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MEMORANDUM

Date: June 15, 2018
To: Mayor and Council members
From: Emily K. Pomeroy, Center for Economic Development Law
Subject: Draft of Proposed Amended and Restated Norman University North Park Project Plan

A draft of the proposed Amended and Restated University North Park Project Plan (“Project Plan”) has been prepared based on input received from Council members, City Staff, the City’s financial advisors, and representatives of the affected ad valorem taxing jurisdictions. As we’ve discussed in multiple meetings together regarding the proposed project detailed in the CallisonRTKL Master Plan and the Amended PUD recently approved by the Planning Commission, the following are considerations for the Council in determining whether it will choose to consider the project and public financial assistance to support it:

- \$500+ private investment, bringing new residents and visitors to Norman;
- New-to-market living options, helping to attract and retain young professionals;
- Non-retail investment and job growth, helping to attract and retain young professionals;
- Immediate relief to the City’s general fund with capacity to far exceed the short-term impact of ending the existing Increment District;
- Significant returns to affected taxing jurisdictions;
- Direct incremental revenues to Norman Public Schools, significantly enhancing the overall financial picture of the schools and providing very strong support for public education;
- Completion of original project goals and objectives;
- Increased revenues and securing of land for key Norman Forward projects, including the senior center; and
- No new taxes are being imposed; rather, the increase in revenues generated by the new investment is specified to pay authorized project costs.

The Project Plan includes a structure that allows for the authorization of funding project costs. We believe that the structure provides:

- an opportunity for the entertainment district, arena, and parking garage to succeed;
- immediate relief to the City’s general fund effective in the upcoming fiscal year;
- maximum returns to the affected ad valorem taxing jurisdictions;
- support to public education;
- non-retail job growth;
- funding mechanism for a multi-purpose facility at the Cleveland County fairgrounds;

- revenue stream to assist in the financing of parking solutions throughout the community; and
- increased revenues for Norman Forward projects.

The Project Plan provides a structure for moving forward, but no funds for new authorized project costs will be expended until appropriate development agreements have been prepared and approved by the Norman Tax Increment Finance Authority. No assistance in development financing will be provided towards Entertainment District, Arena, and Parking Garage Project Costs unless and until the developer of the entertainment district, arena, and parking garage has provided evidence of financing of the entertainment district, arena, and parking garage. The closing on any public financing is contingent upon the private financing necessary for the project. The development agreement and/or financing agreement, to be entered into between the Authority and developer, will provide performance goals, timelines, and appropriate remedies in the event of nonperformance.

By all most recent accounts, approval of the Project Plan will also move the City closer to finalizing the property exchange for the James Garner extension, and the lease of property on North Base where the City is poised to begin master planning the three facilities to be located there: Indoor Aquatics; Indoor Multi-Sport; and Senior Citizen Center. The University of Oklahoma Foundation has also offered an “bridge loan” funding mechanism to start the construction of the Senior Center, if needed.

The funding mechanism for a multi-purpose facility at the Cleveland County Fairgrounds in the amount of \$5 million is from anticipated taxes generated from construction materials and state local government matching payments pursuant to an application by the City in accordance with the Oklahoma Local Development and Enterprise Zone Incentive Leverage Act, 62 O.S. §§ 840, *et seq.* The provisions of this statute allow for a dollar for dollar match of incremental revenues in certain types of developments. We believe a portion of the sales taxes generated by construction materials will be eligible for such a match. This approach will not lessen projected incremental revenues that were anticipated to be available for immediate relief to the City’s general fund, nor does it negatively affect any of the other ad valorem taxing jurisdictions. I’ve been advised that the initial draft of the CS&L study being performed on behalf of the County indicates that this multi-purpose facility project will provide between \$5 and \$6 million per year in direct economic impact to the fairgrounds area and east Norman. I look forward to the City being provided an opportunity to review the County’s finalized CS&L study so that it can receive greater detail about the proposed multi-purpose facility project proposed by the County. This opportunity should occur in connection with the development agreement on such project.

As was presented to you, HVS Convention, Sports, Entertainment Facilities Consulting, out of Chicago, Illinois, has been engaged to perform an independent review of the analyses, assumptions, and projections contained in the CallisonRTKL Master Plan, CS&L’s report, Professor Dauffenbach’s report, Oklahoma Department of Commerce’s report; and Professor Rogers’ report. Thomas Hazinski, President of HVS, is finalizing the review, which will be circulated to you very soon.

I look forward to your review and feedback on the draft Project Plan. In an effort to stay within the schedule presented by the Mayor, the Project Plan will be on the agenda for discussion at the June 19 City Council Study Session and the June 26 City Council Meeting, where Council will be asked to consider a resolution referring consideration of the proposed project to the Statutory Review Committee. Of course, consistent with the Local Development Act, the Project Plan, after consideration by the Review Committee and the Planning Commission, will be back to City Council for two public hearings prior to Council's vote on an ordinance approving the Project Plan.

Please do not hesitate to reach out to me, Jeff Bryant, or the City Manager with any comments, questions, suggestions, or concerns.

Respectfully,

Emily K. Pomeroy
Center for Economic Development Law
Development Legal Counsel to the City