

AGENDA



Frisco Road Economic Development Project Plan
Review Committee
Special Meeting

Date: January 23, 2014
Time: 1:30 P.M.
Place: City Council Conference Room, Centennial Building,
12 S. 5th, Yukon, Oklahoma.

The City of Yukon strives to accommodate the needs of all citizens, including those who may be disabled. If you would like to attend this meeting, but find it difficult to do so because of a disability or an architectural barrier, please notify Doug Shivers at 350-3919 at 500 W. Main, Yukon, Ok, by 12:00 noon on January 22, 2014.

Call to Order

Item 1.

Roll Call: Ken Smith, Chairman
Betty Corn
Bill Martin
Kyle Ruzicka
Jack Stewart
Larry Taylor

Item 2. Approval of Minutes from January 15, 2014 meeting

Item 3. Consider nomination and selection for Vice Chairman

Item 4. Review and consideration of proposed Project Plan

Item 5. Review, consideration, and possible action to approve Findings Regarding Eligibility and Financial Impact and Resolution Recommending Approval of Project Plan

Item 6. Consider selecting and approving the date and time, for the next Review Committee Special Meeting

Item 7. Adjournment

Minutes



Frisco Road Economic Development Project Plan Review Committee

THE FRISCO ROAD ECONOMIC DEVELOPMENT PROJECT PLAN REVIEW COMMITTEE MET IN SPECIAL SESSION ON **JANUARY 15, 2014** AT THE CENTENNIAL BUILDING IN THE CITY COUNCIL CONFERENCE ROOM. THE MEETING WAS HELD AT 2:00 PM

CALL TO ORDER:

ITEM 1:

Roll Call:

Ken Smith, Chairman
Betty Corn - Absent
Bill Martin - Absent
Kyle Ruzicka
Jack Stewart
Larry Taylor

OTHERS PRESENT:

Larry Mitchell
Sara Hancock
Grayson Bottom

Leslie Batchelor
Amy Phillips
Mike Segler

ITEM 2:

APPROVAL OF MINUTES FROM NOVEMBER 21, 2013 MEETING

*Motion for minutes to be approved,
Pending Corrections.*

Motion – Jack Stewart

Second – Larry Taylor

Ayes- Smith, Ruzicka, Stewart, Taylor

Nays-None

ITEM 3:

REVIEW AND CONSIDERATION OF PROPOSED BUDGET FOR PROJECT PLAN

Larry Mitchell provided a map with the Project and TIF District Boundaries. The map was made according to the consensus from the November 21, 2013 Review Meetings discussions. He then stated the next step in the process will be discussing the budget. We will be trying to anticipate and estimate what the needs will be within the district for various activities with respect to the development, so we can set the budget number. This number can be amended from time to time by the City Council. Larry Taylor

asked, if this was just a recommendation to the City Council. Mr. Mitchell stated yes. Mr. Mitchell proceeded to tell the process of the budget of the Project Plan. It includes public hearings at Planning Commission and City Council meetings. Mr. Taylor clarified it does not go to the Yukon Economic Development Authority meeting. Mr. Mitchell stated, correct, however we would provide a copy of the Project Plan to the Economic Development Authority. Once the Project Plan was adopted by the Council, the Economic Development Authority would manage the day to day and month to month management of the Project Plan and budget. They will approve expenditures and review financial condition of the District.

Mr. Taylor asked when the Council would look over the operations. Mr. Mitchell stated the Council would get reports and review the budget on an annual basis. Mr. Taylor asked if Council would be able to make changes. Mr. Mitchell stated the Council can amend the budget from time to time. If there is any major expenditure, the Council will be involved in the discussion and decision making. Ken Smith asked where the initial funding source would come from. Mr. Mitchell stated as of right now, the Hotel/Motel Tax. However, in the future, the District will generate revenue.

Leslie Batchelor wanted to clarify that anything that currently requires Council approval will still require Council approval. The adoption of the Project Plan just creates framework and direction of funds from the District. It does not delegate power away from the Council. Mr. Smith wanted to clarify creation of budget is not incurring debt. Ms. Batchelor stated correct. The most important aspect of the budget is setting the maximum amount of money that can be captured from the increment and be dedicated to the project cost. If there is never any money there, nothing will ever happen.

Mr. Smith wanted to know the information source we would use to make this budget. Mr. Bottom stated there is more than the expense side of the budget. In advance to setting expenses, you have to have revenue numbers. That is what the 3 Rivers report provides to you. Mr. Mitchell stated the report summary includes a low and high estimate. We know at the start, the first phase will be developed. The unknown is how the rest of the project will develop. Mr. Taylor questioned the report and the \$151 million for the TIF area. He wanted to know if it was the total or for 1 year. It was clarified that it was the cumulative total. Mr. Taylor wanted to clarify the number represented the number in the TIF District. He was concerned it was a large amount for our City. Mr. Bottom stated our sales tax is running about \$1.7 million a month. Mr. Taylor was concerned about the difference of \$18 million a year versus the projection of \$220 million a year. Mr. Bottom clarified that he was looking at Sales vs. Sales Tax. Ms. Batchelor stated the impact study and investment numbers are based on a full buildup of the project. Until we get commitments, it is just a projection.

Mr. Smith clarified the City would be moving ahead with the

extension of Health Center Parkway regardless of having a commitment. Mr. Bottom stated correct. Ms. Batchelor stated the City is in a fortunate place to already have funds to extend Health Center Parkway. She further stated the Project Plan has goals versus commitments. Mr. Bottom discussed how the development will not be using regular rules to be bank qualified. The developers will be buying the bonds, not the bank. The only way the developer gets his money back is by developing. You cannot use bank terms in consideration of the project.

Mr. Taylor asked if we had a dollar amount. Mr. Mitchell directed everyone to the last page of the agenda. He also reminded everyone we are only capturing \$.02 in the District. A realistic number for revenue of sales tax is close to \$3 to \$3.5million. Mr. Bottom stated we want to be attainable and sustainable. Mr. Mitchell gave the number for the Frisco Road interchange as approximately \$20 million.

Mr. Stewart asked about the sales tax dedication being only \$.02. Mike Segler stated the City has a permanent dedicated sales tax of \$.02. \$.01 goes to the employees and the rainy day fund and the other \$.01 to the Capital Improvement fund. Mr. Stewart questioned the report. Mr. Mitchell stated the report is just an example. Mr. Mitchell then went back to discussing the budget. The big number of \$25 million is for public improvements. Frisco Road by itself is about \$30 million. However, a big portion of this will be paid by highway funds. Our local share is in the neighborhood of \$12 million. Health Center Parkway will be about \$2.5 million. Mr. Bottom stated Health Center Parkway should be about \$2.2 million. It will not only include the road, but water and sewer. It will not be financed through TIF finance. Another important thing about the Health Center Parkway is it will serve three businesses in the Tax Increment Finance District, without there being any debt associated with those businesses. The three businesses will be 125,000 square feet of retail space and will give to the TIF District. Mr. Taylor stated the money for Health Center Parkway had to be used. Mr. Bottom stated yes, because of loan agreement. Mr. Taylor asked, if Yukon Health Center Parkway was developed, we would have developers ready to build. Mr. Bottom stated yes. Mr. Mitchell stated even though City has money, the Health Center Parkway can be reimbursed through the TIF.

Mr. Taylor asked how much is generated yearly in the Hotel/Motel Tax. Mr. Bottom stated Hotel/Motel tax is a 5% occupancy tax and generates about \$20,000 a month. Mr. Segler stated tax is dedicated to Economic Development and Tourism.

Mr. Smith clarified we have moved from Item 3 to Item 4 on the agenda.

NO ACTION WAS TAKEN

ITEM 4: **DISCUSSION AND QUESTION**

Mr. Segler asked when Fairfield would be opening. Mr. Bottom is not sure. He is in negotiations and confident we will have a new opportunity soon. Mr. Taylor asked if it would be in TIF District. Mr. Smith asked if it had a conference center. Mr. Bottom stated conference center is important.

Mr. Smith asked if the proposed budget would be the primary focus at the next meeting. Mr. Mitchell stated he had a handout of preliminary draft. Ms. Batchelor would like to focus on budget. The proposal for consideration is \$37 million. She stated there are four categories. One category is \$25 million for Public Improvements. Mr. Smith wanted clarification that the \$37 million is not money we are fronting. Mr. Mitchell stated correct, that is money that will be collected in the district. Ms. Batchelor stated the list is made up to show items the TIF can be used to pay for. She further clarified the committee does not make commitments. Mr. Smith clarified the Council makes the decisions. Ms. Batchelor stated the decision being made is the absolute number amount the TIF District can be and what it can be spent on.

Mr. Smith likes how it is set up, but what source is used to come up with the \$37 million. Ms. Batchelor stated first we look at estimate on what the City is going to need/wish list. Mr. Taylor asked about police, fire, and garbage. Ms. Batchelor stated that we cannot use TIF money for employees or operations. Mr. Stewart asked who would own land. Ms. Batchelor stated not the City. Mr. Taylor stated the developer. He further questioned if the developer will ask the City to do the plumbing. Ms. Batchelor stated not necessarily, that could be part of negotiations. She stated our goal is to make this place where real people want to be. How that happens is still yet to be determined. Mr. Mitchell stated the Project Plan is basically building the umbrella. Ultimate goal is having the development occur. The beneficiary is the community. The new revenue generated goes to the City. Mr. Taylor asked if development does not happen, who pays for the interchange, the citizens of Yukon? Mr. Bottom stated the developers buy the bonds. They are left holding the bag, if they don't develop. Mr. Taylor clarified, not for the development, but for the interchange. Mr. Bottom restated the developers. Mr. Stewart asked, what would happen if the developer went bankrupt. Mr. Bottom restated, the developer's would be affected, not us. Mr. Smith stated there is fear in community about TIF District. He believes it would be beneficial to share as much information to public as possible. Mr. Mitchell stated we are trying to get Project Plan, so we can share with the public. Once the Review Committee makes their recommendation on a proposed Project Plan, the plan will go through a series of Public Hearings. Mr. Smith asked if there were any further questions.

Ms. Batchelor wanted to give the other categories. The second one is for Development Financing Assistance and potential land acquisition. This can be for right of ways to widening Frisco Road. This is a label

under the statute where you give financial assistance to the developer in a contract for exchange for what they do. Sometimes it is easier for the developer to do a piece of construction themselves and we reimbursed them through tax dollars over time. The third and fourth are costs for preparing and implementing plan over the next 10, 15 to 20 years with a modest contingency. Ms. Batchelor wanted to clarify the \$37 million cost in principal. The district will go away once the \$37 million plus interest is paid off.

Mr. Smith believes information has given some clarity. Mr. Smith asked, if next meeting will include making a decision. Mr. Mitchell stated hoping committee will be making a decision soon to pass on to Council. A preliminary draft was handed out. Mr. Bottom asked if we had concluded Item 3. Ms. Batchelor reminded committee that items handed out are marked draft. Nothing has been finalized and anything can be changed.

Mr. Smith notated Item 3 has been concluded with No Action Taken. Item 4 discussions and questions.

Mr. Mitchell handed out map and discussed project area that included north of I-40 and whether not to include a property in the district. Mr. Smith agreed with recommendation, but not to acquire it. Mr. Mitchell stated not acquiring, but to include it in district. Mr. Smith agreed with recommendation. Mr. Mitchell stated it would be at next meeting for consideration.

Mr. Smith would like to have nominations for Vice Chairman at next meeting. Ms. Batchelor would like to take recommendation to Planning Commission in February.

ITEM 5:**CONSIDER SELECTING AND APPROVING THE DATE AND TIME, FOR THE NEXT REVIEW COMMITTEE AND SPECIAL MEETING**

January 23, 2014 at 1:30pm was suggested.

Motion to approve Thursday, January 23, 2014 at 1:30 pm, for the next Review Committee Special Meeting.

Motion – Larry Taylor

Second – Kyle Ruzicka

Ayes – Stewart, Smith, Taylor, Ruzicka

Nays- None

ITEM 6:**ADJOURNMENT**

DRAFT

For Review and Approval
January 20, 2014



FRISCO ROAD ECONOMIC DEVELOPMENT PROJECT PLAN

PREPARED BY:

THE CITY OF YUKON, OKLAHOMA

CITY COUNCIL

**KEN SMITH – MAYOR/AT-LARGE
NICK GRBA – VICE MAYOR/WARD 1
JOHN ALBERTS – WARD 2
DONNA YANDA – WARD 3
MICHAEL MCEACHERN – WARD 4**

YUKON ECONOMIC DEVELOPMENT AUTHORITY

TRUSTEES

**RAY WRIGHT, CHAIRMAN
JOHN NAIL, VICE CHAIRMAN
JOHN ALBERTS
MIKE GEERS
TARA PETERS
KEN SMITH**

GRAYSON BOTTOM, CITY MANAGER

**LARRY MITCHELL, ECONOMIC DEVELOPMENT DIRECTOR
MICHAEL HORT, DIRECTOR OF COMMUNITY DEVELOPMENT
MICHAEL SIGLER, CITY ATTORNEY**

WITH THE ASSISTANCE OF:

CENTER FOR ECONOMIC DEVELOPMENT LAW

**LESLIE BATCHELOR, PRESIDENT
301 NORTH HARVEY, SUITE 200
OKLAHOMA CITY, OK 73102
(405) 232-4606
econlaw@econlaw.com**

FRISCO ROAD ECONOMIC DEVELOPMENT PROJECT PLAN

I. DESCRIPTION OF PROJECT

The Frisco Road Economic Development Project Plan is a project plan as defined under the Local Development Act, 62 O.S. §850, *et seq.*, and is referred to here as the “Project Plan.” The Project Plan provides the economic structure and funding to support the construction of a four ramp east-west interchange at Frisco Road and I-40, as well as the creation of an attractive viable commercial corridor south of I-40 and east of Frisco Road that is to be anchored by a limited service hotel and various commercial outlets (“Project”). The Project is being undertaken by the City of Yukon (“City” or “Yukon”) in order to achieve its key development objectives, improve the quality of life for its citizens, stimulate private investment, and enhance the tax base. In addition, the Project Plan is a critical element in creating a framework for fostering public-private agreements in order to create community developments and realize economic objectives of the City, including the continuation of the development that has occurred adjacent to the Project Area (“Project Area” is defined in Section II of this Project Plan).

A key component of the Project Plan is the encouragement of developments and amenities that improve the quality of life for the residents of Yukon. Amenities of this sort include but are not limited to a hotel within close proximity to Integris Health Center (“Health Center”) and necessary and appropriate access as well as the proper street design and layout. Support from the City for such developments and amenities can only be achieved through the financing tools and means available under the Local Development Act.

The Project will be financed from a combination of public and private sources, including apportionment of sales, use, and hotel occupancy use tax increment revenues from an increment district to be established in connection with the Project in accordance with the Local Development Act and certain funding provided pursuant to an agreement with the Oklahoma Department of Transportation for the construction the Frisco Road/I-40 interchange.

II. BOUNDARIES OF PROJECT AREA AND INCREMENT DISTRICT

The Project Area is the area in which Project activities will take place. The Increment District is designated Increment District No. 1, City of Yukon (“Increment District No. 1”) and is coextensive with the Project Area. The Project Area and Increment District No. 1 are generally described as an undeveloped area mostly south of I-40, between Garth Brooks Boulevard and Health Center Parkway on the east and Frisco Road on the west, to the city limits on the south (along N.W. 10th Street), and extending north of I-40 along Frisco Road, six hundred feet wide, for approximately a quarter of a mile, but not including the Health Center and other developed properties. The boundaries of the Project Area and Increment District are illustrated on Exhibit A and described more specifically on Exhibit B and Exhibit C.

In accordance with the legislative guideline found in 62 O.S. §852(2), areas where investment, development, and economic growth would occur anyway have been excluded.

III. ELIGIBILITY OF PROJECT AREA

The Project Area is a reinvestment area, as defined in the Oklahoma Local Development Act, 62 O.S. §853(17). A reinvestment area is one which requires public improvements, including but not limited to any transportation-related projects necessary to attract major investment in the area. The Oklahoma Department of Transportation (“ODOT”) has designated and listed the Frisco Road/I-40 interchange project on its Statewide Transportation Improvement Program. A four-ramp east-west interchange providing ingress and egress to and from Frisco Road and I-40 is a significant transportation project that is necessary to improve traffic flow within the City and create a much needed alternative route from the southwest and northwest quadrants of the City to I-40.

In the City’s process of working with ODOT to develop a plan for the Frisco Road/I-40 interchange, the City Manager has identified various traffic generators that will significantly increase the traffic on Frisco Road and require additional transportation-related projects to be located within the Project Area. The Frisco Road/I-40 interchange and other public transportation improvements are critical to the City’s ability to attract major investment in the area and to enhance the tax base.

IV. OBJECTIVES

The principal objectives of the Project and Increment District No. 1 are:

- A. The construction the Frisco Road/I-40 interchange to serve as a catalyst for retaining or expanding employment, to attract major investment in the area, and reverse economic stagnation.
- B. To preserve and enhance the tax base and make possible investment, development, and economic growth that would otherwise be difficult without the Project and the apportionment of incremental sales tax revenues.
- C. To stimulate private commitments to invest and reinvest in the Project Area.
- D. To create an attractive viable commercial center, including retail and hotel uses, to attract residents and visitors.

V. STATEMENT OF PRINCIPAL ACTIONS

Implementation actions for the Project, including all necessary, appropriate and supportive steps, will consist principally of the following:

- A. Project planning, design and approval.
- B. Coordination with the Oklahoma Department of Transportation for the planning, funding, and construction of Frisco Road/I-40 interchange.

- C. Construction and/or repair of public improvements, streets, streetscapes, utilities and other public infrastructure and facilities.
- D. Installing appropriate landscape and streetscape improvements, including lighting, signage, and sidewalks.

VI. ESTABLISHMENT OF INCREMENT DISTRICT NO. 1, CITY OF YUKON

- A. This Project Plan creates Increment District No. 1, the City of Yukon, a sales, use, and hotel occupancy tax increment district.
- B. The increment of the City's sales taxes generated by Increment District No. 1 is a portion of the City's non-dedicated sales tax attributable to investment and development within Increment District No. 1. The sales tax increment shall be ninety percent (90%) of the City's two percent (2%) non-dedicated sales tax revenues (resulting in a one and eight-tenths percent (1.8%) effective incremental tax rate), ninety percent (90%) of the City's two percent (2%) non-dedicated use tax (also resulting in a one and eight-tenths percent (1.8%) effective incremental tax rate), and ninety percent (90%) of the City's five percent (5%) hotel occupancy tax (resulting in a four and a half percent (4.5%) effective incremental tax rate) generated by commercial transactions in Increment District No. 1. Regardless of whether the City raises its sales, use, or hotel tax rates, the incremental tax rate shall remain the same for the purposes of calculating the sales tax increment generated by Increment District No. 1 may be used to pay Project Costs authorized pursuant to Section VIII of this Plan, for a period not to exceed 25 years from the effective date of Increment District No. 1, as provided by law, or the period required for payment of the Project Costs authorized pursuant to Section VIII of this Plan, whichever is less.
- C. During the period of apportionment, the apportionment fund (1) shall be available to pay Project Costs under Section VIII, (2) shall constitute special funds of the City, or, at the direction of the City, funds of the Authority, and (3) shall not be subject to annual appropriation as a part of the general fund of the City.
- D. Project Costs shall mean (1) the costs authorized to be paid by apportioned tax increments pursuant to Section VIII of this Plan and (2) additional costs necessary or appropriate to implementing this Plan authorized by Section VIII.B, which may be approved and incurred without amendment to this Plan.

VII. PROJECT AND INCREMENT DISTRICT AUTHORIZATIONS

- A. The City of Yukon is designated and authorized as the principal public entity to carry out and administer the provisions of this Project Plan and to exercise all powers necessary or appropriate thereto as provided in the Local Development Act, 62 O.S. § 854.

B. The Yukon Economic Development Authority, a public trust (“Authority”), or another public entity designated by the City pursuant to Section VI, is authorized and designated to carry out those provisions of the Project related to issuance of bonds or notes as provided in 62 O.S. §§ 854(B) and 863 of the Local Development Act, subject to approval of the governing body of the City of any specific notes or bonds. Such public entity of the City is authorized to assist in carrying out this Project Plan and to exercise all powers necessary or appropriate thereto pursuant to Sections 854, Title 62 of the Oklahoma Statutes, except for approval of this Project Plan and those powers enumerated in paragraphs 1, 2, 3, 4, 7, 13 and 16 of Section 854, Title 62. As a public entity designated by the City, the Authority, or another public entity designated by the City is authorized to: (1) issue tax apportionment bonds or notes, or both; (2) incur Project Costs, pursuant to Section VIII of this Project Plan; (3) provide funds to or reimburse the City for the payment of Project Costs and other costs incurred in support of the implementation of the Project; and (4) incur the cost of issuance of bonds for payment of such costs and to accumulate appropriate reserves, if any, in connection with them. Project Costs shall mean (a) the public costs authorized to be paid by apportioned tax increments pursuant to Section VIII of this Project Plan, and (b) costs necessary or appropriate to implement this Project Plan other than costs authorized by Section VIII, which may be authorized without amendment to this Project Plan.

C. The Executive Director of the Yukon Economic Development Authority, Larry Mitchell, his successor in office, or his designee shall be the person in charge of implementation of the Project Plan in accordance with the provisions, authorizations, and respective delegations of responsibilities contained in this Project Plan. The Executive Director, his successor in office, or his designee is authorized to empower one or more designees to exercise responsibilities in connection with Project implementation.

[TEXT CONTINUES ON NEXT PAGE]

VIII. BUDGET OF ESTIMATED PROJECT COSTS TO BE FINANCED BY TAXES APPORTIONED FROM INCREMENT DISTRICT NO. 1, CITY OF YUKON

A. The Project Costs will be financed by the apportionment of sales, use, and hotel occupancy tax increments from Increment District No. 1, the City of Yukon. The Project Costs categories are:

PROJECT COSTS

PUBLIC IMPROVEMENTS **\$25,000,000**

Including specifically but not limited to:

Transportation Improvements

(e.g., the local share of the I-40 interchange at Frisco Road, widening Frisco Road, extending Health Center Parkway, constructing other roads within the Project Area, etc.)

Other Infrastructure Improvements,

(e.g., water system, sanitary sewer, storm drainage, sidewalks, utility relocation, etc.)

Public Amenities

(e.g., streetscapes, landscaping, lighting, water features, parks and other public spaces, etc.)

DEVELOPMENT FINANCING ASSISTANCE AND LAND ACQUISITION **\$10,000,000**

Including specifically but not limited to:

Acquisition of right-of-way or other land for public use, assistance for business location, relocation, expansion, or tenant improvements, and job creation

PROJECT IMPLEMENTATION **\$ 1,000,000**

Including specifically but not limited to:

Preparation of the Project Plan, implementation, planning, design, market studies, surveys, legal, engineering, direct administrative costs, organizational costs, and annual reporting

CONTINGENCY **\$ 1,000,000**

TOTAL PROJECT COSTS: **\$37,000,000**

Plus financing costs, costs of issuance, necessary or appropriate reserves, and interest on repayment of Project Costs.

A. Additional Project Costs.

Additional costs necessary or appropriate to implement this Project Plan that are to be financed by other than apportioned sales tax increments may be approved by the City at any time. The provisions of this Section VIII are not a limitation on Project Costs to be financed by other than apportioned sales tax increments.

B. Public Facilities Project Costs.

The Public Improvements Project Costs include improvements that may be funded in part by assistance in development financing to the redeveloper. The City of Yukon may elect to fund these public improvements through assistance in development financing as a means of ensuring the seamless nature and ease of construction of the entire Project. Upon completion of the construction of these public improvements, they shall be purchased by the City of Yukon and title shall be in the name of the City of Yukon.

IX. FINANCING REVENUE SOURCES

A. Financing Authorizations.

The implementation of the Project Plan shall be financed in accordance with financial authorizations, including both fund and asset transfers, authorized from time to time by the City Council.

B. Financing Revenue Sources.

The revenue sources expected to finance Project Costs authorized by Section VIII are the portion of the increments attributable to investment and development within Increment District No. 1. Project Costs will be paid by the City and/or the Authority.

C. Financial Reports and Audits.

The redevelopment activities undertaken by the City, pursuant to this Project Plan, shall be accounted for and reported by the appropriate and necessary annual fiscal year audits and reports.

D. Other Necessary and Supporting Costs.

The Authority, or another public entity designated by the City pursuant to Section VI, is authorized to issue bonds and notes and to apply for and obtain grants from other sources for costs incurred or to be incurred in connection with the project and the construction of improvements therein in addition to Project Costs to be financed pursuant to Section VIII.

X. PRIVATE AND PUBLIC INVESTMENTS EXPECTED FOR THE PROJECT

A. Estimated Private and Public Investments in the Project and Increment District No. 1.

The total estimated private investment is approximately \$75 Million, in addition to an estimated \$60 Million in aggregate public investment, including the Federal portion of the interchange construction. Private investment in the area is expected to consist of new retail, office and other commercial development, including hotel, and new business development. Public investment will include infrastructure improvements, landscape and streetscape improvements.

B. Estimated Public Revenue from the Project and Increment District No. 1.

The estimated incremental increases in sales tax revenue, which will serve as the revenue source for financing the Project Costs authorized by Section VIII, is the public revenue directly attributable to the Project defined by establishment of Increment District No. 1. Both the City and the State will experience increases in sales tax revenues that are not a part of the increment. Ad valorem taxing entities will experience additional revenues from increasing values near and adjacent to the Project.

Incremental sales tax revenues are estimated to range between \$300,000.00 annually in the near term and \$3,000,000.00 annually over the longer term. The development anticipated by the Redevelopment Agreement will not result in a measurable increase in demand for services by or in costs to the City of Yukon, whose public sector costs will be substantially defrayed from apportioned sales tax increments. The public revenue anticipated includes increased tax revenue both inside and outside the Increment District. The economic benefits of the Project Plan for the City as the affected taxing jurisdiction indicate positive financial impacts for the community as a whole. The aggregate impacts on the City from implementation of the Project Plan are positive and include the achievement of the objectives set forth in Section IV.

XI. FINANCING PLAN

The proposed private redevelopment will generate tax increments necessary to pay authorized public costs of the Project. Without the proposed public assistance, significant redevelopment within the area would not occur. The establishment of Increment District No. 1 will provide for funding of certain Project Costs to be paid by the City and the Authority. The financing of the projected private redevelopment in the area will be provided by private equity and private mortgage financing, secured by the private redevelopments.

XII. LAND USE

Existing uses and conditions of real property in the Project Area are shown on the map attached as Exhibit D. The proposed improvements to and the proposed uses of the real property in the Project Area are shown on Exhibit E.

XIII. MISCELLANEOUS PROVISIONS

No changes in zoning are required to accommodate this Project. This Project Plan complies with the objectives and priorities of the Comprehensive Plan of the City of Yukon, as amended.

DRAFT

Exhibit A

Project Area and Increment District

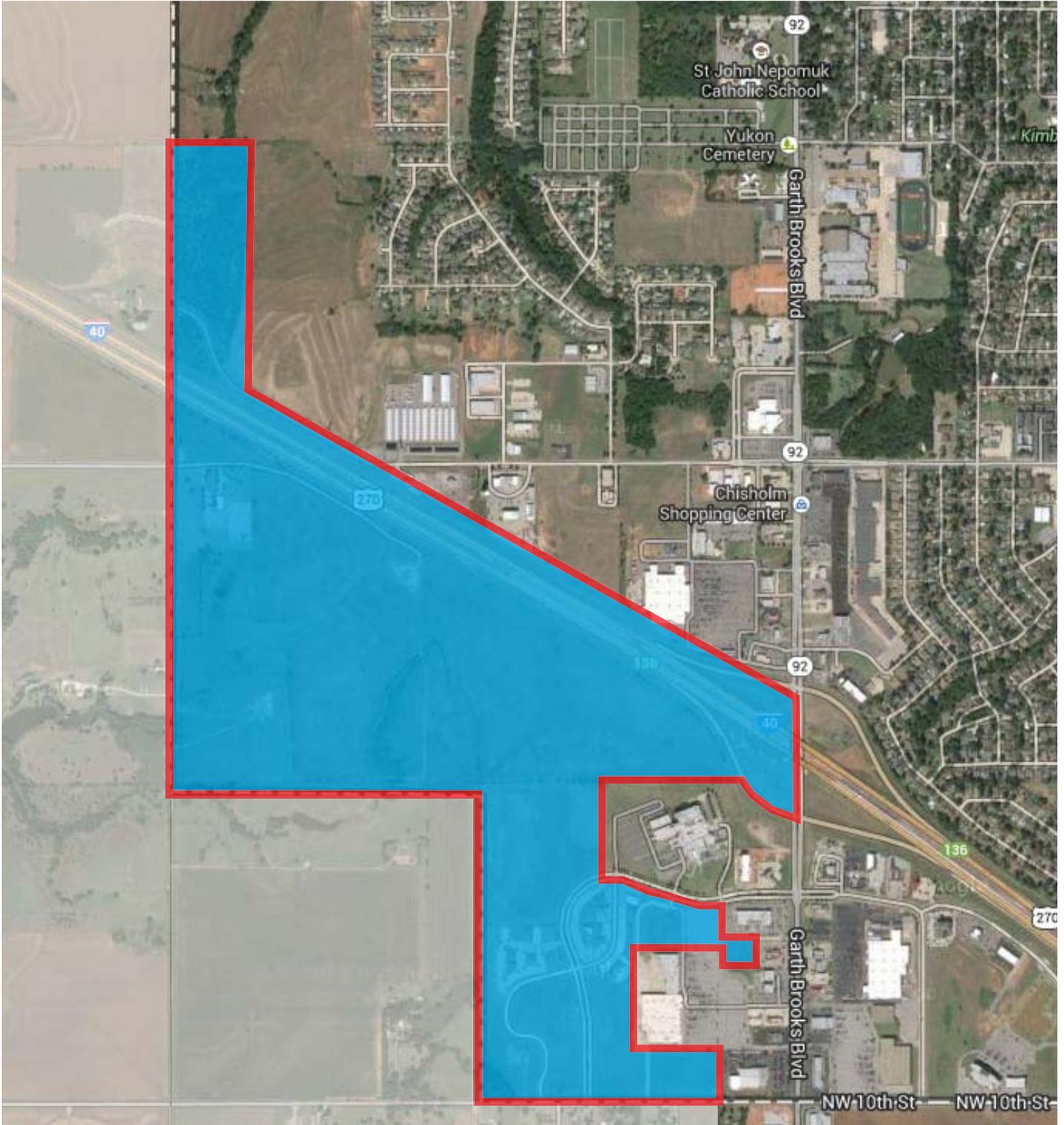
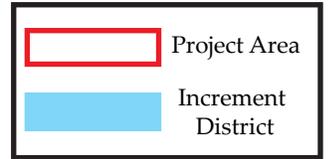


EXHIBIT B

Frisco Road/Interstate 40 Interchange Economic Development Project Plan Area Description

Beginning at the intersection of the west jurisdictional boundary the City of Yukon and the north boundary of the southwest quarter (SW ¼) of Section 19 of Township 12 North, Range 5 West, **Point of Beginning**; thence east along the north boundary line of the southwest quarter (SW ¼) of Section 19 of Township 12 North, Range 5 West a distance of six hundred feet, (600') to a point; thence south (S 0° 00' 00" E) to the north right-of-way of Interstate 40: thence easterly along the north right-of-way of Interstate 40 to the intersection of the east right-of-way of Garth Brooks Boulevard; thence southerly along the east right-of-way of Garth Brooks Boulevard to the intersection of the south jurisdictional boundary of the City of Yukon; thence westerly along the south jurisdictional boundary of the City of Yukon to the intersection of the west jurisdictional boundary of the City of Yukon; thence northerly along the west jurisdictional boundary of the City of Yukon to the intersection of the south jurisdictional boundary of the City of Yukon; thence westerly along the south jurisdictional boundary of the City of Yukon to the intersection of the west jurisdictional boundary of the City of Yukon; thence north along the west jurisdictional boundary of the City of Yukon to the **Point of Beginning**.

Less and Except, Lots 1, 2-A, 2-C, and 3 of Block 1 of the plat of Yukon Parkway West subdivision recorded among the land records maintained by the Office of the Canadian County Clerk in Plat Book 8, Page 228; and

Less and Except, Lots 1, 2-A2, 3, 5, and 6 of Block 1 of the plat of Yukon Village subdivision recorded among the land records maintained by the Office of the Canadian County Clerk in Plat Book 9, Pages 203 and 204; and

Less and Except, Lots 2, and 3 of Block 1 of the plat of Yukon Parkway West Phase IV subdivision recorded among the land records maintained by the Office of the Canadian County Clerk in Plat Book 8, Page 339; and

Less and Except, Lot 3 of the plat of Yukon Parkway West Phase III subdivision recorded among the land records maintained by the Office of the Canadian County Clerk in Plat Book 8, Page 316.

EXHIBIT C

Frisco Road/Interstate 40 Interchange Economic Development Project Plan Increment District Description "Increment District No. 1"

Increment District No. 1 is exactly the same as the Project Area and is described as beginning at the intersection of the west jurisdictional boundary the City of Yukon and the north boundary of the southwest quarter (SW ¼) of Section 19 of Township 12 North, Range 5 West, **Point of Beginning**; thence east along the north boundary line of the southwest quarter (SW ¼) of Section 19 of Township 12 North, Range 5 West a distance of six hundred feet, (600') to a point; thence south (S 0° 00' 00" E) to the north right-of-way of Interstate 40: thence easterly along the north right-of-way of Interstate 40 to the intersection of the east right-of-way of Garth Brooks Boulevard; thence southerly along the east right-of-way of Garth Brooks Boulevard to the intersection of the south jurisdictional boundary of the City of Yukon; thence westerly along the south jurisdictional boundary of the City of Yukon to the intersection of the west jurisdictional boundary of the City of Yukon; thence northerly along the west jurisdictional boundary of the City of Yukon to the intersection of the south jurisdictional boundary of the City of Yukon; thence westerly along the south jurisdictional boundary of the City of Yukon to the intersection of the west jurisdictional boundary of the City of Yukon; thence north along the west jurisdictional boundary of the City of Yukon to the **Point of Beginning**.

Less and Except, Lots 1, 2-A, 2-C, and 3 of Block 1 of the plat of Yukon Parkway West subdivision recorded among the land records maintained by the Office of the Canadian County Clerk in Plat Book 8, Page 228; and

Less and Except, Lots 1, 2-A2, 3, 5, and 6 of Block 1 of the plat of the Yukon Village recorded among the land recorders maintained by the Office of the Canadian County Clerk in Plat Book 9, Pages 203 and 204; and

Less and Except, Lots 2, and 3 of Block 1 of the plat of Yukon Parkway West Phase IV subdivision recorded among the land records maintained by the Office of the Canadian County Clerk in Plat Book 8, Page 339; and

Less and Except, Lot 3 of the plat of Yukon Parkway West Phase III subdivision recorded among the land records maintained by the Office of the Canadian County Clerk in Plat Book 8, Page 316.

Exhibit D Existing Uses and Conditions Project Area

- Project Area
- Vacant Property
- Residential
- Industrial
- Commercial

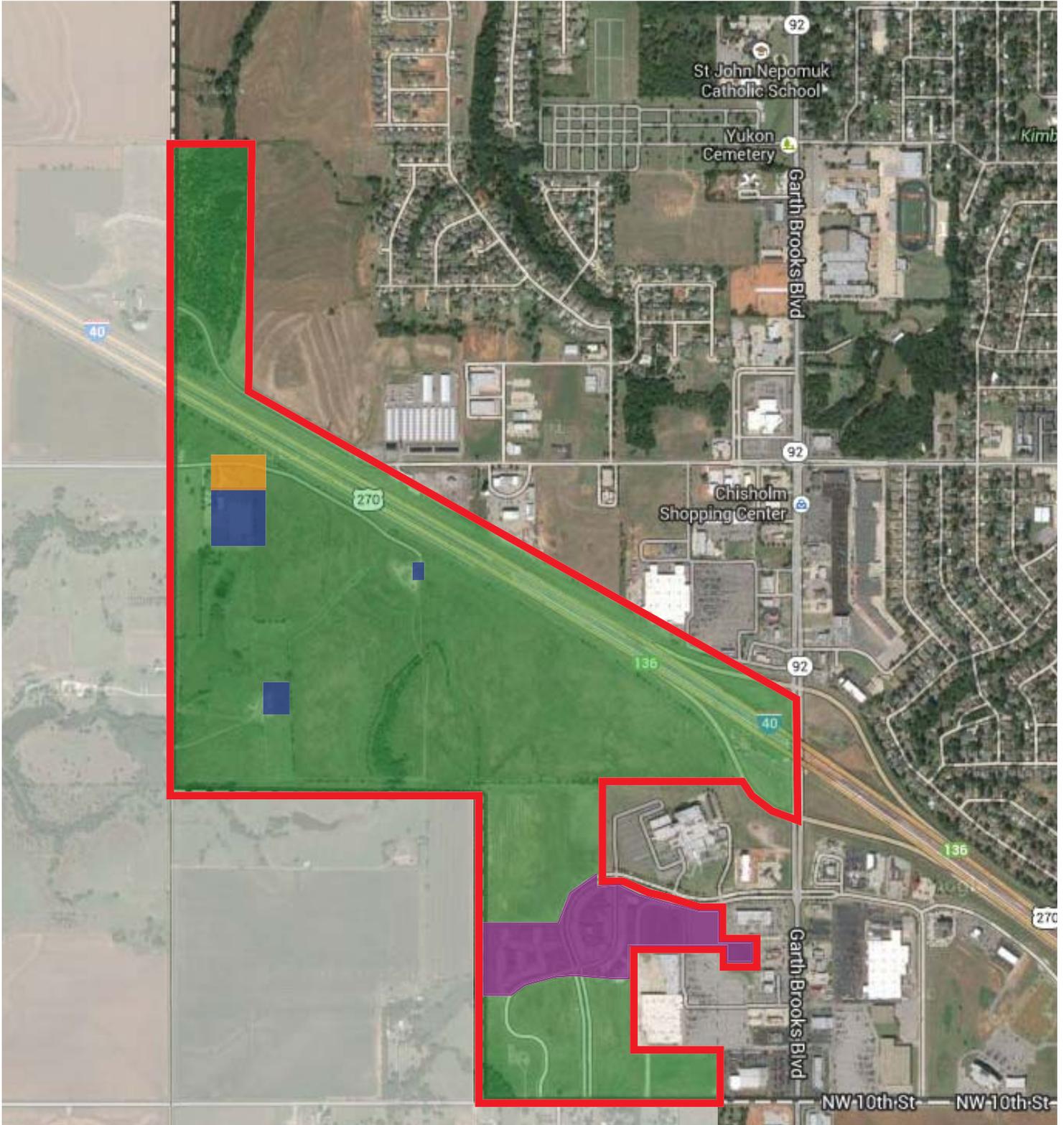
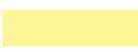
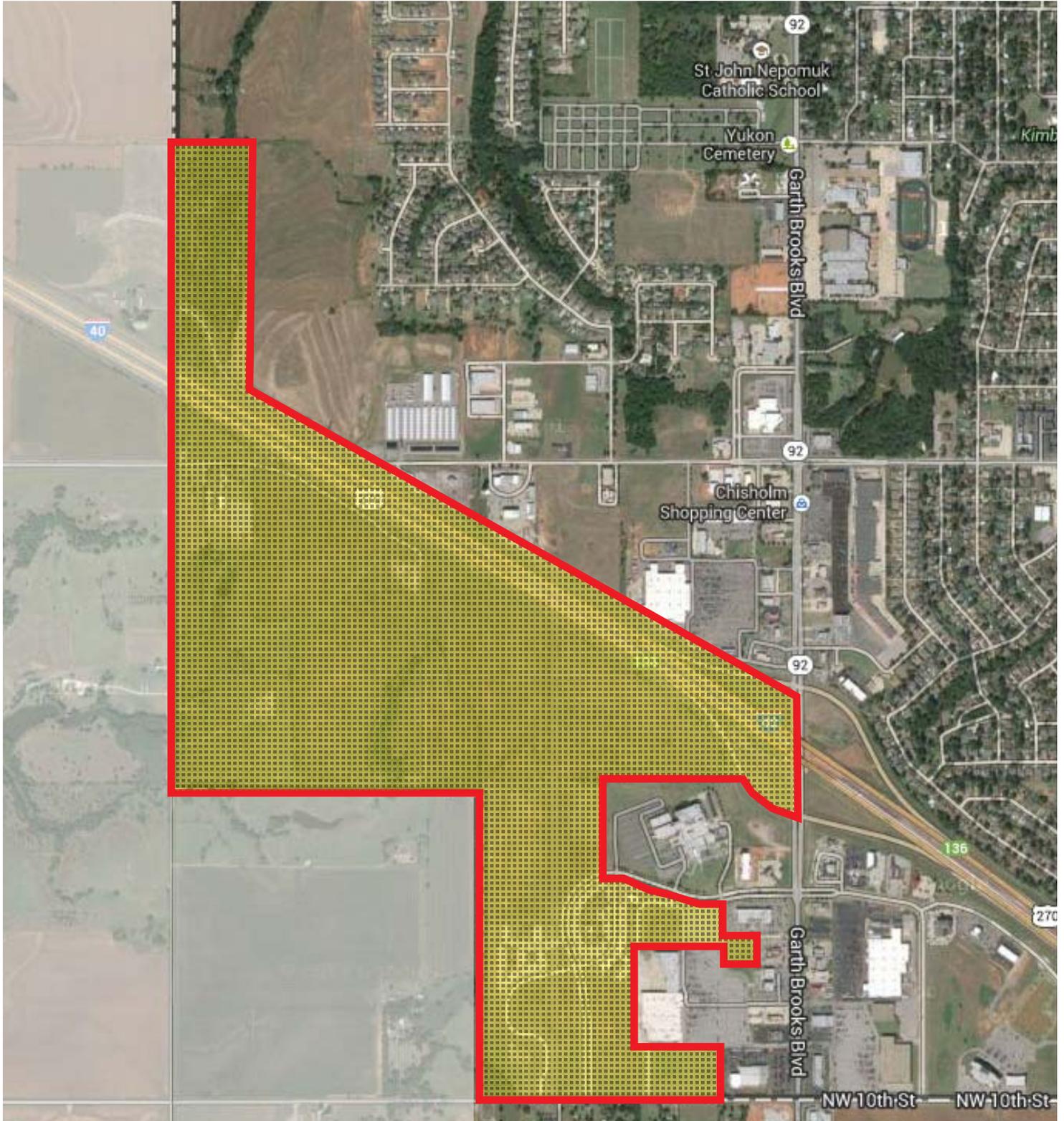


Exhibit E

Proposed Improvements and Proposed Uses within Project Area

-  Project Area
-  Retail/Mixed-Used Projects
-  Public Improvements and Amenities





FRISCO ROAD ECONOMIC DEVELOPMENT PROJECT PLAN
ELIGIBILITY REPORT

PREPARED BY:

THE CITY OF YUKON, OKLAHOMA

CITY COUNCIL

KEN SMITH – MAYOR/AT-LARGE
NICK GRBA – VICE MAYOR/WARD 1
JOHN ALBERTS – WARD 2
DONNA YANDA – WARD 3
MICHAEL MCEACHERN – WARD 4

GRAYSON BOTTOM, CITY MANAGER
LARRY MITCHELL, ECONOMIC DEVELOPMENT DIRECTOR
MICHAEL HORT, COMMUNITY DEVELOPMENT DIRECTOR
MICHAEL SIGLER, CITY ATTORNEY

WITH THE ASSISTANCE OF:



**CENTER FOR ECONOMIC
DEVELOPMENT LAW**

301 NORTH HARVEY, SUITE 200
OKLAHOMA CITY, OK 73102
(405) 232-4606

DESCRIPTION OF PROJECT

The Frisco Road Economic Development Project Plan (“Project Plan”) provides the economic structure and funding under the Local Development Act, 62 O.S. §850, *et seq.* for the local share of the construction of a four ramp, east-west interchange at Frisco Road and I-40, as well as the public costs associated with the creation of an attractive, viable commercial corridor south of I-40 and east of Frisco Road that is to include a hotel-conference center and numerous commercial establishments (“Project”).

BOUNDARIES OF PROJECT AREA AND INCREMENT DISTRICT

The Project Area is the area in which Project activities will take place. The Increment District is designated Increment District No. 1, City of Yukon (“Increment District No. 1”) and is coextensive with the Project Area. The Project Area and Increment District No. 1 are generally described as an undeveloped area mostly south of I-40, between Garth Brooks Boulevard and Health Center Parkway on the east and Frisco Road on the west, to the city limits on the south (along N.W. 10th Street), and extending north of I-40 along Frisco Road, six hundred feet wide, for approximately a quarter of a mile, but not including the Health Center and other developed properties.

More specifically, the Increment District No. 1 is exactly the same as the Project Area and is described as beginning at the intersection of the west jurisdictional boundary the City of Yukon and the north boundary of the southwest quarter (SW ¼) of Section 19 of Township 12 North, Range 5 West, **Point of Beginning**; thence east along the north boundary line of the southwest quarter (SW ¼) of Section 19 of Township 12 North, Range 5 West a distance of six hundred feet, (600’) to a point; thence south (S 0° 00’ 00” E) to the north right-of-way of Interstate 40; thence easterly along the north right-of-way of Interstate 40 to the intersection of the east right-of-way of Garth Brooks Boulevard; thence southerly along the east right-of-way of Garth Brooks Boulevard to the intersection of the south jurisdictional boundary of the City of Yukon; thence westerly along the south jurisdictional boundary of the City of Yukon to the intersection of the west jurisdictional boundary of the City of Yukon; thence northerly along the west jurisdictional boundary of the City of Yukon to the intersection of the south jurisdictional boundary of the City of Yukon; thence westerly along the south jurisdictional boundary of the City of Yukon to the intersection of the west jurisdictional boundary of the City of Yukon; thence north along the west jurisdictional boundary of the City of Yukon to the **Point of Beginning**.

Less and Except Lots 1, 2-A, 2-C, and 3 of Block 1 of the plat of Yukon Parkway West subdivision recorded among the land records maintained by the Office of the Canadian County Clerk in Plat Book 8, Page 228; and

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Less and Except Lots 2, and 3 of Block 1 of the plat of Yukon Parkway West Phase IV subdivision recorded among the land records maintained by the Office of the Canadian County Clerk in Plat Book 8, Page 339; and

Less and Except Lot 3 of the plat of Yukon Parkway West Phase III subdivision recorded among the land records maintained by the Office of the Canadian County Clerk in Plat Book 8, Page 316.

In accordance with the legislative guideline found in 62 O.S. §852(2), areas where investment, development, and economic growth would occur anyway have been excluded.

STATUTORY REQUIREMENTS

In order to establish a tax increment district, the Local Development Act requires the City of Yukon (“City”) adopt an ordinance that contains a finding that the proposed Project Area or Increment District meets one of the following criteria:

- (1) Is a reinvestment area.
- (2) Is a historic preservation area.
- (3) Is an enterprise area, or
- (4) Is a combination of the areas specified in divisions (1), (2) and (3) of this subparagraph.

62 O.S. §856(B)(4)(a).

Neither the Project Area nor the Increment District is located within a historic preservation area or an enterprise area. Therefore, the only potential ground for eligibility for the Project Area and Increment District is as a reinvestment area. 62 O.S. §853(17) defines “reinvestment area” as:

any area located within the limits of a city, town or county requiring public improvements, including but not limited to transportation-related projects identified by any transportation authority pursuant to Section 1370.7 of Title 68 of the Oklahoma Statutes, to reverse economic stagnation or decline, to serve as a catalyst for retaining or expanding employment, to attract major investment in the area or to preserve or enhance the tax base or in which fifty percent (50%) or more of the structures in the area have an age of thirty-five (35) years or more. Such an area is detrimental to the public health, safety, morals or welfare. Such an area may become a blighted area because of any one or more of the following factors: dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; abandonment; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land use or layout; depreciation of physical maintenance;

and lack of community planning. Such an area includes a blighted area as defined in Section 38-101 of Title 11 of the Oklahoma Statutes at the time of approval of the project plan. (Emphasis added.)

The statutory definition of a reinvestment area under the Oklahoma Local Development Act is satisfied due to the Oklahoma Department of Transportation designating and listing the Frisco Road-Interstate 40 interchange project on its Statewide Transportation Improvement Program. In addition, the City through the City Manager's Office, has identified five traffic generators that will significantly contribute to the need for the development of the Frisco Road-Interstate 40 interchange, as well as other public improvements and transportation-related projects in the Project Area and/or Increment District. The five primary traffic generators are:

1. I-40 Retail Development – Proposed retail development to be constructed just west of Integris Regional Hospital and south of Interstate 40. The retail development will consist of approximately 750,000 square feet and create approximately 1,000 new jobs.
2. Hotel/Conference Center – Completion of the Health Center Parkway is necessary to support a proposed 135 room hotel with a 20,000 square foot conference center, an assisted living/memory center, and a limited service hotel.
3. Frisco Ridge Residential Development – The City of Yukon recently approved a preliminary plat for 280 residential lots, which will add approximately 500 additional cars using Frisco Road on a daily basis.
4. Regional Sports Complex – The City of Yukon contemplates building a state-of-the-art regional sports complex along Frisco Road and adjacent to the Project Area. The facilities will include several lighted playing fields for various sports and activities, and will host regional events that attract participants and visitors from surrounding states.
5. Future Light Industrial Activity – The City of Yukon contemplates light industrial development of the area north of Interstate 40 and west of Frisco Road (adjacent to the Project Area) due to the area's proximity to Interstate 40, rail transportation, and airport facilities.

Furthermore, the Project Area and Increment District meet other criteria for a reinvestment area. First, the Project will expand and enhance employment in the Project Area and serve as a catalyst to expand employment in the surrounding area and communities. Second, the Project will enhance both the ad valorem and sales tax bases in the Project Area. Significantly, the Project provides for an increase of retail opportunities and a hotel-conference center, both producing sales taxes that are the primary funding source for municipalities in the state of Oklahoma.

CONCLUSION

Based upon the analysis above, the proposed Project Area and Increment District clearly meet the Local Development Act's requirement that they are a reinvestment area within the meaning of the statute.

**FRISCO ROAD ECONOMIC DEVELOPMENT PROJECT REVIEW COMMITTEE
RESOLUTION NO. 2014-01**

A RESOLUTION MAKING CERTAIN FINDINGS REGARDING THE ELIGIBILITY OF THE PROPOSED PROJECT AREA AND INCREMENT DISTRICT; MAKING CERTAIN FINDINGS REGARDING THE FINANCIAL IMPACT ON THE AFFECTED TAXING JURISDICTIONS WITHIN THE PROPOSED PROJECT AREA AND INCREMENT DISTRICT; AND RECOMMENDING APPROVAL OF THE FRISCO ROAD ECONOMIC DEVELOPMENT PROJECT PLAN, INCLUDING THE CREATION OF INCREMENT DISTRICT NO. 1, CITY OF YUKON

WHEREAS, the Frisco Road Economic Development Project Review Committee (“Review Committee”) has reviewed the proposed Frisco Road Economic Development Project Plan (“Project Plan”), which would establish Increment District No. 1, the City of Yukon, (“Increment District”), and such other information as deemed relevant; and

WHEREAS, the proposed Project Area and Increment District No. 1 comply with the statutory definition of a “reinvestment area” under the Local Development Act (62 O.S. § 853(17)); and

WHEREAS, investment, development, and economic growth are difficult, but possible, within the proposed Project Area and Increment District if the provisions of the Local Development Act are utilized; and

WHEREAS, tax increment financing is a necessary component in stimulating investment in the proposed Project Area and Increment District; and

WHEREAS, tax increment financing will be used to supplement and not supplant or replace normal public functions and services in the proposed Project Area and Increment District; and

WHEREAS, tax increment financing will be used in conjunction with existing programs and efforts and other locally implemented economic development efforts; and

WHEREAS, the Project Plan emphasizes conservation, preservation, and rehabilitation; and

WHEREAS, the anticipated private development will generate sales tax increments sufficient to pay a substantial portion of the authorized project costs of the project proposed by the Project Plan; without the Project Plan and Increment District, the development described in the Project Plan and the resulting increases in tax revenues would not occur; and

WHEREAS, the development anticipated to be stimulated by the Project Plan will not result in a substantial increase in demand for services by or in costs to the City of Yukon, the only affected taxing entity, whose public sector costs will be offset by increased sales, use, and hotel tax revenues from the project, only some of which are apportioned; and

WHEREAS, the public revenue anticipated to result from the development described in the Project Plan includes increased tax revenue both inside and outside the Increment District; and

WHEREAS, the economic benefits of the Project Plan for the affected taxing jurisdiction and the community as a whole offset the adverse financial impacts, if any, of the Project Plan on the affected taxing jurisdiction; and

WHEREAS, the aggregate impacts on the affected taxing jurisdiction from implementation of the Project Plan are positive and include the achievement of the objectives set forth in Section IV of the Project Plan.

WHEREAS, the findings herein demonstrate that the proposed Project Area and Increment District meet the conditions for eligibility; and

WHEREAS, the findings herein demonstrate that the financial impacts on the affected taxing jurisdiction from implementation of the Project Plan are positive; and

WHEREAS, the findings herein demonstrate that approval of the Project Plan is appropriate.

NOW, THEREFORE, BE IT RESOLVED by the Frisco Road Economic Development Project Review Committee that approval of the proposed Frisco Road Economic Development Project Plan, including creation of the proposed Increment District No. 1, City of Yukon, is hereby recommended.

ADOPTED by the Frisco Road Economic Development Project Review Committee this ____ day of _____, 2014, and **SIGNED** by its Chairperson.

APPROVED:

CHAIRPERSON

I, _____, Secretary of the Frisco Road Economic Development Project Review Committee, certify that the foregoing resolution was duly adopted at a special meeting of the Frisco Road Economic Development Project Review Committee, held at Centennial Building, 12 South 5th Street in Yukon, Oklahoma, on the ____ day of _____, 2014; that said meeting was held in accordance with the Open Meeting Act of the State of Oklahoma; that any notice required to be given of such meeting was properly given; that a quorum was present at all times during such meeting; and that said resolution was adopted by a majority of those present.

SECRETARY