

On December 19, 2018, representatives of SoundMind requested a 60-day extension to the Agreement. The ownership of SoundMind had been negotiating with CenterPoint Behavioral Health Center to serve as the operator of the specialty hospital. The second amendment approved by the Authority required SoundMind to close on the land no later March 1, 2019

On January 23, 2019 representatives of SoundMind reported negotiations recently broke down between SoundMind and CenterPointe, forcing SoundMind to search for another operating partner for the behavioral hospital. The Authority approved the third extension requiring SoundMind to close no later than August 30, 2019.

On March 12, 2019, Mr. Steve Easley contacted Broken Arrow Economic Development Manger Norman Stephens to discus SoundMind Behavioral Health Hospital. Mr. Easley explained he had been retained by the Doctors who are financing the purchase of land from BAEDA. Mr. Easley was working with Signature Healthcare Services to partner with SoundMind on the construction and operation of the Hospital. Mr. Easley explained he felt he could finalize the transaction; however, the cost of the land was extremely problematic. Mr. Easley stated the only way he could make the “deal” work, was lowering the cost of the land from the previously agreed \$1,200,000.00 to no greater than \$300,000.00. Mr. Easley reasoned, due to the total cost of the project and equity requirements, the project at the original amount is not feasible and thus cannot be accomplished. Reducing the land cost still results in a high risk to the investor’s project; however, it is one that can be financed and move forward in a timely manner, which is demanded by the deadlines on the Certificate of Need with the State of Oklahoma.

Signature Healthcare Services, LLC based in Corona, California, is one of the largest privately held psychiatric hospital companies in the country, serving thousands of patients every year. SHS delivers mental health and substance abuse treatment through its hospitals located in California, Illinois, Massachusetts, Nevada, Arizona, and Texas. All facilities are accredited by CMS and The Joint Commission, the highest authorities in healthcare.

Each hospital has a comprehensive treatment team to ensure quality patient care. A variety of inpatient and outpatient programs along with aftercare and 12 Step programs are offered at each location. Each hospital contracts with most managed care companies and accepts patients on a voluntary basis. SHS is committed to providing excellence in quality patient care.

SoundMind reports they will employ 150-175 full time employees. The primary Doctors for SoundMind will be contract employees of Signature Healthcare. This is a common practice by hospital groups to lower their insurance expenses and the hospitals’ exposure to liability. The Doctors are included in the overall full time employee count, due to working full time at the hospital, even though they are contract employees. There will be a clawback in the contract indicating SoundMind will reimburse BAEDA in the amount of \$500.00 per employee, if the workforce ever falls under the 150 full time employees. The estimated total construction budget for the hospital is \$14,000,000.00.

Additionally, SoundMind will also be contractually obligated to construct an office building on a portion of the 14.1569 acres within two years of the opening for SoundMind Behavioral Hospital. In the event construction of Phase II does not take place within two years of the opening of SoundMind, there will a clawback in the contract indicating SoundMind will reimburse the Authority in the amount of \$500,000.00. The Phase II building will include a combination of retail, office and medical, consisting of not less than 10,000sq. ft.in size. Mr. Easley stated Signature Healthcare Services has already expressed an interest in expanding the hospital in the future; therefore, the Phase II building will allow for this type of future expansion.

Cost: No Cost

Funding Source: No Source

Requested By: Norman Stephens, Economic Development Director

Approved By: City Manager's Office

Attachments: Economic Development Agreement

Recommendation:

As the Authority Directs.