

# Developer Finally Stabilizes Medical Center Plan

**REAL ESTATE:** TriStar begins work on Tarzana lot purchased in 2008.

**T**HE road to turning the Tarzana site of a former Michaels arts and crafts store into a cancer treatment center has tested **Daniel Kashani**, chief executive of **TriStar Realty Group** in Pacoima. TriStar acquired the 2.4-acre site in 2008 as the recession was causing many other real estate development companies to hunker down.

## HEALTH CARE & BIOTECH

DEBORAH CROWE



TriStar last month broke ground on the 112,500-square-foot Ventana complex. The anchor tenant is West L.A. medical diagnostic imaging center operator **RadNet Inc.**, which is set to occupy nearly half of the four-story facility. General practice and oncology physician practices are slated for the upper two stories, with some retail space planned for a portion of the ground floor.

The shifting economy actually worked to give Kashani and his team time to create a more interesting use for the site than the generic office building first imagined. In researching needs in the market, which includes nearby Providence Tarzana Medical Center, he discovered that no new medical office buildings had been built in the area since the 1980s.

"Most of the medical office space in that area dates from the 1970s and '80s, so this is



Under Way: Rendering of TriStar's Ventana medical complex in Tarzana.

bringing a fresh, modern look to the neighborhood," said Kashani, who said his company is in late-stage negotiations with at least one physician's group to occupy one of the floors.

TriStar was leaning toward developing a generic medical office building when RadNet, a past TriStar client, learned about the development. The two companies began exploring how Ventana could enable RadNet to consolidate its facilities in the West San Fernando Valley and give cancer patients an alternative to driving over the hill to UCLA or Cedars-Sinai for treatment.

The complex is designed to provide cancer-related diagnostic, radiation treatment and surgery services. Because both cancer treatment and imaging equipment usually require higher than usual ceiling clearances, TriStar had to negotiate with local officials for an exemption from longtime building height restrictions along Ventura Boulevard. Kashani said that addition of a 4,000-square-foot retail component, which could include a cafe and a pharmacy, was based on a request from the community.

RadNet operates about 246 centers in six states. Chief Executive **Howard Berger** said the new space meets a need.

"It's very difficult to find new medical

space in that part of the Valley and especially build new medical space on Ventura Boulevard," he said. "We had been looking for a long time."

### Backing MannKind

**MannKind Corp.** is reaching beyond its billionaire founder **Al Mann** to finance what backers hope will be the final stretch in getting its innovative insulin inhaler to market.

The Valencia biotech company announced last week that it has entered into a secured financing agreement with affiliates of **Deerfield Management Co. LP**, which has committed to purchase up to \$160 million in senior secured notes.

Deerfield has committed to provide up to four tranches of \$40 million as MannKind meets certain milestones from the date the financing closes to when the Food and Drug Administration approves the Afrezza inhaler. Deerfield has the option to convert a portion of the loan facility into MannKind common stock.

MannKind became cash-strapped in recent years as the approval process for Afrezza dragged on. The FDA required the company to run additional clinical trials, which have been completed but not yet released.

In the past, MannKind has issued stock or had Mann loan it money through a special financing entity he created. Mann, the company's largest single shareholder, has converted some of that debt to shares but has been careful to keep his stake below 50 percent.

Deerfield is a foundation-backed investment management firm in New York that targets opportunities to help health care firms at key stages in their development.

"We are encouraged by Deerfield's confidence in the potential of Afrezza," Mann said in a statement. "We worked with Deerfield to structure a facility that aligns with our near- and long-term strategy ... while minimizing near-term dilution."

### Midwest Expansion

**U.S. HealthWorks** has announced the acquisition of several occupational health care and urgent care centers in Missouri, Kansas and Indiana.

In the first deal, HealthWorks, the Valencia subsidiary of San Francisco-based **Dignity Health**, bought seven **OHS-CompCare** clinics and two work sites in the Kansas City metropolitan area, its first such facilities in Missouri and Kansas.

In the second transaction, U.S. HealthWorks formed a partnership with **Indiana University Health** in Indianapolis and surrounding communities. Under that deal, HealthWorks will collaborate with IU Health on clinical care, and it acquires eight clinics.

The two deals, terms of which were not disclosed, bring to 201 the number of stand-alone or work site clinics that U.S. HealthWorks operates in 19 states.

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