



City of Broken Arrow

City Hall
220 S 1st Street
Broken Arrow OK
74012

Minutes Broken Arrow Economic Development Authority

Chairperson Debra Wimpee
Vice Chair Christi Gillespie
Trustee Johnnie Parks
Trustee Lisa Ford
Trustee Justin Green

Tuesday, March 19, 2024

Council Chambers

1. Call to Order

Vice Chair Christi Gillespie called the meeting to order at approximately 7:29 p.m.

2. Roll Call

Present: 4 - Justin Green, Lisa Ford, Johnnie Parks, Christi Gillespie
Absent: 1 - Debra Wimpee

3. Consideration of Consent Agenda

- A. 24-100 Approval of the Broken Arrow Economic Development Authority Meeting Minutes of March 5, 2024
 - B. 24-407 Approval of and authorization to execute Budget Amendment Number 26 for Fiscal Year 2024
 - C. 24-290 Notification of the Aspen Ridge Development February 2024 Update
 - D. 24-370 Ratification of the Claims List Check Register Dated March 11, 2024
- Vice Chair Gillespie asked if there were any items to be removed from the Consent Agenda. There were none.

MOTION: A motion was made by Lisa Ford, seconded by Justin Green.

Move to approve the Consent Agenda

The motion carried by the following vote:

Aye: 4 - Justin Green, Lisa Ford, Johnnie Parks, Christi Gillespie

4. Consideration of Items Removed from Consent Agenda

There were no Items removed from the Consent Agenda; no action was taken or required.

5. Public Hearings, Appeals, Presentations, Recognitions, Awards

There were no public hearings, appeals, presentations, recognitions, or awards.

6. General Authority Business

- A. 24-394 Consideration, discussion and possible approval and execution of Broken Arrow Economic Development Authority (BAEDA) Resolution No. 1565, a Resolution approving, authorizing, ratifying and accepting in all respects a Contract for Sale of Real Property for real property containing approximately 37.9 acres located at Aspen Creek Drive Broken Arrow, Oklahoma and more particularly described in Exhibit A attached hereto and incorporated by reference (the "Real Property") in accordance with the terms of a certain Contract for Sale of Real Estate by and between the BAEDA and Sig-Broken Arrow, LTD; Approving and Authorizing purchase of the real property pursuant to the Contract for Sale of Real Estate; and authorizing the BAEDA's expenditure of the sum of \$7,000,000.00 to effect such purchase, as well as reasonable and necessary costs and the sum of \$20,000.00 in earnest money; designating representatives of the BAEDA, for purposes of granting certain approvals and

executing certain instruments as required under and in connection with said assignment and contract for sale of real estate; and containing other provisions relating thereto and ratification of the Purchase and Sales Agreement

Assistant Manager of Administration Norm Stephens reported the Shops at Aspen Creek agreement was signed in October of 2012. He explained this agreement was to put the Warren Theater in, along with a large amount of retail. He noted during this time, numerous conversations between City Staff, Councilmembers, and the developer, were held and this land did not develop in a manner anyone was pleased with. He stated conversations continued and at ICS in May of 2023, the City learned the developer had entered into an agreement with one of the very best commercial brokers in the region. He reported in May of 2023, the Signorelli Company wished to speak with the City about assistance from the Authority to make the items signed by the commercial broker a reality. He stated very little, or no development of any size was being done anywhere without a public-private partnership. He stated even though there had been significant investment in the past, in order to move forward it would require a partnership such as this. He stated in the course of the summer and into early fall 2023 negotiations continued but it became clear the amount of money the landowner would seek from the Authority was beyond reasonable and the negotiations ended with the landowner. He stated the City still wished to make this a successful project, however. He indicated he had many conversations, as did City Manager Spurgeon and Economic Development Director Rush, with the commercial broker, as well as respected people in the industry, and it was concluded the only way to move this project forward would be for the City to control the land. He stated the City began negotiations with Signorelli regarding the purchase of the land. He stated during the beginning of 2024, an offer to purchase 41.43 acres was made. He displayed a map showing where these 41.43 acres were located. He indicated the purchase price offer was \$7 million dollars; however, this offer was not accepted. He stated the agreement finally settled upon was to purchase 37.9 acres for \$7 million dollars. He displayed a map showing where the 37.9 acres were located. He stated the City was in the process of doing a survey and phase 1 appraisals and other due diligence. He reported it was not the intention of the Authority to own land long term; the intention was for the Authority to enter into an Economic Development Agreement for which negotiations would begin if this were approved with the commercial broker of the property. He stated he hoped to bring this before BAEDA in May 2024. He stated the 37.9 acres would be divided into 3 phases; in the first phase, the broker had Letters of Intent for 160,000 square feet from national tenants, all of it retail. He stated full buildout of phase 1 anticipated total sales of approximately \$41.1 million dollars annually which would bring in sales tax of approximately \$1,455,500 dollars annually. He stated once phase 2 was completed, it would bring in \$25 million dollars annually which would be \$887,500 dollars in annual sales tax. He noted these were estimates only. He stated phase 3 anticipated total sales of \$10 million dollars which would bring in \$355,000 dollars in sales tax annually. He stated if this project achieved its anticipated results, the City would recuperate the funds used to purchase the property and for economic development incentives in approximately 10 years. He noted in his opinion, without a funding mechanism and the involvement of the City, this property would remain undeveloped for the next five to ten years. He stated the only way to be successful in this development was with a public-private partnership and the best first step was for the City to gain control of this property.

Vice Chair Gillespie asked if Mr. Stephens could share the names of the retailers who signed LOIs.

Mr. Stephens responded in the negative. He stated the names of the retailers could not be shared until the contracts were completed; at this point only LOIs had been signed.

City Manager Spurgeon stated the retailers were all national retailers.

Trustee Johnnie Parks stated Staff did an excellent job putting this together. He stated he was

not in favor of the Agreement, but he appreciated City Staff's efforts. He stated he understood the City would make money through sales tax with this project. He stated he knew some of the names of the businesses, and he was excited to have the retailers come to south Broken Arrow. He stated he objected to this Agreement as it would set a precedent for the City purchasing land. He stated he did not object to a public-private partnership, but he did object to the City using public dollars to purchase private property. He stated this project would be good for south Broken Arrow and would be good for the residents in the area, but he did not agree with the precedent this would set. He stated spending millions of dollars for infrastructure he fully supported but purchasing the land and partnering with an entity for hopefully a short period of time he did not agree with.

Vice Chair Gillespie stated the idea of government owning private property did not sit well with her either. She asked if the current landowner kept the property and kept the original sales tax agreement, what would the landowner make.

Mr. Stephens responded the landowner would have made \$3,250,000 dollars over a 15 year period.

Vice Chair Gillespie asked how much money the landowner already made from the sales tax agreement.

City Manager Spurgeon responded the landowner made approximately \$1 million dollars.

Vice Chair Gillespie stated ultimately the City would have given the landowner another \$2.2 million dollars if the property was fully developed.

Mr. Stephens stated the Warren Theater, and the small strip center would remain in the sales tax agreement until 2027.

Vice Chair Gillespie stated she was trying to look at the bigger picture because she understood with current interest rates it was very difficult to purchase land. She stated potentially if the land was purchased by a business or private person, even more incentives might be needed to move the project forward. She asked if phase 1 was the biggest phase.

City Manager Spurgeon responded in the affirmative; 22.8 acres would be developed.

Vice Chair Gillespie asked about the land in the middle of the acreage.

Mr. Stephens responded the land in the middle of the acreage was the creek, a blue line creek.

Trustee Lisa Ford indicated she liked the creek in this location as it provided a buffer to the residential area as well.

Mr. Stephens stated there had never been a time when the City was not trying to negotiate something to move forward with the Shops but was unsuccessful.

Vice Chair Gillespie stated she understood and felt this was the best option at this time.

Trustee Justin Green agreed and stated the City could only do its best on behalf of the City and the Citizens.

Vice Chair Gillespie stated the Citizens would be excited if this project moved forward.

City Manager Spurgeon stated he shared the same concerns as the Trustees. He stated if there was not a national lineup coming in for Phase 1, he would not be making this

recommendation. He stated he was confident in this lineup. He stated the person the City was dealing with in this Economic Development Agreement had done construction and projects in the City of Broken Arrow and did quality work. He stated the City looked into the possibility of creating a TIF District and he felt the City would recuperate its monies more quickly with this Agreement. He stated as the City was blessed to be able to purchase the land, and based on the return, and the City being able to get its funds back, this was a good Agreement. He stated his goals were to get the residents in south Broken Arrow the same access to the same businesses and services as the rest of the City and he believed this Agreement would achieve this goal; his second goal was not to incur any additional City debt; and third was to collect sales tax directly to use to provide quality of life services to the Citizens of Broken Arrow. He stated he believed this Agreement was the best approach.

Vice Chair Gillespie asked where the funding for the land purchase would originate.

City Manager Spurgeon indicated the City appropriated funds annually into economic development and generally speaking the funds originated from the economic development fund balance. He stated some of the funds were left over from CARES Act funds which the City was able to use for a one time purchase of property. He stated the funds would be replaced into the fund balance gradually through the collection of sales tax.

Vice Chair Gillespie stated many cities had to use the CARES Act funds to replenish poor sales tax collection, but Broken Arrow did not have this difficulty, so it was able to keep some of these funds in a fund balance.

MOTION: A motion was made by Lisa Ford, seconded by Justin Green.

Move to approve Resolution No. 1565

The motion carried by the following vote:

Aye:	3 -	Justin Green, Lisa Ford, Christi Gillespie
Nay:	1 -	Johnnie Parks

7. Remarks and Inquiries by Governing Body Members

There were no remarks or inquiries by Governing Body Members.

8. Remarks and Updates by City Manager and Staff

City Manager Spurgeon stated he appreciated Ms. Trent asking her questions about the Amphitheater contingency plans. He stated he would like to bring the promoter in to meet City Council during an informal reception or City Council Meeting. He indicated it was important to make sure everyone understood the deliverables in the contract, especially as related to emergency management and public safety services. He noted the Amphitheater would be responsible for emergency management and public safety, but would be working in concert with the City, Police, and Fire in this regard. He stated there was no intention of ever making this area anything other than an amazing recreation area for the Community. He discussed the various festivals and events which the City hosted in the Events Park noting it was an economic development driver and would remain as such. He noted ScotFest would be held in Central Park this year during the Amphitheater construction.

Trustee Ford agreed it was important to keep residents and visitors safe, and occasionally events were canceled due to unsafe conditions caused by weather.

Vice Chair Gillespie stated she was excited to hear ScotFest would still be held in Broken Arrow.

City Manager Spurgeon stated it was still unofficial, but he spoke with the organizer of ScotFest during ShamRock who asked whether the City of Broken Arrow wanted to host ScotFest, and the answer was unequivocally yes, the City wished to continue hosting

ScotFest. He stated Grant Rissler and the Special Events Team worked hard to find an alternate location for ScotFest this year and ScotFest seemed to be excited about the opportunity.

Acting Community Development Director Grant Rissler agreed. He stated ScotFest would have a slightly different feel, but the City would do whatever it could to help ScotFest be successful.

9. Executive Session

There was no Executive Session.

10. Adjournment

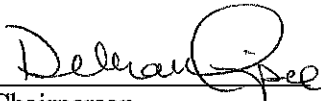
The meeting was adjourned at approximately 7:52 p.m.


MOTION: A motion was made by Johnnie Parks, seconded by Lisa Ford.

Move to adjourn

The motion carried by the following vote:

Aye: 4 - Justin Green, Lisa Ford, Johnnie Parks, Christi Gillespie


Chairperson


Secretary

