



**CITY OF NORMAN, OK
DEVELOPMENT OVERSIGHT COMMITTEE FOR TIF
DISTRICT NO. 2 MEETING**

**Development Center, Conference Room A, 225 N. Webster, Norman, OK
73069**

Tuesday, July 16, 2024 at 1:30 PM

AGENDA

It is the policy of the City of Norman that no person or groups of persons shall on the grounds of race, color, religion, ancestry, national origin, age, place of birth, sex, sexual orientation, gender identity or expression, familial status, marital status, including marriage to a person of the same sex, disability, relation, or genetic information, be excluded from participation in, be denied the benefits of, or otherwise subjected to discrimination in employment activities or in all programs, services, or activities administered by the City, its recipients, sub-recipients, and contractors. In the event of any comments, complaints, modifications, accommodations, alternative formats, and auxiliary aids and services regarding accessibility or inclusion, please contact the ADA Technician at 405-366-5424, Relay Service: 711. To better serve you, five (5) business days' advance notice is preferred.

ROLL CALL

MINUTES

1. CONSIDERATION OF APPROVAL, REJECTION, AMENDMENT AND/OR POSTPONEMENT OF MINUTES FROM JUNE 18, 2024

REPORTS

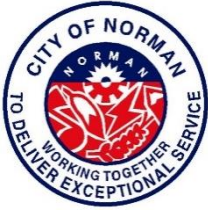
2. CONSIDERATION OF APPROVAL, REJECTION, AMENDMENT AND/OR POSTPONEMENT OF MONTHLY FINANCIAL REPORT

DISCUSSION & ACTION ITEMS

3. CONSIDERATION OF APPROVAL, REJECTION, AMENDMENT, POSTPONEMENT AND/OR DISCUSSION RECOMMENDATION RELATED TO THE PROPOSED UNP TIF DEVELOPMENT "ROCK CREEK ENTERTAINMENT TIF DISTRICT"
 - A) SLIP RAMPS AT I-35 & ROCK CREEK ROAD INTERSECTIONS
 - B) ECONOMIC DEVELOPMENT AGREEMENT AND PROJECT PLAN

MISCELLANEOUS COMMENTS

ADJOURNMENT



CITY OF NORMAN, OK DEVELOPMENT OVERSIGHT COMMITTEE FOR TIF DISTRICT NO. 2 MEETING-AMENDED

Municipal Building, Executive Conference Room, 201 West Gray, Norman,
OK 73069

Tuesday, June 18, 2024 at 1:30 PM

MINUTES

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ROLL CALL

PRESENT

Alternate Committee Member Brenda O'Brian (Represented by Tyler Jones)
Committee Member Greg Burge
Committee Member Kaimee Kellis
Committee Member Kurt Lee
Committee Member William Wilson
Committee Member Rob Norman

ABSENT

Committee Member Nick Migliorino

OTHERS

Council Member Bree Montoya
Council Member Helen Grant
Joshua Hinkle, Council Member Elect
Anthony Francisco, Director of Finance
Shannon Stevenson, Asst. City Manager
Clint Mercer, Chief Accountant
Kathryn Walker, City Attorney
Emily Pomeroy, Pres. of the Center for Economic Development Law
Dannielle Risenhoover, Admin. Tech IV
Tyler Jones, Norman Public Schools
Cynthia Rogers, Citizen
Jacob Huckabaa, Budget Technician
Tiffany Vrska, Chief Communications Officer
Stephen Koranda, Norman Public Schools

Sean Rieger, Rieger Law Firm
 Russell Rice, Citizen
 David Kinnard, Citizen
 Greg Fitter, Citizen
 AJaye Watson-Patten, Citizen
 Gerry Griffith, Citizen
 Linda Evans, Citizen
 Andrea Hancock, Citizen
 Pam Past, Citizen
 Robert Castleberry, Citizen
 Scott Dixon, Citizen

The meeting started at approximately 1:35 PM. Chair Burge declared that there was a quorum.

ROLL CALL

MINUTES

1. CONSIDERATION OF APPROVAL, REJECTION, AMENDMENT AND/OR POSTPONEMENT OF MINUTES FROM APRIL 16, 2024

Member Norman made a motion to approve the April 16, 2024 Development Oversight Committee for TIF District 2 minutes which were duly seconded by Member Kellis. The motion passed unanimously.

Items submitted for the record:

Development Oversight Committee for TIF District 2 Minutes from April 16, 2024

REPORTS

2. CONSIDERATION OF APPROVAL, REJECTION, AMENDMENT AND/OR POSTPONEMENT OF MONTHLY FINANCIAL REPORT

Anthony Francisco gave the report. He pointed out that the Economic Development incentive payment (for IMMY) was made to Norman Economic Development Coalition (NEDC) and stated, "That's really the only major expenditure that's been made since your last meeting."

Member O'Brian made a motion to approve the Financial Report which was duly seconded by Member Kellis. The motion passed unanimously.

Items submitted for the record:

Financial Report

DISCUSSION ITEMS

3. CONSIDERATION OF APPROVAL, REJECTION, AMENDMENT, POSTPONEMENT AND/OR DISCUSSION OF RECOMMENDATION RELATED TO THE PROPOSED UNP TIF DEVELOPMENT "ROCK CREEK ENTERTAINMENT TIF DISTRICT"

Anthony Francisco presented to the Committee, a PowerPoint presentation highlighting the Rock Creek Entertainment Tax Increment Finance (TIF) District's existing zoning, an investor

breakdown, the University North Park TIF master plan, modifications to the University North Park TIF master plan, and development phasing. He also reviewed the basic TIF model and presented the Development Oversight Committee for TIF District 2 with the following Committee action possibilities:

- Determine whether the proposed “material modification to the University North Park Master Plan” should be recommended to the City Council for approval;
- Provide general recommendations to City Council regarding the proposed Rock Creek Entertainment District TIF Project Plan;
- OR Take No Action

The Norman Planning Commission has accepted the submitted zoning proposal for the Rock Creek Entertainment District and recommended approval of the Rock Creek TIF. The proposal includes the land located west of 24th Ave. NW, north of Rock Creek Road, east of I-35, and south of Tecumseh Road. What is proposed for public financing in this tract of land is an arena, parking garage and infrastructure. Retail facilities, office structures, a hotel, multi-unit housing, and single family housing are also proposed within the tract.

The funding proposal for the arena structure includes \$230 million from the TIF, \$800 million of private capital, and \$100 million from the OU Foundation and developers. "This is kind of the reverse of the historic University North Park TIF, which was about two-thirds sales tax, one-third property tax. This proposal is about two-thirds property tax and one-third sales tax," Francisco said. As soon as a business starts to generate sales tax, City staff will apportion the revenue to the TIF and other funds according to ordinance. The increment gain starts on the effective date set forth on the Project Plan.

Proposed "slip ramps" at north and south bound I-35 and Rock Creek Road were not pictured in the PowerPoint presentation; however, this is an approved project with the Oklahoma State Department of Transportation (ODOT) and would be paid for by them. Funding from the state is not available at this time, for these slip ramps. "I don't want to say that they're (slip ramps) included in this plan at this point, but both the City and the developers know that this is a need that will be exacerbated by this development," Francisco said. "If in-fact, the City approves this development, it would likely push the State Department of Transportation toward making this a higher priority."

There is a proposed timeline for the build-out of the development area but it won't be specifically detailed until there is a development agreement. The development is currently broken down into three phases that take place over a span of eight years. There are plans for 1206 surface parking spots and 1250 parking garage spaces. The surface parking spots would be owned by the developer. It is not clear if parking in the parking garage would require payment or who would own the parking garage. "The idea is to have some sort of circulator, bus, or tram, or something that will take you from the areas of (UNP) excess parking to the areas of need for parking, whether it be at the YFAC (Young Family Athletic Center) or whether it be over here at the arena, because it's not 24/7 of need, but it's needed when there's a tournament at YFAC or it's needed when there's an event at the arena. You could park at Crest and ride this tram over to the arena or you could park at Target and ride this tram over to the YFAC," Francisco said.

Member Norman asked, "Do we know right now, the status of who is going to own the arena Francisco replied, "To my knowledge that has not been determined yet. I do know that the City would not own it in its entirety. What I have heard as a proposal is that there'd be some sort of public trust, jointly benefitted by the City and the County, that might own it; or, that the third party operator, Legends, might own it - but I don't think that's been determined."

There are additional areas south of Rock Creek Road, east of 24th Ave. NW, and north that have been approved by the Planning Commission to be part of this new TIF 4 and TIF 5 area. Member Norman said, "The question is why? Why do we have TIF two to the south and to the north that is not part of the Entertainment District, that's not part of the residential, that's not part of phase one, phase two, phase three as part of the (Rock Creek Entertainment District) plan?"

Francisco replied, "My own short answer to that would be to generate enough tax increment revenue to repay the debt that the developers are running into. The more revenue that can be captured in incremental taxes, the more secure their investors would be."

Member Norman said, "It seems like we are subjecting both north, south, and other vacant parcels to this TIF (4 and 5) not because it's needed to develop these properties but because its needed to make a financing deal that the City and County are bearing the burden of - feasible."

Francisco said, "'More' feasible. That's a valid point."

Chair Burge recognized Emily Pomeroy with the Center for Economic Development Law who represents the City of Norman in its consideration of the Rock Creek Entertainment District project giving her the opportunity to speak. "The Local Development Act allows for different kinds of TIF project plans. There's project specific plans and there's area wide plans. A project specific plan is one where only the incremental revenues generated from that specific project would be used to pay for authorized project costs. This is an area wide plan. An area wide plan is one where there are properties included that expand beyond just a particular project and it is up to the City on what those project costs are and what they want to invest the incremental revenues in; so, this proposed project for example, is taking revenue from many, many undeveloped properties with multiple property owners. If the City approves it, it's because they are making the decision to pay for authorized project costs that are on property other than just those properties. It's to fund a specific project that if approved, the City is determining it's an objective, it's a priority for them, it's something that they want to help fund. Both of those options are completely allowed under the Local Development Act and you're right that if the project is proposed and approved by City Council, all the increment generated from all that undeveloped property is necessary to help fund the authorized project costs," Pomeroy said.

According to the draft project plan:

- TIF District 4 starts on May 1, 2025.
- TIF District 5 starts on December 31, 2026.
- There are authorized project costs up to \$600,000,000.
- All incremental tax revenue generated within 25 years, up to \$600 million in the proposed area, goes to repay the developer for the debt that they encumber to produce the arena

and infrastructure. The \$600 million is the calculated figure that includes interest on the debt \$230 million.

The loan obligation for the project is on the developer. The Economic Development Agreement obligates the Norman Tax Increment Finance Authority (NTIFA) to only pay revenues that exist; so, if development does not occur, no incremental revenues are generated. The developer is obligated to build the proposed structures. The incremental revenues that are generated are what the Norman Tax Increment Finance Authority is obligated to pay to the developer as assistance in development financing which are authorized project costs under the plan. The NTIFA nor City of Norman are proposed to be the holder of any debt for this project.

The contractor of the arena could make a profit and the operator of the arena will pay for the maintenance of the facility.

The objectives for the proposed Entertainment District are as follows:

- The City of Norman collects the incremental taxes and pays them to the developer.
- The developer takes on the debt and builds the facilities.
- The City of Norman will apportion incremental sales tax and property tax generated in the area.
- An administrative fee up to \$5 million will be paid to the City of Norman for administrating the TIF.

Francisco stated, "Here's what we project will come in over the 25 year life of the TIF: \$151 million in sales tax and \$389 million from property tax. There may be some additional money coming in from the State Leverage Act where the state would match some of the incremental tax revenue that the City is providing and that would count toward the \$600 million cap." To obtain State Leverage Act money, the City of Norman would make application through the Oklahoma Department of Commerce and include a 'net-new' report.

Emily Pomeroy stated, "I can only think of one project that we have been involved in where it was not matched 100%; so, very often the match is one-to-one. That's one of the reasons why communities are wise to pursue Leverage Act Funds because it is not the City's money but can help benefit the payment of the authorized project costs. The project plan is framed so that any Leverage Act matching funds would go towards that maximum amount."

Member Norman stated, "The Hunden Report tells us as to sales-retail activity, we have 17% net-new. It isn't hard right now to kind of get a good rock'n estimate on what our matching funds could be. It looks like to me, the net-new, \$151 million times 17% is about \$25,670,000. Is that going to be, as far as we can forecast now, what our matching funds could be?"

Pomeroy replied, "I think that's a good start, but I think we also need to take into account what the office development might generate by way of net-new. I think that's the real big ticket item for the Leverage Act match because many of those will be new jobs to the City of Norman and Hunden alluded to the office component as being a real generator but they didn't calculate that. The other thing that it does not include in your figure, Mr. Norman, is the sales tax generated by construction."

It was debated whether the Hunden Report included the construction costs in their 17% net-new figure. City Attorney Kathryn Walker stated, "I believe the Department of Commerce will do their own formula to determine net-new. I don't know that they necessarily rely on the Hunden Report as much as their own formula."

It is expected that this project will impact various taxing entities, school districts, the county, the Health Department, libraries, and increased growth and shifting in population. "All these things need to be considered and consideration has been attempted by the various economic studies that have been done by the Oklahoma Department of Commerce and Hunden Partners," Francisco stated.

Member Norman moved that the Citizen's Oversight Committee for the UNP TIF recommend to the City Council that the proposed material modifications to the University North Park Master Plan be approved. The motion was duly seconded by Member Kellis. The vote was 5-1 in favor of the recommendation. Yea: Chair Greg Burge, Member Kaimee Kellis, Member Kurt Lee, Member Robert Norman, Alternate Member Tyler Jones. Nay: Member William Wilson.

This recommendation effectively endorsed the Preliminary Plat and University North Park Planned Unit Development amendments proposed for the area of UNP north of Rock Creek Road. In discussion of this recommendation, the Committee expressed concerns with the lack of accommodation within the currently-adopted Master Plan for several specific traffic intersection improvements recommended by previous traffic studies presented to the Committee. While these omissions were noted as important by the majority of the Committee, they only motivated one member to vote against the proposed Master Plan as a whole. The Committee had concerns regarding traffic flow (ingress/egress) from the Entertainment District area and suggested that the proposed, shared parking agreements with other business in UNP be committed to in writing before the Entertainment District begins operations.

Member Norman moved that the Citizen's Oversight Committee for the UNP TIF recommend the proposed Rock Creek Entertainment District TIF Project Plan be forwarded to City Council for approval. This motion was duly seconded by Member Wilson. The vote was 3-2 in opposition of the recommendation. Yea: Member Kaimee Kellis, Member Kurt Lee. Nay: Chair Greg Burge, Member Robert Norman, Member William Wilson. Abstained from vote: Alternate Member Tyler Jones.

This Committee action effectively recommended against the approval of the proposed Rock Creek Entertainment Tax Increment Finance District Project Plan Ordinance. After lengthy discussion, the majority of the Committee had overriding concerns about the amount of future City sales tax and multi-jurisdictional property tax revenue that would be pledged toward the project for up to 25 years; the inclusion of properties in University North Park that lie outside of the proposed Entertainment District within the tax increment area; and the potential negative impact on Norman businesses and the City's General Fund and Capital Sales Tax Fund through "cannibalization" and diversion of customers from areas of the City outside of the Entertainment District to businesses in the Entertainment District. Committee Members continued to have questions about the ownership and operation of the proposed arena and parking garage. It was understood that many of these issues will be addressed in future development agreements outside of the Committee's purview, but they would like to be informed of the terms of those agreements.

MISCELLANEOUS COMMENTS

None.

ADJOURNMENT

Alternate Member Jones moved to adjourn the meeting which was duly seconded by Member Kellis. The motion passed unanimously and the meeting adjourned at 3:50 PM.

Greg Burge, Chair
Development Oversight Committee for TIF District 2

