



City of Broken Arrow

City Hall
220 S 1st Street
Broken Arrow OK
74012

Minutes Broken Arrow Economic Development Authority

Chairperson Craig Thurmond
Vice Chair Scott Eudey
Trustee Johnnie Parks
Trustee Debra Wimpee
Trustee Christi Gillespie

Tuesday, August 20, 2019

Council Chambers

1. Call to Order

Chairperson Craig Thurmond called the meeting to order at approximately 7:56 p.m.

2. Roll Call

Present: 5 - Christi Gillespie, Debra Wimpee, Johnnie Parks, Scott Eudey, Craig Thurmond

3. Consideration of Consent Agenda

- A. 19-64 Approval of the Broken Arrow Economic Development Authority Meeting Minutes of August 6, 2019**
- B. 18-1455 Approval of the Broken Arrow Economic Development Authority Claims List for August 20, 2019**

Chairperson Thurmond asked if there were any items to be removed from the Consent Agenda. There were none.

MOTION: A motion was made by Scott Eudey, seconded by Christi Gillespie.

Move to approve the Consent Agenda

The motion carried by the following vote:

Aye: 5 - Christi Gillespie, Debra Wimpee, Johnnie Parks, Scott Eudey, Craig Thurmond

4. Consideration of Items Removed from Consent Agenda

There were no items removed from the Consent Agenda. No action was required or taken.

5. General Authority Business

- A. 19-1058 Consideration, discussion, and possible approval of and authorization to execute Resolution No. 1260, a Resolution of the Broken Arrow Economic Development Authority approving and authorizing execution of a certain Economic Development Agreement for the Sale of Real Property, by and among the Broken Arrow Economic Development Authority, an Oklahoma Public Trust, the sole beneficiary of which is the City of Broken Arrow, Oklahoma, and SoundMind Behavioral Health Hospital, LLC, an Oklahoma Limited Liability Company, for the sale of approximately 14 acres, located near north of the Creek Turnpike and west of Aspen Avenue in Tulsa county, Oklahoma, in the sum of three hundred thousand dollars (\$300,000.00); to effect such sale, designating representatives of the authority for purposes of granting certain approvals and executing certain instruments as required under and in connection with said agreement; and other provisions relating thereto**

Economic Development Coordinator Norm Stephens noted he made a presentation regarding the SoundMind Behavioral Health Hospital a few weeks ago. He noted Mr. Steve Easley also made a presentation and discussed the requested price reduction regarding the property in question. Mr. Stephens gave a brief history regarding this project. He reported on January 2,

2018 the Broken Arrow Economic Development Authority (BAEDA) authorized an Economic Development Agreement for the sale of 14.15 acres of Authority owned land for the price of \$1.2 million dollars. He reported on three separate occasions representatives from SoundMind came before BAEDA requesting an extension for a variety of reasons, and the Authority agreed with a closing date no later than August 30, 2019. He reported on March 12, 2019 Mr. Easley advised he had been retained by the owners of SoundMind and had begun negotiations with Signature Healthcare Services (based out of California) to serve as an operator for this Specialty Hospital. He reported on June 4, 2019, Mr. Easley and SoundMind reached an agreement with Signature Health Services to run the day-to-day operation of the SoundMind Facility and become a 49% investor. He reported he received a letter dated July 29, 2019 from the doctor of SoundMind advising the City SoundMind would be in default of the agreement and would be unable to close on the property by August 30, 2019, and noted SoundMind would surrender the \$50,000 dollar escrow. He reported per the Authority's direction he began negotiations with SoundMind for a new Economic Development Agreement indicating the Authority's desire to sell to SoundMind the 14.15 acres for a sum of \$300,000 dollars. He reported in the new Agreement the closing must take place within 75 days of execution. He noted the new Agreement included a claw back and a provision for phase 2. He noted in the Agreement, SoundMind must, for ten consecutive years beginning two years after the commencement date, maintain an average of 150 full time employees. He explained the doctors, although contract workers, counted toward the 150 full time employees. He stated if SoundMind failed to employ an aggregate of 150 full time employees at the Facility within the first ten years SoundMind would pay the Authority the sum of \$500 dollars per year for every full time employee not employed for the entire calendar year. He reported SoundMind agreed to invest an excess of \$14 million dollars in development of the Facility and agreed to a Phase 2 which was development of a 10,000 square foot commercial building consisting of retail and office spaces on a portion of the 14 acres. He noted construction of Phase 2 would commence within two years of the substantial completion date. He stated working with City Manager Spurgeon, City Attorney Dennis, and Mr. Easley it was decided if SoundMind failed to commence construction of Phase 2 within the required period it would result in SoundMind paying the Authority \$500,000 dollars.

Mr. Steve Easley updated Broken Arrow Economic Development Authority (BAEDA) regarding the Agreement. He reported approximately 4 acres would be set aside to accommodate Phase 2, which would be adequate. He noted he was going back and forth with Signature, finishing the final details, which could not be finalized until the new Economic Development Agreement was finalized; however, SoundMind and Signature were in agreement regarding all points. He reported Signature would be the sole operator of the Facility; SoundMind would have no control over operations. He stated SoundMind would own 51% of the Facility Building and 100% of Phase 2. He noted his bank was ready to finance and he believed closing within the required 75 day period would not be a problem. He discussed the redesign of the building placement on the property.

Trustee Gillespie asked about the construction start date. Mr. Easley responded construction documents would be completed by the end of November and construction could begin once the City approved the project.

Mr. Norm Stephens indicated the usage of the property would not change. He assured the Authority its directives were being followed. Vice Chair Eudey stated he understood the changes were basically plat changes. Mr. Easley concurred. He noted a PUD requesting a lot split would come before City Council to better enable Phase 2 of the development.

Trustee Gillespie stated she was excited for Phase 2 of this project; she felt Phase 2 would be highly beneficial for south Broken Arrow.

Trustee Parks stated he was impressed with the document before the Authority today; he felt it

was very inclusive of the history of the project and contained an abundance of information. He stated he was pleased with the proposed project.

Vice Chair Eudey noted he applied many questions to Mr. Easley at the previous Meeting, all of which Mr. Easley answered well. He explained the Authority had an obligation to ensure the project would benefit the community. He stated he believed this project had the potential to draw additional development to the area, such as hotels, restaurants, and shops. He noted the potential to draw additional development was the reason the authority was willing to move forward with this project.

Mr. Easley noted the Facility would employ 150 full time employees, but also would employ 50 to 70 part time employees.

City Attorney Dennis recognized the contributions by Deputy City Attorney Slinkard regarding this project, as well as Mr. Norm Stephens.

MOTION: A motion was made by Scott Eudey, seconded by Debra Wimpee.

Move to approve Resolution No. 1260 and authorize its execution

The motion carried by the following vote:

Aye: 5 - Christi Gillespie, Debra Wimpee, Johnnie Parks, Scott Eudey, Craig Thurmond

B. 19-940 Consideration, discussion, and possible approval of and authorization to execute a Professional Services Agreement with Ghost and Anglin to develop a strategic marketing plan for Tourism and Economic Development for Fiscal Year 2020

Chairperson Thurmond noted Item 5B was to be tabled. He called for a motion in this regard.

MOTION: A motion was made by Scott Eudey, seconded by Christi Gillespie.

Move to table Item 5B

The motion carried by the following vote:

Aye: 5 - Christi Gillespie, Debra Wimpee, Johnnie Parks, Scott Eudey, Craig Thurmond

6. Remarks and Updates by City Manager and Staff

City Manager Spurgeon explained, regarding Item 5B, he believed the City needed a strategy for promotion of local shopping, for reengaging local citizens and local businesses, and for emphasizing the importance of shopping local. He reported the City Council would receive an email regarding a meeting to develop a strategic marketing plan for Tourism and Economic Development.

7. Executive Session

There was no Executive Session.

8. Adjournment

The meeting adjourned at approximately 8:14 p.m.

MOTION: A motion was made by Johnnie Parks, seconded by Christie Gillespie.

Move to adjourn

The motion carried by the following vote:

Aye: 5 - Christi Gillespie, Debra Wimpee, Johnnie Parks, Scott Eudey, Craig Thurmond

Chairperson

Secretary