



# City of Norman, OK

Municipal Building Council  
Chambers  
201 West Gray Street  
Norman, OK 73069

## Master

**File Number: R-1314-78**

**File ID:** R-1314-78

**Type:** Resolution

**Status:** Consent Item

**Version:** 1

**Reference:** Item No. 26

**In Control:** City Council

**Department:** Legal Department

**Cost:**

**File Created:** 12/04/2013

**File Name:** Resolution - NEDC land acquisition and infrastructure

**Final Action:**

**Title:** RESOLUTION NO. R-1314-78: A RESOLUTION OF THE NORMAN TAX INCREMENT AUTHORITY APPROVING CONCURRENCE IN AGREEMENT OF THE NORMAN ECONOMIC DEVELOPMENT COALITION TO FINANCE THE ACQUISITION OF PROPERTY AND PUBLIC INFRASTRUCTURE IMPROVEMENTS FOR ECONOMIC DEVELOPMENT PURPOSES, WITHIN THE UNIVERSITY NORTH PARK TAX INCREMENT FINANCE DISTRICT ECONOMIC DEVELOPMENT PROJECT.

**Notes:** ACTION NEEDED: Acting as the Norman Tax Increment Finance Authority, motion to adopt or reject Resolution No. R-1314-78.

ACTION TAKEN: \_\_\_\_\_

**Agenda Date:** 12/10/2013

**Agenda Number:** 26

**Attachments:** R-1314-78.pdf

**Project Manager:** Kathryn Walker, Assistant City Attorney

**Entered by:** kathryn.walker@normanok.gov

**Effective Date:**

### History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
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### Text of Legislative File R-1314-78

Body

**BACKGROUND:** Council approved the University North Park (UNP) Tax Increment Finance District (TIF) Project Plan (Ordinance O-0506-66) on May 23, 2006. The Project Plan authorized public improvements within the TIF, including Traffic and Roadway Improvements, a Hotel Conference Center, a retail-based Lifestyle Center, Legacy Park, and an Economic Development component that would foster special employment opportunities in Norman.

The Economic Development component of the UNP TIF outlined in the Project Plan provides for up to \$8.25 million in funding to foster special employment opportunities. The Master Development Agreement (Contract K-0607-44) further refined this focus by identifying sixty (60) acres of land that could be purchased from the UNP Developer (OU Foundation and its subsidiaries) by the Norman Economic Development Coalition (NEDC) at below-market prices in an effort to provide incentive tools for attracting future employers to Norman that meet the criteria of the Oklahoma Quality Jobs Act. Under the Master Development Agreement, another forty (40) acres at market prices is also available to be purchased by NEDC for the same purpose.

A final plat was initially approved by City Council in April of 2008 for the development of the University North Park Corporate Center, consisting of twenty-eight (28) acres of land that contained six lots for development of high-quality office space to be utilized by future employers. A revised final plat for the University North Park Corporate Center was approved by City Council in June 2010 that increased the size of the development to thirty (30) acres. NEDC's development model included repaying the land acquisition costs from future lot sales. However, because NEDC did not have sufficient available revenues to pay interest on the loan until land sales occurred, additional back up security for interest payments were requested by the Lender.

On September 21, 2010 the Norman Tax Increment Finance Authority (NTIFA) and City Council approved Resolution R-1011-39 concurring in NEDC's purchase of the thirty (30) acres contained in the plat for University North Park Corporate Center Section 1 and providing accumulated UNP TIF Economic Development revenues as back up security for a loan from Republic Bank (the "Lender"). The TIF revenue approved in 2010 was for the lesser amount of \$800,000 or the amount of UNP TIF Economic Development Revenues that accumulated between July, 2009 and June 30, 2011. The amount accumulated for that period was approximately \$694,203. TIF revenues have been used since that time to make semi-annual interest payments on the NEDC loan. The balance, after interest payments, and earned interest credits, is approximately \$345,000.

In September of 2012, NEDC was awarded a grant from the Federal Economic Development Administration (EDA) in the amount of \$2.5 million to install public infrastructure in UNP TIF Economic Development land. The final plat for University North Park Corporate Center Section 1, was resubmitted and reapproved by Council on October 23, 2012 along with the final plat for University North Park Corporate Center Section 2. The Section 2 final plat includes the second 30 acres available for purchase by NEDC at a reduced price under prior UNP TIF Development Agreements and is currently being planned for potential employers to Norman that will operate an advanced manufacturing center.

In October 2012, Council approved Resolution R-1213-64 concurring in NEDC's purchase of an additional thirty (30) acres contained in the plat for University North Park Corporate Center Section 2. This resolution was similar in structure to R-1011-39 in that it pledged specific UNP TIF Economic Development revenues as back up security for a loan from the Lender to NEDC to purchase the additional land. The time period identified in that Resolution was from July 1, 2011 to December 31, 2012. The amount accumulated for that period was approximately \$701,800. NEDC closed on the second thirty (30) acres purchase on December 5, 2013. Close scrutiny of the plat indicated the acreage was actually 31.67 acres, all at the reduced price of \$1.25 per square foot. The Lender also agreed to combine the loan for the first thirty acres with the loan for the second thirty acres while reducing the interest rate by one percentage point.

Having finalized the purchase of the full 61.67 acres of UNP TIF Economic Development Property, NEDC is now ready to finalize the public infrastructure improvement loan (streets, water lines, sewer lines, storm water drainage facilities, etc.) that will be supplemented by the EDA grant. As discussed in the Council Study Session on December 3, 2013, the Lender has requested that the accumulated TIF Revenues pledged as back up security for land acquisition, also be pledged as back up security for the infrastructure loan.

**DISCUSSION:** In working towards a closing on the infrastructure loan, the Lender requested that the NTIFA explicitly expand the approved purposes of the pledge of TIF Economic Development revenues authorized by Resolutions R-1011-39 and R-1213-64 to be used not only as security for land acquisition, but also as security for the infrastructure loan. No additional pledge of accumulated TIF Revenues is being requested, only an expansion of the purpose of the pledge. The more secure the loan, the better the rate, and the more likely other local banks will participate in this community project.

Under the terms of the 2010 NEDC/Republic Bank loan agreement, the City's TIF revenues could also be credited toward principal repayment on the loan, should NEDC not be able to achieve the anticipated lot sales, and if NEDC made sales of its UNP Corporate Center land before the loan principal became due and payable, proceeds of those land sales would repay the UNP TIF's security funding. At the point that NEDC makes sufficient land sales to repay the principal on its land purchase and infrastructure loans for UNP Corporate Center and Advanced Manufacturing Center, the City's TIF funds will be repaid to the City for potential use in other TIF Economic Development projects at the NTIFA/Council's direction.

Staff discussed this proposal with Council at its Study Session on December 3, 2013. Resolution R-1314-78 is proposed to fulfill this request. As discussed with the NTIFA Trustees, any TIF Economic Development revenues utilized for interest costs for either the land acquisition or the infrastructure loans will be paid back by NEDC as lot sales materialize and the debt is paid down.

**STAFF RECOMMENDATION:** Staff recommends approval of Resolution No. R-1314-78.