

UNIVERSITY NORTH PARK

HISTORY & BACKGROUND



1. In 2002, the Board of Regents of the University of Oklahoma (the “University”), under the leadership of President David L. Boren, as owner and applicant, submitted to the City of Norman (the “City”) a development plan for approximately 585 acres of property owned by the University, as a planned unit development (the “PUD”). The property was formerly part of the US Naval base (the “North Base”) and Max Westheimer Airpark and is located east of I-35 and west of Max Westheimer Airpark, extending north from Robinson Avenue to Tecumseh Road (the “Property”). The Norman City Council duly approved the PUD, related development plan, and preliminary plat.
2. In 2003, the University sold the Property to University North Park, LLC (“UNP”), a wholly owned subsidiary of The University of Oklahoma Foundation, Inc. (the “OU Foundation”), for a purchase price of \$13.3 million. As part of the purchase and sale, the US Congress enacted legislation releasing the requirement that the Property be used exclusively for airport purposes. At that time, the Property had no roadways except for 24th Avenue NW and was entirely without infrastructure or utilities of any kind. The net proceeds from the sale paid to the University were used to enable President Boren to realize his visionary goal to relocate the National Weather Center to the South Campus. The National Weather Center has been the cornerstone of the dramatic growth of the South Campus and has proven to be an important catalyst for ascension of the University’s School of Meteorology to a world-class level.
3. In 2005, after conducting interviews with potential developers, UNP selected University Town Center, LLC (“UTC”) as purchaser and master developer of the southern half of the Property. As a result, UNP sold the southern half of the Property to UTC for \$14.3 million.
4. In 2006, the Property was branded “University North Park” and a public-private partnership was forged between the City of Norman, UNP, and UTC by establishment of a new tax increment financing district (“TIF”), by the City of Norman. The Project Plan of the UNP TIF District set forth the parameters of the TIF and subsequent development agreements between the City, Norman Tax Increment Financing Authority, UNP, and UTC have been utilized to implement Project Plan components. The UNP TIF documents have served as models for other jurisdictions seeking to implement public-private partnership development strategies. The UNP TIF District development plans have spurred remarkable development activity, job creation, and public benefit, including increased City and County tax revenues, over the last 11 years.
5. After approval of the PUD and establishment of the TIF, the parties determined that the first phase of the development of the Property would be the area between Robinson Avenue and Rock Creek Road (“Phase 1”). Phase 1 consists primarily of retail development that is supported by Legacy Park, extension of the Legacy



Trail system, public landscaping, public art, and other amenities. In order to implement Phase 1, critical traffic and roadway improvements, including the Rock Creek Road overpass, were also constructed and utilities and drainage facilities were installed. The cost of these public improvements was paid from Phase 1 TIF revenues and a subsidiary of UNP provided the initial, up-front public financing to construct the Rock Creek Road overpass, Legacy Park, and other public infrastructure. The Embassy Suites Hotel and Conference Center, a cornerstone of Phase 1, has greatly benefited both the City of Norman and the Phase 1 development. As a result, Phase 1 is now more than 70 percent developed.

The City, UTC, and UNP have also been involved in oversight of the development, financing, design, and strategy for Phase 1. As part of that oversight, an architectural review board was established to review and approve the quality and consistency of the design of each component of the development. Finally, it should be noted that within months of approval of the TIF Project Plan, the OU Foundation transferred to the City almost a quarter section of land for future development as Ruby Grant Park southeast of 36th Ave NW and Franklin Road. This future parkland was sold to the City at a price significantly below market value. In addition, UTC donated all of the land to the City that was needed for the construction of Legacy Park.

- 6.** Development of Phase 1 has been both an economic and a commercial success. Since 2007, retail space in Phase 1 expanded from about 240,000 square feet to 1.3 million square feet, annual revenues from retail sales rose from \$66 million to \$335 million, local annual sales tax collections expanded from \$2 million to \$10 million, and annual property tax collections increased by \$2.9 million. The Norman Public School District has confirmed that it is receiving approximately \$680,000 annually in additional funding from incremental ad valorem taxes generated within the Phase 1 development.
- 7.** The plans for development of the remainder of the Property between Rock Creek Road and Tecumseh Road (“Phase 2”) accelerated in early 2015 when CS&L International issued a report concluding that a multi-purpose arena with the University of Oklahoma men’s and women’s basketball teams as anchor tenants was feasible (“CS&L Report”).
- 8.** There has been substantial, ongoing discussion of the new multi-purpose arena concept on multiple levels. Those discussions have included Norman City Councilors and Norman City Staff as well as representatives of Cleveland County, the University, UNP, the Norman Economic Development Coalition (“NEDC”), the Norman Chamber of Commerce, and others. The general consensus is that because Lloyd Noble Center is outdated and major renovation would be very expensive, the new multi-purpose arena option should be explored. A possible location for a new multi-purpose arena, believed by many to be most viable and practical, would be within an entertainment district developed within Phase 2 of



University North Park. This is an area of North Norman that provides an ideal opportunity for “live, work, and play” experiential developments.

9. In the spring of 2016, CallisonRTKL was engaged to work with UNP, UTC, and the City to prepare a new conceptual master plan for Phase 2 of University North Park. CallisonRTKL is among the largest architectural firms in the world and has a major office in Dallas. The principal representative from CallisonRTKL is Jeff Gunning, an OU graduate and the nephew of Boyd Gunning, a legend at the University and the first executive director of the OU Foundation. CallisonRTKL and Jeff Gunning prepared the first conceptual master plan for University North Park in 2006, which led to substantial commercial development in Phase 1 of University North Park and was utilized in City, UTC, and UNP planning since inception. After a year and a half of collaboration and study, the CallisonRTKL conceptual master plan for Phase 2 of University North Park was unveiled to the UNP TIF Citizen Oversight Committee on September 20, 2017. The Citizen Oversight Committee unanimously endorsed the master plan. The CallisonRTKL conceptual master plan was then presented to the Norman City Council on the same day and the Council member’s feedback was generally positive.

10. Also, in the spring of 2017, the City of Norman engaged the Center for Economic Development Law to review the current TIF district documentation for University North Park. The goal was to explore whether it would be reasonable or necessary to provide additional future incentives/assistance in development financing to facilitate construction of a new multi-purpose arena within an entertainment district to be located in Phase 2. The Center for Economic Development Law represented the City when the original TIF project plan was approved in 2006. Their work and discussions with members of the City Council is ongoing.

UNP’s hope and expectation is that the Norman City Council would seek input from potentially affected ad valorem taxing jurisdictions through referring the matter to a statutory TIF review committee. Seeking advice from a statutory review committee is a requirement under Oklahoma law. The statutory TIF review committee, whose members would include representatives of the potentially affected taxing jurisdictions, would make a recommendation to the City Council. Ultimately, the City Council would decide whether to approve an amended TIF project plan for University North Park. The Center for Economic Development Law has been assisting the City in exploring TIF financing options.

11. In the summer of 2017, UNP engaged Price College of Business Professor Robert Dauffenbach to evaluate the increased tax revenue that would result from development of Phase 2 in accordance with the new CallisonRTKL Master Plan. Dr. Dauffenbach’s study projected revenues to both the City and County over a 10-year period. Professor Dauffenbach’s study was unveiled to the Norman City Council on September 20. At the end of 10



years, assuming full development of Phase 2, Professor Dauffenbach projected that more than \$500 million in new construction and development costs will have been invested and the City and County taxing jurisdictions would receive more than \$19 million in new annual tax revenues.

- 12.** UNP has engaged both civil and traffic engineers in addition to Norman zoning counsel, and filed an application to slightly amend the current Planned Unit Development zoning of the north half of University North Park to permit up to 50 acres of commercial development. This commercial development acreage would be primarily allocated to the new entertainment district anchored by a multi-purpose arena. An initial hearing before the Norman Planning Commission is anticipated to occur in the Spring of 2018.
- 13.** Through CallisonRTKL and others, UNP has received a number of indications of interest from highly credible regional and national developers to participate and/or develop a portion of the entertainment district and Phase 2. Some highly encouraging preliminary meetings and interviews have occurred and are ongoing.
- 14.** There is a high level of support from current owners and tenants in Phase 2 of University North Park. Notably, IMMY, the locally founded clean manufacturing business recruited by NEDC, and Gary Brooks, developer of the new Terra multi-family project, are very excited about the prospect of the entertainment district and multi-purpose arena. They are also excited about other aspects of the master plan including housing, office concepts, and additional clean manufacturing development. Mr. Brooks has indicated that construction of additional multi-family phases will likely be accelerated if the multi-purpose arena and entertainment district are approved and developed. Building on the success of Phase 1 of University North Park, which was initiated by President David L. Boren in 2002, the goal of creating a unique place for Norman residents to “live, work, and play” is much closer to reality.