

PURSUANT TO THE LEGAL NOTICE AS IS REQUIRED BY THE OKLAHOMA OPEN MEETING ACT INCLUDING THE POSTING OF NOTICE AND AGENDA AS IS REQUIRED BY THE TERMS THEREOF, THE TAX INCREMENT DISTRICT REVIEW COMMITTEE OF THE CITY OF BROKEN ARROW, OKLAHOMA, MET IN SPECIAL SESSION IN THE MAIN CONFERENCE ROOM AT CITY HALL, 220 S. FIRST STREET, BROKEN ARROW, OKLAHOMA, 74012, ON THE 23<sup>RD</sup> DAY OF JULY, 2019, AT 5:00 O'CLOCK P.M.

PRESENT: Chairperson Johnnie Parks (Broken Arrow City Council) and Tax Increment District Review Committee Members: Lee Whelpley (Broken Arrow Planning Commission), Michelle Bergwall (Broken Arrow Public Schools), Derek Williamson (Tulsa Technology Center), Tim Kelley (Wagoner County Commissioner), Johnna Blair (Wagoner County Health Department), Greg Graham (At-Large Representative), Joyce Sanders (At-Large Representative), Jim Hoffmeister (At-Large Representative), and Mary Ann Colston (alternate At-Large Representative)

ABSENT: None

(OTHER PROCEEDINGS)

Thereupon, the following resolution was introduced and caused to be read by title by the City Clerk. Committee Member Graham moved passage of the Resolution and Committee Member Kelley seconded the motion. The motion carrying with it the approval of said Resolution was approved by the following vote:

AYE: Parks, Whelpley, Bergwall, Williamson, Kelley, Graham, Sanders, and Hoffmeister

ABSTAIN: Blair

NAY: None

The Resolution so approved is as follows:

[RESOLUTION ON FOLLOWING PAGE]

## RESOLUTION

### **A RESOLUTION RECOMMENDING THAT THE CITY OF BROKEN ARROW, OKLAHOMA THROUGH ITS CITY COUNCIL CREATE A TAX INCREMENT DISTRICT AND APPROVE THE CREEK 51 BUSINESS PARK ECONOMIC DEVELOPMENT PROJECT PLAN; AND MAKING CERTAIN FINDINGS IN REGARDS THERETO.**

WHEREAS, pursuant to the provisions of the Local Development Act, 62 O.S. 2011, Section 851 *et seq.* (the “Local Development Act”), as amended, the City Council of the City of Broken Arrow, Oklahoma (the “City”) appointed the Tax Increment District Review Committee (the “Review Committee”) to review and make recommendations concerning a proposed tax increment district within the City; and

WHEREAS, the membership of this Review Committee is comprised of the following individuals: a representative of the City, a representative of the Planning Commission of the City, representatives of each taxing jurisdiction within the proposed district whose taxes might be impacted by virtue of the adoption of a project plan, and three representatives of the public at large, all as required pursuant to Section 855(A) of the Local Development Act; and

WHEREAS, the Review Committee has the statutory duty to consider and make its findings and recommendations to the City with respect to the conditions establishing the eligibility of the proposed district and the appropriateness of the approval of the proposed plan and project, as well as to report its findings to the City in regard to the financial impact on the taxing jurisdictions within the proposed district; and

WHEREAS, Article 10, Section 6C of the Oklahoma Constitution and its enabling legislation known as the Local Development Act provide that the City may use local taxes and local fees, in whole or in part, for specific public investments, assistance in development financing, or as a specific revenue source for other public entities in the area for which the improvements take place and may direct the apportionment of the taxes and fees for historic preservation, reinvestment, or enterprise areas that are exhibiting economic stagnation or decline; and

WHEREAS, the Review Committee has been presented with the “Creek 51 Business Park Economic Development Project Plan” (the “Project Plan”), providing for the creation of Increment District No. 2, City of Broken Arrow, Oklahoma (the “Increment District”), wherein certain projects are contemplated to be financed from a combination of public and private sources, including apportionment of ad valorem taxes derived from the proposed Increment District, to be established in connection with the project; and

WHEREAS, the Project Plan contemplates the funding of essential public improvements and economic incentives; and

WHEREAS, it is more likely than not that the private investment referenced in the Project Plan would not occur within the proposed Increment District without the public improvements and economic incentives specified in such plan.

NOW, THEREFORE, BE IT RESOLVED BY THE REVIEW COMMITTEE THAT THE FOLLOWING RECOMMENDATIONS AND FINDINGS BE MADE TO THE CITY COUNCIL OF THE CITY OF BROKEN ARROW, OKLAHOMA, IN REGARD TO THE PROPOSED INCREMENT DISTRICT NO. 2, CITY OF BROKEN ARROW, OKLAHOMA, AND THE PROJECT PLAN:

SECTION 1. ELIGIBILITY AND CREATION OF INCREMENT DISTRICT NO. 2, CITY OF BROKEN ARROW, OKLAHOMA. The Review Committee hereby finds that the boundaries of the proposed Increment District, as set forth in Exhibit "B" of the Project Plan, are within a reinvestment area (as defined in Section 853(17) of the Local Development Act), and therefore, meets the requirements of Section 856(B)(4)(a)(1) of the Local Development Act.

SECTION 2. APPROVAL AND RECOMMENDATIONS IN REGARD TO THE PROJECT PLAN.

(A) The Review Committee has considered the Project Plan, and hereby finds that the provisions of the Project Plan do meet the following legislative guidelines set forth in Section 852 of the Local Development Act:

(1) Investment, development, and economic growth are difficult within the boundaries of the proposed Increment District, but possible if the tax increment financing provisions of the Local Development Act are available;

(2) That the proposed Increment District does not encompass an area where investment, development and economic growth would occur without the assistance of public funds;

(3) That the undertaking of the projects described in the Project Plan will not supplant or replace normal public functions and services;

(4) That the purpose set forth in the Project Plan for the proposed Increment District works in conjunction with the City's locally implemented economic development plans;

(5) That the proposed Increment District does not have boundaries that dissect a similar area and does not create an unfair competitive advantage;

(6) That the project contemplates the need for residential and neighborhood treatments, and capital improvements to neighborhood public schools, as well as commercial/industrial development;

(7) That where possible, partial credits or credits that do not utilize the full time frame allowed have been incorporated into the Project Plan;

(8) That the maximum effort has been made to allow full public knowledge and participation in the use of the Local Development Act in connection with the preparation and adoption of the Project Plan;

(9) That the Project Plan contemplates the conservation, preservation and rehabilitation of existing improvements within the proposed Increment District; that demolition, clearance and relocation is minimized except for structures necessary for the undertaking of the projects referenced in the Project Plan; and

(10) That the Project Plan, upon adoption by the City, develops and applies clear standards, criteria and threshold limits that are applicable to all similar property and areas that the Project Plan contains protection against nearby relocations to utilize incentives.

(B) The Review Committee further finds that contemplated private and public projects described in the Project Plan will likely enhance the value of other real property located within the proposed Increment District and the Project Area and will promote the general public interest.

(C) The Review Committee further finds that the aggregate net assessed value of all taxable property in all increment districts, as determined pursuant to Section 856(B)(4)(d) of the Local Development Act, within the City does not exceed 25% of the total net assessed value of taxable property within the City.

(D) The Review Committee further finds that the aggregate net assessed value of the taxable property in all increment districts, as determined pursuant to Section 856(B)(4)(f) of the Local Development Act, within the City does not exceed 25% of the total assessed net value of any affected school districts located within the City.

(E) The Review Committee further finds that the land area of all increment districts within the City does not exceed 25% of the total land area of the City.

(F) Based on the foregoing, the Review Committee finds that the Project Plan and the projects therein are appropriate under the provisions of the Local Development Act, and the approval of the Project Plan by the City is hereby recommended.

### SECTION 3. REPORT OF FINANCIAL IMPACT.

(A) The Review Committee finds that the current ad valorem tax revenues collected within the proposed Increment District will continue to be apportioned to the taxing entities. The Committee also finds that dedicating incremental ad valorem tax revenues (the "TIF Revenues" as described in the Project Plan) to the Increment District apportionment fund until such time as all project costs are paid or approximately eleven (11) years (ending December 31, 2030, and referred to as the "Expiration Date"), whichever is less, is desirable to serve as a catalyst for expanding employment, to attract major investment in the area, and to enhance the tax base. These investments will benefit the proposed Increment District and thereby eventually result in substantial increased ad valorem tax revenues to the taxing jurisdictions through implementation of the Project Plan. Furthermore, the Project Plan provides that excess ad valorem tax revenues collected within the proposed Increment District that are not required for project costs and/or debt service on the TIF Bonds (as defined in the Project Plan) shall be returned to the respective taxing jurisdictions. As used herein, the phrase "payment of project costs" is deemed to include any interest component of any reimbursement incentive offered pursuant to a development agreement.

(B) The Project as represented to the Review Committee contemplates the prospective development by Creek 51 Business Park, LLC (together with any successors or assigns, referred to herein as "Creek 51") of approximately 97.2 acres located west of the interchange of the Creek Turnpike and State Highway 51, located within the City. Creek 51 proposes to invest or cause to be constructed an estimated 812,700 square feet of business and industrial space for lease and/or sale to interested business concerns, which will encourage commerce and generate a corresponding growth in the local tax base. In support thereof, TIF Revenues will be utilized for the following purposes: construction of traffic control improvements along State Highway 51 appropriate to accommodate the projected traffic at the entrance to Creek 51 Business Park (the "Traffic Improvements" as described in the Project Plan) in the amount of approximately \$300,000 to be initially incurred by the City and reimbursed (or debt service on TIF Bonds repaid) from the TIF Revenues; payment of Organizational Costs (as described in the Project Plan) in the approximate amount of \$55,000, to be initially incurred by the City and reimbursed (or debt service on TIF Bonds repaid) from the TIF Revenues; and payment of an Investment Incentive (as described in the Project Plan) to Creek 51 in the amount of 50% of the total TIF Revenues derived from the ad valorem taxation of increased assessed valuation at the Creek 51 Business Park. The value of the Investment Incentive is initially projected at approximately \$4.3 million over the 11 year term of the Increment District, but may be significantly higher or lower based on actual capital investment levels. The goal of the Investment Incentive is to maximize the amount of capital investment by Creek 51 in order to provide a significant enhancement to the tax base long term. The remaining TIF Revenues (initially projected at approximately \$3.95 million over the 11 year term of the Increment District) not utilized as set forth herein will directly benefit the affected taxing jurisdictions. The costs of the Traffic Improvements and the Investment Incentive, along with the Organizational Costs, are collectively referred to herein as the "Project Costs". TIF Revenue projections are based on a \$73.1 million initial capital investment by Creek 51 and/or as a result of the development of the Creek 51 Business Park.

(C) The Review Committee hereby finds that the likely financial impact on each of the taxing jurisdictions within the proposed Increment District to be as follows:

(1) CITY OF BROKEN ARROW. The City may levy ad valorem taxes (at varying rates from year to year) to pay principal and interest on the City's outstanding General Obligation indebtedness (if any) and/or judgment rolls (referred to within this subsection as the "Sinking Fund Revenue")

Sinking Fund Revenue. The establishment of the proposed Increment District does not alter the City's legal obligation under its General Obligation Bonds and/or judgment rolls, and will likely not affect the City's ability to raise sufficient Sinking Fund Revenue to repay such obligations. Thus, no adverse financial impact to the City's Sinking Fund Revenue is expected.

(2) WAGONER COUNTY. Wagoner County, Oklahoma (the "County") currently levies: (a) ad valorem taxes equal to 10.31 mills to support the general governmental activities of the County (referred to within this subsection as the "General Fund Revenue"), and (b) ad valorem taxes (at varying rates from year to year) to pay principal and interest on the County's outstanding General Obligation indebtedness, if any (referred to within this subsection as the "Sinking Fund Revenue").

General Fund Revenue. As all of the existing General Fund Revenue that is currently generated within the proposed Increment District will continue to accrue to the County, no diminishment of the County's General Fund Revenue will likely result from the establishment of the proposed Increment District. With regard to future incremental General Fund Revenue, the maximum annual and total incremental revenues which are expected to be generated within the proposed Increment District from the County's 10.31 mill levy and apportioned under the Project Plan for (a) payment of project costs and/or debt service on the TIF Bonds or (b) allocated to the County, are estimated as set forth on Exhibit "A" hereto. However, because substantially all of the incremental General Fund Revenue which would be generated from new private investment would not have occurred without the construction of the projects listed in the Project Plan, no adverse financial impact to the County's General Fund Revenue is expected.

Sinking Fund Revenue. The establishment of the proposed Increment District does not alter the County's legal obligation under its General Obligation Bonds, and will likely not affect the County's ability to raise sufficient Sinking Fund Revenue to repay such debt. Thus, no adverse financial impact to the County's Sinking Fund Revenue is expected.

Other Considerations. The apportionment of the County's portion of the TIF Revenues not required for payment of the Project Costs, represents a significant source of revenue for the duration of the Increment District that will also be available to offset any adverse financial impacts to the County.

(3) TULSA TECHNOLOGY CENTER VO-TECH. Tulsa Technology Center Vo-Tech District No. 18 (the "Technology Center") currently levies: (a) ad valorem taxes equal to 8.13 mills to support the educational activities of the Technology Center (referred to within this subsection as the "General Fund Revenue"), (b) ad valorem taxes equal to 5.08 mills to finance a portion of the capital needs of the Technology Center (referred to within this subsection as the "Building Fund Revenue"), and (c) ad valorem taxes (at varying rates from year to year) to pay principal and interest on the Technology Center's outstanding General Obligation indebtedness, if any (referred to within this subsection as the "Sinking Fund Revenue").

General Fund Revenue. As all of the existing General Fund Revenue that is currently being generated within the proposed Increment District will continue to accrue to Technology Center, no diminishment of Technology Center's General Fund Revenue will likely result from the establishment of the proposed Increment District. With regard to future incremental General Fund Revenue, the maximum annual and total incremental revenues which are expected to be generated within the proposed Increment District from the Technology Center's 8.13 mill levy and apportioned under the Project Plan for (a) payment of project costs and/or debt service on the TIF Bonds or (b) allocated to the Technology Center, are estimated as set forth on Exhibit "A" hereto. However, because substantially all of the incremental General Fund Revenue which would be generated from new private investment would not have occurred without the construction of the projects listed

in the Project Plan, no adverse financial impact to the Technology Center's General Fund Revenue is expected.

Building Fund Revenue: As all of the existing Building Fund Revenue that is currently generated within the proposed Increment District will continue to accrue to Technology Center, no diminishment of Technology Center's Building Fund Revenue will likely result from the establishment of the proposed Increment District. With regard to future incremental Building Fund Revenue, the maximum annual and total incremental revenues which are expected to be generated within the proposed Increment District from the Technology Center's 5.08 mill levy and apportioned under the Project Plan for (a) payment of project costs and/or debt service on the TIF Bonds or (b) allocated to the Technology Center, are estimated as set forth on Exhibit "A" hereto. However, because substantially all of the incremental Building Fund Revenue which would be generated from new private investment would not have occurred without the construction of the projects listed in the Project Plan, no adverse financial impact to the Technology Center's Building Fund Revenue is expected.

Sinking Fund Revenue. The establishment of the proposed Increment District does not alter the Technology Center's legal obligation under its General Obligation Bonds, and will likely not affect the Technology Center's ability to raise sufficient Sinking Fund Revenue to repay such debt. Thus, no adverse financial impact to the Technology Center's Sinking Fund Revenue is expected.

Other Considerations. The apportionment of the Technology Center's portion of the TIF Revenues not required for payment of the Project Costs, represents a significant source of revenue for the duration of the Increment District that will also be available to offset any adverse financial impacts to the Technology Center.

(4) WAGONER COUNTY HEALTH DEPARTMENT. The Wagoner County Health Department (the "Health Department") currently levies ad valorem taxes equal to 2.58 mills to support the operational activities of the Health Department (referred to within this subsection as the "General Fund Revenue").

General Fund Revenue. As all of the existing General Fund Revenue that is currently being generated within the proposed Increment District will continue to accrue to the Health Department, no diminishment of the Health Department's General Fund Revenue will likely result from the establishment of the proposed Increment District. With regard to future incremental General Fund Revenue, the maximum annual and total incremental revenues which may be generated within the proposed Increment District from the Health Department's 2.58 mill levy and apportioned under the Project Plan for (a) payment of project costs and/or debt service on the TIF Bonds or (b) allocated to the Health Department, are estimated as set forth on Exhibit "A" hereto. However, because substantially all of the incremental General Fund Revenue which would be generated from new private investment would not have occurred without the construction of the projects listed

in the Project Plan, no adverse financial impact to the Health Department's General Fund Revenue is expected.

Other Considerations. The apportionment of the Health Department's portion of the TIF Revenues not required for payment of the Project Costs, represents a significant source of revenue for the duration of the Increment District that will also be available to offset any adverse financial impacts to the Health Department.

(5) BROKEN ARROW PUBLIC SCHOOLS. The Broken Arrow Independent School District #3 of Tulsa County, Oklahoma (the "School District") currently levies: (a) ad valorem taxes (at varying rates from year to year) to pay principal and interest on the School District's outstanding General Obligation indebtedness, if any (referred to within this subsection as the "Sinking Fund Revenue"); (b) ad valorem taxes equal to 36.15 mills to support the operational activities of the School District (referred to within this subsection as the "General Fund Revenue"); and (c) ad valorem taxes equal to 5.08 mills to finance a portion of the capital needs of the school district (referred to within this subsection as the "Building Fund Revenue"). Also, additional ad valorem taxes equal to 4.13 mills are levied county-wide to support the operational activities of all public schools within Wagoner County (the School District boundaries are located partially in Wagoner County), and distributed on the basis of the legal average daily attendance for the preceding school year as certified by the State Board of Education (referred to within this subsection as the "County Levy Revenue").

Sinking Fund Revenue. The establishment of the proposed Increment District does not alter the School District's legal obligation under its General Obligation Bonds, and will likely not affect the School District's ability to raise sufficient Sinking Fund Revenue to repay such debt. Thus, no adverse financial impact to the School District's Sinking Fund Revenue is expected.

Building Fund Revenue. As all of the existing Building Fund Revenue that is currently being generated within the proposed Increment District will continue to accrue to the School District, no diminishment of the School District's Building Fund Revenue will likely result from the establishment of the proposed Increment District. With regard to future incremental Building Fund Revenue, the maximum annual and total incremental revenues which may be generated within the proposed Increment District from the School District's 5.08 mill levy and apportioned under the Project Plan for (a) payment of project costs and/or debt service on the TIF Bonds or (b) allocated to the School District, are estimated as set forth on Exhibit "A" hereto. However, because substantially all of the incremental Building Fund Revenue which would be generated from new private investment would not have occurred without the construction of the projects listed in the Project Plan, no adverse financial impact to the School District's Building Fund Revenue is expected.

General Fund Revenue and County Levy Revenue. As all of the existing General Fund Revenue and County Levy Revenue that are currently being generated within the proposed Increment District (and allocated to the School District) will continue

to accrue to the School District, no significant diminishment of the School District's General Fund Revenue or County Levy Revenue will likely occur. With regard to future incremental General Fund Revenue, these revenues are predominantly impacted by changes in funding from the State of Oklahoma's "State Aid Fund", as provided in Title 70, Sections 118-101 *et seq.* of the Oklahoma Statutes (such revenues being referred to herein as the "State Aid Revenue"). Under these provisions, increases in the net assessed valuation of a school district are offset by reductions in the amount of State Aid Revenue contributed by the State of Oklahoma. Therefore, the inclusion or omission of the net assessed valuation of the new private investment generated within the Increment District would not substantially increase or decrease the net amount of General Fund Revenue available to the School District. Furthermore, the apportionment of an allocable portion of the TIF Revenue, as described in Other Considerations below, will accrue for purpose of providing a specific revenue source for capital expenditures (and any related financing costs) for the benefit of the School District, and will not be considered an offset against State Aid Revenue. The impacts of State Aid Revenue notwithstanding, the maximum annual and total incremental revenues which may be generated within the proposed Increment District from the School District's 36.15 mill levy and apportioned under the Project Plan for project costs and/or debt service on the TIF Bonds are estimated as set forth on Exhibit "A" hereto.

Moreover, under current provisions of Oklahoma law, if new students are attracted to the School District due to the construction of the projects described in the Project Plan, then the School District will likely receive additional State Aid Revenue and County Levy Revenue by virtue of those students. However, cost increases to service these new students are expected to be commensurate with any additional funding. Therefore, the net impact of these factors yields no adverse or beneficial financial impact on the General Fund Revenue or the County Levy Revenue by virtue of the implementation of the Project Plan.

Other Considerations. The apportionment of the School District's portion of the TIF Revenues not required for payment of the Project Costs, represents a significant source of revenue for the duration of the Increment District that, pursuant to the Project Plan, will be dedicated for the purpose of providing a specific revenue source for capital expenditures (and any related financing costs) for the benefit of the School District.

[Remainder of Page Left Blank Intentionally]

ADOPTED THIS 23<sup>RD</sup> DAY OF JULY, 2019.

(SEAL)  
ATTEST:

By: Cinda  
City Clerk

By:

Johnnie Parks  
Chairman



STATE OF OKLAHOMA )  
 )SS  
COUNTY OF TULSA )

I, the undersigned, City Clerk of the City of Broken Arrow, Oklahoma, do hereby certify that the above and foregoing is a true, full and correct copy of an excerpt from the minutes of a meeting of the Tax Increment District Review Committee of said City held on the date above stated, all as recorded in the official minutes of such meeting. I further certify that the "Open Meeting Law" was complied with for such meeting.

GIVEN UNDER MY HAND THIS 23<sup>RD</sup> DAY OF JULY, 2019.

  
City Clerk



## Estimated Potential Impact on Certain Ad Valorem Collections

Ad Valorem Taxing Entity	Mill Levy <sup>(1)</sup>	TIF Revenues Captured <sup>(2)</sup>		Allocation to Taxing Entities <sup>(2)</sup>	
		Maximum Year	11 Year Total	Maximum Year	11 Year Total
Wagoner County - General Fund	10.310	84,442.85	759,985.67	68,980.16	569,660.51
Wagoner County - Sinking Fund	0.000	0.00	0.00	0.00	0.00
Wagoner County - 4 Mill School Levy	4.130	33,826.28	304,436.55	27,632.21	228,195.72
Wagoner County Health Dept. - General Fund	2.580	21,131.19	190,180.70	17,261.77	142,553.26
Broken Arrow ISD #3 - General Fund	36.150	296,082.36	2,664,741.23	241,865.43	1,997,403.24
Broken Arrow ISD #3 - Building Fund	5.160	42,262.38	380,361.40	34,523.53	285,106.52
Broken Arrow ISD #3 - Sinking Fund	29.730	243,500.10	2,191,500.88	0.00	0.00
Tulsa Technology Center #3 - General Fund	8.130	66,587.82	599,290.35	54,394.63	449,208.53
Tulsa Technology Center #3 - Building Fund	5.080	41,607.15	374,464.33	33,988.28	280,686.26
Tulsa Technology Center #3 - Sinking Fund	0.000	0.00	0.00	0.00	0.00
City of Broken Arrow - Sinking Fund	15.610	127,851.88	1,150,666.96	0.00	0.00
<b>TOTALS:</b>	<b>116.880</b>	<b>957,292.01</b>	<b>8,615,628.09</b>	<b>478,646.01</b>	<b>3,952,814.05</b>

(1) Based on 2018 millage rate (116.88 mills total)

(2) Approximately \$60,000 annually allocated to City to reimburse Traffic Improvements and Organizational Costs, 50% of TIF Revenues allocated to Creek 51, and residual allocated to taxing entities (pro rata excluding sinking fund levies); excess revenues not needed for Project Costs and related