

Minutes



Frisco Road Economic Development Project Plan Review Committee

THE FRISCO ROAD ECONOMIC DEVELOPMENT PROJECT PLAN REVIEW COMMITTEE MET IN SPECIAL SESSION ON **NOVEMBER 21, 2013** AT THE CENTENNIAL BUILDING IN THE CITY COUNCIL CONFERENCE ROOM. THE MEETING WAS HELD AT 2:00 PM

ITEM 1:

CALL TO ORDER:

Ken Smith, Chairman
Betty Corn
Bill Martin
Kyle Ruzicka
Larry Taylor
Jack Stewart – (Arrived at 2:07 pm)

OTHERS PRESENT:

Grayson Bottom
Leslie Batchelor
Sara Hancock

Larry Mitchell
Doug Shivers
Amy Phillips

ITEM 2:

APPROVAL OF MINUTES FROM OCTOBER 24, 2013 MEETING

Motion for minutes to be approved

Motion – Larry Taylor

Second – Ken Smith

Ayes- Smith, Corn, Martin, Ruzicka, Taylor

ITEM 3

INTRODUCTION:

Larry Mitchell expressed his gratitude for all serving on the Review Committee. Mr. Mitchell stated the Review Committee was formed to establish TIF district, budget and what project area should look like. Recommendations will go to Planning Commission and then to City Council. Ken Smith asked where the Yukon Economic Development Authority fits in. Mr. Mitchell stated the Yukon Economic Development Authority is responsible for implementation, once the district is established by Council. Larry Taylor asked about time frame. Mr. Mitchell stated once the TIF district is established, the Review Committee will become inactive. However, if another TIF district was to be formed, the Review Committee would then become active again. Mr. Taylor questioned three City Council members being on Yukon Economic Development Authority (YEDA) committee. Ken Smith stated Donna Yanda resigned YEDA, so there are only two.

ITEM 4:

REPORT BY LESLIE BATCHELOR ON THE OKLAHOMA LOCAL DEVELOPMENT ACT, THE ROLE OF THE REVIEW COMMITTEE, AND AN OVERVIEW OF THE PROPOSED PROJECT PLAN. (REPORT DISTRIBUTED AT MEETING)

Leslie Batchelor presented a three page memo with information about the Tax Increment Finance District (TIF). Ms. Batchelor discussed what the role was of the Review Committee and TIF District and gave background on the Local Development Act. TIF District is a public revenue structure, not setup to give money to private developers. TIF District is a way to apportion public revenues. We are capturing revenues for specific purposes. The project plan establishes three things: Budget, Project Area, and Increment District. The Increment District can be either ad valorem taxes, sales taxes or both.

Larry Taylor asked if it would levy sales tax. Ms. Batchelor stated it would not change taxes or create new taxes. It is looking at the new sales tax revenue in the new area. Ken Smith asked if Grayson Bottom could use a graph. Mr. Bottom referred to the graph located on the white board and stated you must establish baseline, which is currently zero. We would then collect everything above baseline, which is attributed to the development of the district. The money collected in that district/project area can only be used to develop in that area. Betty Corn asked about lag in collections. Ms. Batchelor stated there are other ways, pay as you go, bond financing, etc. Mr. Taylor asked if you would still have to go into debt. Mr. Bottom stated not the City, the Trust. Mr. Taylor asked how we know amount of money when there is no development. Ms. Batchelor stated we start securing agreements with developers. Ken Smith asked during lag time, who pays interest. Ms. Batchelor stated you use regular financing options.

The role of the Review Committee is to get public input for what is ultimately the City Councils decision. The Review Committee does three things. First, it makes sure area is eligible for district. The area has to be undeveloped, underdeveloped, or blighted. Secondly, the financial impact on any public entity. Will it increase the need for services, generate jobs, etc. The goal must be a win-win. Thirdly, the committee will recommend approval or disapproval to the City Council. The Council can approve it either way. But, if the Review Committee is against it, the Council has to pass it with a 2/3 vote.

ITEM 4a:

DISCUSSION, QUESTIONS, AND POSSIBLE ACTION CONCERNING REPORT BY LESLIE BATCHELOR ON THE OKLAHOMA LOCAL DEVELOPMENT ACT, THE ROLE OF THE REVIEW COMMITTEE, AND AN OVERVIEW OF THE PROPOSED PROJECT PLAN. (REPORT DISTRIBUTED AT MEETING)

Larry Mitchell gave examples of how district works and gets financed. Lawton secured \$12 million loan from three local banks with conditions. The money was used to front end the project. The City

had to acquire the property and then reimbursed money to the banks once the area was developed. Another way is with reserve funds. They too will be reimbursed. Grayson stated the reserve funds, in this case, is from Reserve Bonds and projects that did not make. Bill Martin asked about cost of land. Mr. Bottom stated no cost, land is donated. Larry Taylor asked if size dictates TIF. Mr. Mitchell state yes. Frisco Road interchange will serve entire city. Mr. Taylor asked, if Federal Government is involved in interchange. Mr. Mitchell stated for approval, but funding from Department of Transportation. Mr. Bottom stated we have money that must be spent. It will not affect other funds. We anticipate 3 or 4 anchor type locations immediately adjacent to this road and the TIF will be collecting money from. Ken Smith stated this could reimburse the initial investment. Mr. Bottom stated it would give us a huge leg up. Larry Mitchell revisited time constraint of TIF District. It is 25 years, but also based on budget. TIF District expires when project revenue is collected, if before 25 years. Jack Stewart asked about costs of services. Ms. Batchelor stated new stores flow into existing dedicated funds. Mr. Smith questioned a TIF District being 30 years. Ms. Batchelor stated in Oklahoma only 25 years.

Larry Taylor clarified taxes will not be going up. Mr. Bottom stated, no, they can't go up, unless voted on. They are holding no election. Mr. Taylor asked if it was the entire city tax collections. Mr. Bottom stated no, just in the TIF District. Larry Mitchell stated Review Committee will draw line for TIF District. Ms. Batchelor stated collection of taxes must be new taxes. Mr. Taylor asked process of collecting new taxes. Ken Smith stated a system is already in place. Ms. Batchelor stated agreements with contractors, if sales tax is to be collected on building materials. Mr. Bottom stated a "but for" test is important. Everything you do up front, "but for" this TIF district creation will not happen. For example, if Frisco Ridge Interchange is not created, than development will not happen. Mr. Smith agreed the "but for" test is the first and most important step.

Larry Taylor used Target as an example and questioned new sales tax. Ken Smith stated it depends on whether or not Target was included in the TIF District. Larry Mitchell stated if it is included and Target decided to add square footage to their store, then you could capture area of expansion. Grayson Bottom stated infrastructure would be "but for" test. Mr. Taylor asked if you would levy additional sales tax. Leslie Batchelor stated no, capture existing. Betty Corn asked who would oppose. Mr. Smith stated you would be surprised. Ms. Corn stated there are lots of misunderstandings about TIF District. Mr. Smith asked about debt falling on public if TIF District fails. Ms. Batchelor stated not necessarily, there could be backing of another entity or only revenues available to pay debt are TIF revenues. Mr. Bottom stated TIF District in Clinton was both ad valorem and sales tax. They passed collection through TIF and gave back to schools.

ITEM 5:

CONSIDER SELECTING AND APPROVING THE DATE AND TIME, FOR THE NEXT REVIEW COMMITTEE SPECIAL MEETING.

Larry Mitchell suggested Wednesday, December 18, 2013 at 1:30pm.

Motion to approve Wednesday, December 18, 2013 at 1:30pm, for the next Review Committee Special Meeting.

Motion – Larry Taylor

Second – Jack Stewart

Ayes – Corn, Martin, Stewart, Ruzicka, Taylor, Smith

Nays- None

ITEM 6:

ADJOURNMENT