below for appraisal results.

Appraiser	Market Value	Market Value with Due Diligence Results
Callaway and Price	\$14,000,000 ⁹ 1/24/25	\$12,700,000 ¹⁰ 3/26/25
Colliers	\$14,500,000 ¹¹ 3/11/25	\$12,650,000 ¹² 3/28/25
Average Price	\$14,250,000	\$12,675,000

Neither appraiser made any substantial changes to its appraisal but for the straight deduct of \$1,300,000 for the cost of the bridge. They both indicated that they felt strongly about this deduct as the need to install the bridge would apply to any buyer.

4.2. First Round of Negotiations. Despite the spread in price positions and the appraisals, neither the Seller nor Staff terminated discussions. The Staff indicated that it would be willing to recommend to the Board (“Conditional Offer”) the purchase price of \$15,700,000, which it believed was a reasonable offer in light of the offer being approximately: 1) \$110% of the first appraised value and 2) the asking price less the estimated cost of the bridge. *It should be noted that while Staff was using the original appraisal as the basis for the negotiation, it has, for the purposes of the District’s Land Acquisition Policy, consistently reported the purchase price as a percentage of the final appraised value.*

The Seller countered with \$17,000,000 again, indicating they believed in the industrial market in Palm Beach County, that the values would increase with time and diminishing

⁹ See Attachment E

¹⁰ See Attachment F

¹¹ See Attachment G

¹² See Attachment H

availability of empty land sites of similar size and location, and that they were willing and, in a position, to wait for an offer at the \$17,000,000.

4.3 District's Reconsideration of the Selection of the Benoist Farms Site.

Based on the lack of willingness of the Seller to move off the asking price, and the District's previous estimate of \$15,000,000 to meet the siting and programming requirements of the Crisis Center, Staff revisited the selection of this site and whether re-starting the site search would yield a result that was more beneficial to the District and the Crisis Center Project.

4.3.1 The two most likely alternatives are the Skilled Nursing Center Site and the former Jerome Golden site.

The Skilled Nursing Center Site has sufficient development potential to accommodate the Crisis Center, but the two uses are not compatible, especially considering the extended construction period associated with the complicated design and regulatory environment and the construction of the parking garage. Due to the statutory physical plant standards for the Crisis Center, the minimum ground floor plate would limit the amount of outdoor space and active recreational programming for the Crisis Center and essentially eliminate any ability to adjust or expand Crisis Center programs in the future. In addition, the costs of a parking garage and costs associated with a multi-story building are estimated at \$15,250,000 and that does not include the costs and time associated with the: 1) complexity of the design, and 2) any renovations/modifications necessary to the Skilled Nursing Center Site to preserve its current environment.

4.3.2. The decreasing availability of land sites that meet the size, locational and adjacent use criteria needed by the District. Staff again performed windshield surveys and conducted electronic searches (using various databases designed for non-residential properties) for properties for sale that met the District's size criteria of 6-8 acres that were not adjacent to residential uses and there were none in our search area. As a result, the next step would have to involve assembling smaller properties or engaging owners of vacant properties which meet the criteria but are not currently on the market and assemble a transaction which meets the District's need. These types of transactions are also typically complex and are time consuming and result in costs higher than appraised values.

The following are some excerpts from the appraisals which support our position on decreasing availability.

- "The overall Palm Beach County industrial market conditions appear to be strong but stabilizing as vacancy rates have remained consistent and rental rates increasing at a fairly significant rate. The Central Palm Beach County Area submarket is demonstrating very strong fundamentals with tight

occupancies, increasing rental rates and limited new construction to keep pace with demand.”¹³

- “It should be noted that there is a severe lack of remaining developable industrial sites in Palm Beach County. As a result, land values are increasing as the supply of land decreases. The demand for local distribution warehouses for last mile e-commerce delivery companies, as well as for general purpose industrial properties, continue to increase¹⁴.

4.3.3 Increasing costs to develop (design and construction). The costs of design and construction have increased an average of 5.25% over the last 10 years. If that trend continues, even an one year delay to design and construction could result in additional development costs of \$3,150,000 based on the currently estimated \$60,000,000 estimated hard construction costs.

4.3.4 Potential to jeopardize County funding contribution. In early 2025, the Board of the County Commissioners executed a funding agreement with the District that provided for \$10,000,000 in funding for the development of the Crisis Center. That funding agreement contains a requirement that the Crisis Center be open to the public and providing services no later than 12/31/2029 or repay the contributions received from the County. Any delay in securing the land by greater than 3 months, directly impacts the District’s ability to complete the project by the milestone and jeopardizes the funding.

4.3.5 “Value” to the District Relative to the Strategic Facility Plan. The acquisition of this property would provide sufficient development potential (along with the remaining development potential at the Skilled Nursing Center Site) to accommodate all currently identified facility needs of the District including the co-location and expansion of warehouse and distribution needs and other compatible District uses. The size of the Benoist Farms Site provides sufficient area and traffic capacity for the construction without the acquisition of an additional property. So not only does this purchase accomplish the District’s policy to move to District owned land/buildings for financial and programmatic reasons, but it also accomplishes the District’s policy to co-locate compatible uses were possible in order to realize cost savings and eliminating duplicated infrastructure and operational expenses.

4.4 Second Round of Negotiations.

Since the Seller had mentioned several times that previous offers were higher than the Districts, the Staff requested a copy of the offers. The Seller provided a copy of a previous offer from August 2023 for \$16,500,000.

Then, the District became aware via the South Florida Business Journal of a very recent sale of similarly situated property (40 acres of light industrial property immediately south of Fire Rescue Headquarters) with access from Benoist Farms Rd with a purchase price

¹³ Callaway & Price Appraisal

¹⁴ Callaway & Price Appraisal

of \$1,650,000/per acre which would equate to a value of \$15,955,000 for the Benoist Farms Site.

In order to move forward, the District made a subsequent Conditional Offer of \$16,500,000, which was countered by the Seller with \$16,750,000 which ultimately became the agreed upon purchase price.

5.0 Purchase and Sale Agreement The Purchase and Sale Agreement (“PSA”) was negotiated by Darcy Davis, Chief Executive Officer and District employees Audrey Wolf, Facilities Development Consultant and Terry Megiveron, Construction Services Director with the assistance of Bernabe Icaza, General Counsel. The following are the key terms. OSI 100 Benoist Farms Rd, LLC, a Delaware limited liability company is the record owner of the Property with CRE Outdoor Storage Member LLC holding a 98% beneficial interest in the OSI Benoist Farms Rd, LLC.

- The property interest will be conveyed via a General Warranty Deed in as-is, where-as condition.
- Within 5 days of the Effective Date of the PSA, Seller will deliver an owner’s title insurance commitment insuring the marketability of the fee simple title to the Property, with only agreed upon exceptions permitted. The District shall have 10 days after the receipt of the Title Commitment and the Survey to notify the Seller of any matters that are objectionable to the District. Within 5 days of the receipt of any objections, the Seller shall notify District that it intends to cure any defects. If the Seller determines that it is not going to cure the defects, then the District has 5 days to notify the Seller in writing of its intent to terminate the PSA. This will end Inspection Period One and the District’s rights to terminate the PSA for matters of due diligence and title. All costs associated with title insurance commitment and premiums will be paid by the Seller. If the District elects endorsements to the policy, those endorsements shall be at the District’s expense.
- Within 5 days of the Effective Date of the PSA, the District shall deposit \$200,000 with the escrow agent which will be nonrefundable at the end of the Inspection Period One. The deposit will be released to the Seller at closing and will be credited against the purchase price.
- Inspection Period Two is a 10 day limited purpose inspection period to occur after the Seller completes all work required by the SFWMD Consent Order for the sole purpose of ensuring that the Seller’s contractor did not alter or create a defect inconsistent with the requirements of the PSA.
- Closing will take place 20 days after; 1) fulfillment of conditions precedent to closing, 2) the successful conclusion to Inspection Period Two and 3) completing all other conditions to closing. The conditions precedent to closing will occur when the Seller provides the District with satisfactory evidence that; 1) all the requirements of the OSI Consent Order with the South Florida Water Management District (SFWMD) have been fulfilled, and 2) the SFWMD considered the matters fully resolved. This shall take place no later than September 1, 2025. The Seller

must also; 1) perform all covenants and obligations of the PSA and in the timeframes required by the PSA, 2) warrants all representations identified in the PSA are true and correct, and 3) the title company is ready, willing and able and irrevocably committed to issue upon the closing a title insurance policy in the face amount of the purchase price.

- The purchase price is \$16,750,000 due at closing. At closing the District will also pay the cost of recording the deed. Documentary Stamps fees will be paid by the Seller. Recording costs will be paid by the District.
- In the event of a default by the Seller, the District shall have the right to 1) terminate the Agreement, have the deposit returned and up to \$25,000 in expenses, 2) grant Seller a reasonable amount of time to cure the default, or 3) seek specific performance. In the event of a default by the District, the Seller shall have the right to terminate the PSA or grant the District a reasonable amount of time to cure the default.

6.0 Conclusion: The average of the two appraisal values is \$12,675,000 and the purchase price is \$16,750,000 (32% or \$4,075,000). Nonetheless, for the reasons listed in Section 4.3 of this report, Staff believes it is in the best interest of the Crisis Center and the District in terms of furthering its strategic facility objectives, to move forward with the purchase of the 100 N. Benoist Farms Rd. property with a purchase price of \$16,750,000.

7.0 Attachments to Exhibit 1

- A. SMA/WGI Task 1 Work Product
- B. SMA/WGI Task 3 Work Product – Site Assessment 100 N. Benoist Farms Rd.
- C. SMA/JFO Group Inc Task 3 Work Product - Supplement to Site Assessment at 100 N. Benoist Farms Rd
- D. SMA/WGI Task 2 Work Product – Site Assessment Edward J. Healey Skilled Nursing and Rehabilitation Center.
- E. Callaway & Price Appraisal Dated January 24, 2025
- F. Callaway & Price Appraisal Dated March 26, 2025
- G. Colliers Appraisal Dated March 11, 2025
- H. Colliers Appraisal Dated March 28, 2025.

[Benoist Packet Crisis Center Exhibit 1 A-H.pdf](#)

HEALTH CARE DISTRICT FINANCE AND AUDIT COMMITTEE

1. Description: Atlantis Purchase

2. Summary:

This agenda item presents the Finance and Audit Committee with a recommendation to purchase the improved real property (Atlantis) located at 4801 S Congress Avenue.

3. Substantive Analysis:

The Atlantis Community Health Center is the Health Care District's (HCD) newest and largest Federally Qualified Health Center. This flagship FQHC boasts 26,283 square feet and spans three floors (1-3) of the four-story building with a total building size of 35,588 square feet.

The HCD's currently leased space has undergone an extensive fifteen-month buildout to like-new condition. The landlord and HCD combined investment is over \$3 million. HCD currently occupies 74% of the rentable space in this building with one additional tenant occupying the fourth floor. It sits on a 2.86 acre parcel that is adjacent to John Prince Park and only 0.3 miles from JFK Hospital and many other health-related services. This facility is easily accessed from I-95 and the Turnpike via Lake Worth Rd. It is also located on a major bus route that services Congress Avenue.

The tenant on the 4th floor currently has a 5-year lease on the space that will generate \$1.9 million during this lease term. This contemplates that the tenant does not exercise their 5-year renewal option. If renewed for an additional 5-year term it would result in additional rental income and contribution toward building operating expenses. Additionally, there is a cell phone tower that will generate approximately \$29 thousand per year during the current 5-year lease term.

After completing due diligence and analyzing the existing 10-year financial lease commitment under the current rental agreement as well as the future rental revenue, the payback period for the investment will be 8.5 years. The proposed purchase provides for 1.5 years of rental cost savings from the original 10-year lease.

HEALTH CARE DISTRICT FINANCE AND AUDIT COMMITTEE

HCD has negotiated a purchase price of \$14,500,000 with up to \$250,000 contribution toward seller’s closing costs. The District’s Land Acquisition Policy requires two appraisals for a transaction of this value. The District contracted with Callaway & Price, Inc. and Partner Valuation Advisors for appraisal services. The negotiated selling price of \$14,500,000 is 5% above the average of the two appraisals in the amount of \$13,750,000.

HCD seeks to purchase the Atlantis building for an amount not to exceed \$15,000,000. This unbudgeted capital expenditure will use funds from the unassigned reserves.

4. Fiscal Analysis & Economic Impact Statement:

	Current FY Amounts	Total Amounts (Current + Future)	Budget
Capital Requirements	\$15,000,000 ¹	\$15,000,000 ²	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Currently, the District has an annual rent and common area maintenance (CAM) expense of approximately \$958,000 for the Atlantis property. Upon ownership, the District will no longer incur rent and CAM expenses. The annual building operating expenses will be approximately \$115,000, representing an estimated annual operating savings of \$843,000.

Annual rental and CAM payments from existing tenants are estimated at \$412,000. The District will take on landlord responsibilities for the existing tenants and will incur expenses related to building repair and maintenance in tenant leased spaces. Any tenant security deposits will be held by the District.

Reviewed for financial accuracy and compliance with purchasing procedure:

Signed by:

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Jessica Cafarelli
VP & Chief Financial Officer

¹ Amount in reserves to purchase the Atlantis site and approved by Board on April 03, 2025

² Any additional capital expenditures to repair and maintain the property will be requested as part of the FY26 budget process subject to Finance and Audit Committee and Board approval

HEALTH CARE DISTRICT FINANCE AND AUDIT COMMITTEE

5. Recommendation:

Staff recommends the Finance and Audit Committee submit to the Board for approval of the acquisition of the Atlantis Building in an amount not to exceed \$15,000,000.

Approved for Legal sufficiency:

Signed by:

0CF6F7DB6706434...

Bernabe Icaza
SVP & General Counsel

Signed by:

F637D209DB52427...

Candice Abbott
SVP & Chief Operating Officer

Signed by:

77A3B53589A1477...

Darcy J. Davis
Chief Executive Officer

**HEALTH CARE DISTRICT
FINANCE AND AUDIT COMMITTEE**

Exhibit 1:

**FINANCE AND AUDIT COMMITTEE AGENDA ITEM
4801 S Congress Avenue**

**MAY 21, 2025
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 - 3.3 Value to District
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HEALTH CARE DISTRICT FINANCE AND AUDIT COMMITTEE

1.0 Project Description

The Atlantis Community Health Center is the Health Care District's (HCD) newest and largest Federally Qualified Health Center. This flagship FQHC boasts 26,283 square feet and spans three floors (1-3) of the four-story building with a total building size of 35,588 square feet.

The HCD's currently leased space has undergone an extensive fifteen-month buildout to like-new condition. The landlord and HCD combined investment is over three million dollars. HCD currently occupies 74% of the rentable space in this building with one additional tenant occupying the fourth floor. It sits on a 2.86 acre parcel that is adjacent to John Prince Park and only 0.3 miles from JFK Hospital and many other health-related services. This facility is easily accessed from I-95 and the Turnpike via Lake Worth Rd. It is also located on a major bus route that services Congress Avenue.

The tenant on the 4th floor currently has a 5 year lease on the space that will generate \$1.9 million during the lease term. Additionally, there is a cell phone tower that will generate approximately \$29 thousand per year during the current 5 year lease term.

After completing due diligence and analyzing the existing 10 year financial lease commitment under the current rental agreement as well as the future rental revenue, the payback period for the investment will be 8.5 years. The proposed purchase provides for 1.5 years of rental cost savings from the original 10 year lease.

2.0 General Site Description. The subject property is a 35,588 square foot four-story medical office formally known as JFK Medical Plaza. The improvements were constructed in 1984 and renovated in 2023-2024. As of the effective appraisal date, the subject property is 100% leased to two tenants, The Health Care District of Palm Beach County and The Florida Cancer Specialist and Research Institute. The Health Care District of Palm Beach County occupies 26,283 square feet on floors one through three through February 28, 2035. The Florida Cancer Specialist and Research occupies 9,370 square feet on the fourth floor through October 31, 2030. Overall, the average weighted lease term (WALT) of the subject property is considered strong, at eight years and 11 months. The subject site offers surface lot parking at a ratio of 5.1 spaces per 1,000 square feet of rentable area, or 182 parking spaces. The total site area is 2.86 acres, or 124,582 square feet.

2.1 Land Use and Zoning. The Atlantis property is located in the Village of Palm Springs and has a land use of Medical Office with a Commercial General (CG) zoning district. Per land development code 34-822 and 34-792 medical office use is permitted by right within CG District.

The Atlantis property use is considered to be legal conforming. The property improvements are considered to be legal non-conforming. Please note, as

HEALTH CARE DISTRICT FINANCE AND AUDIT COMMITTEE

confirmed by Chris Melendez, Palm Springs Planning, Zoning, and Building Department, the property was annexed into the Village of Palm Springs in December 2016 as a developed parcel; therefore, it may not meet all of the Village’s current “CG” zoning district standards. Any aspect of the property that does not meet current code regulations is legally nonconforming. This is due to the building was built to code with a height of 55 feet prior to being annexed into the Village of Palm Springs with a height restriction of 45 feet. The current height restriction may prevent the District from adding another structure at the same height or to rebuild the structure to the same height if the building was demolished.

<i>Property Data</i>	
Name	Medical Office
Address	4801 South Congress Avenue
City, State and Postal Code	Palm Springs, Florida 33461
Property Use	Medical Office
Parcel Size (Acres)	2.6
Parcel Size (SF)	113,256
Number of Buildings	One
Number of Stories	Four
Year Built	1984; renovated 2023
Building Footprint (SF)	9,199
Gross Building Area (SF)	35,588
Property Jurisdiction	Village of Palm Springs
Zoning Designation	CG Commercial General
Abutting Zoning Designations	North: CG (Commercial General) South: CG (Commercial General) West: RM (Residential Multi-Family) East: Out of Jurisdiction
County	Palm Beach
Parcel Number	70-43-44-30-01-097-0030
<i>Conformance Status Summary</i>	
Use Conformance Status	The Subject Property's use is considered to be Legal Conforming.

2.2 Parking. The parking requirement for Medical Office is 1 parking space per 200 sf of gross floor area. This would equate to 178 parking spaces. Current number of parking spaces at this site is 182 and meets the parking requirements. The 182 parking spaces consists of 168 regular spaces and 14 handicapped parking spaces.

2.3 Access and Traffic. The primary north/south thoroughfares through the neighborhood include Congress Avenue, Military Trail, and Haverhill Road, which handle the majority of the local traffic. Interstate 95 provides excellent access to all of Florida's east coast. The major east/west thoroughfares through the Subject neighborhood are 10th Avenue North, 6th Avenue South/Melaleuca Lane, Lake Worth Road, and Lantana Road. Most of these thoroughfares have access to Interstate 95 and extend from U.S. Highway 1 to the western extremes of the

HEALTH CARE DISTRICT FINANCE AND AUDIT COMMITTEE

County. Lake Worth Road provides access to Florida's Turnpike and extends from Ocean Avenue to beyond State Road 7 (U.S. Highway 441).

2.4 Public Transportation. There are public transportation lines available within walking distance on S Congress Avenue. The nearest Palm Tran stop southbound is located directly in front of this property. The nearest stop northbound is one block to the north of this property.

2.5 Water Management/Drainage. The Atlantis Site is located within the jurisdiction of South Florida Water Management District (SFWMD) and the Lake Worth Drainage District (LWDD).

Stormwater and Surface Water Drainage is removed from the subject property primarily by sheet flow action across the paved surfaces towards stormwater drains located on the property and in the public right of way. On-site stormwater drains discharge to municipal owned and maintained storm sewer system. No drywells were identified on the subject property. The closest water retention area is .10 miles to the northwest.

Flood zone data summary for this property from FEMA shows Zone X, defined as minimal risk areas outside the 1- percent and 0.2-percent-annual-chance floodplains, and Zone AE, defined as areas subject to 100-year flood.

This property does not appear to be a designated wetland area based on information obtained from the United States Fish and Wildlife Service (USFW); however, a comprehensive wetlands survey would be required in order to formally determine actual wetlands on the subject property. No settling ponds, lagoons, surface impoundments, wetlands or natural catch basins were observed at the subject property during this assessment.

2.6 Utilities. Electric, drinking water, storm water and sanitary sewer are provided by City of Lake Worth Beach. Meters for electricity are divided by floor and are located in the main electrical room on the ground floor.

2.7 Environmental. Based on a Phase 1 Environmental Assessment conducted by Partner Engineering, there are no Recognized Environmental Conditions (RECs) or Controlled Recognized Environmental Conditions (CRECs) that would trigger a need for a Phase 2 Environmental Assessment.

Partner Engineering found one Historical Recognized Environmental Condition (HRECs), and one Business Environmental Risk (BERs). Partner recommended no additional investigation as part of Phase I ESA activities of this property at this time. Recommendations for Phase II ESA or other assessment activities are specifically not required by ASTM E1527-21. A complete copy of the Phase 1 Environmental Assessment is an attachment to the attached.

The BER identified is as follows. Due to the age of the subject property building, there is a potential that asbestos-containing material (ACMs) are present. Should the identified suspect materials become damaged, be removed, or be replaced, the

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identified suspect ACMs would need to be sampled to confirm the presence or absence of asbestos prior to any renovation or demolition activities to prevent potential exposure to workers and/or building occupants.

The HREC identified is as follows. The subject property was formerly improved with one 550-gallon underground storage tank (UST), utilized from 1984-1998 for the storage of emergency generator diesel fuel. The UST supply lines ran to a day tank on the subject building roof, which is where the emergency generator itself was (and still currently is) located. Due to a faulty shut-off valve, an overflow of the day tank occurred in 1994, resulting in diesel fuel being discharged to a roof drain, which in turn discharged to the subject parking lot and stormwater drain system to the south of the building. The available free product was removed from the roof, parking area, and storm drains. Following report of the discharge, the Florida Department of Environmental Protection (FDEP) and Palm Beach County Environmental Resource Management (PBC-ERM) required that an assessment be conducted in order to determine if the release had adversely impacted the subsurface of the subject property. Soil and groundwater assessment was conducted in 1995, the results of which indicated that soils had not been adversely impacted, but that the shallow groundwater exhibited reportable concentrations of petroleum hydrocarbons above the Groundwater Cleanup Target Levels (GCTLs), which are specified in Chapter 62-770 of the Florida Administrative Code (FAC). Following the initial assessment, it appears that a remedial action plan was prepared but not implemented. The subject UST was removed from the property in 1998 without any reportable impacts; the tank closure information and associated soil/groundwater laboratory data was reviewed and deemed acceptable by the FDEP and ERM. The release case was not further addressed until 2007, when follow-up soil and groundwater assessment indicated that reportable impacts were no longer present onsite. Following review, the FDEP and ERM deemed that no further action would be necessary to address the release case. A Site Rehabilitation Completion Order (SRCO) was issued for the subject property's 1994 discharge dated February 28, 2008. All associated groundwater monitoring wells Phase I Environmental Site Assessment Project No. 24-471682.1 January 3, 2025 Page iv were subsequently closed and abandoned. Based on the removal of the UST without reported impacts in 1998 and the issuance of a full regulatory closure in 2008 for the 1994 release case, these items are considered to constitute an HREC on the subject property. It does not appear that any further assessment in the former UST area or the area impacted by the overflow release are warranted at this time.

2.8 Summary of Extraordinary/Site Specific Costs at Atlantis Site. The Atlantis property was inspected by Partner Engineering and Science and a property condition report (PCA) was issued on January 03, 2025. The assessment was performed in accordance with ASTM E2018-24 "Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process". The purpose of this PCA was to observe and document readily visible materials and building system defects that might significantly affect the value of the subject

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property, and determine if conditions exist which may have a significant impact on the continued operation of the facility during the evaluation period.

Partner Engineering reported that based on the systems and components observed during the site visit, the subject property appeared to be in good condition. The overall level of preventative maintenance appeared to be good and there were no issues observed or reported that indicate the need for additional investigations. No extraordinary costs were reported. Partner Engineering did provide a cost opinion for short term or immediate cost for repairs or deferred maintenance and additional long term repair costs for such items as parking lot repairs, roof repairs, elevator repairs, etc. This is calculated at \$0.72 per square foot.

Short Term Cost Summary

Improvement or Repair Category	Estimated Cost
Minor Site Improvements	\$13,000
Structural Frame and Building Envelope	\$2,000
Mechanical and Electrical Systems	\$7,000
Interior Elements	\$5,000
Accessibility	\$2,500
Water Intrusion and/or Microbial Growth	\$0
TOTAL	\$29,500

Long Term Cost Summary

Improvement Category	Estimated Cost
Site Improvements	\$53,550
Structural Frame and Building Envelope	\$207,750
Mechanical and Electrical Systems	\$40,800
Interior Elements	\$5,250
Accessibility	\$0
Water Intrusion and/or Microbial Growth	\$0
TOTAL	\$307,350

3.0 Purchase Price Discussions and Appraisals. Staff was first contacted by the broker to let the District know that the owner of the Atlantis Site is looking to sell the property in September of 2024. The Seller is Alex Boria of BD 4801 LLC the broker is Mark Rubin, Executive vice President, Colliers South Florida Investment Team. No other brokers are involved in this transaction nor were any lobbyists involved. The assessed value is \$5,000,000 and the Seller acquired the parcel in June of 2021 for \$5,765,000. The appraisal from Partner Valuation Advisors suggests the property would have a property re-assessment of \$11,200,000 with change of ownership. The Seller indicated that he had been entertaining another offer but was holding action on that offer pending buyer financing. The seller

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indicated an asking price of \$15,000,000. Pre purchase due diligence was started in September of 2024.

3.1 Appraisals The District’s Land Acquisition Policy requires two appraisals for a transaction of this value. The District contracted with Callaway & Price, Inc (“Callaway”), and Partner Valuation Advisors (“Partner”), for appraisal services. Both Callaway and Partner appraised the market value of fee simple ownership with no hypothetical or extraordinary conditions. Market Value is defined as “the most probable price which a property should bring in a competitive and open market under all conditions requisition to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus”

The scope of work for the appraisals generally included the following:

- Identification of the appraisal which includes the purpose or date of value, the interest be appraised, identifying the real estate (legal description) of the property and whether the appraisal is subject to any hypothetical or extraordinary conditions.
- Inspection of the property, data collection process, analysis of the factors that affect market value.
- Determination of highest and best use of the property.
- Application of the appropriate approaches or the valuation.

Both appraisers determined the highest and best use for the property was Medical Office and both used the sales comparison method of valuation.

See table below for appraisal results.

Appraiser	Market Value
Callaway and Price	\$13,500,000
Partner Valuation Advisors	\$14,000,000
Average Price	\$13,750,000

3.2 Negotiations. The District’s initial offer was based on the average of the two appraisals in the amount of \$13,750,000. The asking price of \$15,000,000 is 9% above the average of the two appraisals. The seller countered with \$14,840,000 and indicated that they had another offer on the table and that the other buyer has secured financing. The seller’s counter offer was based on that other offer and a premium to walk away from the other offer.

At that time, staff requested additional information regarding the other offer. Seller shared that the offer was \$14,450,000 with no broker fees worth approximately \$250,000 for a total package of \$14,700,000.

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The District then offered \$14,450,000 and \$250,000 contribution toward seller's closing costs for a total of \$14,700,000. The seller did not accept this offer and countered with their best and final price of \$14,500,000 with \$250,000 contribution toward seller's closing on April 28, 2025. This price was accepted by the District.

3.3 Value" to the District Relative to the Strategic Facility Plan. The acquisition of this property would provide long term cost savings for the district with a payback period for the investment of approximately 8.5 years. This property meets the current needs of the District and its flagship community health center occupying 26,283 square feet on the first three floors. The tenant on the 4th floor currently has a 5 year lease on the space that will generate \$1.9 million during the lease term. Additionally, there is a cell phone tower that will generate approximately \$29 thousand per year during the current 5 year lease term.

It also provides future development/expansion capacity on the 4th floor consisting of 9,153 square feet. This site allows for more flexibility for any changing programmatic needs and operational effectiveness. This purchase supports the District's policy to move to District owned land/buildings for financial and programming reasons and it supports future co-location of compatible uses in order to realize cost savings on eliminating duplicated infrastructure and operational expenses.

4.0 Conclusion: The average of the two appraisal value is \$13,750,000 and the purchase price is \$14,500,000 with a contribution of \$250,000 toward the seller's closing costs. Staff believes it is in the best interests of the District in terms of furthering its strategic facility objectives, to move forward with the purchase of the 4801 S Congress Avenue property with the corresponding purchase and sale agreement.

5.0 Attachments to Exhibit 1

- A. Partner Engineering Property Condition Assessment Report
Dated January 03, 2025
- B. Partner Engineering Zoning Report
Dated January 03, 2025
- C. Partner Engineering Phase I Environmental Report
Dated January 03, 2025
- D. Callaway & Price Appraisal
Dated January 05, 2025
- E. Partner Engineering Appraisal
Dated January 14, 2025
- F. Callaway & Price Appraisal
Dated February 19, 2025

[Atlantis Exhibit 1 A-F.pdf](#)