

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 CITY COUNCIL CHAMBERS AT BROKEN ARROW CITY HALL, 220 S. 1ST STREET, BROKEN ARROW, OKLAHOMA, 74012, ON THE 3RD DAY OF APRIL, 2025, AT 4:00 O'CLOCK P.M.

PRESENT: Chairperson Debra Wimpee (City of Broken Arrow), Jaylee Klempa (Broken Arrow Planning Commission), Frankie Catlett (At-Large Representative), Jason Rains (At-Large Representative), and Sarah Tortorici (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 Jaylee Klempa moved passage of the Resolution and Committee Member Frankie Catlett seconded the motion. The motion carrying with it the approval of said Resolution was approved by the following vote:

AYE: Chairperson Debra Wimpee, Jaylee Klempa, Frankie Catlett, Jason Rains, and Sarah Tortorici

NAY: None

The Resolution so approved is as follows:

[RESOLUTION ON FOLLOWING PAGE]

RESOLUTION NO. 1647

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

WHEREAS, pursuant to the provisions of the Local Development Act, 62 O.S. 2021, 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, 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 and business activities 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 “Hackberry Market Economic Development Project Plan” (the “Project Plan”), providing for the creation of Increment District No. 6, 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 sales and use 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. 6, CITY OF BROKEN ARROW, OKLAHOMA, AND THE PROJECT PLAN:

SECTION 1. ELIGIBILITY AND CREATION OF INCREMENT DISTRICT NO. 6, 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 sales and use tax revenues collected within the proposed Increment District (if any) will continue to be apportioned to the City. The Committee also finds that dedicating incremental sales and use tax revenues (collectively, 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 twenty-five (25) years (ending June 30, 2050, and referred to as the “Expiration Date”), whichever is less, is desirable to serve as a catalyst for retaining or 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 sales and use tax revenues to the City through implementation of the Project Plan. Furthermore, the Project Plan provides that excess TIF 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 City. As used herein, the phrase “payment of project costs” is deemed to include any interest component of any reimbursement offered pursuant to a development agreement.

(B) The Project as represented to the Review Committee contemplates commercial retail development by Hackberry Market, LLC, an affiliate of Sooner Investments DEV CO, LLC (the “Developer”) of up to approximately 30.56 acres generally located on the northeast corner of

the intersection of S. Aspen Avenue (S. 145th East Avenue) and W. Tucson Street (121st Street), just south of the Creek Turnpike. The Developer proposes to invest or cause to be invested in excess of \$97.67 million to construct an estimated 211,580 square-foot of retail and service industry space, plus five (5) outparcels comprising 6.19 acres (expected to be developed into approximately 22,000 square feet of additional retail and food service space), over the next two years (the “Hackberry Market Project”). The proposed Project Costs (as described in the Project Plan) contemplate providing assistance in development financing in the amount of \$22,000,000 to offset the significant costs necessary to correct current conditions at the planned Project site, including specifically the significant infrastructure and utility improvements necessary to support the development project. The Increment District will capture a two percent (2.0%) sales and use tax (representing approximately 56.34% of the incremental sales and use tax revenue based on a total of 3.55% sales and use tax levied by the City as of the date of the Project Plan), over the approximately twenty-five (25) year term of the Increment District, as the TIF Revenues utilized to pay debt service on contemplated TIF Bonds to be issued on behalf of the City. Based on the preliminary development projections assuming full buildout of the Hackberry Market Project, it is anticipated that approximately \$120.5 million in sales and use tax TIF Revenues will be generated during the term of the Increment District, with approximately \$67.89 million available for the payment of Project Costs, and the balance of approximately \$52.61 million apportioned to the City. Additional amounts will be financed by the apportionment of tax increments from the Increment District including the Organizational Costs and the Debt Service Costs, all related to Project Costs in excess of the amounts specifically identified as the costs of the TIF Projects. The Organizational Costs associated with the initial creation and implementation of the Increment District are preliminarily estimated to be approximately \$100,000, and the ongoing Organizational Costs are estimated to be \$10,000 per year for the Increment District. The Debt Service Costs associated with the Project Costs are preliminarily estimated to be approximately \$29,700,000. The estimated combined total of all Project Costs is \$52,050,000. Any excess TIF Revenues will be returned to the City.

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

(1) CITY OF BROKEN ARROW. The City currently levies sales and use taxes equal to three and fifty-five hundredths percent (3.55%) pursuant to Chapter 22, Article II, Section 22-6 *et seq.*, of the Broken Arrow Code of Ordinances (referred to within this subsection as the “Sales Tax Revenue”). The stated purposes of the Sales Tax Revenue under the Broken Arrow Code of Ordinances are: (i) one and one-half percent (1.5%) is designated for general municipal functions of the City; (ii) one half of one percent (0.5%) of is designated for capital improvements; (iii) one percent (1.0%) is designated for the payment of operation and maintenance of the water, sewer and solid waste systems, to pay costs of planning and constructing said systems' improvements, the cost and feasibility studies, land acquisition, election and other expenses, and the payment of the debt service, including payment of interest and principal, and premium, if any; (iv) one quarter of one percent (0.25%) is designated for the purpose of improving, constructing and maintaining city streets, sidewalks, and related stormwater appurtenances, including the acquisition and replacement of machinery, equipment and materials, and including the installation of traffic control devices and signalization; and (v) three tenths of one percent (0.3%) is designated for public safety sales tax fund, and used for the purpose of

funding the staffing of public safety personnel, and the acquisition and replacement of public safety vehicles, equipment, technology and apparatus.

Sales Tax Revenue. There is currently no Sales Tax Revenue generated within the proposed Increment District. The City reasonably expects that the Project may result in increased competition for retail sales with establishments within Broken Arrow but outside the Increment District boundaries, therefore the Project Plan proposes that only a portion of the increment of Sales Tax Revenues in amount equivalent to a two percent (2.0%) sales and use tax (representing approximately 56.34% of the incremental sales and use tax revenue based on a total of 3.55% sales and use tax levied by the City as of the date of the Project Plan) will be captured by the Increment District, and further, that the increment of Sales Tax Revenues shall be reduced by the amount of sales tax revenues generated by any existing businesses (currently located within the City, but outside the boundaries of the Increment District) that cease operations at their existing location and relocate to within the Increment District, but provided further, said reduction shall not be applied to any existing businesses that open an additional location within the Increment District for so long as all other existing location(s) remain open for business. With regard to future incremental Sales Tax Revenue, the maximum annual and total incremental revenues which are expected to be generated within the proposed Increment District from the City's 3.55% sales and use tax 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. Because substantially all of the incremental Sales Tax Revenue which would be generated from new private investment would not have occurred without the assistance in development financing contemplated in the Project Plan, and because the City has proposed mitigating measures to guard against the cannibalization of existing sales tax collections, no adverse financial impact to the City's Sales Tax Revenue is expected.

Other Considerations. The remaining unapportioned one and fifty-five hundredths percent (1.55%) sales and use tax (representing approximately 43.66% of the incremental sales and use tax revenue based on a total of 3.55% sales and use tax levied by the City as of the date of the Project Plan) shall be retained by the City and utilized for any lawful purpose consistent with the aforementioned Code of Ordinances, and represent 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 City.

(2) OTHER TAXING ENTITIES: No portion of the ad valorem tax increments generated by the Project will be captured as part of the TIF Revenue. The ad valorem taxing jurisdictions are Tulsa County, the Tulsa City County Health Department, Independent School District No. 3 of Tulsa County (Broken Arrow Public Schools), Tulsa Technology Center No. 18, Tulsa Community College, Tulsa City-County Library, and the City. Upon completion of the Hackberry Market Project, the ad valorem taxing jurisdictions could see an aggregate net gain in annual ad valorem tax revenues of approximately \$1.17 million (based on a taxable capital investment of approximately

\$83.03 million). The ad valorem tax revenues accruing to the taxing jurisdictions are estimated as set forth on Exhibit “B” hereto. Additionally, Tulsa County levies a 0.367% sales and use tax as of the date of the Project Plan. The County sales and use tax collections are not subject to the apportionment of the Increment District, however, it is estimated that upon completion of the proposed development of the Hackberry Market Project, the County could realize an estimated gross gain in annual sales and use tax revenues in the approximate amount of \$1.29 million. The sales tax revenues accruing to the County are estimated as set forth on Exhibit “A” hereto.

(D) The Review Committee hereby finds that there will be no impact to existing business activities within the proposed Increment District. There are no ongoing commercial business activities within the proposed Increment District. Development of the Hackberry Market Project is expected to create a destination retail experience that will generate new commercial traffic benefitting the City and surrounding businesses outside the proposed Increment District.

[Remainder of Page Left Blank Intentionally]

ADOPTED THIS 3RD DAY OF APRIL, 2025.

(SEAL)
ATTEST:

By: _____
Chairman

By: _____
City Clerk

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 3RD DAY OF APRIL, 2025.

(SEAL)

City Clerk

EXHIBIT A
Estimated Potential Impact on Certain Sales Tax Collections

Taxing Purpose	Tax Rate ⁽¹⁾	TIF Revenues Captured ⁽²⁾			Allocation to State	Total Sales Tax Revenue
		Allocation to City ⁽³⁾	Allocation to Project Costs ⁽⁴⁾	Allocation to County ⁽³⁾		
City of Broken Arrow Sales Tax	3.550%	52,613,226.46	67,888,034.15	0.00	0.00	120,501,260.61
Tulsa County Sales Tax	0.367%	0.00	0.00	12,457,454.27	0.00	12,457,454.27
State of Oklahoma Sales Tax	4.500%	0.00	0.00	0.00	152,748,076.83	152,748,076.83
TOTALS:	8.417%	52,613,226.46	67,888,034.15	12,457,454.27	152,748,076.83	285,706,791.71

(1) Assumes continued levy through expiration of Increment District (June 30, 2050)

(2) Based on estimated \$3.04 billion in total taxable sales (construction and retail)

(3) 43.66% allocation of Sales Tax Increment Revenues allocated to City (1.55% of a total of 3.55% sales tax); 100% of County sales tax allocated to County

(4) 56.34% allocation of Sales Tax Increment Revenues; excess revenues not needed for Project Costs and related financing costs will be returned to the City

EXHIBIT "B"
Estimated Potential Impact on Certain Ad Valorem Collections

Ad Valorem Taxing Entity	Mill Levy ⁽¹⁾	Allocation to Taxing Entities ⁽²⁾	
		Maximum Year	23 Year Total
Tulsa County - General Fund	10.300	94,073.16	2,190,973.57
Tulsa County - Sinking Fund	0.000	0.00	0.00
Tulsa County - 4 Mill School Levy	4.000	36,533.27	850,863.52
Tulsa County Health Dept. - General Fund	2.580	23,563.96	548,806.97
Broken Arrow ISD #3 - General Fund	36.400	332,452.73	7,742,858.07
Broken Arrow ISD #3 - Building Fund	5.200	47,493.25	1,106,122.58
Broken Arrow ISD #3 - Sinking Fund	28.210	257,650.87	6,000,715.00
Tulsa Technology Center #18 - General Fund	8.240	75,258.53	1,752,778.86
Tulsa Technology Center #18 - Building Fund	5.090	46,488.58	1,082,723.83
Tulsa Technology Center #18 - Sinking Fund	0.000	0.00	0.00
Tulsa City-County Library System - General Fund	5.320	48,589.25	1,131,648.49
Tulsa City-County Library System - Sinking Fund	0.000	0.00	0.00
Tulsa Community College - General Fund	7.210	65,851.21	1,533,681.50
Tulsa Community College - Sinking Fund	0.000	0.00	0.00
City of Broken Arrow - Sinking Fund	16.260	148,507.73	3,458,760.22
TOTALS:	128.810	1,176,462.53	27,399,932.63

(1) Based on 2024 millage rate (128.81 mills total)

(2) 0% of Ad Valorem Tax Increment Revenues allocated to Project Costs; all revenues flow directly to the respective taxing jurisdiction