

CITY COUNCIL
BUSINESS AND COMMUNITY AFFAIRS COMMITTEE MINUTES

July 5, 2012

The City Council Business and Community Affairs Committee of the City of Norman, Cleveland County, State of Oklahoma, met at 9:00 a.m. in the Conference Room on the 5th day of July 2012, and notice and agenda of the meeting were posted in the Municipal Building at 201 West Gray and the Norman Public Library at 225 North Webster 48 hours prior to the beginning of the meeting.

PRESENT: Councilmembers, Kovach, Lockett, and Williams

ABSENT: Councilmember Spaulding and Chairman Ezzell

OTHERS PRESENT: Mayor Cindy Rosenthal
Councilmember Greg Jungman, Ward Four
Mr. Trey Bates, 3720 Timberidge Drive
Mr. Robert Castleberry, 4701 Windrush Circle
Mr. Chadwick Cox, 2241 Ravenwood Lane
Ms. Jayne Crumpley, 423 Elm Drive
Mr. Steve Ellis, 633 Reed Avenue
Ms. Mary Francis, 850 C Cardinal Creek Condos
Ms. Joy Hampton, The Norman Transcript
Ms. Patty MacAlister, 124 West Hayes Street
Mr. Joe MacAlister, 124 West Hayes Street
Mr. George Oxen, 321 Orr Drive
Mr. Gail Poole, 705 Tiffin Avenue
Ms. Cynthia Rogers, 633 Reed Avenue
Mr. Tony Tyler, Tyler Outdoor Signs
Mr. Don Wood, Norman Economic Development
Coalition Executive Director
Mr. John Woods, Chamber of Commerce Executive
Director

STAFF PRESENT: Mr. Jeff Bryant, City Attorney
Mr. Terry Floyd, Development Coordinator
Mr. Steve Lewis, City Manager
Mr. Shawn O'Leary, Director of Public Works
Ms. Kathryn Walker, Assistant City Attorney
Ms. Syndi Runyon, Administrative Technician IV

Item 1, being:

**DISCUSSION REGARDING THE CREATION OF THE NORMAN ECONOMIC DEVELOPMENT
ADVISORY BOARD.**

Mr. Jeff Bryant, City Attorney, highlighted history of the creation of the Norman Economic Development Authority (NEDA), which included discussion regarding the creation of the Norman Economic Development Advisory Board (EDAB). NEDA was approved by Council on June 12, 2012, after a series of meetings with the Business and Community Affairs (BACA) Committee as well as the full Council. He said the advisory board portion of the NEDA ordinance had been removed prior to adoption for further discussion at the request of Council.

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Mr. Bryant said EDAB's proposed duties would include making recommendations to Council regarding proposed economic development policies and programs; making recommendations to Council regarding requests for City funded incentives for private businesses as proposed by Norman Economic Development Coalition (NEDC); aiding Council in developing strategies and plans for promoting economic development in the City of Norman; investigating and reporting on economic development issues as assigned by Council; serving as a forum for economic development policy discussion and education; and assisting in identifying assets, resources, and incentives appropriate for furthering economic development within the City of Norman.

He said the original proposed composition of EDAB was a five member board with three members appointed by Council, a representative of the Norman Economic Development Coalition and a representative from the Norman Chamber of Commerce. He said qualifications included citizens with experience in law, finance, accounting, and banking.

Mr. Bryant said at the direction of Council, the draft ordinance was modified to expand the number of members and qualifications for EDAB. He said it is proposed that EDAB be an appointive board of the City consisting of seven (7) members nominated and appointed by City Council. At least four (4) of the board members must possess suitable and appropriate knowledge and/or experience in the areas of economics, business, finance, law, policy analysis, and community development. The NEDC Executive Director or his or her designee will also serve in ex-officio capacity to ensure adequate collaboration and communication with NEDC about particular projects or policies affecting NEDC's operation.

Mr. Bryant said EDAB will be a recommendatory board. Any debt issuance would require a 2/3 majority approval vote of Council. EDAB will be subject to the Open Meeting Act requirements and can convene into Executive Session; however, votes cannot be cast in Executive Session. He said if a vote is required, it would be done in a posted meeting that included public discussion. EDAB would have no authority to incur debt on behalf of the City unless authorized by Council.

Councilmember Jungman asked if the City is committed to creating an advisory board and Mr. Bryant said that would be Council's decision. Mr. Bryant said there had been discussion that an advisory board is not needed because Council, as trustees, already has a broad spectrum of community leaders that can take into account some of the social and community development issues versus a board consisting of business, banking, and law knowledge. Councilmember Jungman asked who, from City Staff, would staff the board. Mr. Steve Lewis, City Manager, said the City Manager's Office and Legal Department. Mr. Bryant said Council would be able to convene an ad-hoc committee to study a particular project, if needed. Mayor Rosenthal said there was an ad-hoc committee for the University North Park Tax Increment District (UNPTIF) that met to help develop particular project plans. Councilmember Jungman asked how many citizens were on that advisory group and Mr. Bryant said approximately 20. Councilmember Jungman asked if that was considered too large a group or too small a group. Mr. Trey Bates, 3720 Timberidge Drive, who had been a member of that committee, said committee members were able to break down into groups to discuss different aspects of the project, which generally worked well.

Councilmember Kovach suggested establishing an order of operation for EDAB. He said a project should come to NEDA trustees (Council) to decide whether or not it is the kind of project Council felt would be good for Norman. If there was interest, it should then go to EDAB. He felt there should be an advisory committee because there is not really anyone on City Staff with the expertise to tell Council if a project is a good deal, economically, for the City and citizens. He liked the idea of having a threshold to guide EDAB on what type

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of projects should be considered. He said he would also like the UNPTIF Authority to have access to the EDAB for projects. Mayor Rosenthal asked when the Tax Increment Finance District (TIF) Citizens Oversight Committee would come into play and Councilmember Kovach said he did not think the TIF Citizens Oversight Committee considered financial feasibility. Mr. Bryant said the TIF Citizens Oversight Committee was set up within the UNPTIF ordinance and language is pretty specific on what their duties are. He said that would not prohibit Council from getting additional review by EDAB if they felt it would be helpful. Councilmember Jungman felt NEDA and UNPTIF are separate entities and need to exist parallel not crossing over. Mr. Bryant said both bodies are advisory and the ultimate decision making authority is Council acting as trustees.

Councilmember Kovach said a broader board member perspective is helpful, but believes EDAB would primarily advise Council on the feasibility of a project. He asked members if a project should come to the trustees first and if found to be a viable project, then go to EDAB. Councilmember Lockett said she did not like that idea as she knows very little about economic development. She said projects are often considered a "secret" until the parties involved are ready to announce where the business will be located. She said projects should be discussed by EDAB to give Council direction on whether or not the project would be a good business deal or when a project needed funding. Councilmember Jungman said he agrees with Councilmember Lockett and EDAB needs a trigger so Council can say what type of project they want.

Mr. Don Wood, Executive Director of NEDC, said EDAB was originally a potential financing tool and now seems to be iterating into something completely different. He felt many projects have to move forward quickly and there is not enough time for a long process of meetings. He thought the only time a project would come to EDAB is if it required some type of City funding, which is currently only available in UNPTIF and not every project would be in that area. He said projects inside of the UNPTIF would not really have need of NEDA. Councilmember Kovach said he did not intend for every project to come to NEDA, just those projects that would involve potential funding through NEDA. Mr. Wood said when NEDC sets a meeting with a business they tell the business what local incentives are available. NEDC has set up guidelines based on the percentage of payroll. He said NEDC does an extensive report on projects that includes the number of employees, economic impact, sales tax generated, etc. He said when Hitachi was considering moving out of Norman, Mr. Wood signed a statement of non-disclosure before he even began discussions on incentives to stay in Norman. He said confidentiality of projects are really important until the company is ready to make an announcement.

Councilmember Jungman asked Mr. Wood for an example of a project that would need City incentives and Mr. Wood said he could only think of UNPTIF projects. He said incentives are offered in the NEDC proposal package and since NEDA has no funding, there are no incentives to offer so he did not see the need for NEDA. Mayor Rosenthal said unless there is a funding source available, NEDA has nothing to offer, but speaking retrospectively, there had been the Petco Project. She said the City of Norman was actively competing for Petco with other communities and choices were narrowed to San Antonio, Dallas, and Norman. There were site visits, State incentives, and UNPTIF incentives; however, the State of Texas offered a \$3.1 million incentive and the project went to San Antonio. She said until there is a funding source other than the UNPTIF, NEDC has the same tools they have always had, which is putting deals together at the State level to compete in these projects. Councilmember Williams said EDAB needs to be created in case a funding source becomes available, but believes incentives need to be offered up-front rather than in the later stages. Mr. Wood said NEDC guidelines should be reviewed and possibly approved by Council for NEDA.

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Councilmember Kovach felt board nominations should come from Council. He said drafted composition of the board requires NEDC and Norman Chamber of Commerce to appoint one representative, but he believes it would be more prudent for all appointments to be made by Council. Councilmember Lockett agreed but said Council should allow recommendations from outside entities. Councilmember Kovach said NEDC and Chamber of Commerce can recommend someone for the board, but they should not have a dedicated seat. Mr. John Woods, Executive Director of Norman Chamber of Commerce, said that language had come from general discussion regarding EDAB and the Chamber does not want to appoint someone to EDAB; however, they would ask Council to hold steadfast on their expertise requirements. Mr. Don Wood said he would like NEDC to be able to appoint someone to the board because the City and NEDC need to be on the same page. Councilmember Kovach said other boards have liaisons from various groups and NEDC and the Chamber could have an ex-officio member on the board to stay in the loop. Mayor Rosenthal said there needs to be communication with NEDC because the current ordinance draft basically sets up a conflict of interest with NEDC. She said an ex-officio liaison status would work, but having a voting NEDC member on the board would cause concern and Councilmembers agreed. Mr. Don Wood said he had no problem with that.

Councilmember Kovach asked Councilmembers for suggestions on EDAB member requirements and Councilmember Jungman said he liked the Mayor's suggestions, but felt there should be no specific requirements. Councilmember Kovach said he strongly believes it is the job of Council to make the ultimate decision on whether or not a project is right for the City. He said Norman has a diverse Council, but the primary function of EDAB should be to give Council the technical expertise that City Staff cannot provide. He said during UNPTIF Citizen Oversight Committee meetings, the loudest voices for claw backs and safeguards came from the business community and they made good points.

Councilmember Kovach said Mayor Rosenthal has suggested language as follows and asked if there were any objections or changes.

The Trustees shall be advised in their decisions by the Economic Development Advisory Board, a seven-member board comprised of citizens of Norman with suitable and appropriate expertise, including but not limited to economic, business, financial, legal, policy analysis, and community development knowledge.

Councilmember Kovach said the categories the Mayor has suggested are excellent, but he wanted to strike "but not limited to" because there is a possibility that everybody would be outside of those categories and there would be no advisory board that would be able to do what the Council is asking them to do. He suggested a certain number of seats for those categories and another number of seats be "not limited to" those categories. Mayor Rosenthal said there are currently a couple of boards that are background specific and it is very difficult to manage the process of nominations and fill a board with the range of talents and experiences required. She said she would not like to see a specific number of seats restricted to a specified background. Councilmember Kovach said he was thinking five seats would be based on the above categories and two seats would be an at-large type of situation. Councilmember Lockett said it is important to have a diverse group. Councilmember Jungman felt Council would end up to arguing over whether or not someone falls into a category when it would be better to simply debate the merits of their experience. Councilmember Williams said he did not support "not limited to" language.

Item 1, continued:

Councilmember Kovach asked about the number of members on the board and said a range of five to nine had been discussed and seven was a compromised number. Councilmember Jungman suggested nine to thirteen. Councilmember Kovach said he would like no more than nine. Councilmember Lockett said she would like five, but no more than seven and Councilmember Williams agreed. Councilmember Kovach recommended a seven member board with four seats requiring the above categories and the rest not limited to those categories.

Councilmember Kovach asked if Staff had good direction from the Committee and Mr. Bryant said his understanding is the Committee wants the draft ordinance to reflect seven members with four members having the qualifications outlined in the Mayor's suggestion. After discussion in this meeting, he suggested adding "or experience" to the end of that paragraph and Mayor Rosenthal suggested "knowledge or experience." Mr. Bryant said the three remaining seats would include, but not be limited to those qualifications. Mayor Rosenthal suggested language that read, "four of whom bring suitable and appropriate expertise, etc."

Mayor Rosenthal said there had not been much discussion on an articulated vision of what types of projects, in general, Council is striving for. She said without goals or objectives, the point is missing. Councilmember Jungman said he had a similar concern as he did not know what economic development means and the draft ordinance does not give clarity on that so it would be helpful to have goals and objectives to define what the City is trying to achieve. He said if the City had a trigger, Council could measure what project is in front of them. Councilmember Lockett felt more discussion is needed and Councilmember Kovach said he would feel more comfortable having the full Council discuss guidelines in a study session.

Mr. Bryant said BACA had discussed whether or not to establish goals prior to establishing EDAB or to allow EDAB to make those recommendations to Council. He said if Council wanted to set goals prior to creating EDAB, Staff would need more time to research economic development policies in other communities to present to Council.

Ms. Joy Hampton, Norman Transcript, said given that NEDC has a process by which they vet projects and have guidelines including goals and objectives which NEDA would approve, why does the City need another board or committee and what would NEDA's function be? Councilmember Kovach said City Staff does not have the ability to give Council a breakdown on the cost benefit analysis of a proposed project. Ms. Hampton said she does not understand why the City needs EDAB when NEDC already does an outstanding, speedy job garnering economic development projects.

Mr. Steve Ellis, 633 Reed Avenue, said there are two distinct kinds of expertise needed to make NEDA work, one is tactical or strategic expertise from lawyers, bankers, and accountants. The second is expertise in determining what economic development project would help Norman, which seems to be lacking in the proposal composition. He said the City has not figured out what constitutes that kind of expertise.

Mr. Robert Castleberry, 4701 Windrush Circle, Certified Public Accountant (CPA), said seven out of ten times before his clients do anything they ask, "What are the ramifications of this?" He felt EDAB would work like a business owner wanting to locate in Norman by evaluating whether a project makes sense or not. He said a business owner is more of a strategic person with a vision of the company. He said EDAB would determine if that is a good deal for Norman by determining how much sales tax would be created, how much property tax would be created, cost of incentives the City could offer, etc. He felt the qualification for EDAB is appropriate. He said although Council is diverse, there are no bankers on Council, and five years from now no one knows what the makeup of Council will be. He said EDAB needs to be created for the long term.

Item 1, continued:

Ms. Mary Francis, 850 C Cardinal Creek Condos, said under the Open Meeting Act, public trusts and other groups can expend public funds pertaining to economic development including the transfer of property, financing, and the creation of a proposal to entice a business to remain or locate within their jurisdiction. If public disclosure of the matter discussed would interfere with the development of products or services or if public disclosure would violate the confidentiality of a business, the trust could go into Executive Session and that happens a lot. She said EDAB will have the ability to hire consultants and clerical help, but where is the funding source? She said using City Staff time is using City money. She asked if the ex-officio non-voting appointees get to go into Executive Sessions. She said Council needs to create goals and objectives before creating EDAB. She asked when Council would discuss the ins and outs of the funding sources so the public can participate. She would like a seven member board requiring four members for a quorum and three for a majority vote. She said a nine member board would require five members for a quorum and three for a majority vote and a five member board would only require a majority vote two, which is unconscionable.

Ms. Cindy Rogers, 633 Reed Avenue, asked what would be the measure of success of a project. She said the City needs to evaluate the impact for the entire community. She said the expertise on the board is about whether the business will be viable and bring jobs, but there are broader aspects to consider such as environmental aspects. She said just because NEDA might bring in 100 jobs and give the community money, it is not the same thing as being a worthwhile investment. She said the secrecy aspect is a double edged sword as the City can end up with the winner's curse in which they got the business and they got the jobs, but it costs the City more than it was worth to the community. Mr. John Woods said he does not disagree there are external variables the community should look at, but felt those variables are the duty of Council and not the duty of EDAB. He said EDAB should make recommendations to Council and Council make decisions based on those community values what is good for the community. He said you could have a nuclear plant that would cash flow exceptionally well for the community, but it is the job of Council to make the final assessment of whether that is a good project for Norman. He said EDAB is ultimately no different than any of the multitude of boards and commissions the City already has.

Mr. Chadwick Cox, 2241 Ravenwood Lane, said he wants EDAB to be non-stakeholder advised and that is not being discussed. Mr. Bryant said EDAB would fall under the Ethics Policy rules that provides protection as far as conflict of interest and requires members to disclose conflict of interest.

Ms. Patty MacAlister, 124 West Hayes Street, asked why BACA meetings are held at 9:00 a.m. when 98% of citizens are working and cannot attend. Councilmember Kovach said the time was set by Chairman Ezzell and the Chair is not present. Councilmember Kovach said he cannot address that question, but it has been brought up before and may be addressed in the future. Ms. MacAlister said the meetings should be held in the evening and citizens should have the opportunity to attend and make comments.

Mr. Bryant said the City has very talented Staff with qualified attorneys, CPA's, and planners and he did not want to leave the public with the impression that City staff does not have expertise to evaluate any economic deal that comes through. He said if it is something that needs additional input, the City Manager has been very accommodating about acquiring outside advice. Councilmember Kovach said he did not intend to say that City Staff are slackers in any way, but they are overtaxed.

Councilmember Kovach said questions raised today may need a broader direction of Council and the subject could come back to BACA. He said he supports a detailed discussion on the charge, but would like Council's input at a Study Session. Mr. Bryant asked if goals and objectives would need to be included in the ordinance for the Study Session as Staff would need additional time for research.

Item 1, continued:

Councilmember Kovach said the recommendation from BACA will be that if EDAB is created then EDAB will discuss and recommend guidelines to Council and Council can vote to include that in the ordinance. He said the biggest part of the discussion at the Study Session will be how Council wants to go forward with that.

Items submitted for record

1. Memorandum dated June 28, 2012, from Kathryn L. Walker, Assistant City Attorney, to Members of the Business and Community Affairs Committee
2. Draft ordinance
3. E-mail dated July 4, 2012, from Stephen E. Ellis to City Councilmembers, City Manager, City Attorney, and Development Coordinator
4. PowerPoint presentation entitled, "Economic Development Advisory Board," Business and Community Affairs Committee, July 5, 2012

Item 2, being:

MISCELLANEOUS DISCUSSION.

None

The meeting adjourned at 10:30 a.m.

ATTEST:

City Clerk

Mayor