

**CREEK 51 BUSINESS PARK
ECONOMIC DEVELOPMENT PROJECT PLAN**

Prepared by:

CITY OF BROKEN ARROW, OKLAHOMA

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CREEK 51 BUSINESS PARK

ECONOMIC DEVELOPMENT PROJECT PLAN

I. DESCRIPTION OF PROJECT

This Creek 51 Business Park Economic Development Project Plan (the “**Project Plan**”) describes an economic development project that contemplates the prospective development by Creek 51 Business Park, LLC (including its successors and assigns, referred to herein as “**Creek 51**” or the “**Developer**”), of approximately 97.2 acres located west of the interchange of the Creek Turnpike and State Highway 51, located within the City of Broken Arrow, Oklahoma (the “**City**”) for use as a business park supporting a variety of industrial and office commercial developments (the “**Project**” or the “**Creek 51 Business Park**”). The City recognizes the difficulty in development of the area due to 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 purpose of the Increment District (as defined herein) is to promote economic development in the City by incentivizing capital investment in undeveloped property in order to enhance the tax base and create employment opportunities within the City.

The Developer proposes to invest or cause to be invested in excess of \$73.1 million to construct an estimated 812,700 square feet of business and industrial space for lease and/or sale to interested business concerns. The City proposes to encourage the magnitude of the capital investment by providing a mechanism to offset a portion of the costs associated with the Project. Additionally, the City has identified specific traffic control improvements along State Highway 51 appropriate to accommodate the projected traffic at the entrance to Creek 51 Business Park. Certain Project Costs have been identified that will improve publicly owned traffic control facilities and infrastructure (referred to herein as the “**Traffic Improvements**”), and these improvements are estimated to cost approximately \$300,000, and will be funded from the incremental revenues described herein. The purpose of the Traffic Improvements is to provide safer egress and ingress to the development. The scope of the Traffic Improvements will be to coordinate with the Oklahoma Department of Transportation to install a new traffic signal at the entrance to Creek 51 Business Park. Additionally, economic incentives are proposed in the amount of 50% of the total ad valorem taxes generated by increased valuation of the Project, up to a maximum aggregate incentive of \$5,000,000 (referred to herein as the “**Investment Incentive**”). The goal of the Investment Incentive is to maximize the amount of capital investment at the Creek 51 Business Park in order to provide a significant enhancement to the tax base long term. The 50% of TIF Revenues (as defined herein) not utilized for incentives (less amounts utilized to pay costs of the Traffic Improvements and any Organizational Costs related to establishment of a tax increment district) will directly benefit the affected taxing jurisdictions. The Traffic Improvements and the Investment Incentive are collectively referred to herein as the “**TIF Projects**,” and the costs associated therewith (along with related Organizational Costs) are referred to herein as the “**Project Costs**”.

The City will recoup the costs of the Traffic Improvements, along with upfront Organizational Costs, from the TIF Revenues (as defined herein) derived from the Increment District (as defined herein). The Project Plan provides that pursuant to the terms of a development agreement between the City and the Developer (as required by the Local Development Act defined herein), an amount equal to not more than 50% of the TIF Revenues derived from ad valorem taxes on the Creek 51 Business Park shall be utilized as an incentive to maximize the capital investment for a period of approximately 10 years following initial construction of the Project. The TIF Revenues will be used to pay the costs of the Investment Incentive, reimburse the costs of the Traffic Improvements, and/or pay debt service on obligations issued to pay the costs of the Traffic Improvements. All costs related to the Traffic Improvements will be expended and the related improvements completed by approximately June 2020.

Based solely on the proposed Creek 51 Business Park Project, the initial commercial development within the Increment District could result in a potential total taxable capital investment of approximately \$73.1 million. The actual amount of capital investment will be largely dependent on the specific nature of the industrial and commercial establishments that ultimately locate in the area. Please see Exhibit “E” for a more detailed description of projected development within Project Area (as defined herein). Please see Exhibit “F” for a Preliminary Site Development Plan for the Creek 51 Business Park development.

II. PROJECT AREA AND INCREMENT DISTRICT BOUNDARIES

The Increment District is the specific geographic area within which the identified tax increments will be generated and utilized as set forth in this Project Plan (referred to herein as the “**Increment District**”). The Project Area is the area within which all project activities, including construction of the supporting public improvements, will take place (referred to herein as the “**Project Area**”). The Increment District is located entirely within the Project Area. Most of the contemplated project activities will occur within the boundaries of the Increment District, however certain project activities may occur outside the boundaries of the Increment District but within the Project Area. A map showing the Increment District is attached as Exhibit “A”. The legal description of the Increment District is set forth in Exhibit “B”. A map showing the Project Area is attached as Exhibit “C”. The legal description of the Project Area is set forth in Exhibit “D”.

III. ELIGIBILITY OF PROJECT

The Increment District is undeveloped and/or underdeveloped within the meaning of Article 10, §6C of the Oklahoma Constitution and the Local Development Act, 62 O.S. §850, *et seq.* (the “**Local Development Act**”). The Increment District is located in a reinvestment area (as defined in Section 853(17) of the Local Development Act) and is therefore eligible for assistance under the Local Development Act.

The Increment District comprises an area where investment, development and economic growth have not occurred, and which requires significant public infrastructure improvements to

serve as a catalyst to expand employment opportunities, to attract major investment in the area, and to enhance the tax base.

IV. OBJECTIVES

The purpose of the Project and the Increment District is to support the achievement of the economic development objectives of the City in order to:

- A. Create a competitive industrial development opportunity within the City that will act as a catalyst for additional development within the community;
- B. Attract major investment in the area;
- C. Serve as a catalyst for retaining and expanding employment in the area;
- D. Promote economic development to increase tax revenues, raise property values, and improve economic stability;
- E. Preserve and enhance the tax base; and
- F. Make possible investment, development and economic growth which would otherwise be difficult or impossible without the TIF Projects and the apportionment of ad valorem taxes from within the Increment District.

V. FINANCIAL IMPACTS

The proposed private development will generate tax increments necessary to pay all or a portion of the authorized costs of the Project. Without the proposed Increment District, significant development within the area would be unlikely and as a result, any significant increases in ad valorem taxes would not occur.

The proposed development Project does not create a significant increase in demand for services or costs to the affected taxing entities other than the City, whose public sector costs will be offset by apportioned tax increments as provided in this Project Plan.

The affected ad valorem taxing jurisdictions are Wagoner County, the Wagoner County Health Department, the City of Broken Arrow, Oklahoma, Tulsa Technology Center Vo-Tech District No. 18, and Independent School District No. 3 of Tulsa County, Oklahoma (Broken Arrow Public Schools, and referred to herein as the “**School District**”). The general and intangible impacts on the affected taxing jurisdictions from implementation of this Project Plan are positive and include the achievement of the objectives set forth in Section IV of this Project Plan.

The creation of the Increment District will allow the City to apportion the incremental increase in ad valorem tax revenues generated through construction and operation of the industrial and commercial developments within the Increment District for the purpose of paying Project Costs, either through direct payment and/or reimbursement and/or paying debt service on tax apportionment bonds or notes (collectively, the “**TIF Bonds**”), which may be issued in one or more series by a public trust created under Title 60, Oklahoma Statutes 2011, Section 176 *et seq.*, for the benefit of the City and including any interest, capitalized interest and other related financing costs. The proceeds of any such TIF Bonds (if issued) shall be utilized for the Project Costs.

It is anticipated that a successful development will result in significant long term benefits to the affected ad valorem taxing jurisdictions without causing significant (if any) negative impact on the existing tax base during the term of the Increment District. The formation of an Increment District should result in no net loss in existing ad valorem tax revenue to each of the affected ad valorem taxing jurisdictions. The formation of the Increment District will cause the affected ad valorem taxing jurisdictions to forgo a portion of any new incremental ad valorem tax revenue generated from real and personal property values during the term of the Increment District, but will not affect the existing ad valorem tax base within the Increment District. Upon expiration of the Increment District, the affected ad valorem taxing jurisdictions could see an aggregate net gain in annual ad valorem tax revenues of approximately \$957,482 (based on an initial total capital investment of approximately \$73.1 million. During the term of the Increment District, the 50% of TIF Revenues (as defined herein) reserved to the taxing jurisdictions (less amounts reserved for the Traffic Improvements and the Organizational Costs) are estimated to be approximately \$3.95 million, ranging from \$99,548 to \$478,646 per year, which will be apportioned directly to the affected taxing jurisdictions.

Potential impacts on the ad valorem taxing jurisdictions include population growth and the demand for services created thereby. The direct impact on each ad valorem taxing jurisdiction is the loss of a portion of the new ad valorem tax increment revenues during the period of apportionment. An additional impact on the School District is that the new valuation of the Increment District will not count for, and will therefore limit, the bonding capacity of the School District. However, the School District does realize additional revenue from other sources on a per pupil basis. These impacts may be mitigated by any increase in valuation of property outside the Increment District (for example, successful development enhances the property values surrounding the Increment District), and by any increase in new housing outside the Increment District (for example, successful development results in net population gain to the City creating demand for new housing).

The proposed Project does not create a significant increase in demand for utility services from the City, and any increase in public sector costs should be more than offset by apportioned tax increments as provided in this Project Plan. The proposed development within the Increment District should generate increases in annual water and sewer utility revenues.

VI. STATEMENT OF PRINCIPAL ACTIONS

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

- A. Site preparation, planning and construction of public improvements necessary to support the development project;
- B. Acquisition by private developers of any additional properties necessary for the development project including connecting public easements;
- C. Negotiation, preparation, execution, and implementation of development agreements, including agreements for financing and construction by private developers, as authorized by the Local Development Act. Such agreements may include the granting of incentives for private developers to complete certain improvements within the project area;
- D. Issuance of tax apportionment bonds or other debt issuance necessary to provide funds for Project Costs;
- E. All other actions necessary and appropriate to carry out the development project as authorized by the Local Development Act.

VII. ESTABLISHMENT OF INCREMENT DISTRICT NO. 2, CITY OF BROKEN ARROW

Increment District No. 2, City of Broken Arrow shall be created upon adoption of an Ordinance of the City Council of the City approving this Project Plan. The Increment District shall comprise one hundred percent (100.0%) of the total equalized assessed value of real and personal property within the boundaries of the Increment District. The base assessed value (as described in Section 862 of the Local Development Act) of the Increment District shall be calculated as an amount equal to one hundred percent (100.0%) of the initial equalized assessed value of real and personal property within the boundaries of the Increment District. In accordance with the provisions of the Local Development Act, one hundred percent (100%) of the increments of real and personal property ad valorem taxes generated within the Increment District, in excess of the real and personal property ad valorem taxes generated from the base assessed value of the Increment District, as such increments are determined and defined pursuant to the Local Development Act (collectively, the “**TIF Revenues**”, and said amount representing one hundred percent (100.0%) of the total new ad valorem tax revenues generated within the boundaries of the Increment District), shall be apportioned as follows: (i) fifty percent (50%) of the TIF Revenues (as determined annually by the Wagoner County Assessor) shall be apportioned to the Developer to pay (or reimburse the payment of) the costs of the Investment Incentive, up to a maximum aggregate incentive of \$5,000,000; (ii) an amount not to exceed \$60,000 per year shall be apportioned annually to the City for payment and/or reimbursement of the costs of the Traffic Improvements (in an amount not to exceed \$300,000), plus the Organizational Costs of the Increment District (estimated at \$55,000), plus any interest and/or other financing costs incurred

by the City or a public trust issuing TIF Bonds on its behalf; and (iii) all remaining amounts of TIF Revenues shall be apportioned to the affecting taxing jurisdictions in proportion to the allocation that the taxing jurisdictions would ordinarily receive from the increased assessed values, in the absence of the Increment District, excluding sinking fund levies (as set forth in Sections 853(9), 853(14)(i) and 854(4) of the Local Development Act; provided that any portion of the TIF Revenues allocated to the School District shall be for the purpose of providing a specific revenue source for capital expenditures (and any related financing costs) for the benefit of the School District. The apportionment of the TIF Revenues shall continue for that period required for the payment of the Project Costs (including any interest, capitalized interest, and other related financing costs), or a period not to exceed approximately eleven (11) full calendar years (ending December 31, 2030, and referred to as the “**Expiration Date**”), whichever is less.

VIII. PROJECT AND INCREMENT DISTRICT AUTHORIZATIONS

A. Upon adoption of an Ordinance of the City Council of the City approving this Project Plan, the City is hereby designated and authorized as the public entity to carry out and administer the provisions of this Project Plan and to exercise all powers necessary or appropriate thereto, including, without limitation, those powers described in Section 854 of the Local Development Act.

B. The City may create a new public trust with the City named as its beneficiary, and/or designate an existing public trust with the City named as its beneficiary (said public trust referred to herein as the “**Authority**”), and said Authority shall be the public entity designated by the City to assist in carrying out and administering the provisions of this Project Plan and authorized to exercise all powers necessary or appropriate thereto pursuant to Title 62, Section 854 of the Local Development Act, except for approval of this Project Plan and those powers enumerated in paragraphs 1, 4, 7, and 16 of that section, which powers shall be reserved to the City.

C. The person in charge of implementation of this Project Plan in accordance with the provisions, authorizations and respective delegations of responsibilities contained herein is Mr. Michael Spurgeon, City Manager. Mr. Spurgeon, or his successor as City Manager, is authorized to empower one or more designees to exercise responsibilities in connection with project implementation.

IX. BUDGET OF ESTIMATED PROJECT COSTS TO BE FINANCED FROM INCREMENT DISTRICT NO. 2

Project Costs to be financed by the apportionment of TIF Revenues from the Increment District include: (i) the planning, design, and construction of the Traffic Improvements in an amount not to exceed \$300,000; (ii) the Investment Incentive in the amount equal to fifty percent (50%) of the TIF Revenues derived from the ad valorem taxes levied on real and personal property within the Increment District in an amount not to exceed a maximum aggregate incentive of

\$5,000,000; (iii) the payment of assistance in development financing (as authorized by Section 853(14)(o) of the Local Development Act) to a third party as reimbursement for the payment of Project Costs; and (iv) the costs incurred or to be incurred by or on behalf of the City or the Authority in implementing and administering this Project Plan, including, but not limited to, payment and/or reimbursement of costs advanced in connection with the preparation and approval of this Project Plan, administrative costs, organizational costs, professional service costs, financing costs and fees, and principal, interest (including capitalized interest), and prepayment premium paid on debt service and/or any reimbursement obligation. The Organizational Costs associated with the creation and implementation of the Increment District are preliminarily estimated at \$55,000.

The total estimate of Project Costs that may be made available for improvements from apportioned tax revenues is \$5.355 million (including all engineering, construction, and planning costs). Apportioned tax revenues in excess of the amounts needed for Project Costs may be utilized if necessary (x) to pay interest and other financing costs, as well as to fund any capitalized interest and reasonably required reserves associated with obligations issued to fund said improvements; (y) to pay the direct administrative costs incurred or to be incurred by or on behalf of the City or the Authority in implementing and administering this Project Plan (as contemplated in Title 62, Section 853(14)(e) of the Local Development Act); and/or (z) pay additional accrued amounts of the Investment Incentive.

The total cost of the Traffic Improvements is estimated at \$300,000. The portion of the Project Costs of the Traffic Improvements to be paid from the TIF Revenues is a fixed, not to exceed amount (plus any amounts necessary to pay interest, capitalized interest, costs of issuance, and establish reserve funds in connection with the issuance of TIF Bonds and any amounts necessary to pay or reimburse the costs incurred or to be incurred by or on behalf of the City or the Authority in implementing and administering this Project Plan, including any interest component pursuant to a reimbursement obligation). The Traffic Improvements represent Project Costs that will improve publicly owned facilities and infrastructure. The Investment Incentive is based on a percentage of total tax receipts, based on preliminary projections provided by the Developer. Deviations from these projections will result in a smaller total Investment Incentive. The Organizational Costs are an estimated total amount of preliminary costs incurred by the City in connection with the establishment of the Increment District.

X. METHODS OF FINANCING PROJECT COSTS, EXPECTED SOURCES OF REVENUES, AND TIME WHEN COSTS OR MONETARY OBLIGATIONS ARE TO BE INCURRED

A. Methods of Financing. It is expected that the Project Costs will be directly paid by the Developer or the City and reimbursed from TIF Revenues. Alternatively, certain Project Costs may be paid from the proceeds of any TIF Bonds and payment of principal and interest due on such TIF Bonds will be paid from available TIF Revenues. Certain other costs of the TIF Projects may be paid from such other funds of the City as may be lawfully used for the purposes hereinabove stated.

B. Expected Sources of Revenues. The payment or reimbursement of Project Costs, including any interest component on reimbursed funds and any principal, interest, and premium on any TIF Bonds, will be made from TIF Revenues. In accordance with the provisions of the Local Development Act, one hundred percent (100%) of the TIF Revenues, are to be apportioned and set aside from all other ad valorem taxes levied within the Increment District, to be used exclusively for:

- (i) the payment of Project Costs incurred in connection with the development, construction, or implementation of the TIF Projects;
- (ii) the reimbursement of the Developer (pursuant to a development agreement with the City or the Authority), the City, or any agency thereof (including the Authority), which has paid Project Costs from funds which were not increments derived from the Increment District, but only to the extent that such sums were actually paid or, in the case of reimbursement of the Developer, constitute an interest component on sums that were actually paid;
- (iii) the payment of principal, interest and premium, if any, on any TIF Bonds issued pursuant to Section 863 of the Local Development Act (including pledging as security for such payments);
- (iv) the payment, if required, of amounts necessary to satisfy or replenish any reserve requirement established with respect to any TIF Bonds; and
- (v) the establishment and payment of a specific revenue source for affected taxing entities pursuant to Sections 853(9), 853(14)(i), and 854(4) of the Local Development Act.

Pursuant to the Local Development Act, the TIF Revenues apportioned hereunder shall be transferred by the Wagoner County Treasurer to a special fund to be known as the “Increment District No. 2 - Apportionment Fund” (hereinafter, the “**Apportionment Fund**”), which fund will be held by and be the property of the City (except that such fund may also be held by the Authority or a trustee acting on behalf of the Authority). No portion of the TIF Revenues and no portion of the Apportionment Fund shall constitute a part of the general fund of the City. TIF Revenues shall be apportioned as follows: (i) fifty percent (50%) of the TIF Revenues (as determined annually by the Wagoner County Assessor) shall be apportioned to the Developer to pay (or reimburse the payment of) the costs of the Investment Incentive, subject to a maximum aggregate Investment Incentive of \$5,000,000; (ii) an amount not to exceed \$60,000 per year shall be apportioned annually to the City for payment and/or reimbursement of the costs of the Traffic Improvements (in an amount not to exceed \$300,000), plus the Organizational Costs of the Increment District (estimated at \$55,000), plus any interest and/or other financing costs incurred by the City or a public trust issuing TIF Bonds on its behalf; and (iii) all remaining amounts of TIF Revenues shall be apportioned to the affecting taxing jurisdictions in proportion to the allocation that the taxing jurisdictions would ordinarily receive from the increased assessed values, in the absence of the Increment District, excluding sinking fund levies (as set forth

in Sections 853(9), 853(14)(i) and 854(4) of the Local Development Act; provided that any portion of the TIF Revenues allocated to the School District shall be for the purpose of providing a specific revenue source for capital expenditures (and any related financing costs) for the benefit of the School District.

The apportionment of ad valorem taxes pursuant to this section shall terminate upon the final payment of, or reimbursement for, all Project Costs incurred in connection with the projects listed in this Project Plan, and the payment of all outstanding principal, accrued interest, and premium due on the TIF Bonds; provided, however, that in no case shall the apportionment of revenues pursuant hereto extend beyond the Expiration Date.

In the event that any portion of the principal of or interest on the TIF Bonds, issued in connection herewith, or any amount due and owing for reimbursement under a development agreement entered into by the City, remains unpaid as of the Expiration Date, then the Increment District shall not terminate until the increment apportioned during the term of the Increment District is actually received by the Apportionment Fund, even if the receipt of such revenues occurs subsequent to the Expiration Date.

C. Time When Costs Or Monetary Obligations Are To Be Incurred. It is estimated that the time frame for incurring the costs of the Traffic Improvements and the Organizational Costs will be within approximately one year from the date of approval of this Project Plan. The costs of the Investment Incentive will be paid over the duration of the Increment District, based upon actual TIF Revenues derived from the ad valorem tax on real and personal property. It is anticipated that all Project Costs will be directly paid or reimbursed from apportioned TIF Revenues, provided, however, certain Project Costs may be paid from proceeds of TIF Bonds.

D. Flow of Funds; Excess Revenues.

During the term of the Increment District, TIF Revenues (excluding such portions allocated to affected taxing entities) shall be utilized as follows:

- FIRST: The payment of principal, accrued interest, and premium, if any, due on the TIF Bonds;
- SECOND: If applicable, transfers to any debt service reserve established in connection with the TIF Bonds in such amounts as may be necessary to restore the reserve to its prescribed levels;
- THIRD: The payment and/or reimbursement of authorized Project Costs (including any interest component pursuant to a development agreement);
- FOURTH: If applicable, the prepayment of principal on any TIF Bonds until such time as all TIF Bonds are retired; and
- FIFTH: Upon retirement of all TIF Bonds (if any) and payment of all Project Costs (including any interest component pursuant to a development agreement),

any remaining TIF Revenues shall be transferred to the various ad valorem taxing jurisdictions, in the same percentages as originally collected, as determined by reference to the millage levied by each of the various ad valorem taxing jurisdictions for the related tax year, excluding sinking fund levies, consistent with the provisions of the Local Development Act.

XI. FINANCING REVENUE SOURCES

The TIF Revenues are expected to finance all or a portion of the Project Costs authorized by Section IX. Based on the initial projections of incremental ad valorem tax revenue, it is estimated that approximately \$8.61 million could be generated by the incremental increase in ad valorem tax revenue during the term of the Increment District, with approximately \$4.66 million available for allocation to Project Costs (including any interest, capitalized interest and other related financing costs) and approximately \$3.95 million apportioned to the respective ad valorem taxing entities. The initial projections of TIF Revenues are based upon an estimated \$73.1 million initial taxable capital investment, an 11.2% assessment rate for real property and an 11.2% assessment rate for personal property, and an approximately 116.88 mill levy within the Increment District.

The calculation of projected TIF Revenues will be refined based upon (i) the actual effective ad valorem tax rate and base assessed valuation, as determined from time to time by the Wagoner County Assessor and subject to change by voters of the applicable taxing jurisdictions at an election(s) held for such purpose, (ii) the total taxable capital investment and taxable inventory levels resulting from development within the Increment District, and (iii) the timing of the development.

The realization of the TIF Revenues is directly dependent on the Developer's ability to recruit, construct, lease, sell, and/or maintain the Creek 51 Business Park contemplated by this Project Plan within the Increment District during the term of the Increment District. The Authority and/or the City may enter into economic development agreements with the Developer or any other parties as required by the Local Development Act.

Certain TIF Projects may be designed and/or constructed by the City. Authorized Project Costs, or the payment of debt service on TIF Bonds issued to pay Project Costs, will be paid from TIF Revenues by the City or the Authority, and may include (i) reimbursement of the City or the Authority for certain public improvements constructed from other available funds, and (ii) assistance in development financing (as authorized by the Local Development Act) to the Company for certain public infrastructure and/or other site improvements constructed on behalf of the City in furtherance of the purposes of this Project Plan. The financing of the projected private development in the area may be provided by private equity and private mortgage financing, secured by the private developments.

XII. PUBLIC REVENUE ESTIMATED TO ACCRUE FROM THE PROJECT AND OTHER ECONOMIC IMPACTS

The increase in ad valorem tax revenues, of which portions will serve as the revenue source for financing the Project Costs authorized by Section IX of this Project Plan, are the public revenues directly attributable to the project defined by establishment of the Increment District. Over the approximately eleven (11) year duration of the Increment District, the incremental ad valorem tax revenue is expected to total approximately \$8.61 million, with approximately \$4.66 million allocated to Project Costs (subject to a maximum of \$5.355 million) and approximately \$3.95 million allocated to affected taxing entities. Additionally, the various taxing jurisdictions may realize additional ad valorem tax revenues from any additional development outside the boundaries of the Increment District.

Construction of the improvements and subsequent development should have a considerable positive impact on total employment in the City's metropolitan area, including temporary construction jobs and permanent positions in retail and other commercial establishments. The actual amount of jobs, payroll, and capital investment will be largely dependent on the specific commercial establishments that ultimately locate in the area. Indirect impacts (associated with the employment and income which result from the provision of inputs in support of the primary activity), and induced impacts (associated with the wages and jobs resulting from changes in household expenditures which come about through direct and indirect employment) will also result in additional growth in the City's metropolitan area.

This Project Plan includes certain projections and estimates, which are based on the current expectations or beliefs of third party developer(s) and are subject to uncertainty and changes in circumstances. Actual results may vary materially from the expectations contained herein due to changes in economic conditions, market demand and other factors affecting the development of the Project.

XIII. PRIVATE AND PUBLIC INVESTMENTS EXPECTED FOR THE PROJECT

The publicly financed Project Costs (including costs of the Traffic Improvements and Organizational Costs, and the maximum projection of the Investment Incentive) in the estimated aggregate total amount of \$5.355 million, as authorized by this Project Plan, represent approximately 6.83% of the projected total public and private investment for the Project, which including anticipated expenditures by or on behalf of commercial, industrial, or governmental entities locating within the Increment District, is expected to exceed \$78.4 million.

XIV. MISCELLANEOUS PROVISIONS

The property within the Increment District is zoned for light industrial (I-1), except for a small section along Highway 51 that is zoned highway commercial (CH). Historical zoning for the property within the Increment District was agriculture (A-1). The proposed Project conforms

to the comprehensive plan for the City, as amended. No changes in the ordinances (other than minor zoning adjustments) of the City are contemplated under this Project Plan, and the Project will conform to a planned unit development, as the same may be amended from time to time.

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EXHIBIT "A"

MAP OF INCREMENT DISTRICT NO. 2

The boundaries of Increment District No. 2, City of Broken Arrow are contiguous with Parcel ID #251184-000001-000000 and Parcel ID #251172-000001-0000001. The subject parcel is located off the west side of State Highway 51, and bordered on the east by State Highway 51 and the interchange with the Creek Turnpike, on the southwest by the M.K. &T Railroad tracks, and on the north by the Oak Tree South Extended subdivision. The approximate Increment District boundaries are shown in red below. Please see Exhibit "B" for a legal boundary description of Increment District No. 2.



EXHIBIT "B"

INCREMENT DISTRICT LEGAL DESCRIPTION

INCREMENT DISTRICT NO. 2

An area located entirely in Wagoner County, Oklahoma, more particularly described as follows:

PARCEL 1: ID #251184-000001-000000

18-18-15 THE PART OF THIS LEGAL THAT IS IN SECT 18, FULL LEGAL DESC AS COMM AT THE NE CORN OF THE SE OF SECT 18, THENCE S88D 51'46"W AND ALONG THE N LINE OF SD SE A DIST OF 140.68' TO POB, THENCE ALONG THE ROW OF U.S. HWY 51 FOR THE FOLLOWING 3 COURSES: S43D 41'37"E 138.88', THENCE S48D 16'03"E 125.4', THENCE S43D 41'38"E 285.79' TO A PT ON THE NWSTRLY LINE OF THE ROW OF THE OKLA TURNPIKE AUTH, CREEK TP, THENCE ALONG SD ROW LINE FOR THE FOLLOWING 4 COURSES: S45D 51'22"W 648.11', THENCE S45D 50'53"W 208.93', THENCE S29D 12'19"W 510.38', THENCE S15D 57'48"E 132.66', THENCE S46D 12'46"W 255.26', THENCE S43D 51'25"W 489.58', THENCE N71D 23'26"W 37.10', THENCE ALONG A 360' RADIUS CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 35D 00'27" A CHORD BEARING AND DIST OF N53D 53'12"W 216.55' FOR AN ARC DIST OF 219.96', THENCE S48D 43'23"W 480.7' TO A PT ON THE MK&T RR ROW, THENCE ALONG SD ROW LINE AND ALONG A 5500.00 RADIUS NON-TANGENTIAL CURVE TO THE RIGHT, HAVING AN INITIAL TANGENT BEARING OF N62D 59'22"W A CENTRAL ANGLE OF 11D 21'01" A CHORD BEARING AND DIST OF N57D 18'51"W 1097.65' FOR AN ARC DISTANCE OF 1099.45', THENCE N01D 26'45"W 1425.92' TO A PT BEING THE SW CORN OF OAK CREEK SOUTH EXT SUBDIVISION, THENCE ALONG THE S SUBDIVISION LINE FOR THE FOLLOWING 2 COURSES: N88D 51'46"E 1465.46', THENCE N50D 55'02"E 325.25', THENCE N88D 51'46"E 777.77' TO POB (BK 2476/87)

PARCEL 2: ID #251172-000001-000001

17-18-15 THE PART OF THIS LEGAL THAT IS IN SECT 17 OF LEGAL DESC DESCRIBED AS COMM AT THE NE CORN OF THE SE OF SECT 18, THENCE S88D 51'46"W AND ALONG THE N LINE OF SD SE A DIST OF 140.68' TO POB, THENCE ALONG THE ROW OF U.S. HWY 51 FOR THE FOLLOWING 3 COURSES: S43D 41'37"E 138.88', THENCE S48D 16'03"E 125.4' THENCE S43D 41'38"E 285.79' TO A PT ON THE NWSTRLY LINE OF THE ROW OF THE OKLA TURNPIKE AUTH, CREEK TP, THENCE ALONG SD ROW LINE FOR THE FOLLOWING 4 COURSES: S45D 51'22"W 648.11', THENCE S45D 50'53"W 208.93', THENCE S29D 12'19"W 510.38', THENCE S15D 57'48"E 132.66', THENCE S46D 12'46"W 255.26', THENCE S43D 51'25"W 489.58', THENCE N71D 23'26"W 37.10', THENCE ALONG A 360' RADIUS CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 35D 00'27" A CHORD BEARING AND DIST OF N53D 53'12"W 216.55' FOR AN ARC DIST OF 219.96', THENCE S48D 43'23"W 480.7' TO A PT ON THE MK&T RR ROW, THENCE ALONG SD ROW LINE AND ALONG A 5500.00 RADIUS NON-TANGENTIAL CURVE TO THE RIGHT, HAVING AN INITIAL TANGENT BEARING OF N62D 59'22"W A CENTRAL ANGLE OF 11D 21'01" A CHORD BEARING AND DIST OF

N57D 18°51'W 1097.65' FOR AN ARC DISTANCE OF 1099.45', THENCE N01D 26°45'W 1425.92' TO A PT BEING THE SW CORN OF OAK CREEK SOUTH EXT SUBDIVISION, THENCE ALONG THE S SUBDIVISION LINE FOR THE FOLLOWING 2 COURSES: N88D 51°46'E 1465.46', THENCE N50D 55°02'E 325.25', THENCE N88D 51°46'E 777.77' TO POB (BK 2476/87)

Said composite tract of land being more accurately described as:

A TRACT OF LAND THAT IS A PART OF THE SOUTHEAST QUARTER (SE/4) OF SECTION EIGHTEEN (18), AND A PART OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION SEVENTEEN (17), ALL LYING WITHIN TOWNSHIP EIGHTEEN (18) NORTH, RANGE FIFTEEN (15) EAST OF THE INDIAN BASE AND MERIDIAN, WAGONER COUNTY, STATE OF OKLAHOMA, ACCORDING TO THE U.S. GOVERNMENT SURVEY THEREOF, SAID TRACT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NE CORNER OF THE SE/4 OF SECTION 18; THENCE S 88°51'46" W AND ALONG THE NORTH LINE OF SAID SE/4 A DISTANCE OF 140.68 FEET TO THE POINT OF BEGINNING;

THENCE ALONG THE RIGHT-OF-WAY OF U.S. HIGHWAY 51 AS IS IT CURRENTLY LOCATED FOR THE FOLLOWING 3 COURSES: SOUTH 43°41'37" EAST FOR A DISTANCE OF 138.88 FEET; THENCE SOUTH 48°16'03" EAST FOR A DISTANCE OF 125.40 FEET; THENCE SOUTH 43°41'38" EAST FOR A DISTANCE OF 285.79 FEET TO A POINT ON THE NORTHWESTERLY LINE OF THE RIGHT-OF-WAY OF THE OKLAHOMA TURNPIKE AUTHORITY, CREEK TURNPIKE; THENCE ALONG SAID RIGHT-OF-WAY LINE FOR THE FOLLOWING 4 COURSES: SOUTH 45°51'22" WEST FOR A DISTANCE OF 648.11 FEET; THENCE SOUTH 45°50'53" WEST FOR A DISTANCE OF 208.93 FEET; THENCE SOUTH 29°12'19" WEST FOR A DISTANCE OF 510.38 FEET; THENCE SOUTH 15°57'48" EAST FOR A DISTANCE OF 132.66 FEET; THENCE SOUTH 46°12'46" WEST FOR A DISTANCE OF 255.26 FEET; THENCE SOUTH 43°51'25" WEST FOR A DISTANCE OF 489.58 FEET; THENCE NORTH 71°23'26" WEST FOR A DISTANCE OF 37.10 FEET; THENCE ALONG A 360.00 FOOT RADIUS CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 35°00'27" A CHORD BEARING AND DISTANCE OF NORTH 53°53'12" WEST FOR 216.55 FEET, FOR AN ARC DISTANCE OF 219.96 FEET; THENCE SOUTH 48°43'23" WEST FOR A DISTANCE OF 480.70 FEET TO A POINT ON THE M.K. & T. RAILROAD RIGHT-OF-WAY; THENCE ALONG SAID RIGHT-OF-WAY LINE AND ALONG A 5550.00 RADIUS NON-TANGENTIAL CURVE TO THE RIGHT, HAVING AN INITIAL TANGENT BEARING OF NORTH 62°59'22" WEST A CENTRAL ANGLE OF 11°21'01" A CHORD BEARING AND DISTANCE OF NORTH 57°18'51" WEST FOR 1097.65 FEET FOR AN ARC DISTANCE OF 1099.45 FEET; THENCE NORTH 01°26'45" WEST FOR A DISTANCE OF 1425.92 FEET TO A POINT BEING THE SOUTHWEST CORNER OF OAK CREEK SOUTH EXTENDED, A SUBDIVISION IN BROKEN ARROW, WAGONER COUNTY, STATE OF OKLAHOMA, RECORDED IN BOOK 2059, PAGE 671; THENCE ALONG SAID SOUTH SUBDIVISION LINE FOR THE FOLLOWING 2 COURSES: NORTH 88°51'46" EAST FOR A DISTANCE OF 1465.46 FEET; THENCE NORTH 50°55'02" EAST FOR A DISTANCE OF 325.25 FEET; THENCE NORTH 88°51'46" EAST FOR A DISTANCE OF 777.77 FEET TO THE POINT OF BEGINNING.

SAID TRACT CONTAINS 4,234,399 SQUARE FEET OR 97.208 ACRES.

EXHIBIT “C”**MAP OF PROJECT AREA**

The boundaries of the Project Area associated with Increment District No. 2, City of Broken Arrow contain an area comprising all or a portion of three (3) quarter sections bordered on the south by South Washington Street (E. 91st Street), from one-half mile east of South 32nd Street (193 Rd E) to one-half mile west of Evans Road (225 Rd E), extending north one-half mile, except for an additional portion extending further north to one-quarter mile south of South Houston Street (E. 81st Street) and bounded on the east by the Creek Turnpike and on the west by the statutory right-of way for S. 209th E Ave. The approximate boundaries of the Project Area are shown in yellow below, and contain the Increment District area shown in red below. Please see Exhibit “D” for a legal boundary description of the Project Area.

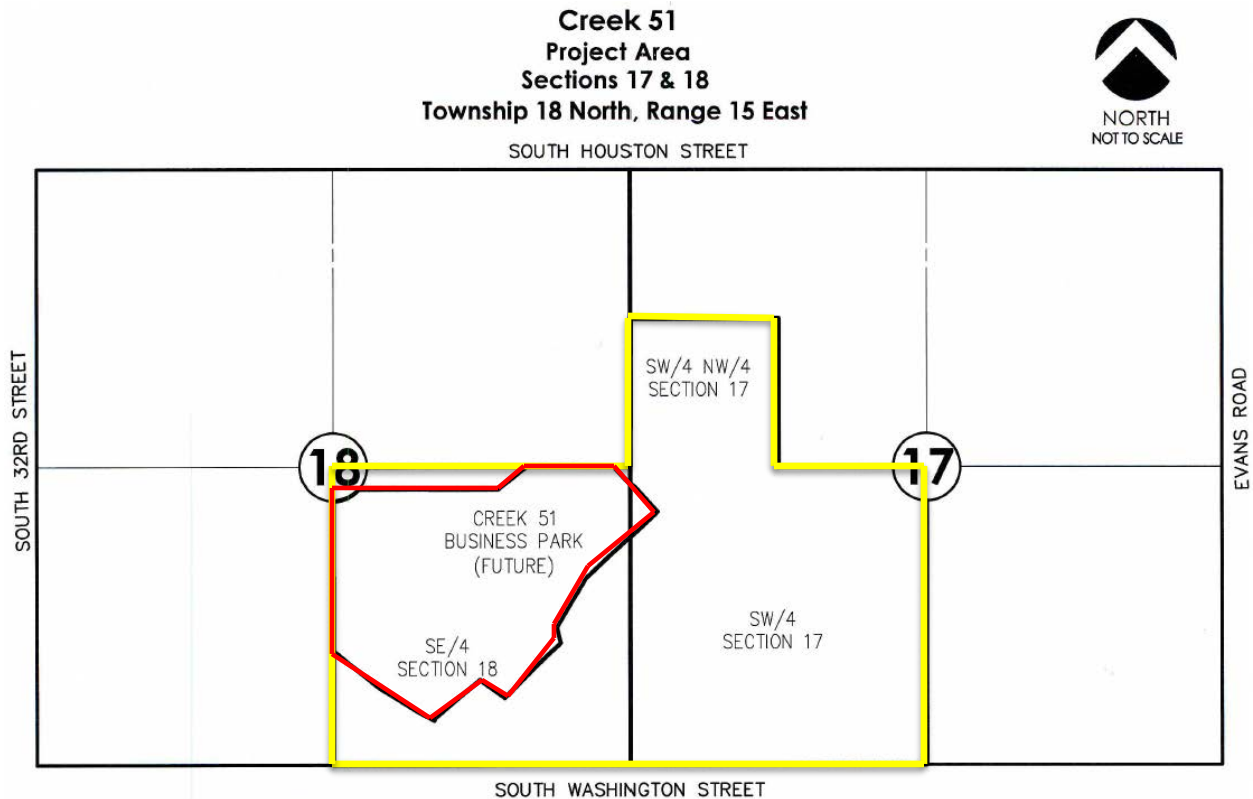


EXHIBIT “D”

PROJECT AREA LEGAL DESCRIPTION

INCREMENT DISTRICT NO. 2 PROJECT AREA

An area located entirely in Wagoner County, Oklahoma, more particularly described as follows:

A PROJECT THAT IS A PART OF THE SOUTHEAST QUARTER (SE/4) OF SECTION 18; THE SOUTHWEST QUARTER (SW/4) OF SECTION 17 AND THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER (SW/4 NW/4) SECTION 17, ALL LYING WITHIN TOWNSHIP EIGHTEEN (18) NORTH, RANGE FIFTEEN (15) EAST OF THE INDIAN BASE AND MERIDIAN, WAGONER COUNTY, STATE OF OKLAHOMA, ACCORDING TO THE U.S. GOVERNMENT SURVEY THEREOF.

* Note: The Increment District is located mostly within the Southeast Quarter of Section 18.

EXHIBIT “E”

PROPOSED DEVELOPMENT IN THE INCREMENT DISTRICT

This Creek 51 Business Park Project describes an economic development project that contemplates the prospective development by Creek 51 Business Park, LLC of approximately 97.2 acres located west of the interchange of the Creek Turnpike and State Highway 51, located within the City of Broken Arrow, Oklahoma, for use as a business park supporting a variety of industrial and office commercial developments. The Developer proposes to invest or cause to be invested in excess of \$73.1 million to construct an estimated 812,700 square feet of business and industrial space for lease and/or sale to interested business concerns. The City proposes to encourage the magnitude of the capital investment by providing a mechanism to offset a portion of the costs associated with the Project.

The City proposes economic incentives to the Developer in the amount of 50% of the total ad valorem taxes generated by increased valuation of the Project, up to a maximum aggregate incentive of \$5,000,000. The goal of the Investment Incentive is to maximize the amount of capital investment at the Creek 51 Business Park in order to provide a significant enhancement to the tax base long term. The Project Plan provides that pursuant to the terms of a development agreement between the City and the Developer (as required by the Local Development Act defined herein), an amount equal to not more than 50% of the TIF Revenues derived from ad valorem taxes on the Creek 51 Business Park shall be utilized as an incentive to maximize the capital investment for a period of approximately 10 years following initial construction of the Creek 51 Business Park. The Developer has expended and/or expects to expend approximately \$2.37 million for initial acquisition costs, and expects to expend an additional \$2.47 million for site development costs including general site grading, construction of an industrial boulevard serving the Creek 51 Business Park, water, sewer, and drainage utility improvements, erosion control, and construction of an emergency fire access road.

The City has identified specific traffic control improvements along State Highway 51 appropriate to accommodate the projected traffic at the entrance to Creek 51 Business Park. Certain Project Costs have been identified that will improve publicly owned traffic control facilities and infrastructure, and these improvements are estimated to cost approximately \$300,000, and will be funded from the incremental revenues described herein. The purpose of the Traffic Improvements is to provide safer egress and ingress to the development. The scope of the Traffic Improvements will be to coordinate with the Oklahoma Department of Transportation to install a new traffic signal at the entrance to Creek 51 Business Park. The City expects to expend approximately \$300,000 in connection with signalizing the intersection of the industrial boulevard with State Highway 51 to provide safe vehicular access to the business park. The City will recoup the costs of the Traffic Improvements, along with upfront Organizational Costs, from the TIF Revenues derived from the Increment District. The City may seek other funding sources for all or a part of the signalization costs, which funds may supplement and/or offset a portion of the Traffic Improvement Costs to be funded through the Increment District. All costs related to the Traffic

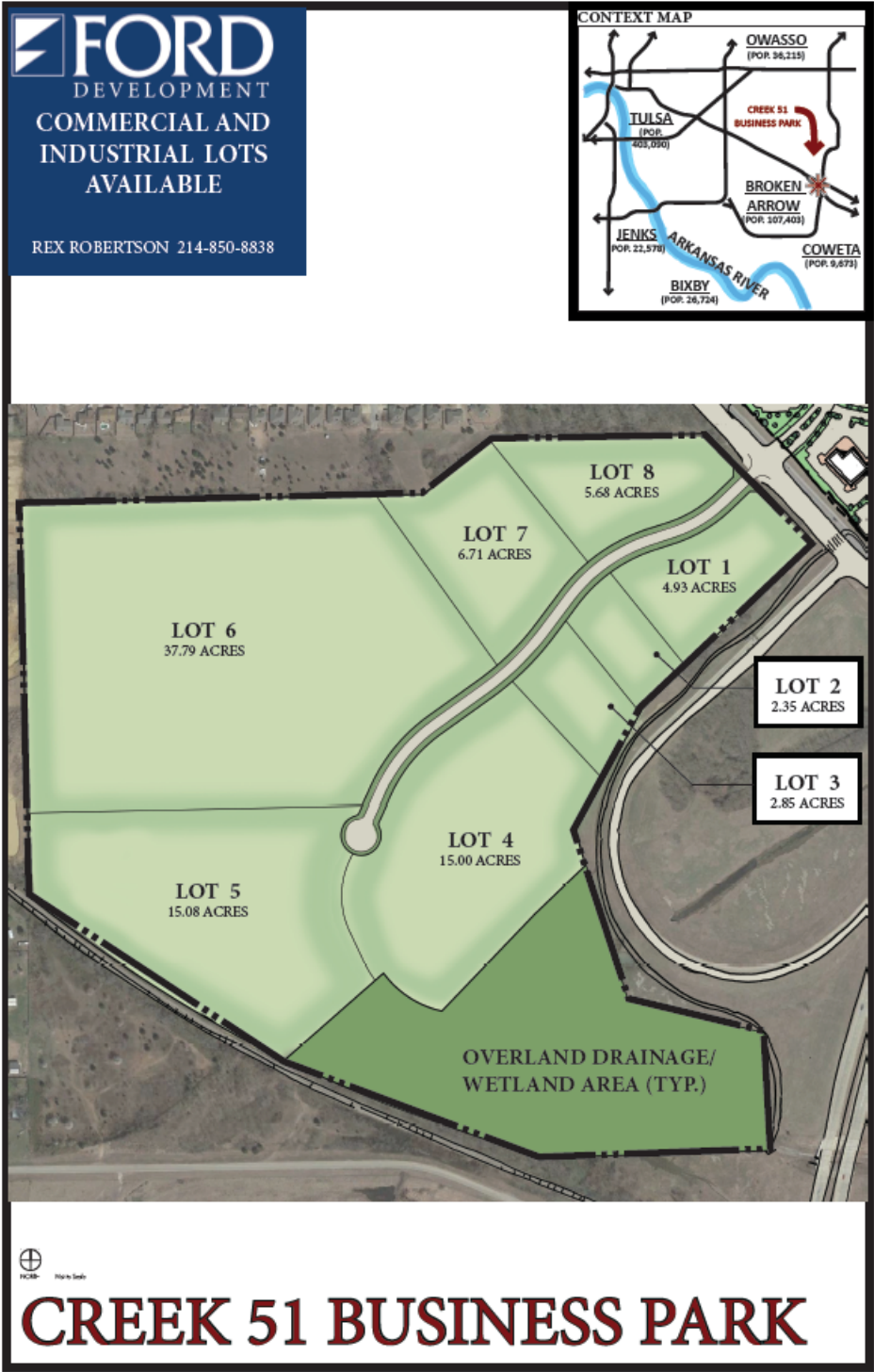
Improvements will be expended and the related improvements completed by approximately June 2020.

The 50% of TIF Revenues not utilized for incentives (less amounts utilized to pay costs of the Traffic Improvements and any Organizational Costs related to establishment of a tax increment district) will directly benefit the affected taxing jurisdictions. The City will calculate and remit the allocable share of TIF Revenues payable to each the affected taxing jurisdictions annually

The Developer will work with interested parties to facilitate the planned build-out of the business park, which will result in significant capital investment in improvements to the property. Based on the Developer's projections for the proposed Creek 51 Business Park Project, the commercial development within the Increment District could result in a potential total taxable capital investment of approximately \$73.1 million. The actual amount of capital investment will be largely dependent on the specific nature of the industrial and commercial establishments that ultimately locate in the area. The proposed Creek 51 Business Park will include several buildings. Please see Exhibit "F" for a Preliminary Site Development Plan for the Creek 51 Business Park development.

EXHIBIT “F”

PRELIMINARY SITE DEVELOPMENT PLAN*
CREEK 51 BUSINESS PARK PROJECT



* Preliminary; Subject to Change