

CITY OF NORMAN

Remaining Obligations and Process for Ending the University North Park Tax Increment Finance District

City Council Study Session

July 17, 2018

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UNP TIF

- Implemented May 23, 2006 (Ordinance 0506-66)
- **Principal Objectives** of:
 - ▶ Creating a Lifestyle Center to foster quality development at UNP and create a regional retail draw to Norman;
 - ▶ Creating Legacy Park & Legacy Trail extension;
 - ▶ Constructing a conference center;
 - ▶ Attracting quality jobs and recruiting businesses not currently located in Norman;
 - ▶ Stimulation of private investment;
 - ▶ Preserve and enhance the tax base and promote economic growth that would otherwise be difficult without the Project and the apportionment of tax revenues.

UNP TIF Expenditures To Date

24th NW/Conference Drive Intersection Improvements	\$ 153,354
24th NW/I-35 Frontage Intersection Improvements	\$ 1,021,948
24th NW/Robinson Intersection Improvements (Developer Reimbursement)	\$ 1,530,300
24th NW/Rock Creek Intersection Improvements	\$ 742,059
24th NW/Legacy Park Dr. Intersection Improvements	\$ 720,498
Rock Creek Overpass	\$ 5,142,323
Robinson/I-35 NE Interchange Improvements	\$ 1,932,603
Economic Development	\$ 4,174,066
Interstate Drive Eastside Extension	\$ 3,681,022
UNP Master Lighting Plan	\$ 38,000
Robinson/Crossroads/Interstate Drive NW Improvements	\$ 310,772
24th NW/Radius Way Intersection Improvements	\$ 881,021
UNP Entryway Signage	\$ 384,139
Tecumseh - 24th NW/Flood Intersection Improvements	\$ 147,271
UNP Master Land Use Plan (RTKL)	\$ 10,054
Legacy Park	\$ 7,021,710
Transportation Improvements	\$ 12,250
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SUB-TOTAL: Project Expenditures To Date*	\$ 27,903,389

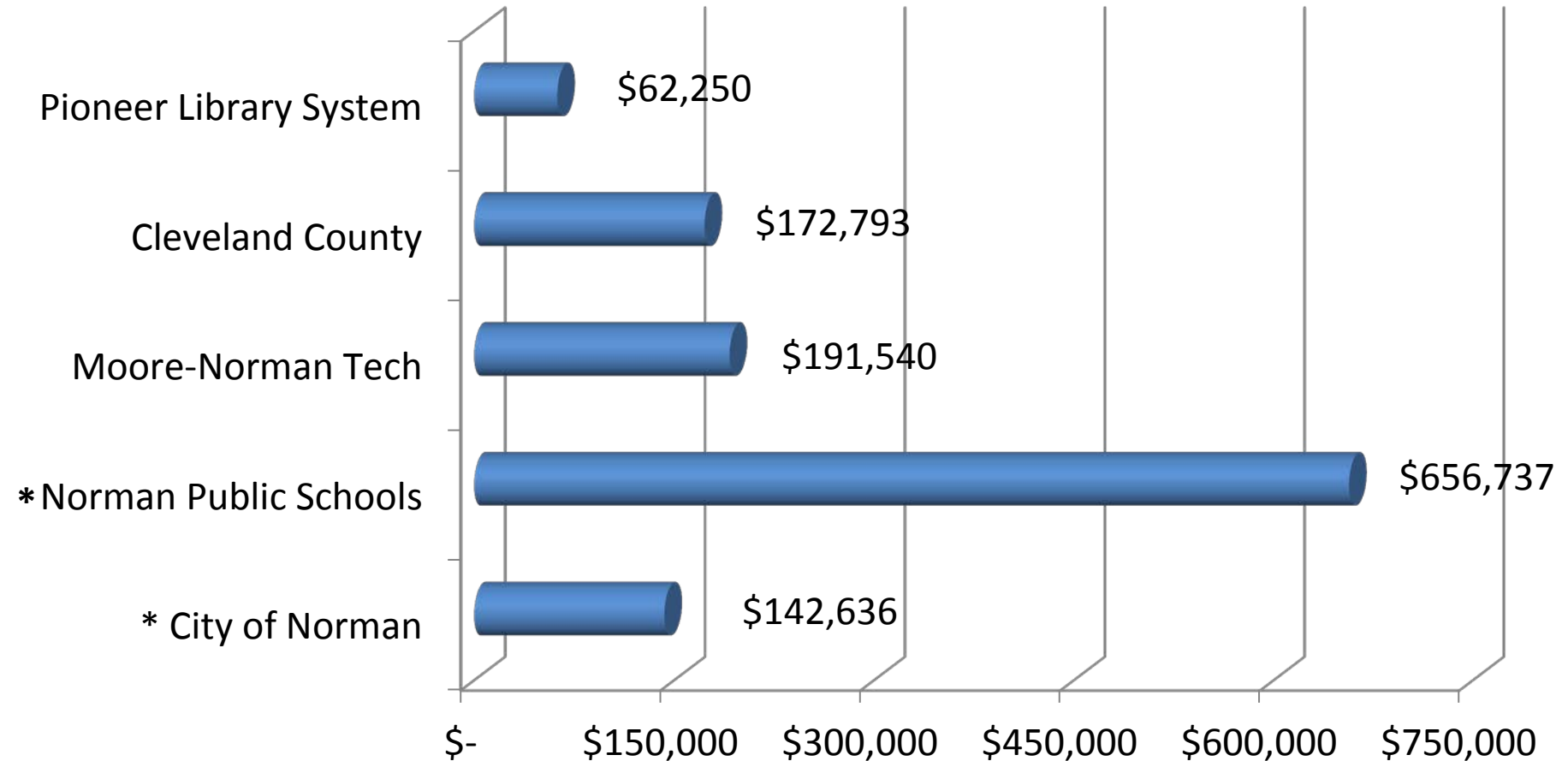
* Interest, Debt Issuance and operational costs excluded

UNP TIF Tax Apportionments To Date

Revenue Source	\$ Amount	% of Total
Sales Tax Apportionment	\$31,839,839	76.1%
Property Tax Apportionment	\$10,020,902	23.9%
TOTAL	\$41,860,741	100%

2017 Property Tax Contribution to UNP TIF, by Taxing Jurisdiction (Total Contributed Property Tax = \$1,225,957)

TIF Contribution



* Impacts of State Equalization Formula on NPS or Levy for City Debt Service excluded

Norman Tax Increment Finance Authority

Tax Increment Revenue Notes, Series 2013

- Original Principal:
\$14,215,000
- Taxable Aver Interest Rate:
3.41%
- Final Maturity: 9/1/2023
- Remaining Principal:
\$10,815,000
- First Redemption (“Call”)
Date: 9/1/2018 with Notice
Date of 8/1/2018

	Escrow Balances at Trustee Bank
Principal Fund	\$ 730,664
Interest Fund	\$ 39,879
Revenue Fund	\$16,808,365
Economic Dev Fund	\$ 1,683,696
Reserve Fund	\$ 1,500,000
TOTAL Available	\$20,762,604
NET AFTER PAYOFF	\$ 9,947,604

UNP TIF Authorizations vs. Expenditures

Category of Authorization	Amount of Authorization	Expenditures to Date	Remaining Authorization
Traffic/Roadway	\$11,550,000	\$11,120,848	\$ 429,152
Rock Creek Overpass*	\$ 5,212,000	\$ 5,142,323	\$ 69,677
Legacy Park/Art/Landscape*	\$10,963,000	\$ 8,155,849	\$ 2,807,151
Initial Project Activities	\$ 1,750,000	\$ 1,050,287	\$ 699,713
Cultural Facilities	\$ 8,750,000	\$0	\$ 8,750,000
Lifestyle Center Incent.	\$ 8,250,000	\$0	\$ 8,250,000
Economic Dev Incent.	\$ 8,250,000	\$ 4,174,066	\$ 4,075,934
TOTAL	\$54,725,000	\$29,643,373	\$25,081,627

UNP TIF Obligations and Recommended Expenditures From Remaining Authorization

- UNP Business Improvement District (Legacy Park Maintenance, etc.) - \$150,000, through FYE 2021
- I-35/Robinson/Crossroads Improvements - \$1,327,295
- Legacy Park Parking Lot +/- 35 Spaces
(Oversight Committee recommendation)
- UNP Public Art Committee appointments
(Oversight Committee recommendation)
- Additional Senior Center Project
(Oversight and Statutory Committee recommendation)
- Legacy Park, Cultural Center, Lifestyle Center and
Economic Development Incentives

Existing City and NTIFA Contractual Agreements

- Development Agreement No. 1 – roadway improvements
 - » Small portion remaining of \$11,550,000 City obligation
 - » Additional costs are Developer's responsibility (potentially \$2,443,435)
- Development Agreement No. 3 (not to exceed)
 - Public Art \$1,500,000
 - Enhanced Landscaping \$750,000
- Development Agreement No. 5 – Regional Draw / Lifestyle Center
 - Incentive up to \$8,250,000
 - Deadline of 2023 (or 2026 if design is walkable)
 - Penalty of \$2.4 million for frontage road
 - \$5.9 million for Legacy Park construction, less Cultural Facility land donation at \$5/sq. ft. (\$435,600)
 - Reduced rate on purchase of additional acreage, if needed
- Development Agreement No. 6 – IMMY Quality Jobs
 - Incentive payments through year 2023 up to \$770,000
 - Amount already paid = \$70,434
 - NEDC Payment of portion of IMMY BID Assessments
 - Business Improvement District – Maintenance obligations of \$250,000
- Economic Development Agreement
 - NEDC purchase of 60 acres
 - Pledge of accumulated Economic Development TIF Revenues for debt service and carrying costs
 - TIF Notes available to NEDC up to \$16.5 million
 - Outstanding debt on economic development land of \$3,296,123 (excluding interest)

Ending the TIF Apportionment

- Local Development Act, 62 O.S. § 850, *et seq.* = statutory framework for TIFs
- City Ordinance approving Project Plan may be repealed, modified, or amended by subsequent action of City
 - May not repeal, modify, or amend when bonds payable from TIF revenues are outstanding without approval of bond holders
- Upon action by City to end apportionment, County Assessor ceases method of apportionment of ad valorem taxes and City ceases method of apportionment of sales taxes

Ending the TIF Apportionment

- To end after collection of amount to pay all authorized Project Costs (\$54,725,000 total), City Council must pass ordinance terminating apportionment of incremental revenues moving forward
 - » \$25,081,627 in Project Costs remain
 - » Likely collected in 2021
- To end prior to collection of amount to pay all authorized Project Costs, City Council must amend Project Plan to remove projects and/or decrease Project Costs
 - » Changes the character or purpose and thus not a minor amendment
 - » Review Committee consideration, two Council public hearings
 - » Prior to termination, renegotiate terms of existing contractual obligations contained in development agreements

NEXT STEPS

- ▶ **Council direction regarding action to redeem the 2013 NTIFA Notes**
- ▶ **Council discussion/direction regarding future commitment to 2006 UNP TIF Project Authorizations and Tax Apportionment**

