



City of Norman, OK

Municipal Building
Council Chambers
201 West Gray
Norman, OK 73069

Master

File Number: K-1314-106 AMD#1

File ID: K-1314-106 AMD#1	Type: Contract	Status: Non-Consent Items
Version: 1	Reference: Item 36	In Control: City Council
Department: Legal Department	Cost:	File Created: 10/31/2019
File Name: Amendment to Development Agreement No. 6 TIF	Final Action:	

Title: AMENDMENT NO. ONE TO CONTRACT K-1314-106: THE FIRST AMENDMENT TO UNIVERSITY NORTH PARK TAX INCREMENT FINANCE DISTRICT NO. 2 DEVELOPMENT AGREEMENT NO. 6 BY AND BETWEEN THE NORMAN TAX INCREMENT FINANCE AUTHORITY, NORMAN ECONOMIC DEVELOPMENT COALITION, AND IMMUNO MYCOLOGICS.

Notes: ACTION NEEDED: Acting as the Norman Tax Increment Finance Authority, motion to approve or reject Amendment No. One to Contract K-1314-106, Development Agreement No. 6 with Norman Economic Development Authority and Immuno Mycologics; and, if approved, authorize the execution thereof.

ACTION TAKEN:_____

Agenda Date: 11/26/2019

Agenda Number: 36

Attachments: City Council Staff Report, Am. 1 to DA6

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:
1	City Council	11/05/2019	Postponed		11/26/2019		
	Action Text: Postponed						
1	City Council	11/05/2019					

Text of Legislative File K-1314-106 AMD#1

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 up to \$54.725 million, including Traffic and Roadway Improvements, a Hotel Conference Center and Cultural Facilities, Legacy Park, Lifestyle Center and an Economic Development Component.

Since the creation of the UNP TIF, a series of development agreements have been approved by Council and the Norman Tax Increment Finance Authority (NTIFA) to further the components of the Project Plan. To date, approximately \$29.6 million of the tax increment generated within University North Park ("UNP") has been expended on Initial Project Activities, Traffic and Roadway improvements, Legacy Park improvements, and Economic Development. Since 2006, more than \$40 million in sales and ad valorem tax increments have been apportioned each to project costs and to the City's General Fund and Capital Fund pursuant to the Project Plan.

In recent months, and after several years of declines in the rate of growth in the City's overall sales tax, Council directed Staff to develop options for reducing or eliminating the incremental tax apportionments associated with the UNP TIF to address General Fund financial issues. Ultimately, Council directed Staff to proceed with ending the UNP TIF tax apportionments by eliminating or reducing the project authorizations to an amount less than the apportioned tax funds on hand. After being advised of possible litigation related to unilaterally reducing project authorizations and potentially impacting adopted development agreements, Council adopted Resolution R-1819-83 on March 26, 2019 that set forth the following:

- That, the City desires to enter into binding, mutually acceptable agreements by June 30, 2019 providing for early termination of the UNP increment allocation.
- That, the City Manager shall direct City Staff to negotiate with UNP development partners, NEDC, and other community partners to reach a mutually agreeable resolution of all other outstanding matters related to the UNP TIF by June 30, 2019.
- That, the City Manager is directed to prepare the City's budget for fiscal year 2019-2020 (FYE 20) on the aforementioned goal of ending the UNP TIF sales tax increment apportionment by June 30, 2019, and outlining where said funds are budgeted.

The same evening, Council approved a Memorandum of Understanding ("MOU"; Contract K-1819-116) to provide a framework within which the parties could work together to determine how best to address the outstanding authorizations in the Project Plan and related agreements. The MOU contained an aggressive schedule in recognition of Council's desire to address the increment allocation by the end of the then-current fiscal year. Although the negotiations have taken longer than anticipated, the parties have all remained committed to negotiating Project Plan amendments and a final development agreement that would end the increment effective June 30, 2019.

Council was kept apprised of the negotiations through public meetings on May 14, May 28 and June 18. Executive sessions were held on June 11 and June 18 to discuss possible claims and defenses related to threatened litigation regarding the UNP. On June 25, 2019, Council adopted Resolution R-1819-124 which formally directed Staff to draft Project Plan amendments

and a development agreement consistent with an attached Term Sheet, and asked that the Statutory UNP TIF Committee be convened for the purpose of consideration of such Project Plan amendments. The Statutory TIF Committee met twice and made a positive recommendation on the proposed Project Plan amendments in August. Council held its first hearing on the amendments on October 22, 2019 and the second hearing and vote on the amendments is scheduled for November 5, 2019. The Amended and Restated Master Operating Development Agreement will be considered on November 5, 2019 along with this Amendment No. 1 to Contract K-1314-106 and the Project Plan amendments.

DISCUSSION: At the time Development Agreement Number 6 was adopted, language was included that would require the Norman Economic Development Coalition to repay any City tax increment finance apportionment funds it received back to the City's TIF Fund to create an "economic development revolving fund" of sorts. With Council direction to end the UNP TIF increment and modify related obligations to achieve such an end, the discussion turned to modifying obligations that would require continuation of the increment allocation and/or extend the life of the TIF up to its maximum 25-year term. In the Term Sheet adopted by Council, there was a provision referencing that the obligation of NEDC to repay Economic Development funds from the TIF upon the sale of future lots would be enforced and those funds would be made available for other project costs, as contemplated by the 2006 Plan.

Council has consistently expressed a desire to end the increment and close out the University North Park TIF as soon as possible. In the last month or so, the City has received the estimated 2019 ad valorem tax assessments, which has demonstrated there should be sufficient funds for Project Costs contemplated under the Amended UNP TIF Project Plan. Accordingly, Section 15(c) of the Amended and Restated Master Operating Agreement discussed by Council on October 15, 2019 referenced a separate agreement contemplated to release NEDC from the obligation to reimburse the TIF for revenues expended for economic development purposes, allowing the TIF to officially be closed out upon completion of the contemplated projects.

This Amendment to Development Agreement No. 6 serves to formally amend the agreement and release NEDC from its obligation related to repayment of TIF funds to the City.

RECOMMENDATION: Staff forwards this Agreement to Council for its consideration after and contingent upon approval of the Amended and Restated University North Park Tax Increment Finance District Project Plan.