

# SAN FERNANDO VALLEY BUSINESS JOURNAL

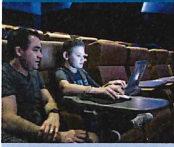
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## Up Front



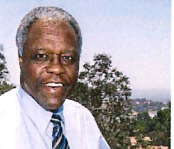
One theater is building audience by letting gamers play on the big screen. **PAGE 3**

## News & Analysis



Why this dirt lot is about to become a CarMax. **PAGE 5**

## Profile



How former NFLer Mel Wilson became a high-impact player in the Valley. **PAGE 8**

MAIL TO:

## Profit Motive Drives Racing Fund

**FINANCE:** Formula One fans unite passions for money and motorsport.

By **MARK R. MADLER** Staff Reporter

The Antelope Valley is half a world away from the roaring engines of Formula One Grand Prix auto races in exotic locales such as Monaco, Barcelona, Singapore and Abu Dhabi.

But the High Desert city of Lancaster is home to the one mutual fund where fans of Formula One can invest their money in companies that sponsor and support the professional racing series.

The **Grand Prix Investors Fund** is the creation of **John Foti**, a finance professional with 35 years of experience who has been following Formula One for just as long. The fund sets itself apart from the 14,000 other funds on the market by



Please see **FINANCE** page 40 **Fast: Grand Prix car on the track in Barcelona.**

## Drug Champs Try for Repeat

**BIOTECH:** Former Kythera execs unveil next billion-dollar idea.

By **STEPHANIE HENKEL** Staff Reporter

After Kythera Biopharmaceuticals Inc. was acquired by Parsippany, N.J.-based drug giant **Allergan** for \$2.1 billion last year, executives could have sat back and counted their money. Instead, they started a new company that just raised \$34 million in Series A financing.

**Sienna Biopharmaceuticals Inc.** of Westlake Village, a development-stage company that is working on a laser treatment for hair removal and acne, is hoping to repeat the success of Kythera. The founding team believes it has the formula to

Please see **BIOTECH** page 38



## MEDICAL MAGNET

Leased: **Ventana Medical Center** on Ventura Boulevard.

## Developers see Tarzana as hub for health care

By **CAROL LAWRENCE** Staff Reporter

Tarzana's new **Ventana Medical Center** on Ventura Boulevard hasn't opened yet but it's already opening doors – one to a cutting-edge, one-stop-shop for cancer treatment and the other to the West Valley market for out-of-area health care providers.

When completed later this year, the four-story facility on the Tarzana-Encino border will become the **Integrated Cancer Institute**, with about half its space occupied by L.A.-based national diagnostic imaging services provider

**RadNet Inc.** and its partnering medical provider groups.

The 112,000-square-foot hospital-like facility will treat all aspects of cancer, aiming to give locals an alternative to driving into the Los Angeles basin. It will be **RadNet's** newest and biggest office and will serve more than 4,000 patients daily.

The modern, glass-accented structure sits on 2.4 acres at the northwest corner of the boulevard and Lindley Avenue, about a block and a half

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## Walmart Preps Megastore Debut

**RETAIL:** Burbank location starts hiring for summer opening.

By **CHAMPAIGN WILLIAMS** Staff Reporter

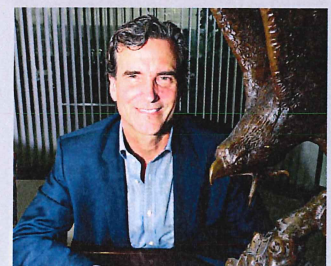
**Wal-Mart Stores Inc.** finally is set to open its Burbank supercenter this June following a three-year delay caused by resident pushback and issues with the city.

The world's largest retailer originally planned to open the outlet in Burbank's **Empire Center** in late 2013, but was derailed due to pending street improvements that the city had yet to complete.

After a few hurdles – such as the rescission of building permits by the city and a legal battle with a few residents – the store will soon open

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## SPECIAL REPORT ACCOUNTING



**POWER ACCOUNTANTS:** The San Fernando Valley region is blessed with a bounty of good accountants. But a select few rainmakers, such as **Matthew Burke**, are known as the go-to professionals. Who are the Valley area's power accountants? Find out in this Special Report.

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# What it takes to get ahead.

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PHOTO BY DAVID SPRAGUE

**Building Up:** Daniel Kashani, chief executive of TriStar Realty Group, at his \$52 million Ventana Medical Center project near Providence Tarzana Medical Center.

## Development: Care Leaves Hospitals for Clinics

*Continued from page 1*

from the Providence Tarzana Medical Center, which is planning its own \$624 million expansion. Real estate brokers in the medical office space say the new facility will likely get the \$3.85 a square foot asking rent because of the prime location, and they expect the two projects will lure more L.A.-based health care providers to that part of the Valley. Average asking rents for office space in the West Valley were \$2.26 a foot in the first quarter.

**Daniel Kashani**, chief executive of the center's developer, Pacoima's **TriStar Realty Group**, took on the \$52 million project, a figure that includes land and construction, because it represents the future of real estate for hospitals and health care.

"What we've seen happening is that delivery of health care has gone from the traditional method of hospitals running hospitals, to having different points of health care through communities – off-campus clinics feeding business to hospitals," Kashani said. Procedures that used to exclusively happen in the hospital are now being done as outpatient procedures on satellite campuses – such as the Ventana Center, he added. "That was the need we were initially trying to fill."

### Merging directions

TriStar and Kashani were developing general office and small strip malls when they saw the potential of the satellite campus trend with a project to build a large dialysis center on property they owned across from a hospital in Pomona. Also, smaller doctors' groups, faced with increasing costs to run a health care business, were consolidating into bigger ones, and Kashani figured these would need larger medical office space that was lacking in the Valley.

That led TriStar to buy the Ventana center parcel in 2008, which had a small retail store on the substantial property.

"It made sense for lots of reasons," Kashani said. "The site was mostly undeveloped – it had a 20,000-square-foot building on 2.4 acres. It was underutilized. The Ventura-Cahuenga Boulevard Corridor Specific

Plan allows in that portion of the boulevard a 105,000-square-foot building, but it had only 20,000 square feet on it."

Most importantly, the site was only a block and a half from Providence Tarzana Medical Center. Kashani and **CBRE Group Inc.**, medical office broker **John La Spada** met with the hospital after tossing over a few other possible uses for the site, including a Target store.

"What was the most telling was that the hospital had an HMO (health maintenance organization) plan for employees, and business development told us they had to go to West Hills because they can't provide them with an HMO facility next to the hospital," he said. "Then the light bulb went off."

La Spada provided the connection to RadNet, a long-time client. Through 300-plus diagnostic imaging centers on the West and East Coasts, RadNet partners with hospitals for its services and forms relationships with insurers, radiology groups, referring physicians and other businesses to operate at its centers. About 140 of its centers are in California.

"RadNet is a go-getter type of group," La Spada said. "They had an interest to be in this market. Tristar gave RadNet a lot of influence in the project to help them create their own punch list of folks to work with and create their own model."

RadNet and its partnering doctors' groups are leasing about 50 percent of the building. Other tenants include **Facey Medical Group**, an affiliate of Providence Health & Services, the Catholic organization that owns Providence Tarzana. The hospital organization will also operate a surgery center on the site. The building is about 80 percent leased, TriStar said.

RadNet's lease agreement helped TriStar get its construction loan, La Spada said, as lenders now want at least 50 percent pre-leased before building starts.

"The key is we had a majority of the building leased before we broke ground and having (a building with) large blocks of space were instrumental to leasing out that space quickly," Kashani said.

### One-stop shop

The Integrated Cancer Center will be the

largest cancer center in the Valley, according to RadNet, and a one-stop shop for cancer treatment.

It will include an MRI facility (magnetic resonance imaging), another for PET/CT scans (positron emission tomography/computed tomography), an 8,000-square-foot linear accelerator for radiation-based cancer treatment, RadNet's Breastlink breast health center and reconstructive plastic surgery group, a medical oncology practice doctors' group managed by RadNet, an orthopedic and pediatric practice and a 12,500-square-foot surgery center.

**Norman Hames**, chief operating officer of RadNet, said the facility's main attractions to the company are its size and location along Ventura Boulevard. RadNet's other imaging and Breastlink centers are smaller and bulging at the seams, he said.

"This will be an easy access point for people anywhere in the Valley," Hames said. "It will also provide full services – oncology, cancer surgeons, imaging, laboratory for lab work, pathology and a pharmacy. They can basically have a one-stop shop and it will be community-based."

RadNet is also able to provide patients a hospital stay through its partnership with Providence Tarzana.

"Everything is being driven by efficiency of cost, quality and the outcome that that provides," Hames said.

In addition to the cancer center, Providence Tarzana Medical Center announced a \$624 million expansion that will include a new patient wing with 190 beds, as well as a diagnostic practice and an emergency department and a pediatric intensive care unit. The hospital expects construction will finish in 2022.

### Tough road

Despite the market need and community appeal, getting the center approved by city officials and Tarzana's neighborhood council was a three-year process.

The facility required 17 exceptions to the Ventura Boulevard's plan, Kashani said. The toughest hurdle was that TriStar's building was 62 feet tall but the plan capped new

building heights at 36 feet. The city allowed it in the end, he said, because TriStar and its consultants were able to show that the medical building was much-needed and required extra ceiling height to operate most efficiently.

But TriStar didn't get everything it wanted, either. It had to reduce the building's size by 20,000 square feet and include a retail element. That will be a pharmacy that sells medical supplies and a restaurant, Kashani said.

When operational, the center will offer some niceties – a no-charge valet service, 605 parking spaces, a car wash and a cheerful mural painted by Valley artist **Sage Vaughn** on an exterior wall that drivers on the boulevard can see while passing by.

Construction of medical office space has been constrained in the Valley for at least 10 years because of high parking requirements by the city that were expensive to achieve and increasing construction costs, said **Jeremy Barbakow**, a senior vice president with brokerage **NAI Capital Inc.** in Encino.

He suspects the medical center, brand new and close to the hospital, will likely get the \$3.85 asking rent. And that high price, Barbakow said, is opening a window for nearby landlords to get into the more lucrative medical office market by offering cheaper rates.

As an example, he said clients of his that recently bought a general office building older and farther from the hospital are in the process of changing the building's use to medical so they can raise rent to nearly \$3 a square foot. That's a lot higher than their current rate of \$2.35 a square foot but still less than the Ventana's asking rent, Barbakow said.

Other developers are also getting into the medical market, he said, citing a proposed building in the planning stages across the street from the hospital at Etiwanda Avenue and Clark Street. The new projects will likely attract more L.A.-based providers, he added.

"All this new construction – the expansion of the hospital and other projects makes Tarzana the hub it wants to be and attract more doctors and large medical groups, such as UCLA, to the market because that's where they want to be," Barbakow said.