

**SOUTH BROKEN ARROW  
ECONOMIC DEVELOPMENT PROJECT PLAN**

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**SOUTH BROKEN ARROW**  
**ECONOMIC DEVELOPMENT PROJECT PLAN**

**I. DESCRIPTION OF PROJECT**

This South Broken Arrow Economic Development Project Plan (the “**Project Plan**”) describes an economic development project of the City of Broken Arrow, Oklahoma (the “**City**”) that brings a significant commercial development to the South Broken Arrow area. The purpose of the Increment District (as described herein) is to encourage economic development in the City by facilitating the payment of the costs of essential infrastructure improvements and remedial costs necessary to make certain property viable for development (collectively and as more thoroughly discussed herein, referred to as the “**Project**”).

The initial component of the Project is a mixed-use commercial development by OakTrust Development LLC (referred to herein as “**OakTrust**”). OakTrust has entered into a Memorandum of Understanding dated as of March 25, 2021 (the “**MOU**”), with The Broken Arrow Economic Development Authority (referred to herein as “**BAEDA**”) outlining the company’s initial plans to undertake or cause the construction of approximately \$31.6 million in retail and residential improvements consisting of a 60,000 square foot Reasor’s grocery store, a 180,000 square foot, 168 unit apartment complex, and an additional 200,000 square feet of retail or commercial space on approximately 39.96 acres of land currently owned by BAEDA along with east side of South Aspen Avenue (S. 145th E. Ave.) The initial development under the MOU is referred to as “**Phase One of the OakTrust Project**”. Additionally, OakTrust has preliminarily calculated the full buildout of the 39.96 acres would support and additional approximately 346,900 of commercial retail and office development, with an total estimated investment of approximately \$97.3 million (collectively with Phase One of the OakTrust Project, the “**OakTrust Project**”).

The City has for a number of years contemplated a Broken Arrow Innovation District initiative to attract advanced manufacturing and tech companies to a campus setting that will provide opportunities to attract and retain young professionals to Broken Arrow, and provide opportunities to businesses to collaborate with schools for the benefit of local students (referred to herein as the “**Innovation District**”). The Innovation District campus contemplates restaurants, retail and commercial development along with education and industrial space, and is projected to result in capital investment in excess of \$150 million and the creation of high-paying jobs, located on approximately 90 acres of property located between Aspen and S. Olive Avenue (S. 129th E. Ave.), south of West Florence Street (E. 111th Street S.).

BAEDA, on behalf of the City, has exerted considerable effort in marketing the subject properties for development; however, the City recognizes there is a considerable need for infrastructure to support any proposed development, including roadway construction, stormwater drainage, traffic signalization, street lighting, and waterline and sewer improvements. The City has identified an aggregate total of \$60,713,000 in costs associated with the infrastructure improvements, land acquisition, economic incentives, and organizational costs of establishing an Increment District (as defined herein) (collectively referred to herein as the “**TIF Projects**”). The

costs of the infrastructure improvements to serve the entirety of the Increment District are estimated to be \$26,573,000 (collectively, the “**Infrastructure Costs**”). Significant land acquisition costs include the sites of the OakTrust Project and the Innovation District, but also include the market value of all other property necessary to construct the infrastructure improvements, and are estimated to be \$31,097,000 (collectively, the “**Land Acquisition Costs**”). Certain economic incentives are proposed in the estimated amount of \$3,000,000 in support of the Project (the “**Incentive Costs**”). The associated costs of the TIF Projects comprising the Infrastructure Costs, the Land Acquisition Costs, the Incentive Costs, and the Investment Incentive (and including the Organizational Costs incurred by the City in connection with the establishment of an Increment District) are referred to herein as the “**Project Costs**”. The City expects to phase the expenditure of Project Costs in coordination with specific development projects, and intends to apply other available funds as appropriate to offset the costs of the Increment District.

Based solely on the proposed Phase One of the OakTrust Project, the initial commercial development within the Increment District could result in a potential total taxable capital investment of approximately \$55.6 million (net taxable value subject to ad valorem taxes). Based on full buildout of the OakTrust Project and the Innovation District, the total commercial development within the Increment District could result in a potential total taxable capital investment of approximately \$224.6 million (net taxable value subject to ad valorem taxes). Please see Exhibit “E” for a more detailed description of projected development within the Increment District. Please see Exhibit “F” for Preliminary Site Development Plans for the OakTrust Project and the Innovation District.

## 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 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 Tulsa County, the Tulsa City County Health Department, Independent School District No. 3 of Tulsa County (Broken Arrow Public Schools, and referred to herein as the “**School District**”), Tulsa Technology Center No. 18, Tulsa Community College, and Tulsa City-County Library. 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 and industrial 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 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 25% of TIF Revenues (as defined herein) reserved to the taxing jurisdictions allocable to calendar tax years 2027-2031, and the 50% of TIF Revenues reserved to the taxing jurisdictions allocable to calendar tax years beginning in 2032 are estimated to be approximately \$6.86 million (ranging from \$201,945 to \$403,892 per year and based solely on Phase One of the OakTrust Project), and potentially \$26.2 million (ranging from \$201,945 to \$1,630,223 per year, based on full development of the OakTrust Project and the Innovation District Project), 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 \$807,784 (based on an initial taxable capital investment of approximately \$55.6 million) and potentially \$3,260,446 (based on an aggregate taxable capital investment of approximately \$224.6 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 also 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 75% of the incremental sales tax revenue (the equivalent of 2.6625% of the total 3.55% sales tax levied by the City as of the date of this Project Plan) for the payment of Project Costs, with the other 25% (the equivalent of 0.8875% of the total 3.55% sales 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. Upon completion of Phase One of the OakTrust Project, the City could realize an estimated gross gain in annual sales and use tax revenues in the approximate amount of \$609,224, and upon expiration of the Increment District, an estimated gross gain in annual sales and use tax revenues of approximately \$3.55 million. Assuming completion of full buildout of the OakTrust Project and the Innovation District, the City could realize an estimated gross gain in annual sales and use tax revenues in the approximate amount of \$1,355,196, and upon expiration of the Increment District, an estimated gross gain in annual sales and use tax revenues of approximately \$7.44 million. Additionally, Tulsa County levies a 0.367% 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 this Increment District, however, it is estimated that upon completion of Phase One of the OakTrust Project, the County could realize an estimated gross gain in annual sales and use tax revenues in the approximate amount of \$251,927, and assuming completion of full buildout of the OakTrust Project and the Innovation District, the County could realize an estimated gross gain in annual sales and use tax revenues in the approximate amount of \$560,402.

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).

## **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. 3, CITY OF BROKEN ARROW

Increment District No. 3, City of Broken Arrow 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 twenty-five (25) full fiscal years (ending June 30, 2046, and referred to as the “**Expiration Date**”), whichever is less:

A. 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 “**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 Tulsa County Assessor), shall be apportioned as follows: (i) for calendar tax years 2022 to 2026, one hundred percent (100%) 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; (ii) for calendar tax years 2027 to 2031, seventy-five percent (75%) 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; (iii) for all calendar tax years beginning and after 2032, fifty percent (50%) 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 (iv) all remaining amounts of TIF Revenues allocable to each calendar year 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.

B. Seventy-five percent (75%) of the incremental sales and use tax revenues derived from the Increment District, representing the equivalent of 2.6625% of the total 3.55% sales and use tax levied by the City pursuant to Chapter 22, Article II, Section 22-6 *et seq.*, of the Broken Arrow 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 shall be calculated based on the sales tax collections during the twelve month period prior to closing the previous location. The remaining unapportioned twenty-five percent (25%) of the incremental sales and use tax revenues derived from the Increment District, representing the equivalent of 0.8875% of the total 3.55% 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.

## 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 her 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. 3**

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 Infrastructure Costs in an aggregate total amount of \$26,573,000; (ii) the Land Acquisition Costs in an aggregate total amount of \$31,097,000; (iii) the Incentive Costs in an aggregate total amount of \$3,000,000; (iv) 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 Public Improvement Costs and/or as Investment Incentive Costs; and (v) 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 \$43,000.

The total estimate of Project Costs that may be made available for improvements and incentives from apportioned tax revenues shall be \$60,713,000 (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**

**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 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 Tulsa County Treasurer to a special fund to be known

as the “Increment District No. 3 - 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) for calendar tax years 2022 to 2026, one hundred percent (100%) 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; (ii) for calendar tax years 2027 to 2031, seventy-five percent (75%) 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; (iii) for all calendar tax years beginning and after 2032, fifty percent (50%) 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 (iv) all remaining amounts of TIF Revenues allocable to each calendar year 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 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.

(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 the Company, 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 the Company, constitute an interest component on sums that were actually paid.

Provided, however, the remaining unapportioned twenty-five percent (25%) of the incremental sales and use tax revenues derived from the Increment District, representing the equivalent of 0.8875% of the total 3.55% 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, 2020, and December 31, 2020. The base sales tax amount is projected to be \$0.00. All sales tax revenue 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 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, excluding sinking fund levies, 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 Phase One of the OakTrust Project, it is estimated that approximately \$17.6 million could be generated by the incremental increase in ad valorem tax revenue during the term of the Increment District, with approximately \$10.7 million available for allocation to Project Costs and approximately \$6.9 million retained by the respective ad valorem taxing entities. The initial projections of Ad Valorem Increment Revenues are based upon an estimated \$55.6 million initial taxable capital investment, an 11% assessment rate for real property, a 10% assessment rate for business personal property, and an approximately 13.193% millage levy within the Increment District (based on the 2020 levy rates). Additionally, assuming completion of full buildout of the OakTrust Project and the Innovation District, it is estimated that approximately \$59.4 million could be generated by the incremental increase in ad valorem tax revenue during the term of the Increment District, with approximately 33.2 million available for allocation to Project Costs and approximately \$26.2 million retained by the respective ad valorem taxing entities, based upon an estimated \$224.6 million aggregate total taxable capital investment.

Based on the initial projections of Sales Tax Increment Revenues for Phase One of the OakTrust Project, it is estimated that approximately \$64.6 million could be generated by the incremental increase in sales and use tax revenue during the term of the Increment District, with approximately \$48.5 million available for allocation to Project Costs and approximately \$16.1 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 three and fifty-five hundredths percent (3.55%) sales and use tax on new construction within the Increment District and new retail and other space generating approximately \$1.82 billion in gross taxable sales during the term of the Increment District. Additionally, assuming completion of full buildout of the OakTrust Project and the Innovation District, it is estimated that approximately \$125.8 million could be generated by the incremental increase in sales and use tax revenue during the term of the Increment District, with approximately \$94.35 million available for allocation to Project Costs and approximately \$31.45 million retained by the City, based upon new construction within the Increment District and new retail and other space generating approximately \$3.54 billion 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 Tulsa 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 District, (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 District during the term of the Increment District. Phase One of the OakTrust Project represents the initial efforts of the City, and the initial projections of TIF Revenues contained in this Project Plan are based solely on said initial projects. The City anticipates that full development of the

OakTrust Project and the Innovation District Project will result in substantial additional TIF Revenues. The anticipated development, including the OakTrust Project and the Innovation District Project, is more fully discussed in Exhibit “E”. A preliminary site development plan for the OakTrust Project and a conceptual site development plan for the Innovation District is included as Exhibit “F”. As appropriate, the Authority and/or the City may enter into economic development agreements with developers 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 in ad valorem tax and sales and use tax revenues (estimated at a total of approximately \$82.2 million over the term of the Increment District based on Phase One of the OakTrust Project, and approximately \$185.2 million over the term of the Increment District assuming full buildout of the OakTrust Project and the Innovation District 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 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 \$60,713,000, as authorized by this Project Plan, represent approximately 11.39% 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 \$533 million.

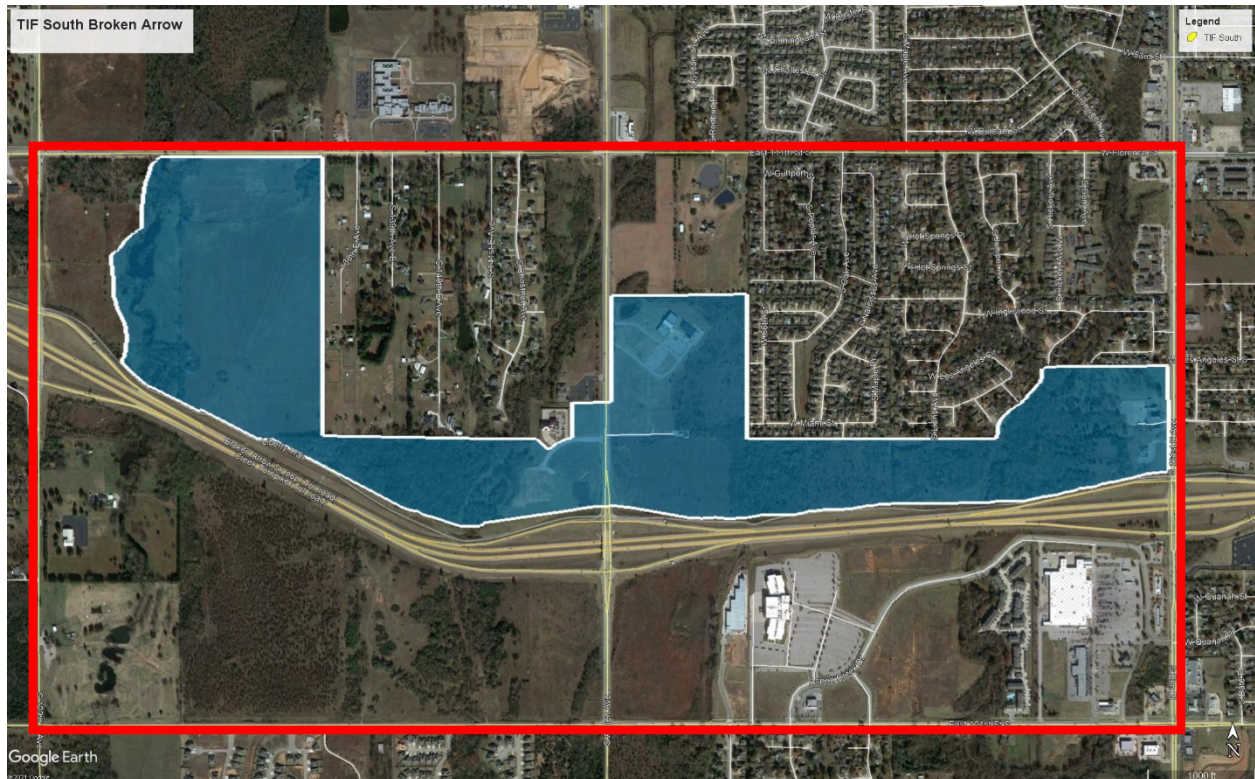
### **XIV. MISCELLANEOUS PROVISIONS**

The majority of the property within the Increment District was historically zoned as general agriculture district (A1), with a small portion zoned as single family residential (R2) or Office (ON). Development is anticipated to occur in accordance with current zoning requirements. The proposed project conforms to the comprehensive plan for the City of Broken Arrow, as amended. No changes in the ordinances (other than minor zoning adjustments to accommodate the proposed projects) of the City of Broken Arrow are contemplated under this Project Plan.

EXHIBIT "A"

MAP OF INCREMENT DISTRICT NO. 3

The boundaries of Increment District No. 3, City of Broken Arrow contain an area generally described as the property east of South Elm Place (S. 161st E. Ave.) along the north side of the Creek Turnpike, extending west across South Aspen Avenue (S. 145th E. Ave.) to the west side of the 100 floodplain of the blue line stream just east of S. Olive Avenue (S. 129th E. Ave.), all south of West Florence Street (E. 111th Street S.).



\* Increment District boundaries contained within white border and shaded blue

**EXHIBIT "B"**

**INCREMENT DISTRICT LEGAL DESCRIPTION**

**INCREMENT DISTRICT NO. 3**

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

Tract 1: (Parcel # 98433-84-33-32009)

PRT SW & SE BEG 2174.18E NWC SW TH E1792.37 S803.94 W18.87 NW369.25 NWLY99.66  
NW233.95 NWLY232.33 NW470.32 NWLY547.93 POB SEC 33 18 14 18.60ACS

Tract 2: (Parcel # 98433-84-33-59610)

BEG APROX 660.87W NEC SE TH W660.96 S814.88 E13.80 NE860.65 ELY350.14 NELY TO POB LESS  
BEG 2574.83N & 42.72W SECR SE TH W17.29 NW35.32 W166.32 CRV LF 263.77 NW234.77 SW48.45  
SW337.17 SW528.32 SW178.59 W8.61 S80.07 E13.89 NE860.65 NE350.14 NE564.41 POB SEC 33 18 14  
5.413 ACS

Tract 3: (Parcel # 98433-84-33-61570)

PRT NE SE BEG 2574.83N & 42.72W SECR SE TH W17.29 NW35.32 W166.32 CRV LF 263.77  
NW234.77 SW48.45 SW337.17 SW528.32 SW178.59 W8.61 S80.07 E13.89 NE860.65 NE350.14  
NE564.41 POB SEC 33 18 14 14.157 ACS

Tract 4: (Parcel # 98433-84-33-31410) (partial)

PNW LESS BEG NWC NW TH E500 S70 W430.27 S430 W20 S160.27 W50 N660.1 TO POB & LESS  
BEG 500.29E NWC NW TH E2140.81 S50 W141.10 N10 W1069.71 SW86.02 W130 NW78.10 W670 N40  
POB& LESS LESS BEG SWC NW TH N1919.78 E30 SE596.78 SLY51.99 SE195.48 SELY171.17  
SE451.55 SELY201.31 SE351.70 SELY400.58 NE30 SE579.20 W703.74 NW87.63 NWLY748.76  
NW456.96 SW402.93 W51.18 POB & LESS BEG 51.18E SWC NW TH NE402.93 SELY456.76 SE748.76  
SE87.63 W APPROX1269.91 POB SEC 33 18 14 127.869ACS

Tract 5: (Parcel # 98434-84-34-50010)

W/2 SW LYING N & E HWY ROW SEC 34 18 14 19.916ACS

Tract 6: (Parcel # 09730-84-34-22530)

LOT 2 BLOCK 1 OF CORE CHURCH AT ASPEN CREEK SUBDIVISION

Tract 7: (Parcel # 09730-84-34-22520)

LOT 1 BLOCK 1 OF CORE CHURCH AT ASPEN CREEK SUBDIVISION

Tract 8: (Parcel # 98434-84-34-38390)

W/2 SE & E/2 SW LESS BEG SWC E/2 SW TH N1547.91 ELY554.78 NELY25 ELY600 NELY10 ELY600  
SELY35 ELY400 NELY40 ELY400 ELY95.30 S1764.59 W2640.35 POB & LESS BEG 719.74S NWC SW  
TH ELY1527.58 NW100 ELY799.49 SE150 ELY200 NE119.53 S325.54 WLY95.30 WLY400 SE40  
WLY400 NW35 W600 SE10 WLY600 SE25 SW554.75 N381.01 POB SEC 34 18 14 36.278ACS

Tract 9: (Parcel # 98434-84-34-67310)

N/2 NE SE LESS BEG NEC NE SE TH S661.18 W1319.48 N105.07 NE590.69 NE402 NE APR 208.42 W  
APR 517.81 N330 E660 POB SEC 34 18 14 7.530ACS

Tract 10: (Parcel # 81181-84-34-68300)

LT 1 LESS BEG NEC LT 1 TH S330 W APR 82.19 NE APR 65.75 NE325.50 E2.56 POB FOR HWY BLK

1 OF SOUTHPARK ASSEMBLY OF GOD SUBDIVISION

Tract 11: (Parcel # 98434-84-34-16010)

S/2 SE NE LESS S410 E531.22 THEREOF SEC 34 18 14 15AC

Tract 12: (Parcel # 81465-84-34-17520)

LT 1 LESS .002AC FOR RD BLK 1 OF TRINITY ACRES SUBDIVISION

\* The above Tracts 1-12 are subject to confirmation but are approximately representative of the Increment District boundaries shown in the map below.

Tract 13: (Parcel # 78321-84-33-61710)

LOT 1 BLOCK 1 OF ASPEN CREEK TOWNE CENTRE I

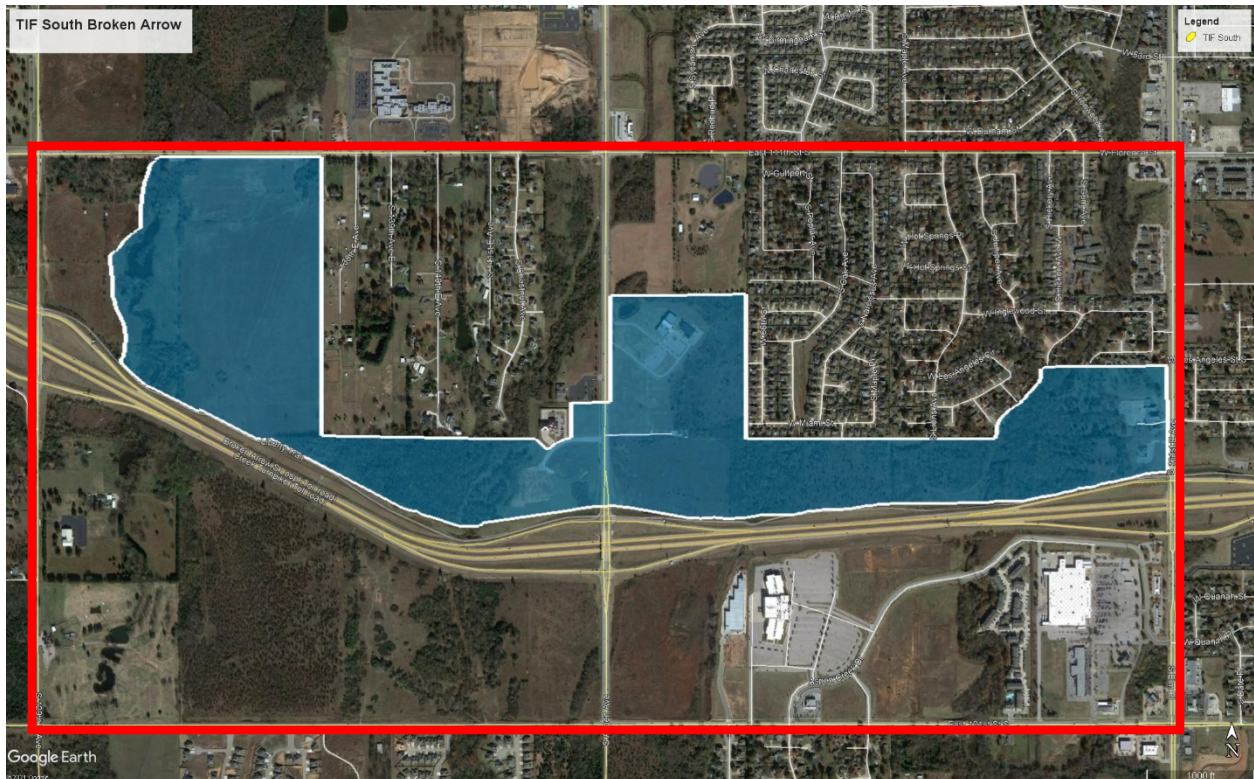
\* The above Tracts 1-13 are subject to confirmation but are approximately representative of the Increment District boundaries shown on the map in Exhibit "A".

[COMPOSITE INCREMENT DISTRICT BOUNDARY DESCRIPTION TO BE PROVIDED]

EXHIBIT "C"

MAP OF ECONOMIC DEVELOPMENT PROJECT AREA

The boundaries of the Project Area associated with Increment District No. 3, City of Broken Arrow contain an area comprising all of Sections 33 and 34, Township 18 North, Range 14 East, Tulsa County, Oklahoma. The Project Area is bordered on the south by West Tucson Street (E 121st Street S.), on the west by S. Olive Avenue (S. 129th E. Ave.), on the north by West Florence Street (E. 111th Street S.), and on the east by South Elm Place (S. 161st E. Ave.).



Project Area is outlined by red border.

**EXHIBIT “D”**

**PROJECT AREA LEGAL DESCRIPTION**

**INCREMENT DISTRICT NO. 3 PROJECT AREA**

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

Sections 33 and 34 of Township 18 North, Range 14 East of the Indian Base and Meridian, Tulsa County, Oklahoma

**EXHIBIT “E”**

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

This South Broken Arrow Economic Development Project Plan describes an economic development project of the City of Broken Arrow, Oklahoma, that brings a significant commercial development to the South Broken Arrow area. The purpose of the Increment District is to encourage economic development in the City by facilitating the payment of the costs of essential infrastructure improvements and remedial costs necessary to make certain property viable for development.

The initial component of the Project is a mixed-use commercial development by OakTrust Development LLC. OakTrust has entered into a Memorandum of Understanding dated as of March 25, 2021, with The Broken Arrow Economic Development Authority outlining the company’s initial plans to undertake or cause the construction of approximately \$31.6 million in retail and residential improvements consisting of a 60,000 square foot Reasor’s grocery store, a 180,000 square foot, 168 unit apartment complex, and an additional 200,000 square feet of retail or commercial space on approximately 39.96 acres of land currently owned by BAEDA along with east side of South Aspen Avenue (S. 145th E. Ave.) Additionally, OakTrust has preliminarily calculated the full buildout of the 39.96 acres would support and additional approximately 346,900 of commercial retail and office development, with an total estimated investment of approximately \$97.3 million.

The City has for a number of years contemplated a Broken Arrow Innovation District initiative to attract advanced manufacturing and tech companies to a campus setting that will provide opportunities to attract and retain young professionals to Broken Arrow, and provide opportunities to businesses to collaborate with schools for the benefit of local students. The Innovation District campus contemplates restaurants, retail and commercial development along with education and industrial space, and is projected to result in capital investment in excess of \$150 million and the creation of high-paying jobs, located on approximately 90 acres of property located between Aspen and S. Olive Avenue (S. 129th E. Ave.), south of West Florence Street (E. 111th Street S.).

BAEDA, on behalf of the City, has exerted considerable effort in marketing the subject properties for development; however, the City recognizes there is a considerable need for infrastructure to support any proposed development, including roadway construction, stormwater drainage, traffic signalization, street lighting, and waterline and sewer improvements. The City has identified an aggregate total of \$60,713,000 in costs associated with the infrastructure improvements, land acquisition, economic incentives, and organizational costs of establishing an Increment District (as defined herein). The Infrastructure Costs to serve the entirety of the Increment District are estimated to be \$26,573,000, and include the following components, inclusive of engineering costs, a 30% contingency, and a 3% project cost escalation factor for a period of 5 years (approximately 16% in additional inflation contingency):

- \$3,695,000 in infrastructure improvements serving the OakTrust Project area from Aspen eastward approximately 1,700’, including roadway improvements

(\$1,983,000), stormwater improvements (\$272,000), traffic signals (\$581,000), street lighting (\$196,000), waterline extensions (\$288,000) and sewer line extensions (\$375,000).

- \$10,273,000 in infrastructure improvements extending east beyond the OakTrust Project to Elm approximately 4,600', including roadway improvements (\$5,382,000), stormwater improvements (\$2,010,000), traffic signals (\$581,000), street lighting (\$520,000), waterline extensions (\$776,000) and sewer line extensions (\$1,004,000).
- \$12,605,000 in infrastructure improvements serving the Innovation District area from Florence eastward to Aspen, approximately 6,200', including roadway improvements (\$6,969,000), stormwater improvements (\$1,683,000), traffic signals (\$581,000), street lighting (\$713,000), waterline extensions (\$967,000) and sewer line extensions (\$1,692,000).

The Land Acquisition Costs are estimated to be \$31,097,000, and include a 30% contingency, and a 3% project cost escalation factor for a period of 5 years (approximately 16% in additional inflation contingency), and are based on the acquisition of the entirety of all parcels necessary for rights-of-way for the infrastructure improvements:

- \$2,170,000 for acquisition of approximately 19 acres to be utilized as part of the OakTrust Project.
- \$14,905,000 for acquisition of all parcels east beyond the OakTrust project to Elm; provided however, the City reasonably estimates that costs of only the necessary rights-of-way are approximately \$2,691,000.
- \$10,357,000 for acquisition of approximately 106 acres for development of the Innovation District, inclusive of approximately 20 acres of floodplain property.
- \$3,665,000 for acquisition of all parcels eastward from the Innovation District property to Aspen; provided however, the City reasonably estimates that costs of only the necessary rights-of-way are approximately \$1,055,000.

The Incentive Costs are estimated to be \$3,000,000, and will be used for the purpose of providing other necessary funds to accomplish the Project. The Organizational Costs pertaining to the creation of the Increment District are estimated to be \$43,000. The aggregate total of \$60,713,000 in Project Costs is a not-to-exceed maximum, however the City reserves the right to reallocate the costs described above to accommodate any cost differentials from the preliminary projections. The City anticipates that certain other funds may be available to supplement and/or offset all or a portion of certain Project Costs, including certain general obligation bonds of the City authorized at an election held on August 28, 2018, and the sale proceeds of certain land acquired in connection with the Project. The City expects to phase the expenditure of Project Costs in coordination with specific development projects.



The estimated \$250 million capital investment and \$3.5 billion in total taxable sales is based on the following assumptions:

- Phase One of OakTrust Project
  - 60,000 square foot grocery store, with average build cost of \$120/sf and average retail sales of \$420/sf.
  - 7,000 square foot convenience store, with average build cost of \$486/sf and average retail sales of \$250/sf.
  - 33,900 square foot retail space, with average build cost of \$120/sf and average retail sales of \$250/sf.
  - 166,100 square foot additional retail space, with average build cost of \$120/sf and average retail sales of \$200/sf.
  - 168 unit multifamily market rate apartments, consisting of 180,000 square feet at average build cost of \$117/sf.
- Remainder of Oak Trust Project
  - 170,900 square foot additional retail space, with average build cost of \$120/sf and average retail sales of \$200/sf.
  - 176,000 square feet of office space, with average build cost of \$120/sf.
- Innovation District
  - 212,056 square foot retail space, with average build cost of \$100/sf and average retail sales of \$200/sf.
  - 341 units of market rate apartments, consisting of 334,814 square feet at average build cost of \$100/sf.
  - 581,526 square feet of office/commercial/manufacturing space, with average build cost of \$125/sf.
  - 115,434 square foot innovation center learning facilities, with an average build cost of \$200/sf (this component is anticipated to be publicly owned and not subject to ad valorem tax)

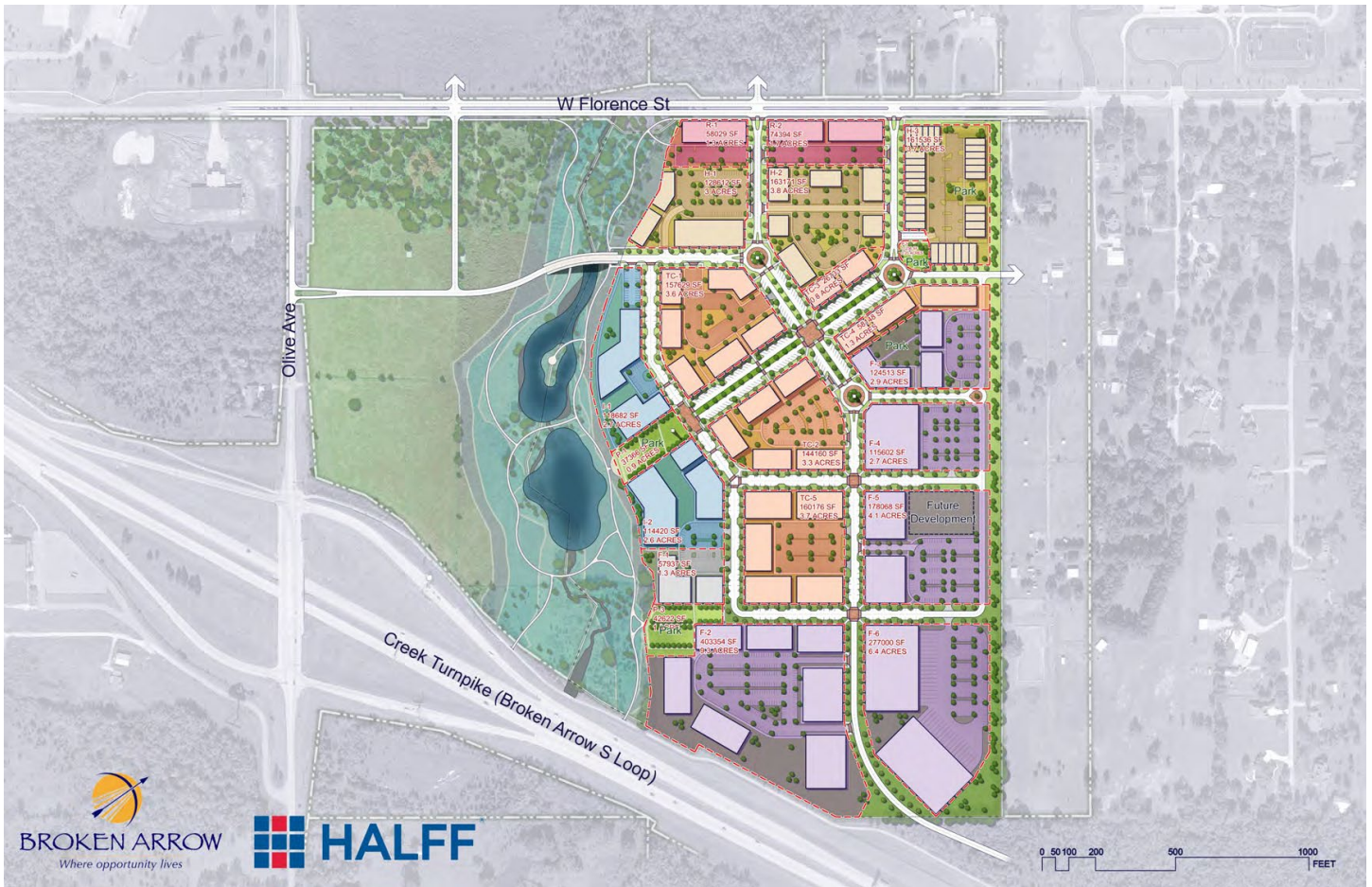
Please see Exhibit “F” for a Preliminary Site Development Plan for Phase One of the planned community housing project.

**EXHIBIT "F"**  
**PRELIMINARY SITE DEVELOPMENT PLAN\***  
**OAKTRUST PROJECT**



\* Preliminary Layout subject to change.

**PRELIMINARY SITE DEVELOPMENT PLAN\***  
**INNOVATION DISTRICT PROJECT**



\* Preliminary Layout subject to change.