



City of Norman, OK

Municipal Building
Council Chambers
201 West Gray
Norman, OK 73069

Master

File Number: R-1920-39

File ID: R-1920-39

Type: Resolution

Status: Non-Consent Items

Version: 1

Reference:

In Control: City Council

Department: Legal Department

Cost:

File Created: 09/11/2019

File Name: NRHA Issuance of Bonds

Final Action:

Title: RESOLUTION R-1920-39: A RESOLUTION OF THE COUNCIL OF THE CITY OF NORMAN, OKLAHOMA, APPROVING AND AUTHORIZING THE NORMAN REGIONAL HOSPITAL AUTHORITY'S ISSUANCE OF BONDS, NOTES OR OTHER EVIDENCES OF INDEBTEDNESS, ON A TAX-EXEMPT OR TAXABLE BASIS, AT A PREMIUM OR DISCOUNT, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED ONE HUNDRED TWENTY MILLION DOLLARS (\$120,000,000) TO PROVIDE FUNDS NECESSARY TO FINANCE A PORTION OF THE COST OF CERTAIN PROPOSED PROJECTS INCLUDING CAPITAL EQUIPMENT, CAPITAL IMPROVEMENTS, LAND, FACILITY CONSTRUCTION, ACQUISITION AND/OR RELATED DEVELOPMENT OR PROJECT MANAGEMENT FEES TO SUPPORT PROJECTS INCLUDING, BUT NOT LIMITED TO, AN EXPANDED NORMAN REGIONAL HEALTHPLEX FACILITY AND CONSTRUCTION, IMPROVEMENT AND/OR ACQUISITION OF ADDITIONAL FACILITIES ELSEWHERE AS NEEDED (COLLECTIVELY, THE "PROJECT"), AND PAY THE COSTS OF ISSUANCE; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS IN CONNECTION THEREWITH; AND WAIVING COMPETITIVE BIDDING PURSUANT TO 60 O.S. SECTION 176(F).

Notes: ACTION NEEDED: Motion to adopt Resolution R-1920-39.

ACTION TAKEN: _____ AS/SW _____

Agenda Date: 11/12/2019

Agenda Number:

Attachments: Hospital Resolution, NRHS summary, Schedule, Letter of Intent from NRHS 9-19-19, 120 Support Letters from Physicians and Staff, Letter/Petition for NRH Authority Board Members, Letter/Petition of Support from NRHS Medical Staff, Letter of Support from Leadership Team, Amended and Restated Trust Indenture 2000, Master

Project Manager: Kathryn Walker, Interim City Attorney

Entered by: Ellen.Usry@normanok.gov

Effective Date:

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	City Council	09/24/2019	Postponed				Pass
	Action Text: A motion was made by Council Member Scott, seconded by Council Member Wilson, that this Resolution be Adopted . The motion carried by the following vote:						
1	City Council	09/24/2019	Postponed				
	Action Text: Postponed						

Text of Legislative File R-1920-39

body

BACKGROUND: Norman's first hospital, the American Legion Memorial Hospital, opened after World War I to address the needs of the growing community. During World War II, the hospital closed due to shortages of trained medical personnel. News reports from the time captured stories of people losing loved ones because of the travel time to the nearest hospitals in Oklahoma City. Norman's City Charter was amended in 1945 to include provisions for a municipal hospital. In 1946, Norman Municipal Hospital opened at 901 N. Porter to address the need for a local hospital. The original hospital had 61 beds and 29 employees. After 20+ years of managing the hospital, the City created the Norman Municipal Hospital Authority (now the Norman Regional Hospital Authority), a public trust, in 1969 to provide for the operations of the hospital and allow the hospital the benefits of a public trust without subjecting the City to the liability and financial responsibility related to operating a hospital. The City of Norman has always been the sole public beneficiary of the trust.

Public trusts exist as an independent legal entity, separate and distinct from the beneficiary. The beneficiary, here, the City, is able to enjoy the benefits of the public functions met by the trust, without being liable for lawsuits, financial obligations, etc. Unlike the City's other public trusts (NUA, NMA, etc.), this particular trust indenture was written to provide for trustees that are separate and independent from the City Council. Instead, the Mayor, with the consent of Council, appoints the trustees to the Norman Regional Hospital Authority ("NRHA") Board of Directors. The trustees are specifically empowered by the trust indenture with having and exercising exclusive management and control of the Trust properties, making and performing contracts, adopting rules, regulations, policies and procedures for the regulation of its affairs and conducting of its business, acquiring property, making investments, financing facilities, etc. (see Article VII, Amended and Restated Trust Indenture). The City, as beneficiary, has no authority to control or direct the actions of the Trustees (Article VIII, Amended and Restated Trust Indenture). The Trust Indenture can be amended only by approval of 2/3rds of the Trustees and approval of the Beneficiary so long as no outstanding indebtedness is secured by the Trust Estate (Article X, Amended and Restated Trust Indenture).

Since 1945, the Norman Regional Health System ("NRHS") has grown to be a multi-campus system providing health and wellness services for south central Oklahoma. The Porter Avenue Norman Regional Hospital currently serves as an acute-care facility and is licensed for 219 beds. The HealthPlex campus at Tecumseh and I-35, opened several years ago and is licensed for 168 beds and features Cardiovascular Services, Spine and Orthopedic Surgery, and Women's and Children's Services. NRHS also includes a healthcare facility in Moore as well as

outpatient diagnostic centers, medical transport services, physician services, centers of excellence, durable medical equipment supplies, a primary care network, community wellness services and employer health services. NRHS employs more than 3,000 people and has more than 375 physicians on staff.

Over the past several years, NRHS has undertaken a process to develop a strategic long range plan ("Inspire Health") to more effectively and efficiently provide high quality healthcare in south central Oklahoma. Since May 2019, over 60 meetings have been held with community groups, including City Council members, to discuss the plan and provide input. Five additional community forums regarding "Inspire Health" are planned in September and October as well.

The first phase of the Inspire Health plan includes the development of a free-standing emergency department in southeast Norman, expansion of and consolidation to the HealthPlex campus, including additional beds, an ambulatory pavilion, and a cancer center. The total cost of this first phase is estimated to be \$285 million. NRHS wants to fund a portion of Phase 1 with tax-exempt debt. State law provides that in order for a public trust to issue debt, 2/3 of the governing body of the beneficiary has to approve such issuance. In order to waive competitive bidding on the debt, ¾ of the governing body must approve the issuance. NRHS presented its Inspire Health plan to the full Council during its Council Conference on September 10, 2019.

DISCUSSION: Resolution R-1920-39 approves and authorizes the Norman Regional Hospital Authority to issue bonds or other evidences of indebtedness in an aggregate principal amount not to exceed \$120 million to finance a portion of the proposed projects including expanding the HealthPlex facility, and acquisition and construction of additional facilities. A memo outlining the financing proposal is attached for your consideration.

Additionally, NRHS has submitted a Letter of Intent related to the proposal. The Letter of Intent is attached for your review. It provides additional detail related to the timing of the improvements and possibilities for the Porter Campus and other possible partnerships between the City and NRHS. In specific response to Councilmember's questions related to timing of the projects, the letter expresses a commitment to continuing to provide inpatient, emergency and other healthcare services at the Porter Campus while the HealthPlex facility expansion and the free-standing emergency department in southeast Norman are being constructed.

RECOMMENDATION: Staff forwards R-1920-39 to Council for its consideration.