



# City of Broken Arrow

## Request for Action

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**File #: 18-124, Version: 1**

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**Broken Arrow Economic Development Authority**

**Meeting of: 01-02-2018**

**To: Mayor and City Council**  
**From: Office of the City Attorney**

**Title:**

**Consideration, discussion, and possible approval of 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**

**Background:**

On December 18, 2017, Resolution 1079 was previously approved by the Authority, but revisions to the Agreement were made to capture the direction given by the Trustees. The Resolution authorizes the execution of an economic development agreement between the City and SoundMind Behavioral Health Hospital, LLC.

SoundMind Behavioral Health Hospital, LLC 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. 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. The CEO is in the process of recruiting a multidisciplinary team of recognized clinical and research behavioral health professionals and various administrative support staff.

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.

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. 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. In addition to core inpatient behavioral health services, SoundMind will be licensed as a specialty psychiatric hospital.

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. 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. 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. SoundMind will also focus on contracted behavioral health services to provide inpatient crises treatment for mentally ill individuals requiring hospitalization. Operation of SoundMind will provide crises treatment for mentally ill individuals, as well as assisting the Broken Arrow Police Department in responding to individuals suffering from mental health crises.

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 (the "Facility"), as fully set out and evaluated in CN #17-069.

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

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.

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 Turnpike 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.

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. 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 (such undertakings, the "Project").

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.

Staff recommends that the Authority approve Resolution 1079-CORRECTED and authorize its execution.

**Cost:** **None**

**Prepared By:** **Beth Anne Childs, City Attorney**

**Reviewed By:**      **Legal Department**  
                         **Finance Department**  
                         **Engineering and Construction Department**  
                         **Assistant City Manager - Operations**

**Approved By:**      **Michael L. Spurgeon, City Manager**

**Attachments:**      **Resolution No. 1079-CORRECTED**  
                         **Economic Development Agreement-Redline strikeout**  
                         **Final Draft to be presented**

**Recommendation:**

Approve Resolution No. 1079-CORRECTED and authorize its execution.