

CITY COUNCIL CONFERENCE MINUTES

September 10, 2019

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in a conference at 5:00 p.m. in the Municipal Building Conference Room on the 10th day of September, 2019, and notice and agenda of the meeting were posted at the Municipal Building at 201 West Gray and the Norman Public Library at 225 North Webster 48 hours prior to the beginning of the meeting.

PRESENT:

Councilmembers Bierman, Carter, Hall,
Holman, Petrone, Scanlon, Scott, Wilson,
Mayor Clark

ABSENT:

None

Item 1, being:

PRESENTATION BY NORMAN REGIONAL HEALTH SYSTEMS ENTITLED "INSPIRED HEATH."

Mr. Richie Splitt, Chief Executive Officer (CEO) of Norman Regional Health Systems (NRHS), introduced Mr. Ken Hopkins, Chief Finance Officer; Ms. Megan Carter, Vice-President of Population Health and Wellness; Ms. Brittini McGill, Chief Nursing Officer; Ms. Karen Rieger, Attorney and outside legal Counsel for NRHS; Ms. Paula Price, Vice-President of Strategy and Growth; Mr. John Manfredo, Chief Operations Officer; and Mr. Doug Cubberley, NRH Board Chair. He provided a brief overview of NRHS services and said the new Moore Facility reopened in 2016, which had been destroyed by the 2013 tornado. The Norman Regional Healthplex (Healthplex) on Tecumseh Road will be celebrating its 10th anniversary this year and is licensed for 168 beds and 22 bassinets. He said the Healthplex originally opened as a specialty hospital in 2009 for cardiovascular, orthopedic, and women's and children's services, but now provides many more services. He said NRHS Porter Campus is licensed for 219 beds, and offers a full range of health and wellness services. The Porter Campus opened in 1946 with 61 beds and 29 employees, but has grown to more than 3,000 employees today.

Mr. Splitt said NRHS is all about health and wellness with the focus of moving towards preventative medical treatment. He said the changing environment of health care is what drove NRH to its transformational plan known as "Inspire Health." He said NRHS must adapt to the changing environment and Inspire Health will allow for that. He said consumers are driving the change as much as anything else and consumers are asking for convenient care, lower costs, and greater access to care in variety of settings, not just a traditional hospital setting. He said NRHS created a virtual care app for cell phones to meet consumers need for 24/7 access to medical care. He said health care has shifted from in-patient focus to an out-patient focus as well as ways to address and prevent chronic diseases. He said determinants of health needs include lack of transportation, consistent access to housing, a regular diet with access to nutritious food, and access and affordability of care. He said declining healthcare payments and the need to maintain very thin operating margins requires NRHS to be as efficient as possible. The consolidation of inpatient acute care into one location allows NRHS to improve operating costs and efficiencies as compared to operating two hospital campuses.

Ms. Price said to impact the overall health and outcome of the community and patients, NRHS has to look beyond the chronic disease and go to where the patients live because where they live matters, especially in health and wellness. She said NRHS now focuses on social determinants of health and in Oklahoma there are three behaviors that cause four chronic diseases that are the major cause of 60% of the deaths (poor diet, lack of physical activity, and smoking).

Mr. Splitt said in 1981 there were nearly 7,000 in-patient hospitals across America and in 2016 that number reduced to 5,534 hospitals. He said there are fewer in-patient beds available across America and since 2010 ten hospitals have closed in the State of Oklahoma and recently three hospitals have filed for bankruptcy. He said in-patient care is a difficult venue to provide care that is also a reflection of how the patient wants to receive care and it is not necessarily within the four walls of the traditional hospital.

Mr. Splitt said NRHS hired Navigant Consultants to prepare a configuration plan for Inspire Health that included five models; Model 1: Basic Primary Care; Model 2: Intermediate Diagnostic and Therapy Care; Model 3: Advanced Comprehensive Care; Model 4: Surgical Specialty Care; and Model 5: Full Service Hospital.

Mr. Splitt said the Healthplex was designed for future growth and the Healthplex has reached patient volumes that demand expansion of acute care beds and has surpassed NRHS's in-patient admission and discharges to become a full service hospital. He said the Healthplex currently has more in-patient discharges than the Porter Campus.

Mr. Manfredo said based on evolving health care needs, the acute care services currently housed at NRHS Porter Campus will be consolidated into the Healthplex and result in an estimated 292 in-patient beds. The growth in hospital beds will also require the expansion of core services such as surgical suites, intensive care, emergency department, and other ancillary services. The consolidation of in-patient beds to one location will help to alleviate confusion for patients and families when traveling to the Healthplex. The expansion will also reduce overall costs for NRHS by approximately \$13 million annually. A parking structure is planned to enhance availability and ease of access for patients, providers, and healers.

A full service east side emergency department design and construction is scheduled to start simultaneously with the Healthplex expansion build. The east side emergency facility developed for future growth will include laboratory and diagnostic imaging services and will be modeled after the Noman Regional Moore Facility. The emergency department will be conveniently located on Highway 9 close to the EMSSTAT east station and ten miles from the Healthplex.

The Ambulatory Pavilion will serve as an out-patient facility that offers a variety of tests, procedures, and treatments in a convenient and easy to access setting on the Healthplex Campus. The Cancer Center will bring together NRHS's community cancer care services, including surgical and medical oncology and radiation therapy, to one convenient location for patients and their families.

Once the in-patient acute care consolidation occurs, the hub for NRHS will be the Healthplex. The out-patient services will continue to expand throughout the regional community to better reach areas where patients live, work, and play. The NRHS ambulatory network will include full service free-standing

emergency departments, Behavioral Health Center, specialty clinics, home medical equipment, wellness services, physical therapy, imaging, and laboratory services.

Ms. McGill said the Behavioral Health Center has been planned as a minimum 50 bed facility, which will be placed in a yet-to-be determined location. She said the cost to build a free-standing facility (\$400,000 per bed) is significantly lower as compared to a hospital unit (\$1.5 million per bed). He said NRH is currently exploring capital and operational partnerships at the state level with the Oklahoma Department of Mental Health and Substance Abuse Services (ODMHSA) and nationally with behavioral health operational firms.

The future status of NRHS Porter Campus has yet to be determined. The expansion and consolidation of in-patient acute care beds and building the free-standing Emergency Department must take place for any major change to the 73-year-old campus can occur. One of the ideas for the campus would be the development of a Health Village offering a broad range of services for a diverse population focusing on health and wellness and chronic disease management. It is also the potential location for the Behavioral Health Center.

The current Porter Campus sits on 29 acres and the City of Norman owns 7.318 acres so there may be an opportunity for a land swap or purchase of the 7.318 acres. Mr. Splitt said NRH would like to begin that conversation about the land purchase/swap. Councilmember Petrone asked where the acreage is located and Mr. Splitt said he did not have that information in front of him, but the 7.318 acres is in bits and pieces, not one single piece. Councilmember Petrone asked City Staff to provide that information for Council.

Mr. Splitt said the NORMAN FORWARD Projects are an investment of approximately \$148 million and NRHS would like to be involved in the Senior Center Project; Sport Complex Projects; Griffin Land acquisition; Indoor Aquatic Center; and Indoor Multi-Sports Facility. He said the Porter Campus may be an alternative for Griffin Hospital to relocate and expand services so NRHS could be a facilitator in potentially freeing up that property (240 acres) for redevelopment. What if NRHS could help develop something truly innovative on the Porter Campus, what if the Porter Campus was transformed into a Porter Health Village? He said Health Villages are multi-use environments that integrate health care with retail, commercial, education, residential, and wellness services. Health Villages provide health care service to treat the sick and offer resources and services for patients to continue staying healthy and well.

Mr. Hopkins highlighted key 2019 Bond milestones as follows:

- September 10 – Discuss at City of Norman Study Session
- September 16 – Review with Authority Finance Committee
- September 18 and 19 – Rating agency presentations
- September 23 – Seek approval from Authority Board
- September 24 – Seek approval from City of Norman
- Early October – Issue preliminary offering statement to market
- Late October – Lock pricing on bonds
- Early November – Close on bond issue

Mr. Hopkins said current tax-exempt debt includes Series 2016 with outstanding principal of \$124,080,000 and Series 2017 with outstanding principle of \$23,795,000 for total outstanding principle of \$147,875,000.

Mr. Hopkins said estimated costs of the three Inspire Health components is \$285,000,000. He said NRHS plans to finance the Inspire Health projects through debt proceeds from 2019 revenue bond issuance of \$120,000,000; existing capital revenues; investments from third parties; the NRHS Foundation Capital Fundraising Campaign; and earnings on funds held by Series 2019 bond trustee. It is important to note that the tax-exempt revenue bonds are payable solely from hospital revenues and there is no liability to taxpayers or the City of Norman at any point, there is no pledge of faith and credit of the City of Norman, and no pledge of any kind by the City of Norman. He highlighted estimated uses of the funds that includes a project fund amount of \$120,000,000, issuance costs/other in the amount of \$1,506,248.65, and total use of funds in the amount of \$121,506,248.65. He said NRHS expects to pay \$1,500,000 in issuance costs that consist of financing team fees, rating agency fees, trustee fees, audit fees, offering statement printing and distribution fees, etc.

Councilmember Wilson asked if Council will receive more details regarding the projects, specifically the eastside emergency center location, timelines of the projects, etc., when Council is asked to approve the bond issuance. She is concerned about NRHS putting so much money into the Healthplex that there will not be enough money to construct the east side facility, making east Norman more isolated from health care services. Mr. Splitt said NRHS will be seeking Council's approval in two weeks and will probably not have that information at that time, but assured Council the only way NRHS can un-consolidate the Porter Campus is by having enough capacity in the system to accommodate community needs. He said the east side project is as high of a priority as the Healthplex expansion.

Mr. Hopkins said the financing team will include J.P. Morgan – Underwriter/Investment Banker; Floyd Law Firm – Bond Counsel; Crowe and Dunlevy – Corporate Counsel; Ponder and Company – Financial Advisor; and Chapman and Cutler – Underwriter's Counsel.

Councilmember Petrone asked if Council could have a copy of the Navigant Study and Mr. Splitt said NRHS does not have a full study, just a series of engagements where Navigant provided recommendations.

Councilmember Holman said he likes the NRHS plan, but his primary concern is about how the Porter Campus would be used because the last thing Norman needs is a giant abandoned hospital so he is happy to hear it will be reconfigured. He does think the east side stand-alone facility is important and should be constructed prior to Porter Campus being reconfigured especially since Porter Campus services will be moved to the Healthplex on the west side of the City. Mr. Splitt said this is NRHS's concern as well and that is why the projects are proposed to happen simultaneously with the goal to complete all projects by 2023.

Councilmember Bierman said she shares the east side concerns and understands the plan moving forward, but how often has NRHS Staff driven on Highway 9 during morning and afternoon rush hour? She has a really hard time seeing how an ambulance can get through that traffic in a timely fashion when 50 or 60 cars are backed up on all lanes. She would prefer a different location than Highway 9 East, such as around 24th Avenue East where she knows land is available. She said that would give ambulances more

route options. Mr. Splitt said NRHS is taking that into consideration to determine access. He said Oklahoma citizens are very respectful in accommodating first responder emergency vehicles by pulling over to provide ease of access.

Councilmember Bierman asked what percentage of in-patient care comes from transfers and Mr. Splitt said EMSStat does a remarkable job, has great reaction response time, and communicate from the field to the emergency department to let them know what the patient is experiencing in order to get that patient to the right level and venue of care as quickly as possible.

Mr. Darrel Pyle, City Manager, asked if NRHS will share the east site location with the public once it is selected and Mr. Splitt said of course. Mr. Pyle said he would also like to see an EMSStat response map. Mr. Splitt said the facility is the patient's choice and NRH would facilitate that choice unless it was an emergency situation where the patient will be taken to the closest facility.

Councilmember Scanlon said there are three EMSStat stations and asked if there has been any thought about adding another EMSStat station and Mr. Splitt said yes, that is being thoroughly considered.

Councilmember Scanlon said he liked the possible developments and consolidation with Griffin Hospital and asked what kind of visibility will the City have into that? He said there is a desperate need in Norman for a homeless day shelter and a possible location could be a portion of the Porter Campus because many homeless issues include mental health, drug abuse, etc. He would like to be a part of the dialogue as the projects move forward.

Councilmember Petrone asked if EMSStat would have an opportunity for a helicopter and Mr. Splitt said that may not be the best use of funds for transporting patients. He said a better resolution would be to have more EMSStat stations to better serve locations in Norman that may be underserved today.

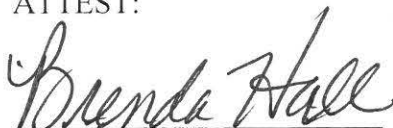
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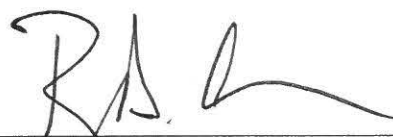
1. Information document entitled, "Inspire Health – Norman Regional Health System"
2. Norman Regional Health System Fiscal Year 2019 - Year in Review

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The meeting was adjourned at 6:15 p.m.

ATTEST:


City Clerk


Mayor

