

Board Book

May 7, 2021

MISSISSIPPI BOARD OF TRUSTEES OF STATE
INSTITUTIONS OF HIGHER LEARNING

Board Meeting Outline

MISSISSIPPI BOARD OF TRUSTEES OF STATE INSTITUTIONS OF HIGHER LEARNING

IHL Board Meeting | May 7, 2021, 12 p | IHL Board Room

CALL TO ORDER

Trustee Ford Dye

REGULAR AGENDA

FINANCE | Trustee Tom Duff

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ADJOURNMENT

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1. SYSTEM- REQUEST FOR APPROVAL TO RENEW PROPERTY INSURANCE WITH AFFILIATED FM INSURANCE COMPANY AND BERKSHIRE HATHAWAY

Agenda Item Request: The Mississippi Institutions of Higher Learning’s Executive Office (IHL) requests approval to renew its property insurance coverage with **Affiliated FM Insurance Company (AFM)**. Additionally, the wind and flood coverage for the gulf coast (referred to as a Difference in Conditions or “DIC” policy) includes a number of markets which share the risk. One of the lead insurers for the shared DIC coverage is **Berkshire Hathaway (Berkshire)**.

Contractor’s Legal Name: Affiliated FM Insurance Company and Berkshire Hathaway. AFM will provide the property coverage for the system, except for the gulf coast wind coverage. That coverage is provided through a difference in conditions wind and storm surge policy of which the coverage is shared between multiple insurers.

History of Contract: In 2009, the Board approved a system-wide approach to insuring the system’s property. AFM has provided the primary property coverage for this program since the program’s inception.

The total insured value for the system is \$12,487,311,179 an increase of 2.3% or \$282 million over the expiring schedule of values. While the AFM primary rate increased 15%, the rate for the DIC wind and flood coverage decreased by 17%. The blended rate, including the AFM increase and DIC decrease, will be .07, which is a 1.5% increase from the prior blended rate. Nationally, property insurance rates continue to increase.

As far as structure and overall coverage limits, the changes are very few. Vacant buildings will not be covered unless specifically scheduled and then only for actual cash value. Deductibles will be the same so long as universities commit to loss control objectives; if a university is unable to meet AFM’s loss control requests, that university will have a higher deductible of \$1m per occurrence.

Specific Type of Contract: This is a policy of property insurance coverage.

Purpose: The purpose of the contract is to insure the system’s properties in the most cost effective manner while meeting each university’s individual coverage needs.

Scope of Work: The insurer will provide property insurance coverage during the policy year in exchange for the payment of premiums by the universities and IHL.

Term of Contract: This will be a one-year insurance policy running from May 31, 2021, to May 31, 2022.

Termination Options: IHL may cancel the policy at its convenience at any time. Upon cancellation by IHL, the insurer will return unearned premium at 90% of the pro-rata

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basis. The insurer may cancel the AFM policy by providing a 60-day written notice, except that 10 days of advance written notice is required in the event of nonpayment of premium. If terminated by the insurer, the pro-rata basis of any unearned premium is returned. Cancellation by the insurer for the wind coverage requires a 90-day notice, or 10 days for non-payment of premium.

Contract Amount: The combined premium is approximately \$8,759,350 (\$7,407,809 for the AFM portion and \$1,351,541 for the DIC coverage) for 2021-2022. Premium amounts may increase or decrease through the term of the policy as universities add or decrease their insured values.

Funding Source for Contract: Each university and the Board Office pays its respective share of the premium which is billed and paid directly between the insurance company and the insured.

Contractor Selection Process: IHL's approved Broker, Arthur J. Gallagher (Gallagher), was selected through a competitive RFP process. While alternative structuring was explored, Gallagher negotiated the renewal quote with AFM based upon the same historical structure. This AFM quote is the one recommended for approval.

Staff Recommendation: *Based on Board Policy 707.01, Land, Property, and Service Contracts, Board approval is required prior to execution of the contract for all other land, personal property, and service contracts that require an aggregate total expenditure of more than \$250,000. Based on Board Policy 707.03, Approval of Prepayment for Goods and Services, Board approval of a prepayment/waiver is required at the same time permission is sought from the Board under Board Policy 707.01. Legal Staff has reviewed the proposed Agreement between Affiliated FM Insurance Company and Berkshire Hathaway and the Mississippi Institutions of Higher Learning's Executive Office for compliance with applicable law and finds same to be acceptable. Board staff recommends approval of this item.*

2. **SYSTEM – REQUEST FOR APPROVAL TO PURCHASE CYBER INSURANCE WITH LLOYDS OF LONDON-BEAZLEY SYNDICATE**

Agenda Item Request: The Mississippi Institutions of Higher Learning's Executive Office (IHL) requests approval to purchase cyber liability and incident response insurance coverage with **Beazley**.

Contractor's Legal Name: **Lloyds of London – Beazley Syndicate (Beazley)**. Beazley will provide the cyber coverage and breach response services for the system. Beazley has an A.M. Best Rating of A XV.

History of Contract: This is a renewal of our 2020 - 2021 policy.

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Specific Type of Contract: This is a policy of insurance coverage. Cyber liability insurance will cover various cyber-related losses, including third party liability, first party loss, costs related to investigation and mitigation, and costs related to providing legally required notifications to persons potentially affected by a cyber incident. Purchase of the insurance also includes expert assistance from the insurers breach response team. The purchased policy will be primary to other insurance so that it will protect the IHL Self-Insured Tort Plan in the instances where coverages overlap. This renewal has some coverage changes but retains some of the more important coverage extensions that were negotiated in past years, such as coverage for portable media and Fraudulent Instruction. This renewal was able to keep the low \$10,000 deductible for the breach response coverage.

Purpose: The purpose of the contract is to protect the IHL system from cyber liability risks and response costs through transferring some of that risk to an insurer. The breach response coverage also provides expert assistance and access to network of contractors with pre-negotiated rates.

Scope of Work: The insurer will provide coverage during the policy year in exchange for the payment of premiums.

Term of Contract: The contract is a one-year insurance policy beginning May 26, 2021, and terminating May 26, 2022.

Termination Options: IHL may cancel the policy with a 60-day notice. The insurer may cancel the policy by providing a 60-day written notice, except that only 10 days of advance written notice is required in the event of nonpayment of premium. Upon cancellation by either party, the insurer will return premium on a pro rata basis.

Contract Amount: The cost will be approximately \$418,275 for the one-year policy.

Funding Source for Contract: The IHL Self-Insured Tort Plan will pay the premium and allocate an appropriate premium share to each insured participant. The share for each participant other than UMMC will be built into the annual assessment of the Tort Plan. The Tort Plan will invoice UMMC for its share.

Contractor Selection Process: IHL's broker, Alliant, approached eight insurance markets for this renewal. Of the eight markets, seven declined to quote. Only our incumbent, Beazley, quoted, despite Beazley reportedly having a 150% loss ratio in the current policy year and despite Beazley reportedly not adding any new higher education business in the United States.

Staff Recommendation: *Based on Board Policy 707.01, Land, Property, and Service Contracts, Board approval is required prior to execution of the contract for all other land, personal property, and service contracts that require an aggregate total expenditure of more than \$250,000. Based on Board Policy 707.03, Approval of*

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Prepayment for Goods and Services, Board approval of a prepayment/waiver is required at the same time permission is sought from the Board under Board Policy 707.01. Legal Staff has reviewed the proposed Agreement between Lloyds of London – Beazley Syndicate (Beazley) and the Mississippi Institutions of Higher Learning’s Executive Office for compliance with applicable law and finds same to be acceptable. Board staff recommends approval of this item.

3. SYSTEM – REQUEST FOR APPROVAL OF A STUDENT HEALTH INSURANCE POLICY WITH UNITEDHEALTHCARE SERVICES, INC.

Agenda Item Request: The Mississippi Institutions of Higher Learning’s Executive Office (IHL) requests approval of a student health insurance policy for use by the system. The insurer will be **UnitedHealthcare Services, Inc.** and the insurance broker will be **Arthur J. Gallagher.**

Contractor’s Legal Name: United Healthcare Services, Inc. (“United Healthcare”). United Healthcare will provide the student health insurance coverage for the system, and Gallagher will serve as the insurance broker. Gallagher serves as the broker for over 110,000 student insureds and has partnered with United Healthcare to provide student insurance for many universities and university systems.

History of Contract: This is a new contract.

Specific Type of Contract: This is a contract for student health insurance.

Purpose: The purpose of the contract is to provide an insurance option for students to purchase directly, or for universities to purchase as a benefit for certain classes of student workers or employees. The goal of the system approach is to lower premium costs while maintaining health insurance coverage that meets Affordable Care Act and visa requirements.

Scope of Work: The insurer will provide student health insurance coverage and related services during the policy year in exchange for the payment of premiums by students or universities. The policy will be available for students at all system universities with the exception of UMMC, which maintains its own student health insurance program.

Term of Contract: Gallagher has been engaged for three policy years, but the insurance policy or policies are for one-year terms, although an optional renewal is included with this quote. The policy terms may vary from university to university so as to have an effective date that coincides with the termination dates of each university’s current policies. The most common policy inception date has been August 15th, so while dates may vary, a utilized term is expected to be August 15, 2021, to August 15th, 2022.

Termination Options: IHL may cancel the contract with 60 days’ notice, although some students will be purchasing individual policies directly. If the reason that IHL wishes to

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terminate is due to non-appropriation of funds, then IHL may terminate with 10 days' notice. The insurer may terminate its contract with IHL upon 120 days' notice, except for non-payment of premium. The insurer may terminate a policy for non-payment of premium with 10 days' notice.

Contract Amount: The premium will be \$2,004 per policy per year, which includes discount Complements programs related to dental, vision, and 24/7 cognitive health therapy. When Wellfleet increased its premium this year, United Healthcare offered a flat renewal rate as well as a flat-rate second-year option (for policy year 2022-2023). Additionally, United Healthcare is offering a lower deductible than the expiring policy with Wellfleet. If 3,000 students are insured, the aggregate annual premium range would be approximately \$6,012,000. If renewed for a second year at the same rate, the aggregate cost for two years is estimated to be approximately \$12,024,000. The aggregate premium will vary based upon the number of participants.

Funding Source for Contract: Students will directly pay the premium for their policy, except for some student workers. Universities may elect to pay or supplement the premium cost for certain classes of student workers, such as graduate assistants, as an employment benefit or part of its payment structure. Expenditures for student health insurance by universities are determined by each university.

Contractor Selection Process: In 2019, IHL conducted a competitive RFP process which utilized a Student Health Insurance Committee composed of a representative from each university. The Committee selected Arthur J. Gallagher (Gallagher) as our broker, and Gallagher approached markets for quotes this year. This year, quotes were provided by Wellfleet, United HealthCare, and Aetna, with the recommended quote being the one from United Healthcare. United Healthcare offers a lower price than our incumbent, a lower deductible, and otherwise matches the current policy coverages. United Healthcare also has a successful record of having provided these services to at least three of our system universities in the past.

Staff Recommendation: *Based on Board Policy 707.01, Land, Property, and Service Contracts, Board approval is required prior to execution of the contract for all other land, personal property, and service contracts that require an aggregate total expenditure of more than \$250,000. Based on Board Policy 707.03, Approval of Prepayment for Goods and Services, Board approval of a prepayment/waiver is required at the same time permission is sought from the Board under Board Policy 707.01. Legal Staff has reviewed the proposed Agreement between United Healthcare Services, Inc and the Mississippi Institutions of Higher Learning's Executive Office for compliance with applicable law and finds same to be acceptable. Board staff recommends approval of this item.*

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4. ASU– REQUEST TO ENTER INTO AN AGREEMENT WITH CANIZARO CAWTHON DAVIS, P.A.

Agenda Item Request: Alcorn State University requests approval to enter into a one-year contract with **Canizaro Cawthon Davis** for the completion of the Campus Master Plan and the Campus Space Utilization Study

Contractor’s Legal Name: **Canizaro Cawthon Davis, P.A.**

History of Contract: This is a new contract.

Specific Type of Contract: This is a new contract for project management, oversight, and development of the Campus Master Plan and Space Utilization Study.

Purpose: The purpose of this contract is to provide project management, oversight, and development of the Campus Master Plan and Space Utilization Study.

Scope of Work: The campus master plan will begin with data collection and review led by a steering committee of campus stakeholders. Data collection will be done by examining artifacts and by conducting stakeholder interviews and in-depth site investigation. Stakeholder interviews will be done virtually due to Covid-19. There will be a thorough space analysis, land and building use analysis, open space analysis, landscape analysis, mobility and parking systems analysis, utility infrastructure analysis, mechanical, electrical, and plumbing systems analysis, and baseline financial modeling. Once data and outcomes from the analysis are synthesized, there will be a presentation to campus leadership. An exploratory phase will follow which includes alternatives preparation and assessment, committee review and stakeholder engagement, and preferred alternative development and assessment. The steering committee will review this data and the plan will be drafted along with implementation strategies and a final presentation to the campus leadership.

Term of Contract: One year from June 1, 2021 until May 31, 2022.

Contract Amount: Consultant fees for the project is \$585,000 plus an amount not to exceed \$24,350 in travel expenses for the consultants for a total project cost of \$609,350.

Funding Source for Contract: The contract will be funded by Title III Federal Grant funds from the United States Department of Education.

Termination Options: The university may terminate the contract (1) for default and (2) for unavailability of funds.

Contractor Selection Process: Request for Proposal #5481 was issued in the fall of 2020 with a due date of November 16, 2020. Submissions were received from five firms including:

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Smith Group

McCarty Architects

Dumont Janks

Allred Stolarski Architects

Canizaro Cawthon Davis

Each firm submitted a redacted proposal removing all references to the company name and a non-redacted proposal. The redacted proposals were reviewed by a blind review selection committee. Three finalists were selected to come to the campus to make presentations to the selection committee including the Smith Group, McCarty Architects, and Canizaro Cawthon Davis. The selection committee rated all finalists using a standardized rating and review instrument. The rating and review instrument indicated Canizaro Cawthon Davis as the finalist of choice to be recommended for award of the project.

Staff Recommendation: Based on Board Policy 707.01, *Land, Property, and Service Contracts*, Board approval is required prior to execution of the contract for all other land, personal property, and service contracts that require an aggregate total expenditure of more than \$250,000. Legal Staff has reviewed the proposed Agreement between Canizaro Cawthon Davis, P.A. and Alcorn State University for compliance with applicable law and finds same to be acceptable. Board staff recommends approval of this item.

5. UMMC – REQUEST FOR APPROVAL FOR AN AMENDMENT TO A CUSTOMER SERVICE AGREEMENT WITH IRON MOUNTAIN INFORMATION MANAGEMENT, LLC

Agenda Item Request: The University of Mississippi Medical Center (UMMC) requests approval to amend the Customer Agreement with **Iron Mountain Information Management, LLC** (Iron Mountain) to extend the term of the agreement six (6) months and add language related to insurance, indemnification, and information security. The agreement provides shredding services at all UMMC facilities, including hospitals and clinics located throughout the State. Shredding services include destruction of documents (paper) and non-documents such as plastic media and binding materials, as well as IT asset disposition.

Contractor’s Legal Name: Iron Mountain Information Management, LLC

History of Contract: On May 19, 2019, the Board approved the current Customer Agreement with Iron Mountain for shredding services. The term of the agreement is five (5) years, from June 1, 2016, through May 31, 2021. The total approved cost of the

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agreement is \$983,652.59. In January 2021, UMMC issued Request for Proposal (RFP) No. 8024, but has not yet made an award. The proposed amendment will extend current services until the RFP has been awarded and a new contract negotiated.

Specific Type of Contract: This is the First Amendment to the Customer Agreement.

Purpose: The purpose of the amendment is to extend the term of the current agreement for six (6) months and add language related to insurance, indemnification, and information security. The purpose of the agreement is to provide shredding services at all UMMC facilities, including hospitals and clinics located throughout the State. Shredding services include destruction of documents (paper) and non-documents such as plastic media and binding materials, as well as IT asset disposition.

Scope of Work: Under the amended agreement, Iron Mountain will continue to:

- Deliver and place collection containers at UMMC;
- Perform onsite and offsite secure shredding at intervals established by UMMC, including collection, transport, and processing items for destruction, as applicable; and
- Perform secure shredding for special projects upon request.

Term of Contract: The term of the amended agreement is five (5) years and six (6) months, from June 1, 2016, through November 30, 2021.

Termination Options: Termination options include the following:

- By UMMC at any time upon a 120 day written notice;
- In the event of a breach of either party's obligations under the contract, if not cured within 45 days;
- In the event of any reduction in available funds to UMMC, the contract may be terminated without penalty to UMMC;
- Failure by Iron Mountain to comply with the federal E-Verify Program; and
- Upon 30 days written notice in the event a change in law results in adverse consequences and the parties cannot agree upon renegotiated terms.

Contract Amount: The total cost of the amended agreement remains \$983,652.59.

Funding Source for Contract: The contract will be funded by general funds.

Contractor Selection Process: UMMC is currently contracted with Iron Mountain.

Staff Recommendation: *Based on Board Policy 707.01, Land, Property, and Service Contracts, Board approval is required prior to execution of the contract for all other land, personal property, and service contracts that require an aggregate total expenditure of more than \$250,000. Legal Staff has reviewed the proposed Agreement*

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between Iron Mountain Information Management, LLC and The University of Mississippi Medical Center for compliance with applicable law and finds same to be acceptable. Board staff recommends approval of this item.

6. UMMC – REQUEST FOR APPROVAL FOR AN AGREEMENT WITH MEDTRONIC USA, INC.

Agenda Item Request: The University of Mississippi Medical Center (UMMC) requests approval to enter into a new Sales and Support Proposal, including Quotation Number: 155335-0001107577-3-9 with **Medtronic USA, Inc. (Medtronic)** for the purchase of four (4) StealthStation surgical navigation systems for neurosurgery and otolaryngology (ENT) procedures. The systems include software, hardware, instrumentation, tracking algorithms, image data resections, and accessories. These surgical navigation systems provide minimally invasive approaches, improve imaging and visualization, and reduce sedation time in complex neurosurgery and ENT procedures for pediatric and adult patients.

Contractor’s Legal Name: Medtronic USA, Inc.

History of Contract: This is a new Sales and Support Proposal. UMMC currently performs neurosurgery and ENT procedures utilizing the Medtronic StealthStation and Medtronic Fusion navigation systems that are nearing end of life. These navigation systems are in need of replacement due to advancements in technology.

On January 20, 2021, the Board approved a separate agreement between UMMC and Stryker Sales Corporation, acting through its Navigation Division, and Stryker Spine, a part of Howmedica Osteonics Corp. (collectively, Stryker), for the placement of the Stryker Nav3 surgical navigation platform and the Ziehm Imaging Vision RFD 3D mobile C-arm scanner, as well as the purchase of spine implants, surgical supplies and accessories. The Stryker systems are used for orthopedic procedures, whereas the Medtronic systems are used in neurological and ENT procedures.

Specific Type of Contract: This is a new Sales and Support Proposal.

Purpose: The purpose of the agreement is to purchase two (2) StealthStation S8 and two (2) StealthStation ENT surgical navigation systems, including software, hardware, instrumentation, tracking algorithms, image data resections, accessories, and two (2) year warranty for each. The StealthStation S8 navigation system is used in cranial, deep brain stimulation, and other neurological procedures. The Stealthstation ENT navigation system is used head and neck surgeries, such as sinus surgeries and complex skull procedures. These surgical navigation systems provide minimally invasive approaches, improve imaging and visualization, and reduce sedation time in complex neurosurgery and ENT procedures for pediatric and adult patients.

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Scope of Work: Under the agreement, Medtronic will provide four (4) surgical navigation systems, including software, hardware, instrumentation, tracking algorithms, image data resections, accessories, and two (2) year warranty for each. Upon request, Medtronic will also provide on-site surgical support. UMMC will trade in its existing Medtronic StealthStation and Medtronic Fusion navigation systems to receive additional discounts on the new systems.

Term of Contract: The term of the agreement is approximately two (2) years, from June 1, 2021, through approximately July 6, 2023. The actual expiration date is two (2) years and seven (7) days after delivery, which is expected to be on or about June 30, 2021.

Termination Options: Termination options include the following:

- by UMMC for any reason or no reason, with thirty (30) days' prior written notice to Medtronic;
- by either party, immediately upon prior written notice to the other party, if the other party:
 - makes an assignment for the benefit of creditors, or a receiver, trustee in bankruptcy or similar officer is appointed to take charge of all or any part of the other party's property or business;
 - is adjudicated bankrupt;
 - neglects or fails to perform or observe any of its obligations under the agreement and does not cure such neglect or failure within thirty (30) days after receipt of written notice from the party alleging such non-compliance;
- by Medtronic immediately upon prior notice to UMMC if UMMC misuses licensed material and/or uses the licensed material in violation of any license provided under this agreement; and
- UMMC may terminate the software license at any time by destroying the licensed materials and all copies.

Contract Amount: The total cost of the agreement is \$1,283,060.60.

Contractor Selection Process: The surgical navigation platforms, software, instrumentation and accessories qualify as clinical commodities under Miss Code Ann §31-7-1, which are exempted from procurement requirements under §31-7-13.

Staff Recommendation: *Based on Board Policy 707.01, Land, Property, and Service Contracts, Board approval is required prior to execution of the contract for all other land, personal property, and service contracts that require an aggregate total expenditure of more than \$250,000. Legal Staff has reviewed the proposed Agreement between Medtronic USA, Inc and The University of Mississippi Medical Center for*

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compliance with applicable law and finds same to be acceptable. Board staff recommends approval of this item.

7. UMMC – REQUEST FOR APPROVAL FOR A LEASE AGREEMENT WITH CEDAR LAKE PHYSICIAN CENTER, LLC

Agenda Item Request: The University of Mississippi Medical Center (UMMC) requests approval to enter into a lease agreement with **Cedar Lake Physician Center, LLC (Cedar Lake)** for the rental of clinic space located at 1720A Medical Park Drive, Suite 130B, in Biloxi, Mississippi. This lease will allow UMMC to continue its mission of providing high standards of medical education to physicians across the state and will provide space for University Transplant evaluations, clinic visits, and consultations to patients in the Gulf Coast area. Pursuant to IHL Policy 707.03 *Approval of Prepayment of Goods and Services*, UMMC also requests a waiver to allow prepayment of rent on the first day of each month.

Contractor’s Legal Name: Cedar Lake Physician Center, LLC

History of Contract: On May 19, 2016, the Board approved a five (5) year lease with Cedar Lake for the lease of clinic space in Biloxi, Mississippi. The term of the lease was five (5) years and will expire May 31, 2021.

Specific Type of Contract: This is a new Lease Agreement.

Purpose: The purpose of the lease is to provide full-time clinic space for abdominal transplant services for patients in the Mississippi Gulf Coast area. These services include evaluations, clinic visits, and consultations.

Scope of Work: Under the Lease Agreement, Cedar Lake will provide:

- 2,352 rentable square feet of clinic space;
- Utilities, janitorial/housekeeping services, maintenance, landscaping, and applicable taxes; and
- Non-exclusive use of all common areas.

Term of contract: The term of the Lease Agreement is three (3) years, from June 1, 2021, through May 31, 2024.

Termination Options: Termination options include the following:

- By UMMC with or without cause upon sixty (60) days written notice to Cedar Lake;
- By UMMC if Cedar Lake commits an act of default under the Lease, and the default isn’t cured within at least ten (10) days.
- In the event UMMC fails to timely pay rent as due or fails to perform or observe any covenant of the lease;

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- In the event of any reduction in available funds to UMMC, the contract may be terminated without penalty to UMMC; and
- By either party in the event that the demised building be totally or substantially destroyed by fire, the elements or otherwise, as to render the demised building untenable.

Contract Amount: The total cost of the lease over the three (3) year term is \$240,065.60. UMMC's base rent will be \$5,654.60 per month, plus an estimated \$36,500 for potential repairs.

Funding Source for Contract: The agreement will be funded by patient revenue.

Contractor Selection Process: UMMC has occupied the current space since 2016. This location continues to provide adequate space and an optimal location for UMMC transplant services along the Mississippi Gulf Coast.

Staff Recommendation: *Based on Board Policy 707.01, Land, Property, and Service Contracts, Board approval is required prior to execution of the contract for all other land, personal property, and service contracts that require an aggregate total expenditure of more than \$250,000. Based on Board Policy 707.03, Approval of Prepayment for Goods and Services, Board approval of a prepayment/waiver is required at the same time permission is sought from the Board under Board Policy 707.01. Legal Staff has reviewed the proposed Agreement between Cedar Lake Physician Center, LLC and The University of Mississippi Medical Center for compliance with applicable law and finds same to be acceptable. Board staff recommends approval of this item.*

8. UMMC– REQUEST TO AMEND A MEDICAL OFFICE BUILDING LEASE WITH MEMORIAL HOSPITAL AT GULFPORT

Agenda Item Request: The University of Mississippi Medical Center (UMMC) requests approval to amend its Medical Office Building Lease (Sublease) with **Memorial Hospital at Gulfport (MHG)** to extend the term one (1) year. Under the Sublease, UMMC subleases approximately 2,229 square feet of clinical space located at 920 Tommy Munro Drive in Biloxi, Mississippi, for use as a pediatric outpatient clinic. Pursuant to IHL policy 707.03 *Approval of Prepayment for Goods or Services*, UMMC also requests a waiver to allow prepayment of rent on the first day of each month.

Contractor's Legal Name: Memorial Hospital at Gulfport

History of Contract: On November 16, 2017, the Board approved a thirty-eight (38) month sublease with MHG, which will expire on May 31, 2021. The property is owned by J & R Properties and was leased to MHG through May 31, 2021. MHG has renewed its lease with J & R Properties and has agreed to extend UMMC's sublease an additional one (1) year. UMMC has subleased this medical office space from MHG since March

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2018. In the coming year, it is anticipated that MHG will consolidate much of its operations in this building, thereby necessitating UMMC to move to a different location. Because of this, UMMC seeks to extend the current lease for one (1) year to allow UMMC time to find an alternative location for its pediatric practice.

Specific Type of Contract: This is the First Amendment to the Medical Office Building Lease.

Purpose: The purpose of the amendment is to extend the Sublease one (1) additional year. The purpose of the Sublease is to sublease approximately 2,229 square feet from Memorial Hospital at Gulfport for use as a pediatric outpatient clinic.

Scope of Work: Under the amended Sublease, MHG will:

- Sublease approximately 2,229 square feet of clinical space to UMMC;
- Provide the following, which shall be billed to UMMC and paid for as operating expenses:
 - Air conditioning sufficient to cool the premises and heat sufficient to warm the premises to maintain comfortable temperature in the premises;
 - Provide utilities, including hot and cold running water for all restrooms and lavatories, electricity, gas, rubbish collection, and medical waste (sharps collection) disposal;
 - Janitorial service to include soap, paper towels, toilet tissue for public restrooms, and cleaning supplies;
 - Electrical and mechanical maintenance services; and
 - Maintenance and repairs, such as replacement of light bulbs and air conditioning filters, unclogging of plumbing fixtures, etc.

UMMC will use the premises for a medical clinic.

Term of Contract: The term of the amended Sublease is fifty (50) months and five (5) days, beginning March 26, 2018, and ending May 31, 2022. The original Sublease term was thirty-eight (38) months and five (5) days. The First Amendment extends the term one (1) additional year.

Termination Options: Termination options include:

- By UMMC, without cause, upon 60 days' written notice to MHG;
- By MHG, without cause upon six (6) months' written notice to UMMC;
- By UMMC in the event MHG causes any utility service interruption lasting longer than 30 consecutive days;
- By either party in the event of a partial destruction of the premises and MHG does not elect to make repairs or if the repairs cannot be made within 120 days;
- By either party in the event of a total destruction of the building;

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- Automatically if the whole of the premises or building or so much thereof as to render the balance unusable by UMMC shall be taken under power of eminent domain, condemnation or by deed in lieu of foreclosure or otherwise;
- By UMMC in the event of a partial taking under power of eminent domain, by giving MHG written notice within 30 days after UMMC's receipt of written notice of such partial taking;
- By either party in the event the other party commits an act of default under the Sublease, by giving the defaulting party at least ten (10) days' prior written notice;
- By either party in the event any legislation, regulation or government policy is passed or adopted, the effect of which would cause either party to be in violation of such laws due to the existence of an provision of this Lease, and the parties fail to agree upon modified terms within 90 days;
- By either party immediately upon breach of any of the following ongoing representations and warranties that it, its officers, directors and employees:
 - Are not currently excluded, debarred, or otherwise ineligible to participate in any federal health care programs or any state health care programs;
 - Have not been convicted of a criminal offense related to the provision of healthcare items or services and have not been excluded, debarred, or otherwise declared ineligible to participate in the Federal Healthcare Programs or any State healthcare programs; and
 - Are not under investigation or otherwise aware of any circumstances which may result in the party being excluded from participation in the Federal Healthcare Programs or any state healthcare programs;
- By either party in the event of an adverse change in law and the parties fail to agree upon modified terms within 60 days; and
- Automatically upon the expiration or termination of the lease agreement between MHG and J & R Properties.

Contract Amount: The total cost of the amended Sublease is \$294,416.68 over the fifty (50) months and five (5) days term. The original sublease was approved for a total cost of \$226,864.79. Effective June 1, 2021, UMMC's base rent will be \$4,162.66 per month, plus an estimated \$17,599.97 in operating expense overages. Operating expenses were estimated based on historical use averages at this location, with a three percent (3%) annual inflation adjustment.

Funding Source for Contract: This agreement will be funded by patient revenues.

Contractor Selection Process: UMMC is currently contracted with MHG.

Staff Recommendation: *Based on Board Policy 707.01, Land, Property, and Service Contracts, Board approval is required prior to execution of the contract for all other land, personal property, and service contracts that require an aggregate total expenditure of more than \$250,000. Based on Board Policy 707.03, Approval of Prepayment for Goods and Services, Board approval of a prepayment/waiver is required*

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at the same time permission is sought from the Board under Board Policy 707.01. Legal Staff has reviewed the proposed Agreement between Memorial Hospital at Gulfport and The University of Mississippi Medical Center for compliance with applicable law and finds same to be acceptable. Board staff recommends approval of this item.