

**HIGHWAY 62
ECONOMIC DEVELOPMENT PROJECT PLAN**

Prepared by:

CITY OF BLANCHARD, OKLAHOMA

**MAYOR AND CITY COUNCIL
EDDIE ODLE, MAYOR, AT-LARGE
MICHAEL SCALF, VICE MAYOR, WARD 2
JOE DAVIS, WARD 1
ALBERT RYANS, WARD 3
CHUCK KEMPER, WARD 4**

ROBERT FLOYD, CITY MANAGER

**THE PUBLIC FINANCE LAW GROUP PLLC
5657 N. CLASSEN BOULEVARD, SUITE 100
OKLAHOMA CITY, OKLAHOMA 73118
(405) 235-3413**

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HIGHWAY 62 ECONOMIC DEVELOPMENT PROJECT PLAN

I. DESCRIPTION OF PROJECT

This Highway 62 Economic Development Project Plan (the “**Project Plan**”) describes an economic development project of the City of Blanchard, Oklahoma (the “**City**”) that brings significant commercial and residential development to the City. The purpose of the Increment District (as described herein) is to encourage the prospective development of interchange located at State Highway 62 and the H.E. Bailey Turnpike Spur. The area around interchange represents a natural gateway to the City, however the lack of public infrastructure improvements, including specifically water, sewer, and traffic improvements, will prohibit any meaningful development of the area. The City has visited with several landowners and development groups (collectively referred to herein as the “**Developers**”) that would be interested in developing the area for commercial use along the Highway 62 frontage with primarily residential development located behind the frontage property (the “**Project**”). Preliminary projections based on optimal land use planning provide a reasonable expectation for the City that collectively, the Developers could invest or cause to be invested in excess of \$338.9 million to construct an estimated 209,000 square feet of retail and commercial space over the next five years, as well as approximately 992 single family housing units over the next decade.

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 goal 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 City proposes to complete on a phased basis certain water and sewer system improvements, along with traffic improvements (collectively referred to herein as the “**TIF Projects**”), that will provide service to the development area and thereby allow proposed development projects to move forward. The costs associated therewith (along with related Organizational Costs) total \$40,519,000 and are referred to herein as the “**Project Costs**”.

The City will recoup the costs of the upfront Organizational Costs from the TIF Revenues (as defined herein) derived from the Increment District (as defined herein). Pursuant to the terms of a development agreement(s) between the City and the respective Developer (as required by the Local Development Act defined herein), the TIF Revenues generated by virtue of the sales and use tax levies by the City and the County shall be utilized as a revenue source to fund the costs of the TIF Projects. The TIF Revenues (as defined herein) will be used to pay the costs of the TIF Projects, reimburse the Organizational Costs, and/or pay debt service on obligations issued to pay the same.

Based solely on the preliminary projections prepared by the City based on optimal land use planning, the commercial development within the Increment District could result in a potential

total taxable capital investment of approximately \$305.0 million (net taxable value subject to ad valorem taxes) and generate approximately \$991.0 million in taxable sales over the term of the Increment District. Please see Exhibit “E” for a more detailed description of projected development within the Increment District. Please see Exhibit “F” for a Preliminary Site Development Plan for the Project.

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 Project Area (including 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 significant commercial and residential development 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 and sales and use 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 TIF Projects. Without the creation of the proposed Increment District, significant development within the Increment District would be unlikely and as a result, any significant increases in ad valorem taxes and sales and use taxes would be extremely improbable.

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 McClain County, the McClain County Health Department, Independent School District No. 29 of McClain County (Blanchard Public Schools, and referred to herein as the “**School District**”), Mid-America Technology Center No. 8, McClain Grady EMS District No. 1, and Pioneer Library System. 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 and sales and use tax revenues generated through construction and operation of the 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 2021, 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 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. During the term of the Increment District, the 66.67% of Ad Valorem Increment Revenues (as defined herein) apportioned to the affected ad valorem taxing jurisdictions as a specific revenue source are estimated to be approximately \$49.57 million (ranging from \$111,400 to \$2,561,600 per year and based on the proposed development of the Projects), and which will be apportioned directly to the affected taxing jurisdictions. 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 \$3,845,900 (based on an aggregate taxable capital investment of approximately \$305.0 million).

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 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 will create an increase in demand for utility services from the City, however the City has sufficient capacity to handle such demand, and the proposed development within the Increment District should generate significant increases in annual water and sewer utility revenues. Any increase in public sector costs should be more than offset by apportioned tax increments as provided in this Project Plan.

The formation of an Increment District should result in no net loss in existing sales and use tax revenue to the City, as the affected sales tax jurisdiction. A baseline sales tax collection level within the Increment District will be identified and will continue to accrue to the City. A potentially negative impact of utilizing incremental sales tax revenues to promote the creation of a significant retail development is the potential for transfer of sales tax dollars from existing retail establishments located outside the Increment District to new retail establishments located inside the Increment District. To offset this concern, the Increment District will only capture fifty percent (50%) of the Sales Tax Increment Revenues (as defined herein), representing the equivalent of a two and one-half percent (2.5%) incremental sales and use tax based on a total of 5.0% sales and use tax levied by the City as of the date of this Project Plan) for the payment of Project Costs, with the other one and fifty percent (50%) of the Sales Tax Increment Revenues (representing 50% of the incremental sales and use tax revenue based on a total of 5.0% sales and use tax levied by the City as of the date of this Project Plan) accruing to the City for general or dedicated municipal purposes, and further, the incremental sales and use tax revenues will exclude an amount representing the estimated historical sales tax collections for any business located within the City that relocates to a site within the Increment District. Assuming completion of the proposed Project, the City could realize an estimated gross gain in annual sales and use tax revenues in the approximate amount of \$884,800, and upon expiration of the Increment District, an estimated gross gain in annual sales and use tax revenues of approximately \$2.42 million. Additionally,

McClain County levies a 0.5% sales and use tax as of the date of this 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 Projects, the County could realize an estimated gross gain in annual sales and use tax revenues in the approximate amount of \$176,900.

These impacts may be mitigated by any decrease in sales and use tax collections outside the Increment District (for example, potential decline in overall sales of competing businesses, or relocation of existing businesses from other areas of the City to the Increment District) or by increased costs of providing city services to the development (police, fire, etc.) but may be augmented by the increased retention of customer spending within the City (for example, by reducing the leakage of sales to other municipalities by offering a wider and more diversified retail selection within the City).

The proposed Project will create an increase in demand for utility services from the City, however the City has sufficient capacity to handle such demand, and the proposed development within the Increment District should generate significant increases in annual water and sewer utility revenues. Any increase in public sector costs should be more than offset by apportioned tax increments as provided in this Project Plan.

VI. STATEMENT OF PRINCIPAL ACTIONS

Implementation actions for the project, including all necessary, appropriate and supportive steps, will consist of any 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 property interests necessary for the development project including connecting public easements;
- C. Negotiation, preparation, execution, and implementation of development agreements, including agreements for financing, demolition, 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 BLANCHARD

Increment District No. 2, City of Blanchard shall be created upon adoption of an Ordinance of the City Council of the City approving this Project Plan. In accordance with the provisions of the Local Development Act, the following incremental revenues shall be apportioned and used to pay (or reimburse the payment of) Project Costs authorized pursuant to Section IX of this Project Plan. The apportionment of the Ad Valorem Increment Revenues and the Sales Tax Increment Revenues (each as defined herein, and collectively referred to as the “**TIF Revenues**”) shall continue for that period required for the payment of the Project Costs, or a period not to exceed approximately twenty-five (25) years (ending June 30, 2048, and referred to as the “**Expiration Date**”), whichever is less:

A. 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 “**Ad Valorem Increment 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, as determined annually by the McClain County Assessor), shall be apportioned as follows: (i) one-third (33.33%) of the Ad Valorem Increment Revenues shall be pledged as security for the payment of the TIF Bonds or otherwise used to pay (or reimburse the payment of) Project Costs authorized pursuant to Section IX of this Project Plan; and (ii) two-thirds (66.67%) of the Ad Valorem Increment 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 (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; and

B. Fifty percent (50%) of the incremental sales and use tax revenue (representing an amount equivalent to a two and one-half percent (2.5%) sales and use tax based on a total of 5.0% sales and use tax levied by the City as of the date of this Project Plan pursuant to Chapter 1, Article 5, Section 1-75 *et seq.*, of the Blanchard Code of Ordinances (the “**Code of Ordinances**”), as such Code of Ordinances may be amended, replaced, extended, superseded, terminated, or otherwise modified from time to time) (collectively, the “**Sales Tax Increment Revenues**”); provided that all such Sales Tax Increment Revenues shall be pledged as security for the payment of the TIF Bonds or otherwise used to pay (or reimburse the payment of) Project Costs authorized pursuant to Section IX of this Project Plan; provided, however, the Sales Tax Increment 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. Said amount of reduction (collectively, the “**Transfer Adjustment**”) shall be calculated based on the sales tax collections during the twelve month period prior to closing the previous location. The remaining unapportioned fifty percent (50%) incremental sales and use tax (representing an amount equivalent to a two and one-half percent (2.5%) sales and use tax based on a total of 5.0% sales and use tax levied by the City as of the date of this Project Plan) shall be retained by the City and utilized for any lawful purpose consistent with the aforementioned Code of Ordinances.

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, 2, 3, 4, 7, 13, 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. Robert Floyd, City Manager. Mr. Floyd, 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 tax increments from the Increment District include: (i) the planning, design, acquisition, site preparation and/or construction of the TIF Projects in an aggregate total amount of \$40,419,000; (ii) 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 (iii) the direct or incidental costs incurred or to be incurred by or on behalf of the City or the Authority (as contemplated in Title 62, Section 853(14)(e) of the Local Development Act) in organizing, supervising,

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, including those incurred for architectural, planning, engineering, legal and financial advisors and services, and costs for determining or re-determining the base assessed value of the Increment District, 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 \$100,000.

The total estimate of Project Costs that may be made available for improvements from apportioned tax revenues shall be \$40,519,000 (including all engineering, construction, planning, and contingency 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; and/or (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. 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

It is hereby determined that the proposed Project Costs will generally benefit and support development throughout the Project Area, inclusive of the Increment District. It is further determined that (i) the TIF Revenues derived from the Increment District may properly be utilized to pay any and all Project Costs within the Project Area; and (ii) it is proper and may be appropriate (at the discretion of the City) to pledge TIF Revenues from the Increment District to the repayment of TIF Bonds. Therefore, with respect to the Increment District:

A. Methods of Financing. It is expected that the Project Costs will be paid from proceeds of the Authority's TIF Bonds. Payment of principal and interest due on the TIF Bonds will be paid from available TIF Revenues. Certain Project Costs may be directly paid by a third party developer or the City and reimbursed from proceeds of the TIF Bonds. Alternately, certain Project Costs may also be directly paid by a third party developer or the City and reimbursed from TIF Revenues in excess of those needed for debt service on the TIF Bonds. Certain other costs of the Project may be paid from such other funds of the City or the Authority as may be lawfully used for the purposes hereinabove stated, including proceeds of certain debt obligations issued by the Authority and secured by a pledge of general sales tax, utility, or other available revenues.

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 one or more of the following sources of revenues:

(i) *Ad Valorem Increment Revenues.* In accordance with the provisions of the Local Development Act, the Ad Valorem Increment Revenues are to be apportioned and set aside from all other ad valorem taxes levied within the Increment District, to be used exclusively for:

- (a) 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);
- (b) the payment, if required, of amounts necessary to satisfy or replenish any reserve requirement established with respect to any TIF Bonds;
- (c) the payment of Project Costs incurred in connection with the development, construction, or implementation of the TIF Projects;
- (d) the reimbursement of a third party 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 a third party developer, constitute an interest component on sums that were actually paid; and
- (e) 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 Ad Valorem Increment Revenues apportioned hereunder shall be transferred by the McClain 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 such increments and no portion of the Apportionment Fund shall constitute a part of the general fund of the City. All Ad Valorem Increment Revenues so collected shall be apportioned as follows: (i) one-third (33.33%) of the Ad Valorem Increment Revenues shall be pledged as security for the payment of the TIF Bonds or otherwise used to pay (or reimburse the payment of) Project Costs authorized pursuant to Section IX of this Project Plan; and (ii) two-thirds (66.67%) of the Ad Valorem Increment 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 (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 between the City and a Developer, 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.

(ii) *Sales Tax Increment Revenues.* In accordance with the provisions of the Local Development Act, the Sales Tax Increment Revenues are to be apportioned and set aside from all other sales and use taxes levied within the Increment District, to be used exclusively for:

- (a) 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);
- (b) the payment, if required, of amounts necessary to satisfy or replenish any reserve requirement established with respect to any TIF Bonds;
- (c) the payment of Project Costs incurred in connection with the development, construction, or implementation of the TIF Projects; and
- (d) the reimbursement of a third party developer, including any interest component (pursuant to a development agreement with the City and/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 a third party developer, constitute an interest component on sums that were actually paid.

Provided, however, the remaining unapportioned incremental sales and use tax revenues derived from the Increment District, as of the date of this Project Plan representing the equivalent of 2.5% of the total 5.0% sales and use tax levied by the City, shall be retained by the City and utilized for any lawful purpose consistent with the aforementioned Code of Ordinances. For purposes of determining the incremental portion of the sales and use taxes generated within or sourced to the Increment District, the Mayor of the City shall certify as the “base sales tax amount” the annual sales taxes received by the City that were generated within the area comprising the Increment District between January 1, 2022, and December 31, 2022. If necessary for such certification, said base amount may be determined using reasonable estimates prepared by the City Clerk. The base sales tax amount is projected to be \$0.00. Fifty percent (50%) of the sales and use tax generated within or sourced to the Increment District and received by the City which are in excess

of such base amount, net of any Transfer Adjustment, shall be considered to be the “increment” subject to apportionment by this section. In addition to sales and use tax generated from retail sales, the Sales Tax Increment Revenues shall include sales and use tax generated from actual construction occurring within the Increment District. The City shall establish procedures related to the calculation and determination of construction related sales and use tax revenue qualifying as Sales Tax Increment Revenues. Such procedures shall stipulate that construction related Sales Tax Increment Revenues be derived only from new construction activities occurring within the Increment District. The City shall be entitled to rely on certifications of actual construction costs provided by a third party developer(s) or related parties in connection with determining any applicable Sales Tax Increment Revenues.

Pursuant to the Local Development Act, the Sales Tax Increment Revenues apportioned hereunder and so collected shall be placed into the Apportionment Fund. No portion of such increments and no portion of the Apportionment Fund shall constitute a part of the general fund of the City. All Sales Tax Increment Revenues so collected shall be pledged as security for the payment of the TIF Bonds or otherwise used to pay (or reimburse the payment of) Project Costs authorized pursuant to Section IX of this Project Plan, including any interest component (pursuant to a development agreement with the City and/or the Authority).

The apportionment of sales and use 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 between the City and the Company, 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 most of the Project Costs will be within five to seven years from the date of approval of this Project Plan; however, certain Project Costs will not be incurred until appropriate development projects within the Increment District are identified by the City. It is anticipated that most Project Costs will be paid from proceeds of TIF Bonds issued by the Authority, provided however, certain Project Costs may be directly paid or reimbursed from apportioned TIF Revenues.

D. Flow of Funds; Excess Revenues.

During the term of the Increment District, TIF Revenues 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), (a) any remaining Ad Valorem Increment 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, and (b) any remaining Sales Tax Increment Revenues shall be transferred to the City for deposit into the General Fund or to the appropriate special fund, in each case 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 Ad Valorem Increment Revenues for the Project, it is estimated that approximately \$74.35 million could be generated by the incremental increase in ad valorem tax revenue during the term of the Increment District, with approximately \$24.78 million available for allocation to Project Costs and approximately \$49.57 million apportioned to the affected ad valorem taxing jurisdictions. The initial projections of Ad Valorem Increment Revenues are based upon an estimated \$305.0 million initial taxable capital investment, an 11% assessment rate for real property, an 11% assessment rate for business personal property, and an approximately 11.451% millage levy within the Increment Districts (based on the 2022 levy rates).

Based on the initial projections of Sales Tax Increment Revenues for the Project, it is estimated that approximately \$49.55 million could be generated by the incremental increase in sales and use tax revenue during the term of the Increment District, with approximately \$24.775 million available for allocation to Project Costs and approximately \$24.775 million retained by the City. The initial projections of incremental sales and use tax revenue are based upon the projected revenues generated within the Increment District from the levy of an aggregate total of five percent (5.0%) sales and use tax on new construction within the Increment District and new retail and other space generating approximately \$991.0 million in gross taxable sales during the term of 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 McClain County Assessor and subject to change by voters of the applicable taxing jurisdiction at an election(s) held for such purpose, (ii) the total net capital investment resulting from development within the Increment Districts, (iii) the timing of the development; and (iv) the impact of the specific nature of the actual retail investment on projected sales per square foot.

The realization of the TIF Revenues is directly dependent on the City's ability to attract development proposals on a magnitude necessary to fully develop the area within the Increment Districts during the term of the Increment District. The Authority and/or the City may enter into economic development agreements with the Developer(s) 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 Developer 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 ad valorem tax and sales and use tax revenues (estimated at a total of approximately \$123.9 million over the term of the Increment District based on the projected development of the Project), of which portions will serve as all or a portion of 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. Additionally, the various taxing jurisdictions may realize additional ad valorem tax and/or sales and use tax revenue from additional development outside the boundaries of the Increment District.

Construction of the improvements and subsequent development should have a positive impact on total employment in the City's metropolitan area, including temporary construction jobs and permanent positions at the Company's facilities. 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 in the amount of \$40,519,000, as authorized by this Project Plan, represent approximately 10.68% 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 within the Increment District, could exceed \$379.4 million.

XIV. MISCELLANEOUS PROVISIONS

A. Zoning Conditions. The property within the boundaries of the Increment District is currently zoned as a combination of automotive and commercial recreation (C-5), suburban district (S-1), and agricultural district (A-1). No changes in the ordinances of the City (other than minor zoning adjustments to accommodate the proposed Project) are contemplated under this Project Plan. Development is anticipated to occur in accordance with current zoning requirements, with appropriate adjustments as approved by the City. The proposed project conforms to the comprehensive plan for the City, as amended. A map showing the existing uses and conditions of the real property is included as Exhibit “G”.

B. Annual Reports. In accordance with Section 867 of the Local Development Act, following the end of each fiscal year, the City shall prepare and submit a report to the chief executive officer of each taxing entity that levies ad valorem taxes on property within each Increment District. At the time of submitting the report, the City shall also publish a notice and summary of the report in a newspaper of general circulation.

EXHIBIT "A"

MAP OF INCREMENT DISTRICT NO. 2

The boundaries of Increment District No. 2, City of Blanchard contain an area generally described as the property west of State Highway 62, north of NE 40th Street, south of NE 70th Street, and east of section line (MacArthur Ave N if extended south).



* Increment District boundaries contained within white border and shaded blue

EXHIBIT “B”

INCREMENT DISTRICT LEGAL DESCRIPTION

INCREMENT DISTRICT NO. 2

A part of Section Three (3) and Section Ten (10), Township Eight (8) North, Range Four (4) West of the Indian Meridian, McClain County, State of Oklahoma more particularly described as follows:

TO BE PROVIDED

The following Tracts 1-12 are approximately representative of the Increment District boundaries shown on the map in Exhibit “A”.

INCREMENT DISTRICT NO. 2

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

Parcel ID	Account No.	Shorthand Legal Description	Record Owner	Acres	Address	2022 Market	2022 Tax	2022	Status
						Value	Value	Assessed Value	
1	0000-03-08N-04W-0-002-00	W E & SE SE & S NE SE & E 3/4 OF SW & SE SW NW & SE NW & S NE NW & NE NE NW	BLUE SKY 415 LLC	414.11		33,206	33,206	3,653	462
2	0000-03-08N-04W-0-003-00	E NE & N NE SE LESS 2.5 ACS & LESS HWY LESS S NW SE	DUNNING ROY A TRUST	88.9		12,864	12,864	1,415	166
3	0000-03-08N-04W-0-009-00	S NW SE NE	GROVER GREG A	5		202,186	32,391	3,563	389
4	0000-03-08N-04W-0-004-00	1 AC LESS .04 AC	HEARTLAND TOWER INC	0.96		14,908	14,908	1,640	19
5	0000-10-08N-04W-0-002-00	UND 1/2 INT NE, SW NW SE, E 3/4 OF W OF SEC LESS 55.7 HWY ROW	LE FLORE LOUIS E	344.58		17,346	17,346	1,908	230
6	0000-10-08N-04W-0-005-00	75.54 ACS IN SEC 10	STATE DEPT OF HWY	75.54		616,320	-	-	- Exempt; Partial
7	0000-11-08N-04W-0-004-00	BEG 1000 E NW/4, S 308, E 208.7, N 308.7, W 208.7 TO POB LESS .21 AC FOR HWY	WESTERN FARMERS ELECTRIC CO-OP	0.79		15,800	-	-	- Exempt; Partial
8	0000-10-08N-04W-0-012-00	PT OF E SE	RIEGER LLC	37.52		703,500	36,755	4,043	441
9	0000-10-08N-04W-0-011-00	COMM @ SE/4 TH W 878.33, N 887.24 TO POB, THN 143.70, E 627.25, SWLY 149.58, W. 585.75 TO POB	CHRIST CHAPEL FREE WILL	5		78,000	78,000	8,580	- Exempt
10	0000-10-08N-04W-0-003-00	E SE - LESS 15.18 ACS FOR HWY LESS 34.66 AC LESS 11.11 AC LESS 1.31 HWY LESS 3.00 LESS 2 ACS	OKLAHOMA LAND COMPANY, LLC	9.82		91,360	73,009	8,031	893
11	0000-10-08N-04W-0-009-00	PT OF E OF SE SEE REVAL 1450/624	KIDS LAND, LLC	11.11		277,750	72,482	7,973	869
12	0000-10-08N-04W-0-013-00	N NW SE & N SE NW SE	RIEGER LLC	25		1,502	1,502	165	113

TOTALS: 1018.43 2,064,742 372,462 40,971 3,582

Excluding Exempt Properties: 32,391 3,562

ADDITIONAL PARCELS - NOT PART OF INCREMENT DISTRICT NO. 2

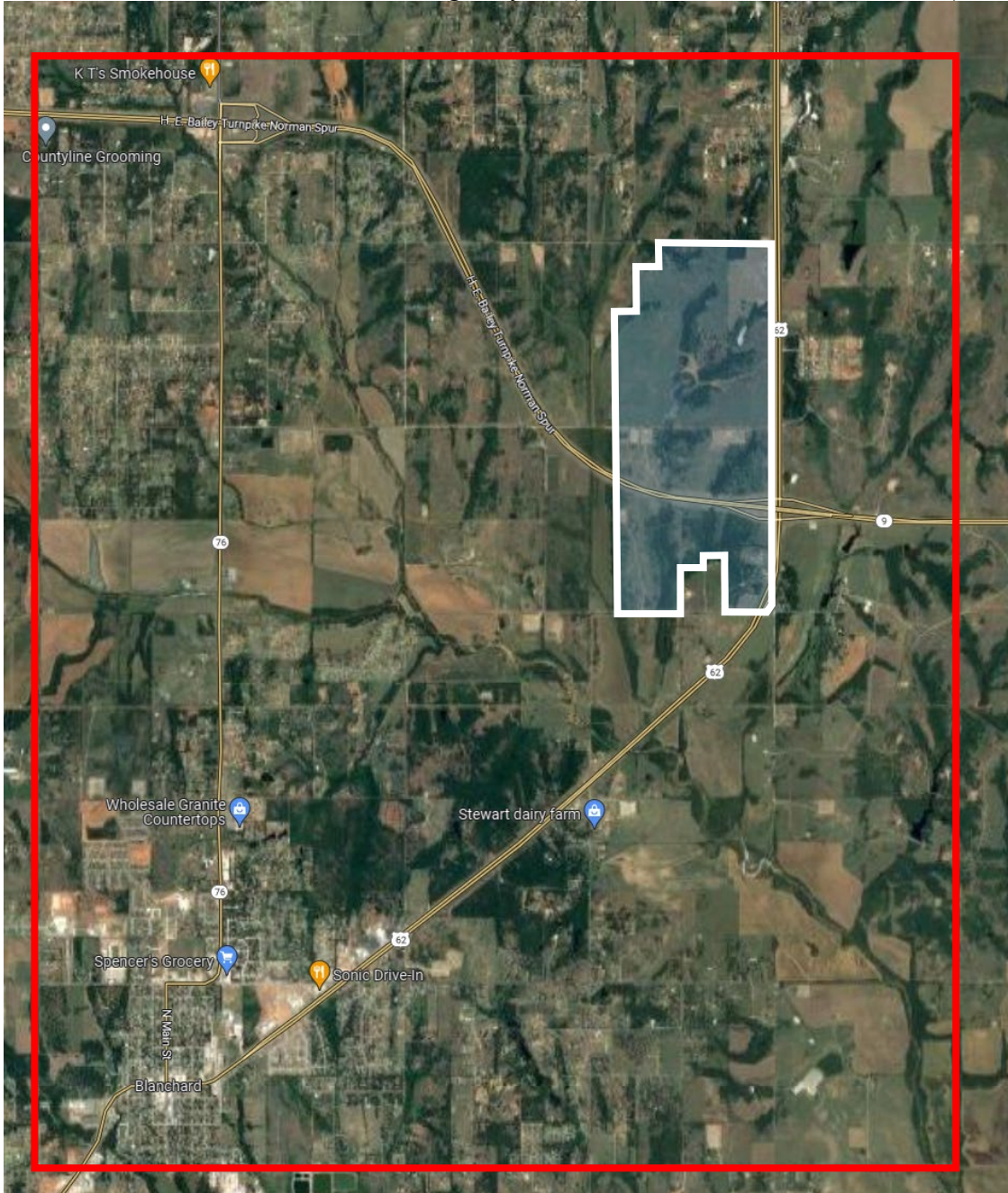
0000-10-08N-04W-0-006-00	440008089	N NW SE & SE NW SE, LESS 25 ACS (N NW SE & N SE NW SE)	TIVIS MARTHA ANN REV. TRUST	5	4423 NE 40TH ST	389,443	131,155	14,427	1,538
0000-10-08N-04W-0-006-01	440008090	NE SW SE	TIVIS MARTHA ANN REV. TRUST	10		92,000	10,364	1,140	124
0000-10-08N-04W-0-004-00	440008087	E SE SW SE	BRIDWELL DOROTHY M REVOCABLE TRUST	5	4423 NE 40TH ST	320,359	116,536	12,819	1,398
0000-10-08N-04W-0-008-00	440008092	W SE SW SE	TIVIS MARTHA ANN REV. TRUST	5		52,000	6,200	682	74
0000-10-08N-04W-0-010-00	440008094	SW SW SE	STEWART DUSTIN & RHONDA	10		127,164	127,164	13,988	187
0000-10-08N-04W-0-007-00	440008091	NW SW SE	HAWKINS CHRIS R	10		92,000	11,955	1,315	143

TOTALS: 45 1,072,966 403,373 44,371 3,464

EXHIBIT "C"

MAP OF ECONOMIC DEVELOPMENT PROJECT AREA

The boundaries of the Project Area associated with Increment District No. 2, City of Blanchard contain an area comprising 30 square miles bordered on the south by 290th Street (7th Street S.), on the west by N. County Line Road, on the north by 350th Street (SW 24th Street), and on the east by the section line one mile east of State Highway 62 (Portland Avenue extended south).



* Project Area is outlined by red border. Increment District boundaries contained within white border and shaded blue

EXHIBIT “D”

PROJECT AREA LEGAL DESCRIPTION

INCREMENT DISTRICT NO. 2 PROJECT AREA

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

Sections Two (2) through Eleven (11), Fourteen (14) through Twenty-Three (23), and Twenty-Six (26) through Thirty (30), Township 8 North, Range 4 West of the Indian Base and Meridian, McClain County, Oklahoma.

And

Sections Thirty-One (31) through Thirty-Five (35), Township 9 North, Range 4 West of the Indian Base and Meridian, McClain County, Oklahoma.

EXHIBIT “E”

**PROPOSED DEVELOPMENT IN THE PROJECT AREA
AND INCREMENT DISTRICT**

This Highway 62 Economic Development Project Plan describes an economic development project of the City of Blanchard, Oklahoma that brings a significant commercial and residential development to the City. The purpose of the Increment District is to encourage the prospective development of interchange located at State Highway 62 and the H.E. Bailey Turnpike Spur. The area around the interchange represents a natural gateway to the City, however the lack of public infrastructure improvements, including specifically water, sewer, and traffic improvements, will prohibit any meaningful development of the area. The City has visited with several landowners and development groups that would be interested in developing the area for commercial use along the Highway 62 frontage with primarily residential development located behind the frontage property. Preliminary projections based on optimal land use planning provide a reasonable expectation for the City that collectively, the Developers could invest or cause to be invested in excess of \$338.9 million to construct an estimated 209,000 square feet of retail and commercial space over the next four years, as well as approximately 992 single family housing units over the next decade.

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 goal of the Increment District 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 City proposes to complete on a phased basis certain water and sewer system improvements, along with traffic improvements, that will provide service to the development area and thereby allow proposed development projects to move forward. The costs associated therewith (along with related Organizational Costs) are referred to herein as the “Project Costs”. All or a portion of the Project Costs will be paid and/or reimbursed from the TIF Revenues, comprising 33.33% of the Ad Valorem Increment Revenues and 50% of the Sales Tax Increment Revenues apportioned pursuant to the Increment District over not longer than an approximately 25 year period ending June 30, 2048.

The City will recoup the costs of the upfront Organizational Costs from the TIF Revenues derived from the Increment District. Pursuant to the terms of a development agreement(s) between the City and the respective Developer (as required by the Local Development Act defined herein), the TIF Revenues generated by virtue of the sales and use tax levies by the City and the County shall be utilized as a revenue source to fund the costs of the TIF Projects. The TIF Revenues will be used to pay the costs of the TIF Projects, reimburse the Organizational Costs, and/or pay debt service on obligations issued to pay the same.

Based solely on the preliminary projections prepared by the City based on optimal land use planning, the commercial development within the Increment District could result in a potential total taxable capital investment of approximately \$305.0 million (net taxable value subject to ad valorem taxes) and generate approximately \$991.0 million in taxable sales over the term of the Increment District. Please see Exhibit “F” for a Preliminary Site Development Plan for the Project.

The estimated \$305.0 million capital investment and \$991.0 million in total taxable sales for Highway 62 Development Project is based on the following assumptions:

- Commercial and Retail
 - Approximately 109,000 square feet retail space, with average build cost of \$150/sf and average retail sales of \$300/sf completed in 2024-2028.
 - Approximately 100,000 square feet of commercial non-retail space, with average build cost of \$250/sf completed in 2024-2028.
- Residential
 - Approximately 992 single family residential units with an average cost per unit of \$300,000, completed in 2024-2032.

Please see Exhibit “F” for a Preliminary Site Development Plan for the planned project, in the form of a conceptual land utilization plan.

The City has identified significant public infrastructure projects totaling \$40,519,000 that will ultimately be necessary in order to service the proposed Increment District, including street and bridge infrastructure improvements and water/sewer infrastructure projects. The immediate limiting factor for any development to occur within the Increment District will be the provision of sewer service. Essentially, no organized development will be able to move forward without the availability of City sewer. The next limiting factor will be to bolster the City’s capacity to provide water service to the area. Water service is currently available in the area, but will not be adequate to support significant development. The City plans to prioritize the water and sewer project costs, and will complete traffic infrastructure in later phases as supporting development progresses and necessitates those improvements. The Project Costs identified in connection with the proposed development of the Increment District are as follows:

- Water and Sewer Infrastructure (\$16,820,000)
 - \$6,160,000 Sanitary sewer line improvements with appurtenances (34,373 L.F. at \$150/ft), including lift station (estimated \$1 million)
 - \$6,660,000 12-inch water transmission line improvements with appurtenances (31,680 L.F. at \$210/ft)
 - \$4,000,000 Water Tower Construction (500,000 gallons)
- Street and Bridge Infrastructure (\$13,800,000)
 - \$2,400,000 40th Street NE Improvements (9,443 L.F.)
 - \$900,000 Intersection Modification and Signalization (US-62 @ 40th Street NE with drainage improvements)

- \$3,100,000 55th Street NE Improvements (10,481 L.F.)
- \$1,200,000 Two (2) bridge spans along 55th Street NE (estimated \$600,000 each)
- \$900,000 Intersection Modification and Signalization (US-62 @ 55th Street NE with drainage improvements)
- \$3,200,000 70th Street NE Improvements (10,481 L.F.)
- \$1,200,000 Two (2) bridge spans along 70th Street NE (estimated \$600,000 each)
- \$900,000 Intersection Modification and Signalization (US-62 @ 70th Street NE with drainage improvements)
- Other Project Costs (\$9,899,000)
 - \$4,593,000 Contingency (15%)
 - \$3,675,000 Engineering (12%)
 - \$1,531,000 Inspections/Testing/Advertising (5%)
 - \$100,000 Organizational Costs of the Increment District
- Interest and related financing costs, in amounts to be determined, along with annual administration costs associated with the Increment District not in excess of \$10,000 per year, will be paid from available TIF Revenues in addition to the specifically identified Project Costs.

EXHIBIT “F”

PRELIMINARY SITE DEVELOPMENT PLAN*

HIGHWAY 62 DEVELOPMENT PROJECT

* See following page for a conceptual land use plan, which is subject to change.

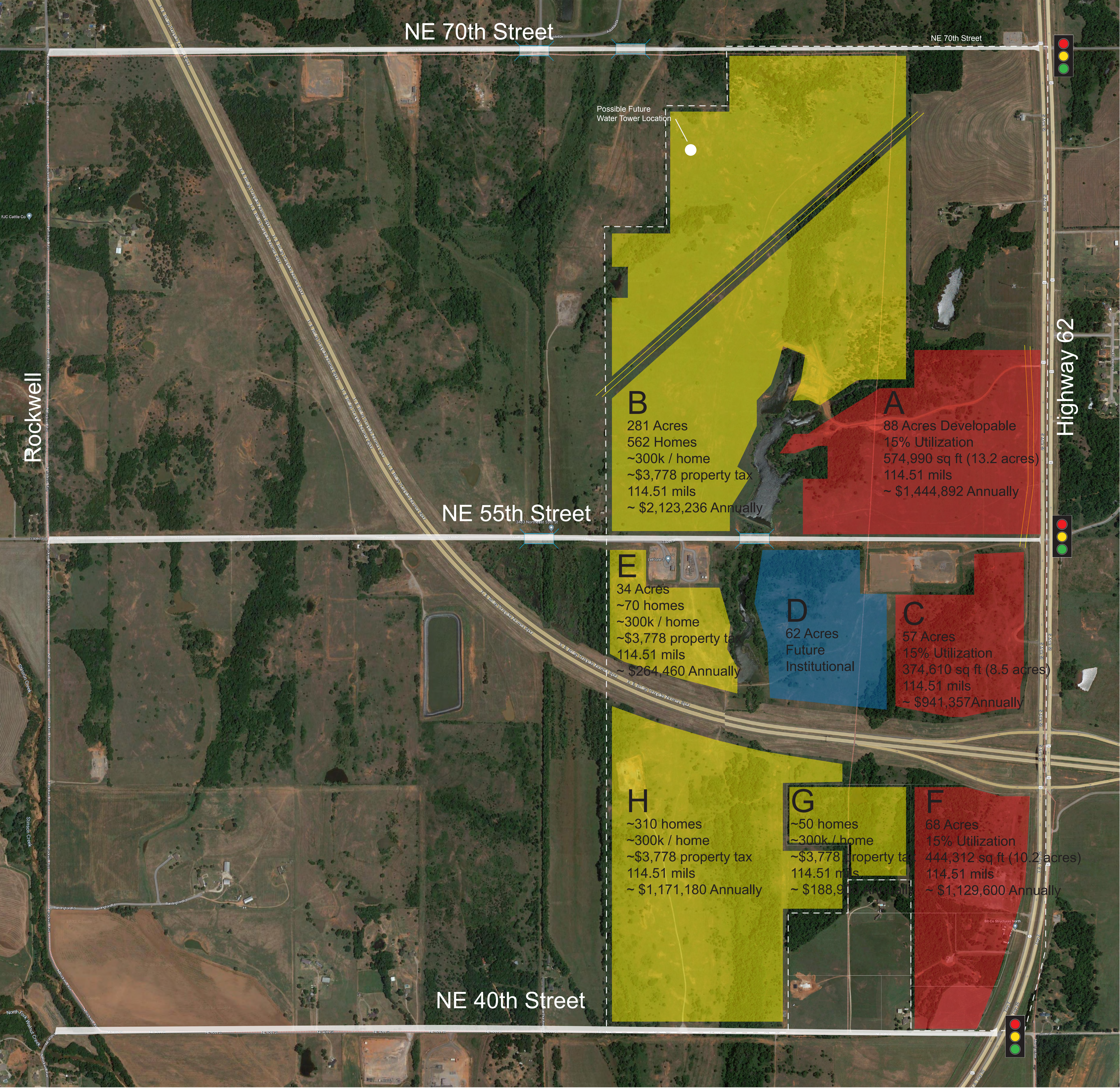


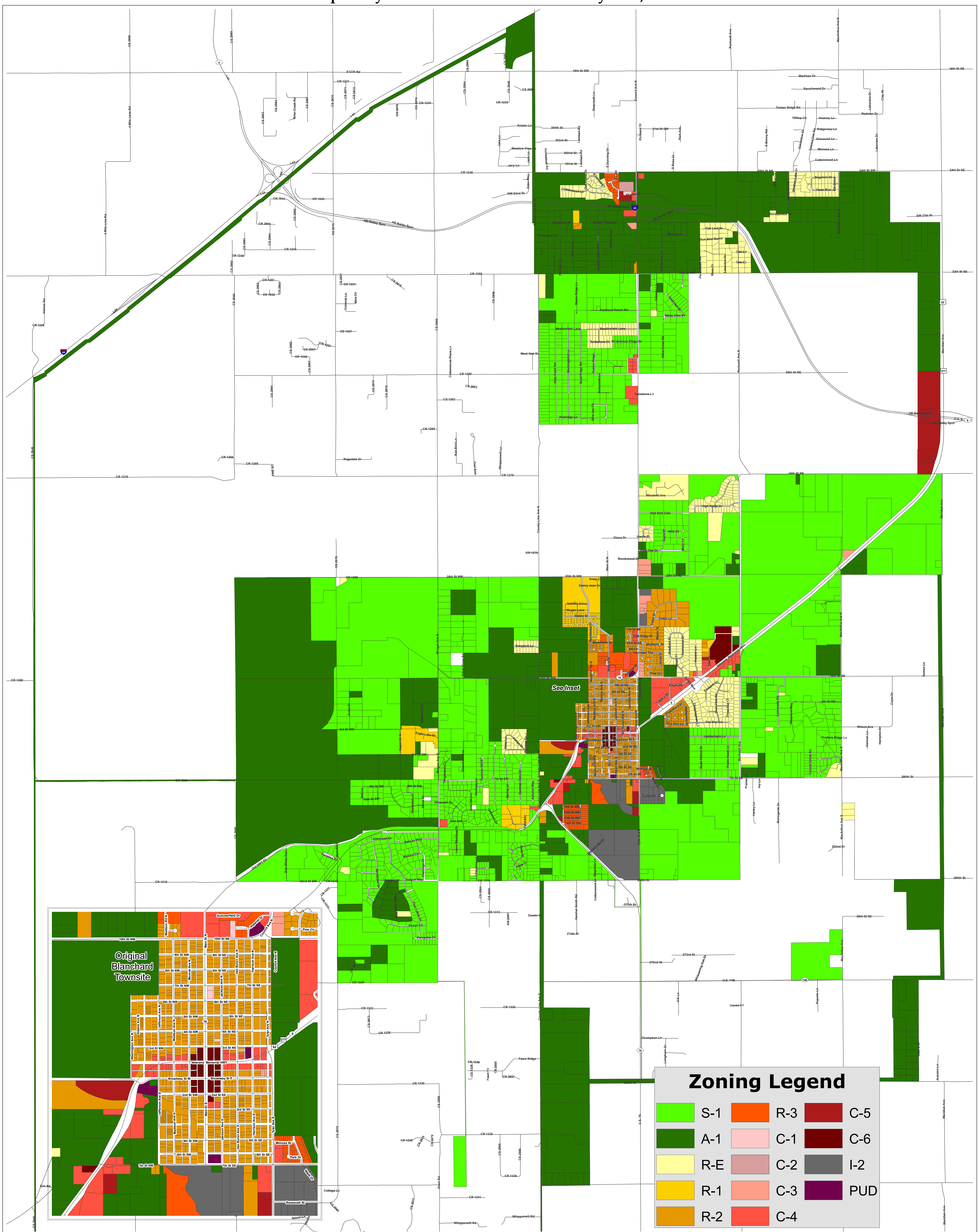
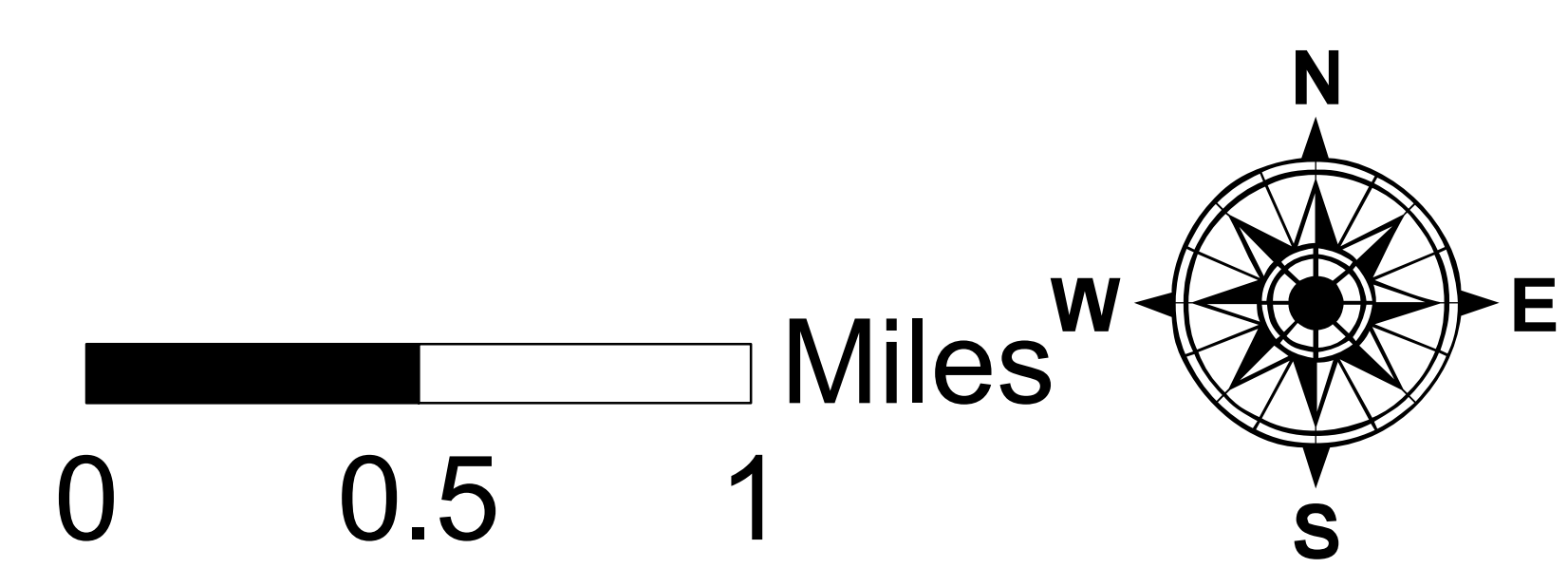
EXHIBIT “G”

EXISTING USES AND CONDITIONS OF REAL PROPERTY

The following page depicts the Zoning Map of the City of Blanchard, Oklahoma, as adopted by Ordinance No. 719 on February 25, 2020. Certain property comprising portions of the Increment District are proposed to be annexed prior to the adoption of the Project Plan, and will be zoned in accordance with the projected conceptual land use plan set forth in Exhibit “F”.

Zoning Map of the city of Blanchard, Oklahoma

Adopted by Ordinance No. 719 on February 25th, 2020



See Inset

Original
Blanchard
Townsite

Zoning Legend

	S-1		R-3		C-5
	A-1		C-1		C-6
	R-E		C-2		I-2
	R-1		C-3		PUD
	R-2		C-4		

