

TIF #2 OVERSIGHT COMMITTEE MINUTES (UNIVERSITY NORTH PARK TIF)  
STUDY SESSION ROOM  
201 WEST GRAY  
1:00 P.M.  
July 21, 2009

The Tax Increment Financing District #2 - University North Park ("UNP TIF") Oversight Committee met at 1:00 a.m. in the Municipal Building Study Session Room on the 21th day of July, 2009.

PRESENT: Joe Siano, Diana Hartley, Ted Greb, Robert Castleberry,  
Harold Haralson

ABSENT: Gail Poole, Sharon Parker, Karla Bonzie, Fred Walden

OTHERS PRESENT: Anthony Francisco, Finance Director  
Clint Mercer, Chief Accountant  
Leah Bunney, Assistant City Attorney  
Kathryn Walker, Assistant City Attorney

The meeting was called to order by Chairman Castleberry at approximately 1:12. A motion was made to approve the April 22, 2009 minutes and the vote was unanimous in favor of approval.

Anthony Francisco sent out a memo discussing the average annualized growth rate calculation to the Committee before the meeting (copy attached). He made a few comments on the memo and a few questions were addressed to everyone's satisfaction.

Kathryn Walker presented the quarterly TIF update (see presentation handouts attached). Some discussion ensued.

Leah Bunney presented information about the City's new ethics policy (see presentation handouts attached). Each member was required to sign an acknowledgement form that will be returned to the City Attorney's Office by the next meeting.


Anthony Francisco noted that most committees were in the process of preparing their annual report to council. Some discussion ensued regarding what should be included in that report and timing of the report. Harold Haralson made a motion that two items of inclusion be (1) that the Committee note it's concern regarding the OU Foundations recent retraction of a commitment previously made to finance a larger portion of the TIF costs until such time as the City can obtain other financing arrangements and (2) that the developer be held to time requirements and promises regarding upscale retailers and development of the Lifestyle Center. The motion was seconded by Robert Castleberry and the vote was unanimous in favor of the motion. It was noted that an e-mail will be sent out shortly to all committee members to gather bullet points to be included in the annual report



and that a draft version will be prepared by staff for review by the committee at the next regularly scheduled meeting.

The meeting was closed at approximately 2:12.





DATE: July 13, 2009

TO: Steven Lewis, City Manager/NTIFA General Manager

FROM: Anthony Francisco, Finance Director/NTIFA Treasurer

SUBJECT: Average Annualized Growth Rate Calculation, FYE 2009

Pursuant to the University North Park Tax Increment Finance District (UNP TIF) Project Plan Ordinance (Ordinance O-0506-66), an annual calculation is required to help to ensure that the growth of retail sales within the UNP TIF does not adversely impact the growth of the City's overall sales tax base. Procedures for making this calculation are delineated in the adopted Operating Procedures and Practices (Joint Resolution R-0607-69). Generally speaking, the Procedures require that the growth rate in the City's overall sales tax must have grown by an average annual rate of at least 4.5 percent (4.5%) over the life of the TIF (defined to be since the fiscal year ending June 30, 2005), or the amount of sales tax apportioned to the UNP TIF will be reduced proportionally in each year that the Average Annualized Growth Rate falls below 4.5%. As the City's overall sales tax had grown by more than 4.5% in each year since FYE 2005, this calculation had been moot. Since the City's overall sales tax grew by only 3.28 percent in fiscal year 2008-2009, we have performed the Average Annualized Growth Rate calculation that will be applied for the apportionments during fiscal year 2009-2010.

The relevant portions of the Operating Procedures are repeated below:

**Average Annualized Sales Tax Growth Rate**

"The City desires to ensure that growth of retail sales within the UNP TIF District does not adversely impact the growth of the City's overall sales tax base. The Project Plan [Section VI.D.2.a.(i)] requires a comparison of the Retail Sales Tax Increment to the Average Annualized Sales Tax Growth Rate over fiscal year 2004-2005 to ensure that it at least exceeds the historic growth rate of City sales tax (4.5% per year). If it does not, the Project Plan reduces the amount to be apportioned to the UNP TIF Fund by the proportion that the annualized average falls below 4.5 percent (4.5%).

For these purposes, the City Finance Department will make a determination of the Average Annualized Sales Tax Growth Rate each June (once all of the sales tax for the fiscal year has been reported from the Tax Commission to the City). The method for making this determination will be as follows:

1. Calculate the total general purpose (non-dedicated) sales tax received by the City for the current fiscal year (sales tax recorded in the twelve months ended in June).
2. From this figure, subtract \$37,974,140 (the amount of general purpose sales tax received by the City in fiscal year 2004-2005).
3. Divide this difference by \$37,974,140 to obtain the total growth ratio in sales tax since the base year.
4. Divide this ratio by the number of fiscal years since fiscal year 2004-2005 to obtain the Average Annual Sales Tax Growth Rate.

office memorandum



5. If the calculated Average Annual Sales Tax Growth Rate is greater than or equal to 4.5 percent (4.5%), then 60 percent (60%) of the Retail Sales Tax Increment is apportioned to the UNP TIF Fund in each month of the subsequent fiscal year (in this case, the multiplier anticipated in the Project Plan, Section VI.D.2.a(i) would be greater than 1, so the "lesser" amount would be the Retail Sales Tax Increment).

If the calculated Average Annual Sales Tax Growth Rate is less than 4.5 percent (4.5%), then the calculated Average Annual Sales Tax Growth Rate is divided by 4.5% and the calculated ratio is used as a multiplier for the subsequent fiscal year's 60% Retail Sales Tax Increment."

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The City's general purpose sales tax for fiscal year 2008-2009 totaled \$46,515,482. Subtracting \$37,974,140 from this figure leaves a difference of \$8,541,342, which is a total growth of 22.49% since the inception of the UNP TIF. Over the four-year life of the TIF, then, the Average Annualized Growth Rate in City sales tax is 5.6231%.

Based on this calculation, the apportionment of retail sales tax to the UNP TIF during fiscal year 2009-2010 will remain at 60 percent.

As always, we stand ready to respond to any questions you may have regarding this matter.

EC: Honorable Norman Tax Increment Finance Authority (NTIFA) Trustees  
Jeff H. Bryant, City Attorney/NTIFA General Counsel  
UNP TIF Oversight Committee  
Suzanne Krohmer, Budget Manager  
Clint Mercer, Chief Accountant  
Rick Smith, Municipal Finance Services  
Allan Brooks, Public Finance Law Group  
Nate Ellis, Public Finance Law Group  
Dan Batchelor, Center for Economic Development Law

PC: Guy Patton, Director, University North Park, LLC  
Stanton Nelson, Director, University Town Center, LLC  
Don Wood, Director, Norman Economic Development Coalition





# TIF Quarterly Update

TIF Oversight Committee

July 21, 2009

## Average Annualized Sales Tax Growth Rate

- Designed as a protection mechanism for the City's overall sales tax base
- The Project Plan requires a comparison of the retail sales tax increment to the Average Annualized Sales Tax growth rate from 2004-2005 to ensure it at least exceeds the historic growth rate (4.5%)
- Protection mechanism only utilized if the Average Annualized Sales Tax growth rate does not exceed 4.5%
- If below 4.5%, then the amount of UNP sales tax revenue apportioned from the general fund to the TIF is reduced proportionately

## TIF Project Components

- Traffic and Roadway Improvements
  - Frontage Road Study presented to Council on July 14, 2009
- Retail Development
  - Academy Sports construction underway; opening planned for late October
- Conference Center
- Legacy Park
  - Final park design tentatively scheduled for Council presentation on September 15, 2009
- Economic Development
  - OU Foundation extended NEDC's ability to purchase land at a reduced price for another 6 months

## UNP TIF Funding

- Ad Valorem Taxes Generated from the District-  
50%
  - \* 2009 receipts for 2008 assessment year  
expected to total \$300,367
- Sales Tax Generated from the District
  - 50% Public Improvements
  - 10% Economic Development
  - 60% Total

## UNP TIF FUNDING - RETAIL SALES TAX

Retail Sales Tax	Received by City	Gross Sales	Transfer Adj.	TIF Sales less Trans Adj.	60% TIF	40% General Fund
Oct. 2006	Dec. 2006	177,245	72,846	104,399	62,639	41,760
Nov. 2006-Oct. 2007	Jan. 2007-Dec. 2007	1,992,097	923,024	1,069,073	641,444	427,629
Nov. 2007-Oct. 2008	Jan. 2008-Dec. 2008	3,173,420	916,287	2,257,133	1,354,280	902,853
Nov. 2008	Jan. 2009	397,202	99,155	298,047	178,828	119,219
Dec. 2008	Feb. 2009	554,929	116,257	438,672	263,203	175,469
Jan. 2009	Mar. 2009	278,444	67,520	210,924	126,554	84,370
Feb. 2009	April 2009	323,167	83,651	239,516	143,710	95,806
Mar. 2009	May 2009	371,310	93,368	277,942	166,765	111,177
April 2009	June 2009	315,168	66,196	248,972	149,383	99,589
<b>TOTAL</b>		<b>7,583,105</b>	<b>2,438,304</b>	<b>5,144,801</b>	<b>3,086,881</b>	<b>2,057,920</b>

## Financing Update

- September 9, 2008
  - Development Agreement No. 4 provided for funding commitments to the Rock Creek Road Overpass
  - R-0708-119 and R-0708-120 authorized issuance of debt to fund \$29.12 million in TIF improvements on a draw as-needed basis
- Fall/Winter/Spring 2008 and 2009:
  - Staff continued negotiations with the lender (OU Foundation) to close the loan

## Comparison of Financing Proposals

Components	Sept. 2008 Financing	June 2009 1 <sup>st</sup> Funding	June 2009 2 <sup>nd</sup> Funding	Total
Traffic and Initial Project Activity	\$13,475,000	\$1,011,844	\$1,270,500	\$2,282,344
Legacy Park Construction	\$ 5,100,000	\$ 210,500	\$ 4,889,500	\$ 5,100,000
UNP Enhanced Landscaping	\$ 750,000	Deferred	Deferred	Deferred
Rock Creek Overpass	\$ 7,750,000	\$ 6,750,000	None add'l	\$ 6,750,000
<b>TOTAL TIF Projects</b>	<b>\$27,075,000</b>	<b>\$7,972,344</b>	<b>\$6,160,000</b>	<b>\$14,132,344</b>
Capitalized Interest	\$1,275,851	None	None	None
Issuance Costs	\$ 769,149	\$ 427,656	None	\$ 427,656
<b>TOTAL Note Authorized</b>	<b>\$ 29,120,000</b>	<b>\$ 8,400,000</b>	<b>\$ 6,160,000</b>	<b>\$ 14,560,000</b>

## Other Pertinent Issues

- **2<sup>nd</sup> Funding** (Legacy Park, 24<sup>th</sup> Ave NW and Legacy Park Drive)
  - If OU Foundation is the Lender:
    - Development Agreement No. 5 (road improvement sequencing, Lifestyle Center, funding of remaining improvements)
  - If OU Foundation is not the Lender:
    - Private financing (on a parity basis)
    - Use of Excess TIF Revenues (revenues after debt service requirements are met)
- Priority given to roads after Legacy Park is constructed

## City of Norman Ethics Policy

Presentation to:  
UNP TIF Oversight Committee  
July 21, 2009



## Background Information

- City Council, in committee, studied creation of this policy
- Reviewed OK state law and a wide range of policies from OKC, Tulsa, and other cities
- Policy was adopted as a Resolution on 4/14/09



## What rules did Norman have already?

- Charter prohibits greater than 5% interest in City contracts, bribery, and nepotism (Article XVII, § 4,5,6)
- Code § 2-103 requires Council refrain from using special knowledge and making decisions involving business associates, customers, clients, friends, and competitors
- Code § 2-108 requires that questions put to the Council shall be voted either affirmatively or negatively and each Councilman shall vote unless excused for stated reasons before the votes are called for.



## Purpose of Policy

- Provide guidance for navigating ethical concerns
- Encourage awareness and education to prevent future issues
- Promote public confidence



## The Policy Applies to:

- City Council
- Appointed Boards, Commissions, and Committees of the City of Norman
- Separate statement for ad hoc committees



## The Policy Covers:

- Types of conflict:
  - Pecuniary interest (greater than 5% ownership interest)
  - Benefit, detriment, employment consequence
- Actual (Recusal) v. Potential (Disclosure and Participation) Benefit, Detriment, or Employment Consequence

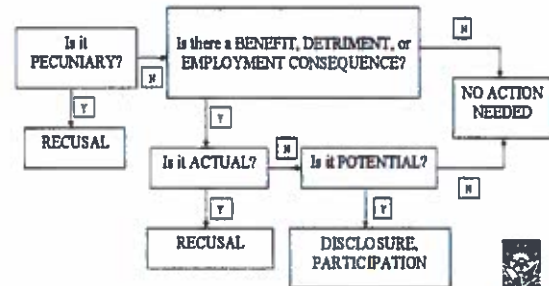


## The Policy Covers:

- Disclosure of Confidential Information
  - Protects Attorney-Council privilege
- Role of the City Attorney
  - City Attorney may advise on ethical questions
- Policy for Ad Hoc Committees
  - Separate statement acknowledging unique nature
- Discrimination/Harassment
- Receipt of gifts
  - No gifts with value greater than \$100
  - Intent of giver



## Flowchart of Conflicts



## Comments, Questions...



**PLEDGE TO FOLLOW ETHICS POLICY  
FOR  
APPOINTED AND ELECTED CITY OFFICIALS**

Pursuant to the City of Norman Ethics Policy, appointed and elected City of Norman officials shall not participate in any matter in which they have a pecuniary interest or an actual conflict. An actual conflict includes any set of circumstances wherein an elected or appointed official would be required to take an action or make a decision regarding a cause, proceeding, application or any other matter where he or she holds a direct benefit, detriment, or employment consequence.

If the appointed or elected official believes he or she has a conflict, then that official should disclose that conflict to the board, council, or commission of which he or she is a member. If the conflict is pecuniary or direct, that official should recuse himself or herself from any participation and voting. Any elected or appointed official may seek the counsel of the City Attorney's Office on questions regarding the interpretation of the ethics guidelines or other conflict of interest matters.

Appointed and elected officials shall agree to comply with the ethics guidelines as stated above and as contained in the City of Norman Ethics Policy.

I, \_\_\_\_\_, pledge to comply with the City of Norman Ethics Policy as adopted by the Norman City Council.

\_\_\_\_\_  
Official's Signature

\_\_\_\_\_  
Date

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Phone Number: \_\_\_\_\_

Position: \_\_\_\_\_

