



Legislation Text

File #: K-1819-116, **Version:** 1

CONTRACT K-1819-116: A MEMORANDUM OF UNDERSTANDING CONCERNING THE UNIVERSITY NORTH PARK PROJECT PLAN AND INCREMENT DISTRICT BETWEEN THE CITY OF NORMAN, THE NORMAN TAX INCREMENT FINANCE AUTHORITY, NORMAN ECONOMIC DEVELOPMENT COALITION, UNIVERSITY TOWN CENTER, JQH-NORMAN DEVELOPMENT, UNIVERSITY NORTH PARK, UNP REALTY INVESTORS, UNIVERSITY OF OKLAHOMA FOUNDATION, INC., REPUBLIC BANK AND TRUST, AND IMMUNO-MYCOLOGICS, INC.

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 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 declines in the rate of growth in the City's overall sales tax, Council has expressed a desire to work with the primary parties to the University North Park TIF District to end the allocation of the tax increments generated within UNP early. Staff has been working with representatives of University Town Center ("UTC"), University North Park, LLC ("UNP LLC"), the University of Oklahoma Foundation (the "Foundation") and UNP Realty Investors ("UNP Realty") to develop a Memorandum of Understanding ("MOU") to provide a framework within which the parties can work together to determine how best to address the outstanding authorizations in the Project Plan and related agreements.

DISCUSSION: The MOU includes a number of parties to the agreement in recognition of the various development agreements that may require amendments. The history and context for those various agreements is provided in Section 1 of the MOU.

The primary work to be done, however, is between the City/NTIFA, UNP LLC and UTC and is highlighted in Section II of the MOU. The MOU contains an aggressive schedule in recognition of Council's desire to address the increment allocation by the end of the current fiscal year. The agreement provides that the parties will work together to negotiate Project Plan amendments by May 15 and will recommend they be approved by June 30, 2019. Corresponding amendments to development agreements will be completed by May 31, 2019 so that the formal approval can occur by June 30, 2019. The appropriate site for the Norman Forward Indoor Aquatics Facility and Multi-Sport Facility will also be identified by May 15, 2019. Staff and representatives of UNP and UTC are finalizing an access agreement that will ensure the City can access the two proposed sites and do its due diligence to determine which site would work best for the Norman Forward projects. The proposed use of authorized UNP TIF Cultural Facility funds for these projects will be included in the information sent to the Statutory Review Committee.

While these discussions are ongoing, the parties agree that UNP TIF funds will not be expended except for the already budgeted Robinson/Crossroads/Interstate Drive improvements. The increment apportionments will continue until the UNP TIF Project Plan is amended to change the apportionment terms. Consistent with Council's previous feedback, the City will work with Norman Public Schools to determine the net impact of ending the TIF early (compared to when it would have expired due to collection of sufficient funds to fund all of the project costs) and determine whether and how the City could mitigate such loss.

Other outstanding authorizations related to each Project Plan component are addressed in turn beginning in subsection

10 of Section II of the Agreement. If the parties are unable to approve mutually acceptable Project Plan and development agreement amendments by June 30, 2019, the MOU will automatically terminate unless the parties agree to extend it.

RECOMMENDATION: Contract K-1819-116 provides a framework for ongoing settlement discussions related to the UNP TIF and imposes the timeline that is consistent with Council's previous direction. Staff recommends approval.