

Article IX– Hospital.

Background:

Resolution R-1819-66, as amended, included two items in the charge of the CRC related to the hospital. First, Section 5(l), which asks the Commission to consider recommending an amendment to Article IX, Section 1 of the Charter to increase the number of board members for the Norman Regional Hospital Authority from 9 to 11, was requested by the Hospital. Language accomplishing this change is provided below for your consideration. Section 5(r) of the resolution asked that the Commission revisit the relationship between Norman Regional Hospital and the City for equitability of benefit versus burden to the respective parties and make a recommendation. A brief history of the relationship between the hospital and the City is provided for your consideration. Additionally, the trust indenture creating the hospital authority is attached.

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 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 exercise 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 conduct 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, open 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 have 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. Council, as representatives of the beneficiary of the hospital trust, approved debt financing for the implementation of this plan in November 2019. The CRC discussed the proposed increase in board membership at its March 2020 meeting, and asked that language be drafted to increase the board membership from nine to eleven, and ensure no more than two board members are appointed from other communities in which the Hospital operates a facility. The CRC expressed a strong sentiment that board diversity should be a priority and guiding principle for board composition.

The CRC also discussed the relationship between the Hospital and the City for equitability of benefit versus burden to the respective parties. Chairperson Thompson spoke with Councilmember Petrone, who requested this item be included in the CRC's charge, and relayed that she was asking about liability caps under the Governmental Tort Claims Act and whether citizens received cheaper healthcare in return. CRC members discussed the extraordinary complexity of hospital management and recommended that the NRHS presentation page titled "Community Benefit Reporting Quantifiable Benefits, 2010-2019" be included in the next quarterly report to Council. This document shows a total value of quantifiable benefits provided to the community of \$261,244,917 between 2010 and 2019. No Charter changes were identified by the CRC related to this item.

Proposed Change:

Article IX. – Hospital.

The Mayor, with the approval of the City Councilmembers, shall appoint a Board of Norman Regional Hospital Authority consisting of ~~nine~~eleven registered voters who shall serve for a term of three years. At least nine of the board members shall be Norman residents. A maximum of two members may be appointed from other communities in which the Norman Regional Hospital Authority operates at least one facility. In case of a vacancy in the Board, an appointment to fill the unexpired term shall be made in the same manner as the original appointments. The City Manager shall be an ex-officio member of the Board of Norman Regional Hospital Authority but he shall have no vote. His advice and services shall be given to the Board in the planning and execution of its work.