COUNCIL STUDY SESSION MINUTES

December 21, 2010

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in a study session at 5:30 p.m. in the Municipal Building Conference Room on the 21st day of December, 2010, and notice and agenda of the meeting were posted at 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 Atkins, Cubberley, Dillingham, Griffith, Kovach, Quinn, Mayor Rosenthal
ABSENT:	Councilmembers Butler & Ezzell

PRESENTATION FROM DON WOOD, EXECUTIVE DIRECTOR FOR THE NORMAN ECONOMIC DEVELOPMENT COALITION, REGARDING THE QUALITY JOBS INCENTIVE PROVISION PROVIDED UNDER STATE STATUTES, AND STAFF PRESENTATION REGARDING FUTURE DEVELOPMENT INCENTIVES OFFERED BY OTHER CITIES.

Mr. Don Wood, Norman Economic Development Coalition (NEDC) Director, said Council requested basic information about the Oklahoma Quality Jobs Bill (OQJ) and how it works in order to help determine what is viewed as a quality job moving forward in the University North Park area. He said the OQJ Program was passed in the late 1980's, during some pretty tough economic times when the State of Oklahoma (State) looked at the costs associated with unemployed person(s) in the State. The thought was it would be good for the State to invest money in assisting companies to locate to Oklahoma and help create job(s) for those companies.

Mr. Wood said the OQJ Program gives qualifying enrolled companies quarterly cash rebates of up to five percent (5%) of taxable wages for up to ten years. He said new legislation in 2005 allowed companies in the program who expand again to receive up to 6% wage rebates on meeting certain criteria.

To qualify for the OQJ Program, companies must meet the following eligibility requirements:

- ✓ New payroll investment of $2.5 million or more for manufacturers and certain service companies, either new to the state or additional jobs for an existing company within three years; a lower payroll threshold is available to businesses in certain industries or as a result of location in targeted areas;
- ✓ ***High impact programs***: lowers annualized payroll threshold to $1 million for businesses that produce new direct jobs to the State that are equal to or greater than one percent (1%) of the total labor force of the county in which they locate; payout is 2.5% of taxable wages for up to six years;
- ✓ ***Small employer program***: allows qualifying small businesses of 90 employees or less to receive up to a five percent (5%) cash-back incentive for up to seven years to locate or expand in Oklahoma; and
- ✓ Companies must meet minimum wage and health coverage requirements.

Mr. Wood said the 21st Century Quality Jobs Program was an addition made to the OQJ Program last year and targeted high paying jobs of $94,000 annually. He said qualifying companies may be eligible for up to twice the net benefit rate of the OQJ program, or 10% of the taxable payroll of these new jobs, to be paid in cash on a quarterly basis and the program can last up to 10 years. The 21st Century OQJ Program eligibility requirements include: must be a qualifying basic industry; a minimum of 10 new direct jobs with three years to "ramp up" to this level of jobs; and companies must meet minimum wage and health coverage requirements.

An example of a OQJ Program is if a company created 250 jobs with an average annual salary of $50,000, the company would be entitled to quarterly cash rebates up to five percent (5%) taxable wages for up to 10 years. Mr. Wood said cash rebates are paid quarterly based on the unemployment forms filed with the State and there are no conditions on how the company desires to spend the money. He said the cash back rebate is taxable income back to the company.

Mr. Wood said there was concern expressed by local developers and realtors that the Norman Economic Development Coalition (NECD) would turn the market upside down by creating sites at the University North Park Corporate Centre (UNPCC) that could be offered at below market rates to potential employers and particularly existing companies within the community. He agreed that would have been an unfair balance to the community and said NEDC sought to keep the balance, still giving companies incentives to develop in the UNPCC and create jobs within the community. Mr. Wood said NEDC targeted high-paying jobs and provided a brief overview of the UNPCC. He said UNPCC will be a 60-acre office park built in two phases. He said it would be 900,000 total square feet of Class A office space with water features and will include both new and existing/expanding companies.

The incentive program was to facilitate the attraction of high-impact employers who provide high-paying jobs and to retain existing Norman employers that create high-quality jobs. NEDC will sell lots in the UNPCC for the construction of an owner-occupied building and will offer cash rebates or deep discounts based upon the economic impact of jobs created by those employers attracted or retained.

Criteria for sales in the UNPCC are as follows:

- Existing Norman employers are eligible to purchase a site at incentive pricing if they plan to create significant new job growth over the next two to five years equal to at least 35% of the current level of employment;
- New employers are eligible to purchase a site at incentive pricing if the jobs created exceed 150% of the average county per capita income ($23,339) with a benefit package that includes employer contributed health insurance; and
- Sites will not be sold for speculation or for the development of general offices for lease to the open market.

Mr. Wood said *existing* companies must provide a business plan demonstrating reasonable prospect of creating new jobs that within five years, employee count exceeds current employee count by 35%. He said if an existing Norman business vacates an existing building they must provide documented evidence that reflects at the end of its current lease or landlord does not object to early termination, the additional office space needed is not available at the existing location, and must certify that they are at risk to relocate out of Norman or the jobs created will not be in Norman unless a site is available.

Mr. Wood provided a chart reflecting a new job incentive table demonstrating salaries from the minimum based salary of $35,000 to $85,000+ and the percentages/rebates paid back to companies annually. Mr. Wood said NEDC looked at selling site(s) to potential customer(s) at the full retail price of $16.00 per square foot, or $3 million for a UNPCC site. He said the discount would be approximately $7.00 per square foot, or $1.2 million and that money would be rebated back to customer based on the new job incentive table formula. He said the higher paying salary would receive a higher paying rebate until they reached the full discounted price.

Mr. Wood said this formula was prepared a couple of years ago before the economic downturn and whether NEDC would stay with this policy is up for negotiation. He said the concept is <u>not</u> to create an environment that generates hardships within the community by other developers/builders that are trying to build office projects. Mr. Wood clarified the salaries reflected on the new job incentive table are actual monies paid to the employee and does not include any additional benefits to the employee. He said the rebate money paid to the companies is not TIF money, instead it is strictly that incremental speculative value that is added onto the site/lot that is above the cost and the difference between NEDC cost(s) and the actual market full appraised value of the site/lot. He said NEDC is not offering this in order to make a profit but only to break even and offer incentive pricing to potential companies, whether they are new or expanding. The problematic part of this equation is the company would need to borrow the full $3 million and then be repaid the money through rebates and Mr. Wood said whether or not this will be practical in today's market will simply be a "wait and see" issue. He highlighted the potential economic impact of the UNPCC as follows:

- 200 employees x $50,000 annual salary x 2.65% = $265,000 for ten year total of $2,650,000
- 400 employees x $50,000 annual salary x 2.65% = $530,000 for ten year total of $5,300,000
- 200 employees x $75,000 annual salary x 2.85% = $427,500 for ten year total of $4,275,000

He said some companies could earn back the rebate(s) in as little as two or three years, paid back on a quarterly basis.

Mr. Wood said further potential economic impact of the UNPCC with the expansion of eight existing companies with 35% job expansion (or 62 jobs) would create 496 new jobs or $25 million in new payroll. If six new companies located to Norman and created 240 jobs each, they would create a total of 1,444 new jobs to the Norman area or $72 million in new payroll. Mr. Wood said $50,000 annually is the benchmark for new jobs under both the expansion company and new company scenarios and $97 million in direct new payroll generates $1,350,500 in new sales tax dollars to Norman. NEDC is targeting job companies that have a need to hire college graduates. He said Norman has a great supply of college graduates and 80% indicated (through surveys) that they preferred to stay in Norman. He said that is a top selling point to potential companies; to be able to hire the best and brightest college graduates who can afford to live in Norman and have a high quality of life, rather than move away.

Councilmember Dillingham asked if there is any industry standard on the $1.35 million in new sales tax as to what the collateral ripple effect would be in terms of additional new jobs created, i.e., more jobs within UNPCC can cause other small businesses in the area to locate to Norman to serve those citizens who now live and work in the area. Mr. Wood said quality jobs has been looked at extensively and brought a lot of new dollars to the state. He said UNPCC Project impact can be broken down into three categories:

- Capital Investment: 75,000 square feet office building valued at $15,000,000
- Job Creation: 300 jobs at $50,000 per year results in $15,000,000 in new yearly payroll, every new job creates 2.5 indirect jobs, and 750 jobs at $20,000 per year results in $15,000,000 in new yearly payroll
- Real Estate Impact: 100 new homes at $200,000 and 100 new ad valorem taxpayers on new and used homes

Mr. Wood said the Norman Ad Valorem Taxes annually generated $150,000 for Building Ad Valorem, $200,000 for New Home Ad Valorem, and $100,000 for Other Ad Valorem for a total of $450,000 which over ten years would generate $4.5 million. He said Norman Sales Tax generated a one time $262,500 for new office buildings, a one time $350,000 for new homes, $183,750 annually for new jobs (35% x 3 ½ cents), and $131,250 annually for induced jobs (25% x 3 ½ cents) for a ten year total of $3,762,500.

Mr. Wood said the total return on investment reflecting ten year totals are as follows:

• Building Ad Valorem	$1,500,000
• Residential Ad Valorem	$3,000,000
• New Construction Sales Tax – Office	$ 262,500
• New Construction Sales Tax – Residential	$ 350,000
• Sales Tax from New Jobs	$1,837,500
• Sales Tax from Induced Jobs	$1,312,500
TOTAL	$8,252,500

Mr. Wood said sales tax from new jobs would generate $183,750 annually and sales tax from induced jobs would generate $131,250 annually He said Norman's investment in job creation would be $1 million versus $8,262,500 in revenues to school systems; city sales tax; and to ad valorem taxes. He said what NEDC is creating a base of new jobs in the Norman community that will in turn create sales tax and ad valorem revenues and Councilmember Dillingham agreed.

Ms. Kathryn Walker, Assistant City Attorney, highlighted local incentives other cities in Oklahoma are doing to recruit businesses to their area. She said of the top five cities in Oklahoma, only one - Oklahoma City (OKC), sets a minimum threshold for local incentives for quality jobs.

OKC has a Strategic Investment Program (SIP) that began in 2007 when the voters approved the issuance of General Obligation (GO) Bonds of $75 million and use of a discretionary "deal closing" fund designed to entice companies looking to expand or locate in OKC. The company must meet or exceed OKC's average annual wage or minimum of $32,000 if in a Enterprise Zone, have a new net payroll of at least $1.75 million, at least 50 new employees, and have health insurance for full time employees; 50% paid by employer. Mr. Wood said when Boeing was looking at coming to OKC, the State eliminated the aerospace workers tax credit which was $4 million and he felt had Oklahoma City not offered incentives Boeing would not have come to Oklahoma.

The City of Tulsa (Tulsa) does not have a mechanism for cash payments like OKC, but has~~ve~~ a 50-60 year program of purchasing or trading for industrial land via bond issues. The citizens have been very supportive of the program and Tulsa can offer incentives in the form of low cost leases. Tulsa owns over five million square feet of office space near the airport, which has proven to be very beneficial in their relationship with American Airlines. Tulsa also does some financing through a trust for equipment as a tax benefit to companies. Tulsa does not have standards based on salaries but instead on a head-count basis, i.e., how many new jobs will be coming to their city.

The City of Lawton/Fort Sill operates through Comanche County Industrial Authority (CCIA) and has~~ve~~ a county wide tax for incentive purposes. Incentives are based on number of jobs, and the amount of pay and benefits, but have no minimum threshold. Lawton/Fort Sill uses a economic forecasting tool (REMI Model) to predict return on investment (ROI) to determine appropriate amount of incentive and before presenting to CCIA.

The City of Broken Arrow does not have any local incentive program but recently created a TIF to provide incentives to FlightSafety International - which employs over 600 jobs and is their largest private employer – to ensure the company ~~it~~ would remain in their city. The TIF created provided $7.5 million for FlightSafety International to expand and they are currently breaking ground on a $40+ million facility.

Mr. Wood provided background information on the PETCO Project that Norman was recently recruiting and he said PETCO would have created 400 jobs with annual salaries of $57,000 ~~annual salaries~~ ~~and~~ over a ten years and was an $11.6 million project. He said the Texas Governor has a closing fund in Texas and wrote a check for $3.1 million using taxpayer funds, as well as funds from training and other sources. Mr. Wood said PETCO bought a 114,000 square foot facility in San Antonio, Texas and Texas agreed to take the property off the tax roles for ten years. He said Norman has not entertained the notion of taking property off tax roles and Mr. Ellis said property within a TIF District is required by statute to have a fee in lieu of property tax. Mr. Ellis said taking property off tax roles would only be an option for areas outside the TIF District.

Councilmember Kovach asked if there is any discussion on partnering with Cleveland County and Mr. Wood said NEDC has spoken to the County on becoming a fifth partner of NEDC and have asked if they would provide the $50,000 funding to pay the Oklahoma City Partnership Program for everyone within the County. He said there has not been discussion about a County-wide ad valorem or sales tax issue and NEDC has tried to stay away from sales tax as it's the City's primary source of revenue, so to look at trying to carve out a portion of the City's revenue has not been viable. Mayor Rosenthal said it is important to remember south OKC and Moore each having interest in economic development, therefore Norman is not the only city in Cleveland County that would be interested in partnerships with the County which makes this issue even more complicated.

Mayor Rosenthal said a lesson learned in competing for the PETCO Project is that each employer/company will be different and to a certain extent Norman will need flexibility in order to address what the potential employer/company situation might be. She asked if the NEDC Plan presented today could change to allow flexibility to compete for future companies and Mr. Wood said Norman does need to have flexibility. He said the State is looking at having some type of closing fund such as the one Texas used in order to close the PETCO Project. He said Arkansas and New Mexico also have closing funds and the perception the closing funds create is a valuable part of the recruiting process. Mr. Wood said one option might be if the City could figure out of way to advance some of the quality jobs money because the cash flow is important to the company. He said some companies may feel the lot/site is more important, so the site could possibly be discounted, whereas relocation costs may be the issue for other companies. Councilmember Kovach asked if that meant lowering the standards on the type of job and/or salary and Mr. Wood said no, the focus is quality jobs because those jobs create a lot more income within the community.

Items submitted for the record

1. Memorandum dated December 16, 2010, Ms. Kathryn L. Walker, Assistant City Attorney, through Mr. Jeff H. Bryant, City Attorney, to Honorable Mayor and Council Members
2. PowerPoint presentation entitled, "Quality Jobs and Economic Development Incentives in University North Park"

UPDATE REGARDING POTENTIAL REFINANCING TERMS FOR THE UNIVERSITY NORTH PARK TAX INCREMENT FINANCE DISTRICT.

Mr. Anthony Francisco, Finance Director, said the concept of refinancing the outstanding debt for University North Park Tax Increment Finance (UNPTIF) District has been discussed on several occasions since the original financing and ~~the~~ original financing terms were established as an interim financing tool. He said a variety of incentives were built into the original financing to encourage the City to refinance at better terms in the future and he felt the time to do so is now. Mr. Francisco introduced Mr. Rick Smith, Municipal Finance Services, (MFS) Inc., who highlighted a proposed refinancing of the 2009 Note.

Mr. Smith said MFS, Inc., solicited proposals and interest from financial institutions and banks approximately a year and half ago for the original financing plan. He said at that time the UNPTIF was still in the development process and cash flows were present, but it was not to the point where private financing was an option, therefore the City entered into an agreement with OU Foundation. Mr. Smith said the UNPTIF District has grown and changed over the past 18 months in terms of more stores, more cash flows, and different trends and said the UNPTIF revenue being generated seems to be very positive, not only for the sales tax but for the property taxes associated with the various businesses located in the UNPTIF District as well.

Mr. Smith said MFS, Inc. will contact various financial institutions, local Norman banks, and specific Tulsa and Oklahoma City banks and request they prepare a financing proposal that would be brought back to Council for consideration in late January 2011.

Mr. Smith said Mr. Nate Ellis, Public Law Finance Group, has been involved in the preparation of the refinancing proposal and gave a brief historical summary of all sales tax revenues coming into the UNPTIF over the last three years. This information reflects the total sales tax revenues, allocation figures, the UNPTIF District financing percentage, and the amount that goes toward economic development under the UNPTIF Project Plan. Mr. Smith pointed out the numbers were further broken down according to the last twelve months, last six months, and last three months periods which help to get an idea of the trends and factors any seasonal changes into the retail activity equation. He said the sales tax to the UNPTIF District was $2,097,039 over the last twelve months, $2,039,460 over the last six months, and $1,998,416 over the last three months.

Mr. Smith said as part of the agreement under the UNPTIF Project Plan the City's overall sales tax growth had to achieve a certain growth factor in order for 100% of the revenues to go toward the UNPTIF. Based upon the City's sales tax collections last year it was calculated at 90%, since the City's sales tax growth was not to the benchmark that it needed to be, and the balance was returned to the City's General Fund. Mr. Smith said that was a safeguard put into the UNPTIF Project Plan to maintain the City's General Fund; therefore, the adjusted amount for TIF pledging or collateral purposes going forward is $1,893,102 averaged over the previous twelve months, $1,841,123 averaged over the previous six months, and $1,804,070 averaged over the previous three months.

Mr. Smith presented information to distinguish the trend for sales tax revenues in the UNPTIF District over the last two years. He said it is encouraging to see sales taxes are up from the reported $1,376,034 a couple of years ago to $2,097,039 and felt it is due to the additional stores and retail activity. This will be very important when presenting financing options to banks to show there is certainly an upward trend in terms of total sales tax.

Mr. Smith said there are additional stores coming online the Council may or may not be aware of and said a developer representative announced at a recent meeting a 20,000 square foot shopping center/strip will be built on the east side of

24th Avenue NW, just north of Robinson Street, with Zio's Restaurant being the main tenant. He said the shopping center/strip will also include a Game Stop and a family photography store and said there are seven different retail outlets in the shopping center/strip and six are already under lease. Mr. Smith said Panda Express will build a new restaurant on the west side of 24th Avenue NW, north of Mount Williams Drive and another development just east of Cheddars Restaurant is also under contract. He said Metro Shoes moved to the vacant Athletic Village location doubling their floor space and a dental business will be moving into the old Metro Shoes location. He said the UNPTIF District appears to have had an escalation in recent months in the interest and activity.

The net assessed valuation for the UNPTIF District was established in 2006 at $905,000 and Mr. Smith provided the incremental values for 2007-08 at $1,615,900; 2008-09 at $5,583,539; 2009-10 at $12,143,163; and 2010-11 at $13,870,339. He said the figures jumped a great deal between 2008 and 2009 primarily because of the Embassy Suites Hotel and Conference Centre which accounted for between $5.5 and $6 million. Mr. Smith said if you take the net assessed valuation for 2010-11, apply the 113.09 millage rate ($1/$1,000) for the county, school, city, etc., the total ad valorem revenues are $1,568,597 and 50% would be paid back to the UNPTIF District amounting to $784,298.

A summary of the 2009 Taxable Revenue Note terms was provided to Council and reflected the financing amount at $14,560,000 with a closing date of June 30, 2009, has a variable rate which changes every six months on March 1, and September 1. Mr. Smith said the principal payments would commence September 1, 2011, and the Norman Authority (Authority) has been paying only the interest on the note. He said to date $197,000 has been paid in interest and a principal payment was deferred until September, 2011. He said at that time the principal payment due will be approximately $400,000 in addition to the interest. The amount drawn down would be $5,839,454 which includes $50,000 to be advanced, the amount not drawn will be $8,720,546, with a maturity date of September 1, 2028, a 19 plus year term. Mr. Smith said a $1.5 million reserve fund was established as part of this note stating the City would make two separate $750,000 installments; the first installment of $750,000 has been paid and the second installment of $750,000 is due September 2011. He said there were also payments to the developer under this note and all those payments have been satisfied.

Mr. Smith said the concept is to structure the UNPTIF Refinancing Project so it will generate a lot of interest from various banks and in order to do so, MFS, Inc., recommends the City continue doing a variable rate note. He said the note would be similar to what is in place now, but the new note would be a tax exempt financing with a bank opposed to the taxable financing done with the OU Foundation. Mr. Smith presented an estimated debt service schedule at a four percent rate to Council. He said since this would be a tax exempt note, the expectation is banks would bid as a percentage of London Inter-Bank Offered Rate (LIBOR) and the information presented illustrates the rate being an estimated variable tax-exempt rate based on 65% of a six month LIBOR plus 125 basis points. Mr. Smith said the UNPTIF Refinancing Project proposal would finance $10,415,000, would pay off the UNPTIF Foundation 2009 Note, and release the City from the note indenture, and the non-surviving restrictions and covenants that were entered into with OU Foundation. He said the proposal would move the intersection work at Rock Creek and 24th Avenue NW forward, which would bid in January 2011, and is estimated to be completed in June or early July, 2011. He said other street and road improvements included in the proposal are the Rock Creek/24th NW Intersection, I-35/Robinson Interchange (NE) quadrant, Frontage Road-Conference Drive, and the design work on the west side I-35.

The City would continue to draw down the funds on the UNPTIF Refinancing Project as needed to move forward with the project(s). Mr. Smith said some of the projects would be sooner than others, but most would be completed within the next three years. He presented an estimated interest during drawdown phase with drawdown term of 36 months and a final advance date of February 1, 2014.

Mr. Smith presented information regarding the cash flow and coverage for existing stores only in the UNPTIF and said it compares the UNPTIF revenue cash flow with the debt payments. The schedule, based upon the estimated debt payments each year along with the $2.6 million ad valorem and sales tax revenues, reflects the debt coverage will be approximately 2.8 for a 15 year term. Mr. Smith said the 2011 Note would cut off over two years of the existing 2009 Note. He said the debt coverage is fairly strong, nearly three times the debt, but he felt the bank(s) would look at that figure favorably and it will also allow the City the ability in two or three years to possibly implement supplemental or additional financing for other priority projects.

Mr. Smith provided charts reflecting the LIBOR rates from January 2000, through November 2010, and a LIBOR and loan rate calculation to give Council a sense of changes in the LIBOR and how it would impact the loan rate. He said the LIBOR rate today is .46, therefore if the City were to established this rate today, using the LIBOR formula; it would be around 1.5%. Mr. Smith said it would not stay at that level, but initially the City would have lower debt payments and increased debt coverage to an excess of three times. He provided a chart reflecting estimated interest rates at 1.55%, 4.00%, and 6.00% to demonstrate the difference in debt payments and debt coverage. Again, this type of structure will enhance the number of bank(s) that have an interest in providing the refinance and give the City flexibility in being able to pay down on the note.

Mr. Smith mentioned Councilmember Cubberley asked about fixed rates scenarios and although fixed rates are very good at this time, bank(s) have very prohibitive pre-payment provisions on fixed rates refinancing. He said there would most likely be a non pre-payment period of at least eight to ten years and a number of bank(s) may require no pre-payment capability on the note.

Councilmember Kovach asked Mr. Smith to elaborate as to what point it would be prudent for the City to start paying down the principal and Mr. Smith said it is key to the interest rate. He said if the interest rate should start accelerating and escalating to a level where the debt coverage becomes very narrow in terms of revenues available to make debt payments, MFS, Inc., may advise the City to use some of the excess cash or other UNPTIF revenues to pay the note down. Mr. Smith said the City should look at the interest rate fluctuation and other projects, i.e., street projects, Legacy Park, infrastructure, etc., that may develop every six months or on an annual basis.

Mr. Francisco said the City will request the bank(s) to provide at two proposals; fixed rate and variable rate. He said the City does want to maintain flexibility as it will be very important moving forward, either to pay down debt and/or to do other projects. Mr. Francisco said once proposals are received from the bank(s), Staff will recommend a good proposal, whether fixed or variable.

Councilmember Cubberley asked Staff to elaborate on the borrowing structure and why it does not include other road improvements and Mr. Francisco said the highest priority projects were identified in Development Agreement No. 4; therefore, in the UNPTIF Refinancing 2011 Note, only those highest priority projects established by those development agreement(s) were included. He said by maintaining flexibility going forward, if Council desired to accelerate the frontage road or construction of the west side improvements, they would have the flexibility to do so. Mr. Ellis said when doing a tax exempt financing, at the time of the debt issuance, the City must be certified that it reasonable expects to be able to expend 85% of the proceeds within three years which is a hard and fast rule for the Internal Revenue Service (IRS).

Councilmember Kovach asked if the revenues are in excess of what is negotiated with the bank(s), what kind of options would Council have with the excess. Would the revenues have to stay in the UNPTIF or could revenues be used for other financial emergencies. Mr. Francisco said the revenues will be TIF revenues and would have to be expended on a TIF project.

Mayor Rosenthal said the terms are much more favorable for the new financing and provides the City more flexibility than the Foundation note. It offers the capability of lowering the interest payments and will enable the I-35 Interchange Project to move forward in order to match Association of Central Oklahoma Governments (ACOG) funding. Mayor Rosenthal said the question of using only ad valorem revenues to finance and move some of the projects forward has been asked many times and Mr. Smith said using only ad valorem revenues is not appropriate. He said the mix of ad valorem and sales tax revenues are important and are about one-third to two-third respectfully. He said the ad valorem revenues would not support this or any similar financing.

Councilmember Cubberley asked when the Robinson/I-35 NE ramp would be done and Mr. Shawn O'Leary, Director of Public Works, said the project should bid late summer or early fall and construction would begin shortly thereafter.

Mr. Francisco said Staff will forward the proposal to bank(s) before the end of the calendar year and should get back any bids in mid January 2011. He said Staff plans to have as an item on the January 25, 2011, agenda for Council consideration.

Items submitted for the record

1. Norman Tax Increment Finance Authority, Proposed Refinancing of 2009 Note to Fund Additional Projects, dated December 20, 2010, presented by Municipal Finance Services, Inc.

The meeting adjourned at 6:43 p.m.

ATTEST:

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City Clerk Mayor