



City of Norman, OK

Municipal Building
Council Chambers
201 West Gray
Norman, OK 73069

Master

File Number: K-1718-136

File ID: K-1718-136 **Type:** Contract **Status:** Consent Item

Version: 1 **Reference:** Item 29 **In Control:** City Council

Department: Legal Department **Cost:** **File Created:** 06/13/2018

File Name: Memorandum of Understanding with Okla. Dept. of Mental Health **Final Action:**

Title: CONTRACT K-1718-136: A MEMORANDUM OF UNDERSTANDING BY AND BETWEEN NORMAN MUNICIPAL AUTHORITY AND THE OKLAHOMA DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES ("ODMHSAS"), REGARDING THE LEASING AND POTENTIAL OPTION TO PURCHASE REAL PROPERTY, NAMELY 160 ACRES, MORE OR LESS, LOCATED AT THE NORTHWEST CORNER OF 12TH AVENUE N.E. AND EAST ROBINSON STREET, AND 40 ACRES, MORE OR LESS, LOCATED AT THE SOUTHEAST CORNER OF 24TH AVENUE N.E. AND EAST ROBINSON STREET.

Notes: ACTION NEEDED: Acting as the Norman Municipal Authority, motion to approve or reject Contract K-1718-136 with Oklahoma Department of Mental Health and Substance Abuse Services; and, if approved, authorize the execution thereof.

ACTION TAKEN: _____

Agenda Date: 06/26/2018

Agenda Number: 29

Attachments: Master Text File, ODMHSMOU Term Sheet bt NMA and ODMHSAS

Project Manager: Beth Muckala

Entered by: beth.muckala@normanok.gov

Effective Date:

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	City Council	06/26/2018					

Text of Legislative File K-1718-136

Body

BACKGROUND: On August 11, 2015, the Norman City Council voted unanimously to approve the NORMAN FORWARD Project Package ("NORMAN FORWARD"), through its approval of Ordinance O-1516-5 and Resolution R-1516-14. On October 13, 2015 72% of Norman voters approved a temporary one half percent (1/2%) sales tax to fund NORMAN FORWARD effective January 1, 2016. O-1516-5 included the following among its "Tax Fund Projects": "to acquire certain land utilized by the City of Norman and known as Griffin Park," "to construct and equip sports complex at Griffin Park for soccer fields and facilities" and "to acquire a site for... facilities for softball and football." NORMAN FORWARD's project plan allocated approximately \$10 million in funds toward the acquisition of these properties.

Since NORMAN FORWARD and its accompanying sales tax measure's approval by City Council and Norman voters, the City and the Norman Municipal Authority (NMA) has engaged in discussions with the ODMHSAS regarding acquisition of properties to fulfill these project objectives, namely for: (1) the acquisition of the 160 acres on the northwest corner of east Robinson Avenue and 12th Avenue NE known as "Griffin Park" for the purposes of constructing and/or maintaining soccer and other sports facilities; and (2) the acquisition of the 40 acres located on the southeast corner of east Robinson Street and 24th Avenue NE for the purposes of constructing and maintaining adult softball and other sports facilities (hereafter the "Softball Acreage").

DISCUSSION: Recently, the NMA and ODMHSAS determined to explore an option for the NMA to enter into a long-term lease for Griffin Park and the Softball Acreage, with an option to purchase, right of first refusal, and ability for NMA to apply all rental funds paid during the life of the lease towards any future price to purchase the properties. NMA and ODMHSAS have determined that a lease arrangement with an initial term of fifteen (15) years and a renewal term, at NMA's option, for an additional fifteen (15) years, would best meet the needs of NMA to implement NORMAN FORWARD's objections, as well as accommodate ODMHSAS's desire to explore options to continue and expand its presence in Norman, including ODMHSAS's provision of employment opportunities and quality mental health treatment facilities for Norman and Oklahoma residents.

While these discussions have been ongoing, staff has recommended and the NMA/Council has approved, multiple items implementing NORMAN FORWARD's objective to "construct and equip sports complex at Griffin Park for soccer fields and facilities." One such project involving grading and lighting improvements to these fields is currently underway.

The NMA and ODMSAS have combined efforts to produce this Memorandum of Understanding, which outlines terms for a proposed lease and potential purchase option between the parties. The Memorandum of Understanding provides for 15-year initial and renewal terms (for a total of 30 years), a market value annual lease rate of \$8,200 for the Softball Acreage and \$80,000 for Griffin Park for both the initial and renewal terms, for a total anticipated lease investment of \$1,323,000 during the initial term and \$2,646,000 over the entire 30 years, for both properties. The lease rental payments would be applied in their entirety toward any future purchase of the properties by the NMA from ODMHSAS. The Memorandum of Understanding further provides for payment of lease funds into an escrow account, and for any accrued interest to be applicable to future purchase of the properties.

Finally, the Memorandum of Understanding allows the NMA a "right of first refusal", whereby if third-party offers or Requests for Proposals have been received by ODMSAS for the purchase of any portion of the properties, and sets parameters for the determination of a purchase price for the properties, based upon previously-obtained appraisals or appraisals at the time of sale, the NMA will have the right to match the purchase price offered, at the option of the parties. Upon approval by the Norman Municipal Authority/City Council, it is anticipated that the ODMHSAS Board of Trustees will discuss the recommendation of its approval at its next meeting.

RECOMMENDATION: Based upon the objectives of NORMAN FORWARD, as approved by the City Council and Norman Voters, City Staff recommends approval of the Memorandum of Understanding (Term Sheet) between the NMA and ODMHSAS, as it is instrumental in accomplishing the objectives to secure acquisition, via a long-term lease, of these properties, and is also an extension of NORMAN FORWARD's objective for the City's investment in improvements to Griffin Park accomplished since NORMAN FORWARD was approved. It is further recommended that the City Manager, following City Attorney review, be empowered to execute all lease documents consistent with the terms of the Memorandum of Understanding.