

RESOLUTION NO. 1079-CORRECTED

A RESOLUTION OF THE BROKEN ARROW ECONOMIC DEVELOPMENT AUTHORITY APPROVING AND AUTHORIZING EXECUTION OF A CERTAIN ECONOMIC DEVELOPMENT AGREEMENT 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; AND OTHER PROVISIONS RELATING THERETO

WHEREAS, SoundMind is an Oklahoma Limited Liability company whose founding mission is to provide accessible and affordable comprehensive inpatient psychiatric care for adults and seniors in crises; and

WHEREAS, SoundMind intends to utilize innovative, outcome based treatment modalities, and trailblazing community discharge strategies in the provision of its services; and

WHEREAS, the Chief Executive Officer of SoundMind (the “CEO”) is an experienced psychiatrist health care consultant with over a decade of success driving clinical and fiscal management, development, and improvement of behavioral health services and has built a solid reputation as an expert and national provider of adult/geriatric psychiatric contract management services; and

WHEREAS, the CEO is in the process of recruiting a multidisciplinary team of recognized clinical and research behavioral health professionals, including psychiatrists specializing in geriatrics, and addictions, psychologists specializing in geriatrics and behavioral health diagnostics tool applications and analysis, family and internal medicine physicians, occupational therapists, specialty social workers, therapists, nurses, mental health technicians, community educators, dietitians, and various administrative support staff; and

WHEREAS, SoundMind intends to utilize a whole person, outcome driven conceptual framework with success driven therapeutic modalities and services designed to make a measurable difference in the lives of people it serves by using validated clinical instruments and individualized therapeutic modalities that produce meaningful outcomes; and

WHEREAS, population needs studies support the need for additional beds in specialty hospital like SoundMind in the service areas; and

WHEREAS, reductions in financial reimbursements and firmer regulatory standards resulted in the closure of many hospital inpatient psychiatric units; in fact, since 2000, there has been a decline of 386 inpatient psychiatric and chemical dependency beds throughout Tulsa County; and

WHEREAS, recent changes in the way behavioral health care is paid for by insurers should mark a reversal from recent years in which hospitals had no interest in providing inpatient psychiatric beds, and under the new payment models new freestanding specialty psychiatric hospitals are opening rapidly throughout the United States, but due to the inconvenience, cost and relevant laws, in Oklahoma, new psychiatric hospitals are developing at a much slower rate in Oklahoma; and

WHEREAS, SoundMind presented evidence to the Oklahoma State Department of Health demonstrating the need for a freestanding psychiatric and chemical dependency hospital in Tulsa County; and

WHEREAS, community providers backed the project through letters of support sent to the Commissioner of Mental Health, mental health agencies, including the Tulsa/Arkansas Alzheimer's Association and the National Alliance on Mental Illness, and Tulsa hospitals, including local nursing homes, psychiatrists, family practice and internal medicine physicians; and

WHEREAS, an overwhelming demand for adult inpatient psychiatric beds was validated through independent market studies which was conducted through surveys, industry research, and statistical analysis of the Tulsa County service area; and

WHEREAS, construction and operation of SoundMind's Specialty Hospital will increase the number of available adult/geriatric psychiatric beds and improve access for an underserved population; and

WHEREAS, in addition to core inpatient behavioral health services, SoundMind will be licensed as a specialty psychiatric hospital with an acute evaluation center (emergency room) and an area for intensive outpatient services; and

WHEREAS, as part of its long-term strategy, SoundMind will consider implementation at a future date of emergency services complying with the Oklahoma Administrative Code in the form of an urgent care, including diagnostic x-ray services with radiology technologists and clinical laboratory services, as well as a certified reference laboratory; and

WHEREAS, SoundMind will also provide a continuum of follow-up services such as partial hospital and intensive outpatient, individual outpatient, utilizing a similar conceptual framework for analyzing factors that influence therapy effectiveness, monitored and measured for outcomes; and

WHEREAS, SoundMind's strategic service development will include the development of clinics that focus and market SoundMind as clinical proficient and/or experts in Alzheimer's and dementia clinic/research, and Neurological disease clinic/research; and

WHEREAS, SoundMind will also focus on contracted behavioral health services to provide in-patient crises treatment for mentally ill individuals requiring hospitalization; and

WHEREAS, operation of SoundMind will provided crises treatment for mentally ill individuals, as well as assisting the Broken Arrow Police Department in responding to individuals suffering from mental health crises; and

WHEREAS, SoundMind has further expressed its intent to create a nonprofit foundation to provide resources for indigent individuals by seeking funding though individual and corporate donations, grants, and research, alliances with local organizations to develop a cohesive continuum

of mental health services, and collaborating with community agencies, mental health advocacy groups, schools and universities to meet the needs of the underserved adults; and

WHEREAS, SoundMind has received a Certificate of Need (the “CON”) from the Oklahoma State Department of Health to establish a seventy-two (72) bed freestanding adult and geriatric psychiatric hospital designed to serve those fifty-five (55) and older to include an acute evaluation center (emergency room) and an area for intensive outpatient services (the “Facility”), as fully set out and evaluated in CN #17-069, attached hereto and incorporated herein as Exhibit “A”; and

WHEREAS, SoundMind estimates that the average patient stay will be between seven (7) and twelve (12) days; and

WHEREAS, it is estimated that SoundMind will employ no fewer than 150 skilled individuals with an annual payroll of \$5.4 million in 2019, increasing to \$8.1 million in 2021; and

WHEREAS, in the fall of 2017, the City of Broken Arrow’s Economic Development Coordinator, (the “E.D. Coordinator”) was approached by representatives of Buyer who expressed an interest in purchasing property located north of the Creek Turnpike around Aspen Avenue for construction of the Facility and related appurtenances; and

WHEREAS, the Authority owns unencumbered fee title to certain lands within the City, portions of which are suitable for construction of the Facility and located North of the Creek Turn-pike and west of Aspen Avenue (the “Aspen Property”), said lands being acquired in 2009, consisting of 25.48 acres of real property, and purchased for the sum of \$1,390,609.35; and

WHEREAS, on several occasions in the late fall of 2017, the Authority considered the above recited series of events, with regard to SoundMind, the appraisal of various tracts of lands owned by the Authority, and a proposed economic development agreement with SoundMind in Executive Session, said sessions necessary to protect the confidentiality of the business and otherwise in full compliance with the Oklahoma Open Meeting Act; and

WHEREAS, thereafter, on December 5, 2017, and in open public session the Authority directed the City Manager to move forward with formal negotiations with SoundMind for a comprehensive Economic Development Agreement, including the sale of a portion of the Aspen Property and development in a manner meeting the City’s sales tax generation and economic development objectives therefor; and

WHEREAS, specifically, upon the terms and conditions set forth herein, Authority desires to sell and SoundMind desires to purchase approximately 14.1569 acres located north of the Creek Turnpike and West of Aspen Avenue for the sum of \$1,000,000.00, said purchase price being supported by an updated appraisal dated October 28, 2017, and as prepared by John Story III, an Oklahoma State Certified General Appraiser; and

WHEREAS, as further consideration for the Authority’s sale of the Real Property to SoundMind, SoundMind has further agreed to the following:

- i. To obtain approval for a Planned Unit Development (the “PUD,” as defined herein) in accordance with the provisions of this Agreement, the CON, and specifically prohibiting the exclusive treatment of drug and alcohol rehabilitation, said PUD being approved prior to closure on the Real Property; and
- ii. To a deed restriction in accordance with the provisions of this Agreement, the CON, and specifically prohibiting the exclusive treatment of drug and alcohol rehabilitation, and as substantially set out in the General Warranty Deed; and
- iii. To construct an extension of Norfolk Road through the Project area in accordance with City Standards and Applicable Codes, as approved through the platting process; and
- iv. To dedicate through the platting process right-of-way for continuation of Norfolk Road from the southern-most point of the Real Property as shown on Exhibit “B” westerly to the west property line, to be constructed at the expense of the Authority and in the Authority’s sole discretion; and
- v. To use commercially reasonable efforts to obtain necessary approvals and construct the Facility in strict accordance with all Applicable Codes, containing appropriate security measures, and in substantial compliance with the project parameters attached hereto as Exhibit “C;” and
- vi. To provide the Broken Arrow Police Department training and assistance in responding to individuals suffering from mental health crises; and
- vii. To create a nonprofit foundation to provide resources for indigent individuals to develop a cohesive continuum of mental health services; and
- viii. To collaborate with community agencies, mental health advocacy groups, schools and universities to meet the needs of underserved adults.

WHEREAS, the Authority recognizes that the development and realization of the Project are reasonably expected to provide direct economic benefits within and near the City in retaining and likely increasing City sales tax receipts; increasing ad valorem tax revenues to be derived by the City, Tulsa County, Oklahoma, Independent School District No. 3 of Tulsa County, Oklahoma, and other local and area governmental entities from time to time benefiting therefrom; generally enhancing property values, both residential and commercial, within the City; and otherwise contributing significantly to the economic well-being of the citizens and residents within and near the City, and those of Tulsa County and the State of Oklahoma (the “State”); and

WHEREAS, the Authority also recognizes that the Project is reasonably expected to provide additional and indirect economic benefits within and near the City, in Tulsa County and in the State through, including without limitation, diversifying the local economy, providing economic stimulus for additional employment and other development, providing economic benefits to low and moderate income individuals, and providing training opportunities in the medical field, services, sales, and management skills; and

WHEREAS, the Authority was created under a certain Trust Indenture dated November 19, 1973, as amended March 11, 1982, August 4, 1983, and March 18, 2014 (the “Authority Trust Indenture”), as a public trust for the use and benefit of its sole beneficiary, the City, under authority of and pursuant to Title 60, Oklahoma Statutes, §§176, et seq.; and

WHEREAS, among the Authority Trust Indenture's stated purposes are those of promoting and encouraging the development of industry and commerce within and without the territorial limits of the City by instituting, furnishing, providing and supplying property, improvements and services for the City and for the inhabitants, owners and occupants of property, and governmental, industrial, commercial and mercantile entities, establishments and enterprises within and without the City; promoting the general convenience, general welfare and public safety of the residents of the City; acquiring by purchase real property useful in instituting, furnishing, providing, or supplying any of the aforementioned property, improvements and services; complying with the terms and conditions of contracts made in connection with or for the acquisition of any of said properties; receiving funds, property and other things of value from, among others, the City; and participating in programs of the State and others which are to the advantage of the City and the Authority's undertakings, and the Authority has determined that its undertakings and the performance of its obligations under this Agreement are authorized and proper functions under the Authority's Trust Indenture; and

WHEREAS, the Authority also recognizes that the sale of the Real Property will generate \$1,000,000.00 in revenues which can be used to promote economic development within the City and in accordance with the Authority's stated purposes; and

WHEREAS, the Authority deems it appropriate to approve the execution and delivery of this Agreement and in providing for the implementation of the Project and the sale and development of the property and determines that such actions are in the best interests of the City and the health, safety and welfare of the City and residents within and near the City; and

WHEREAS, the Authority deems it appropriate to approve the execution and delivery of this Agreement in providing for the implementation of the Project and determines such actions are in the best interests of the City and the health, safety, and welfare of the City and residents within and near the City.

NOW, THEREFORE, BE IT RESOLVED BY THE TRUSTEES OF THE BROKEN ARROW ECONOMIC DEVELOPMENT AUTHORITY, that the Agreement is hereby approved and shall be executed substantially in the form thereof submitted at the meeting at which this Resolution was approved and as finally approved by the Chairman or Vice-Chairman, as the case may be, and shall be executed for and on behalf of the Authority by its Chairman or Vice-Chairman, as the case may be and attested by the Secretary, and for and on behalf of the other parties thereto by their respective authorized officers. The Agreement is hereby authorized for execution and delivery, subject to such minor changes, insertions and omissions in such filings of blanks therein as may be approved and made in the form thereof by the Officer of the Authority executing the same pursuant to this section. The execution of the Agreement for and on behalf of the other parties thereto by their respective authorized officers and for and on behalf of the Authority by its Chairman or Vice-Chairman as the case may be, with the official seal of the Authority affixed and attested, shall be conclusive evidence of the approval of any changes, insertions, omissions and filling of blanks.

APPROVED AND ADOPTED by the Broken Arrow Economic Development Authority at a regular meeting thereof, advance public notice of which was duly given and at which a majority of said Trustees were present, this 2nd day of January, 2018.

CHAIRMAN

ATTEST:

(seal) Secretary

APPROVED AS TO FORM:

Assistant City Attorney