



CITY OF NORMAN, OK STAFF REPORT

MEETING DATE: 08/26/2025

REQUESTER: Jason Olsen

PRESENTER: Jason Olsen, Director of Parks and Recreation

ITEM TITLE: CONSIDERATION OF ADOPTION, REJECTION, AMENDMENT AND/OR POSTPONEMENT OF RESOLUTION R-2526-38: A RESOLUTION OF THE COUNCIL OF THE CITY OF NORMAN CONSENTING TO THE ASSIGNMENT OF ALL OBLIGATIONS OF HEALTHY LIVING CENTER NORMAN, LLC SET FORTH IN THE CONTRACT BETWEEN HEALTHY LIVING CENTER NORMAN, LLC AND CITY OF NORMAN, OKLAHOMA (K-2223-130) TO HEALTHY LIVING CENTER NORMAN, INC.

BACKGROUND:

Norman voters approved the Norman Forward Quality of Life Projects Sales Tax of 2015, which provided a one-half (1/2) percent sales tax dedicated to fund several quality-of-life projects, including a Senior Wellness Facility (the "Facility"). The City approved a contract with Frankfurt-Short-Bruza Associates ("FSB") in August 2019 for the design of the facility. Initially, FSB was developing designs for a facility within the \$7.6 million Norman Forward amended allocation; with proposed additional phases to be added should funding become available in the future. On October 29, 2020, Council allocated an additional \$4.8 million towards the Facility project with funds that were freed up after the City received federal Coronavirus Aid, Relief and Economic Security Act reimbursements for other unrelated previously budgeted expenses.

After the increase in funding, the City approved an amendment to FSB's contract to accommodate the design and construction of the facility in a single phase on an approximately 4.7-acre site in the southeast corner of the Norman Regional Hospital System's Porter Avenue Wellness Village Campus. In November 2020, Staff released a Request for Proposals related to the facility's operation. Interviews were later conducted, and the City proceeded with negotiations with Healthy Living & Fitness, Inc., an operator of one of the City of Oklahoma City's Senior Wellness Centers.

Council approved a Memorandum of Understanding with Healthy Living & Fitness, Inc. on April 13, 2021, to develop a contractual relationship related to the operation of the Facility. Council approved Contract K-2223-130 with Healthy Living Center Norman, LLC (the "Agreement") on May 23, 2023. Contract K-2223-130 is the lease and management agreement between the City and Healthy Living Center Norman, LLC; a Limited Liability Corporation created by Healthy Living & Fitness, Incorporated for the operation of the Norman facility. The Agreement provides that the Operator will operate, manage and maintain the Property for a five (5) year term, with the possibility of up to three (3) additional five-year terms. Notably, Section 7.10 of the

Agreement allows for assignment of the contract to another entity only upon approval by the City.

DISCUSSION:

When Healthy Living & Fitness, Inc. was initially selected as Operator, it was because of their success in running a similar facility in Oklahoma City. Long term, it was hoped that the Facility could be managed by a local Board of Directors instead of a Board located in Oklahoma City. Healthy Living & Fitness, Inc. has worked closely with the staff of the Norman facility, and members of its Programming Committee, all Norman residents, to transition to a local Board. In December 2024, after engaging outside counsel, Healthy Living & Fitness, Inc. formed Healthy Living Center Norman, Inc. as a separate non-profit entity for this ultimate purpose.

Members of the newly formed Healthy Living Center Norman, Inc. Board of Directors include the following Norman residents:

Lynne Miller, President

Lee Hall, Vice-President

Bill Scanlon, Secretary/Treasurer

Amy Davenport

Elaine Purvis

Brian Hill

Greg Heiple

Healthy Living Center Norman, Inc. has applied for 501(c)(3) designation from the Internal Revenue Service and is currently awaiting formal approval.

Per the terms of Section 7.10 of the Agreement, the City has received a Resolution of the Healthy Living & Fitness, Inc. Board of Directors expressing its desire and intent to assign the Agreement from Healthy Living Center Norman, LLC to Healthy Living Center Norman, Inc. subject to City approval. The City is also in receipt of a resolution from the Board of Directors of Healthy Living Center Norman, LLC formerly assigning all assets to Healthy Living Center Norman, Inc. upon approval by the City of such assignment and a release from the City of all liability with respect to its obligations under the Agreement upon such assignment. The return of assets is conditional on Healthy Living Center Norman, Inc. receiving a determination of tax-exempt status as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code within 24 months of the date of the transfer. The reason for this condition is due to restrictions related to the transfer of assets from a 501(c)(3) entity to a corporation without such a designation.

Finally, the City is also in receipt of a resolution from Healthy Living Center Norman, Inc. expressing its intent to accept the assignment of the Agreement upon City approval, and a resolution authorizing it to accept interests and obligations of the Agreement from Healthy Living Center Norman, LLC. These Board resolutions are attached to Resolution R-2526-38 as Exhibits A, B, C and D.

Other than the name of the Operating entity, all terms of the Agreement will remain the same upon approval of this Assignment. No disruptions to operations, staffing, etc. are anticipated at the Facility as a result of this Assignment. The Assignment will allow for local control of the Facility. Resolution R-2526-38, if adopted, will formally approve the assignment of the Agreement from Healthy Living Center Norman, LLC to Healthy Living Center Norman, Inc. The resolution also releases Healthy Living Center Norman, LLC from all liability related to its obligation of the Agreement as of the date of the assignment.

RECOMMENDATION:

Staff recommends approval of Resolution R-2526-38.