



# MEMORANDUM

Council Agenda  
Item No. VII.AU.  
8/15/2017

## The City of OKLAHOMA CITY

TO: Mayor and City Council

FROM: James D. Couch, City Manager

Resolution approving an allocation of Downtown/MAPS Economic Development Project Plan TIF No. 10 funds for the First National Center Redevelopment Project, located between North Robinson Avenue to North Broadway Avenue along Park Avenue, \$40,000,000 from the Increment District No. 10 ad valorem increment budget and \$5,000,000 from the Increment District No. 10 sales tax increment budget for a total tax increment allocation of \$45,000,000. Ward 6.

Location R010013400 - 120 North Robinson Avenue  
R010013436 – 120 Park Avenue  
R010013448 – 100 Park Avenue

Purpose To allocate the budget of TIF No. 10 ad valorem and sales tax increment budget to support the First National Center Redevelopment Project

Background On March 7, 2000, the Council adopted Ordinance No. 21,431, approving the Downtown/MAPS Economic Development Project Plan (“Project Plan”) and establishing Tax Increment District No. 2, City of Oklahoma City (“TIF-2”). On February 24, 2016, the City Council adopted Ordinance 25,325, which Ordinance further amended the Downtown/MAPS Economic Development Project Plan to identify and create Increment District Number Ten (Increment District No. 10), City of Oklahoma City, for the purpose of providing anticipated assistance in development financing for the First National Center Redevelopment Project.

The Project Plan requires that the Downtown/MAPS Tax Increment Review Committee meet and review any proposed economic development project and budgetary allocation in light of the overall project objectives, feasibility, priorities, and funding availability and submit its recommendation to the City Council of The City of Oklahoma City for approval of a budget allocation prior to submittal to the Oklahoma City Economic Development Trust prior to implementation of the proposed development project.

In December 2016, a group of investors led by local developer Gary Brooks and his business partner Charlie Nicholas acquired the First National Center property after a lengthy litigation process. The developer

has proposed that the Frist National Center Project will consist of three separate components:

- 1) a parking garage with retail and commercial space to be located in the First National Center Office Buildings built in 1957 and 1972 (the “Garage”)
- 2) a hotel, including restaurants, bars, hotel meeting space, and retail space in a portion of the main First National Center Tower (the “Hotel”)
- 3) a residential tower, containing rental units, in a portion of the main First National Center Tower (the “Residential Unit(s)”)

The developer has determined the financing gaps for each component to be estimated at \$16,000,000 for the garage, \$20,000,000 for the hotel, and \$9,000,000 for the residential tower. Based upon their preliminary analysis, the developer has requested assistance in development financing in the form of a loan within 180 days of the completion of the Garage in the amount of approximately \$16,000,000 under terms to be developed and set forth in a future Economic Development Agreement.

Under the relevant provisions of the Downtown/MAPS Economic Development Project Plan, \$40,000,000 has been allocated and budgeted from Increment District No. 10 from the ad valorem tax increment and \$5,000,000 from collected sales tax increment to support the anticipated assistance in development financing needed for the First National Center Redevelopment Project. The Project Plan estimated that the time frame for incurring the project costs, in the form of assistance in development financing, would be over the ten year period following approval of the Amended Project Plan on February 24, 2016 and it was anticipated that the project costs may be incrementally incurred during this time frame by periodic issuance of bonds and by the payment of project costs directly from the apportioned increments.

Due to the complexities and phasing of the three components, it is the recommendation of City staff that the Review Committee and City Council support the First National Center Project in all phases with a total allocation of \$45,000,000 from Increment District No. 10. On July 31, 2017, the Downtown/MAPS Tax Increment District No. 2 Review Committee convened and approved a resolution recommending a budget allocation of \$45,000,000 in TIF assistance to be provided for the First National Center Redevelopment Project as “assistance in development financing” necessary to make the First National Center Redevelopment Project economically viable.

Approval of the attached resolution will allocate \$40,000,000 from the Increment District No. 10 ad valorem increment budget and \$5,000,000 from the sales tax increment budget for a total tax increment allocation of \$45,000,000 for assistance in development financing necessary to complete the First National Center Redevelopment Project.

Previous Action                      Downtown/MAPS Review Committee adopted resolution on July 31, 2017 (Item No. VII.)

Review                                      Economic Development

Recommendation: Resolution be adopted.