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**TULSA DEVELOPMENT AUTHORITY  
STAFF REPORT**

**MEETING DATE:** June 6, 2019  
**TO:** CHAIRMAN & BOARD MEMBERS  
**FROM:** O.C. Walker  
**SUBJECT:** Enter into negotiations for a Redevelopment Agreement with Crossover Community Impact, Inc. for North Tulsa TIF Application No. 2  
**LOCATION:** South of East 36<sup>th</sup> Street North and West of North Peoria Avenue, Tulsa, Oklahoma

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**Background:**

<b>Owner:</b>	Tulsa Development Authority
<b>Redeveloper:</b>	Crossover Community Impact, Inc.
<b>Location:</b>	South of 36 <sup>th</sup> Street North and West of North Peoria Avenue, Tulsa, Oklahoma
<b>Size of Tract:</b>	N/A acres
<b>Development Area:</b>	N/A
<b>Fair Market Value</b>	N/A
<b>Executive Director:</b>	O.C. Walker

**Relevant Info:** This is a request from Crossover Community Impact, Inc. to enter into negotiations for a Redevelopment Agreement for the North Peoria TIF Application No. 2. The project is slated to consist of the following:

- Three-story, 19,200 square-foot vertical mixed-use development consisting of 7 residential units above retail space, with surface parking behind
- Mixed-income residential projects consisting of approximately 8 single-family homes and approximately 8 triple-decker buildings (3 flats per building)
- Hard Construction Cost of at least \$6 million and an estimated taxable value upon completion of at least \$8 million

The Project is part of a larger not-for-profit community development, including a health services clinic (completed in 2014) and a 70,000 square-foot community center.

Due to the uncertain nature of the sales tax component for the TIF Project Plan, the Term Sheet focuses exclusively on the ad valorem tax increment, which should be enough to provide a good amount of support. Also, the attached estimated projections, which are predicated on the entire project being taxable. TDA's Special Council discussed with the Redeveloper that it may well be that they are better off claiming tax-exempt status for the portions of the property that

are devoted exclusively for use as affordable housing meeting the income restriction of the tax credits.

**Attachments:** Draft Term Sheet  
Annual Increment Revenue Projections  
Site Plan

**Recommendation:** Staff recommends this item be approved as presented

**Reviewed By:** O.C. Walker

**TULSA DEVELOPMENT AUTHORITY  
TERM SHEET  
CROSSOVER COMMUNITY IMPACT, INC. HOUSING AND MIXED-USE PROJECT  
DEVELOPMENT AND FINANCING ASSISTANCE AGREEMENT**

The purpose of this term sheet is to outline the general terms being considered by the parties as they negotiate a Development and Financing Assistance Agreement (“Assistance Agreement”) with the Tulsa Development Authority (“TDA”) to provide assistance in development financing to the Developer for the proposed Projects, contingent upon the adoption by the City of Tulsa of the North Tulsa Economic Development Project Plan (“Project Plan”) and the creation of one or more increment districts under the Local Development Act, 62 O.S. §§ 850-869.

**Developer:** TBD single-purpose for-profit entity controlled by Crossover Community Impact, Inc., an Oklahoma not-for-profit corporation

**Property:** A tract of undeveloped land in Section 24, Township 20 North, Range 12 East of the Indian Meridian, Tulsa County, State of Oklahoma, more particularly described in Exhibit A attached hereto. [*Developer to provide full and correct legal description for Exhibit A.*]

**Project:** As a condition of the public assistance described herein, Developer shall develop or cause to be developed on the Property the following improvements (“the Project”):

A three-story, 19,200 square-foot vertical mixed-use development consisting of 7 residential units above retail space, with surface parking behind, together with a mixed-income residential project consisting of approximately 8 single-family homes and approximately 8 triple-decker buildings (3 flats per building), and having (hard) construction costs of at least \$6 million and an estimated taxable value upon completion of at least \$8 million.

The Project is part of a larger not-for-profit community development including a health services clinic (completed in 2014) and a 70,000 square-foot community center.

**Commencement  
And**

**Completion:** The Project shall commence construction by \_\_\_\_\_, 2020, pursuant to all necessary and valid permits (“Commencement”).

The Project shall complete construction and received all final Certificates of Occupancy by \_\_\_\_\_, 202\_\_ (“Completion”).

**Design**

**Documents:** Within 3 months of execution of the Assistance Agreement, Developer shall submit Development Plans and Specifications for the Project to the Executive Director of TDA for review for conformance with the objectives of the North Tulsa Economic Development Project Plan and other policies, and for consideration and approval by the Board of Commissioners of TDA. Following approval by the Board of Commissioners of TDA, if Developer desires to make any material changes to the Development Plans, the Developer shall submit its proposed changes to the Executive Director of TDA for approval.

**Public**

**Assistance:** Developer is required to pay or cause to be paid all costs of the Projects.

Following Completion of the Project, and provided that the Developer is not in default of its obligations under the Agreement, Developer shall receive public development financing assistance as follows--

Ad valorem increments. Each year, Developer shall receive an annual payment of assistance in development financing in an amount equal to 85% of the ad valorem taxes paid on the Property for the previous year minus the baseline taxes paid on the Property in the year prior to the approval of the Assistance Agreement. Such annual payments shall continue during the period of apportionment under the adopting ordinance or until the Total Assistance for the Project is reached, whichever occurs first.

THE TOTAL PUBLIC ASSISTANCE TO THE DEVELOPER FOR THE PROJECT SHALL NOT EXCEED \$2.0 MILLION.

PUBLIC DEVELOPMENT FINANCING ASSISTANCE IS PAYABLE SOLELY FROM AVAILABLE TAX INCREMENT REVENUES GENERATED BY AND APPORTIONED TO THE INCREMENT DISTRICT PURSUANT TO THE ADOPTING ORDINANCE. THE PAYMENT OF THE FULL AMOUNT OF PUBLIC ASSISTANCE DEPENDS ON THE TAX INCREMENTS GENERATED BY ALL PROPERTIES IN THE INCREMENT DISTRICT. TDA DOES NOT PROMISE OR GUARANTEE THAT THE TOTAL ASSISTANCE WILL BE REACHED, ONLY THAT THE ANNUAL PAYMENTS WILL BE MADE TO THE EXTENT THEY ARE GENERATED BY THE DEVELOPER AND APPORTIONED BY THE CITY AND THE COUNTY.

**Insurance:** Developer and major contractors to maintain public liability, workers' compensation, automobile, and hazard insurance in required amounts.

**Taxes:** Developer (or Owners, as applicable) shall pay when due all sales taxes, real estate taxes, and assessments on the Property.

**Prohibition on Transfer:** Prior to Completion, Developer shall not, without prior written approval by TDA (which shall not be unreasonably withheld), make any total or partial sale, transfer, conveyance, assignment or lease of the Property, except to a related entity controlled by Crossover Community Impact, Inc. Following Completion but during the period that the Project is receiving public assistance, Developer (or Owner, as applicable) shall provide thirty days' written notice of any proposed conveyance.

**Reports:** During construction, Developer shall provide monthly status reports of all project costs paid. Developer shall also use its best efforts to maintain a record of: (a) all sales taxes collected on construction materials used on the Project and (b) all sales taxes generated at the Project.

**Covenants:** Developer shall make certain covenants, including that: (a) there shall be no discrimination against or segregation of any person or group of persons on account of any prohibited category and (b) to use best efforts to include lease provisions requiring the reporting of all sales taxes generated at the Project.

**Conditions and Limitations**

- **Neither this term sheet nor any oral representations or promises can create a binding commitment on the part of either party.**
- **No Assistance Agreement or other contract with the Tulsa Development Authority shall be in effect unless and until approved by a majority of the Board of Commissioners in a public meeting.**
- **Each party has the right to terminate the negotiations for the Assistance Agreement at any time prior to the execution of that agreement without cause and without any liability to the other, including within such exclusion of liability, without limitation, any costs, fees or other expenses incurred in the course of preparation for or participation in such negotiations.**

Acknowledgement and acceptance of conditions and limitations:

**Tulsa Development Authority**

\_\_\_\_\_  
Signature of Authorized representative

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Crossover Community Impact, Inc.**

\_\_\_\_\_  
Signature of Authorized representative

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Annual Increment Revenue Projections**

**Crossover**

<b>Year</b>	<b>Ad Valorem Increment</b>	<b>10% of A.V. to Tulsa Public Schools</b>	<b>5% of A.V. to Administrative Fee</b>	<b>Net A.V. to Project</b>	<b>Cumulative A.V. to Project</b>
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2020	\$ -	\$ -	\$ -	\$ -	\$ -
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2033	\$ 138,298	\$ 13,830	\$ 6,915	\$ 117,553	\$ 1,440,620
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2043	\$ 152,767	\$ 15,277	\$ 7,638	\$ 129,852	\$ 2,682,782
	<b>\$ 3,156,214</b>	<b>\$ 315,621</b>	<b>\$ 157,811</b>	<b>\$ 2,682,782</b>	

Assumptions:

a. taxable values

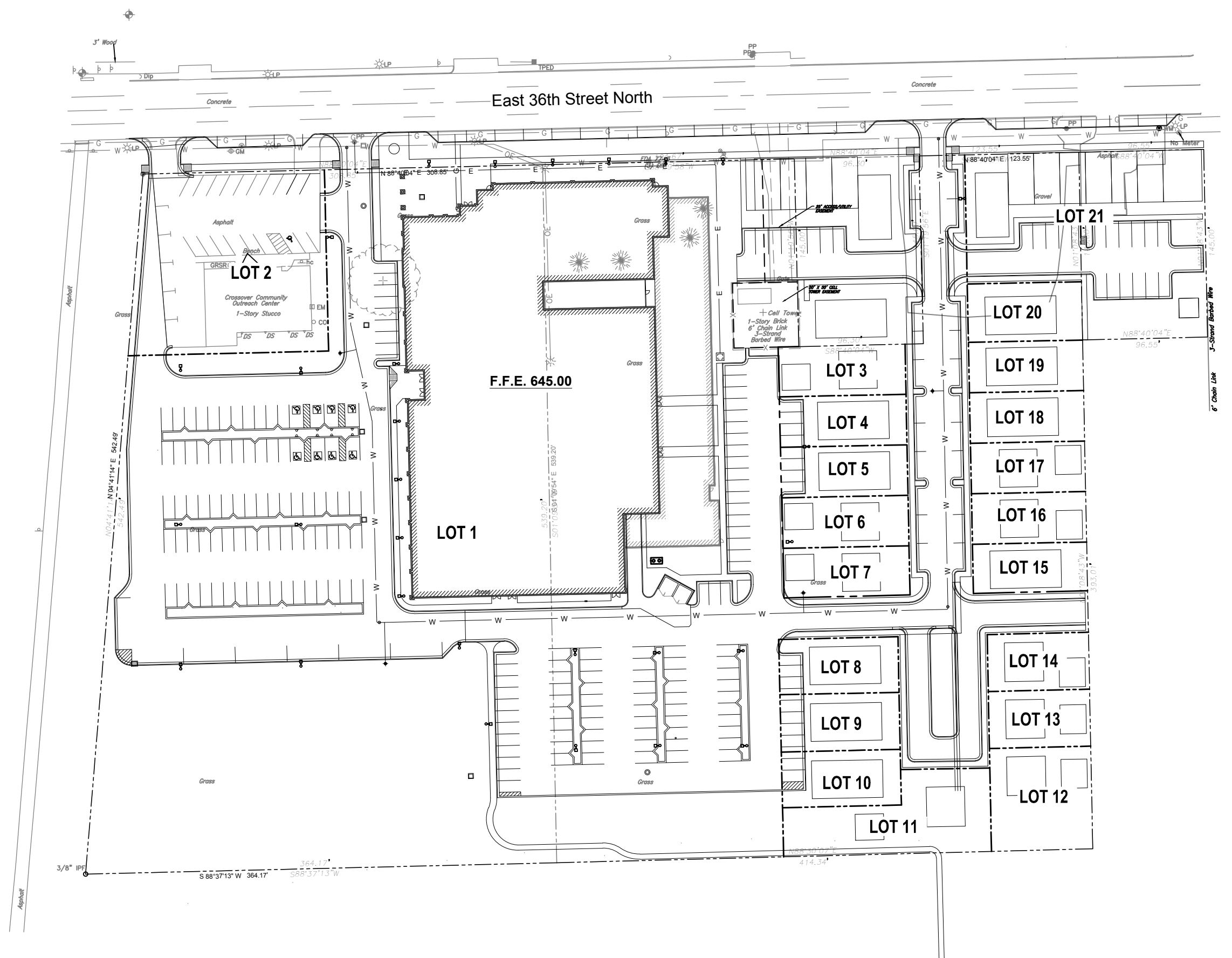
1. \$7,979,000 increased value added (completion in 2019)

b. 1% property inflation

c. current mill levies equal to 137.08

d. value on tax rolls two years after completion

e. TIF created 2019



East 36th Street North

LOT 2

Crossover Community Outreach Center  
1-Story Stucco

F.F.E. 645.00

LOT 1

LOT 3

LOT 4

LOT 5

LOT 6

LOT 7

LOT 8

LOT 9

LOT 10

LOT 11

LOT 21

LOT 20

LOT 19

LOT 18

LOT 17

LOT 16

LOT 15

LOT 14

LOT 13

LOT 12

3/8" IPF

S 88°37'13" W 364.17'

S 88°37'13" W 364.17'

414.34'

393.01'

96.43' W

96.55'

123.55'

6" Chain Link  
3-Strand Barbed Wire

No Meter

145.00'

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\_\_\_\_\_  
Signature of Authorized representative

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Crossover Community Impact, Inc.**

\_\_\_\_\_  
Signature of Authorized representative

Name: \_\_\_\_\_

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**Annual Increment Revenue Projections**

**Crossover**

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Assumptions:

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