

SILVER LAKE VILLAGE
ECONOMIC DEVELOPMENT PROJECT PLAN

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SILVER LAKE VILLAGE PROJECT

SILVER LAKE VILLAGE

ECONOMIC DEVELOPMENT PROJECT PLAN

I. DESCRIPTION OF PROJECT

This Silver Lake Village Economic Development Project Plan (the “**Project Plan**”) describes a mixed-use development that contemplates construction on a site of approximately 115 acres of over 200,000 square feet of new retail shopping centers (upon full build-out) and a \$20 million high-quality market rate multi-family residential complex of 200 dwelling units in the City of Bartlesville, Oklahoma (the “**City**”). The purpose of the Increment District (as defined herein) is to stimulate the construction of such commercial retail and multi-family residential structures to meet an unmet housing demand and provide enhanced retail shopping opportunities for residents of the City, all by facilitating the payment of certain infrastructure costs necessary to make certain property viable for housing and retail development (collectively, the “**Project**”).

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 improvements necessary to raise a portion of the land currently in the 100 year floodplain and offset that corresponding elevation change with appropriate increases in water detention space. As such, the Project will require the construction of one large or several smaller detention facilities to accommodate various flood events up to the base flood elevation. The creation of the additional detention facilities will serve as the fill necessary to raise the property to the appropriate levels for development within the floodplain. Additionally, improvements will be made to correct deficiencies in drainage, streets, curbs, sidewalks and traffic systems serving the Project site.

It is anticipated that the Project will occur over as many as four (4) phases for full build-out based on market demand and timing considerations of the various developers. The City, acting through the Bartlesville Development Authority, has heretofore solicited proposals from prospective developers for a portion of property within the proposed Increment District that will infuse significant capital investment. The City has identified a proposal submitted by GBT Realty Corp. (including its successors and assigns, referred to herein as “**GBT**”) for the Phase I development. The Phase I retail shopping center development will occur on approximately 13 acres located directly east of the existing Lowe’s building on the south side of Adams Boulevard. Primary building construction related to Phase I of this retail development will consist of a retail shopping center with a maximum of 100,000 square feet of retail space with related off-street parking, plus the development of three outparcels (collectively, “**Phase I**”) within the Increment District at an estimated capital investment cost of \$24.7 million. GBT has identified within its proposal the need for public assistance to facilitate a successful retail development project.

A second phase of the retail shopping center will occur on approximately 9 acres located east of the Phase I site and will consist of a maximum of 100,000 square feet of building space, with related off-street parking (“**Phase II**”). Phase II is expected to commence following the completion of Phase I and has an estimated capital investment of \$15 million.

Phase III will consist of a Class A multi-family residential development on an approximately 10-acre tract of land and have a maximum of 200 apartments (“**Phase III**”). The apartments will feature high-end exterior and interior amenities, be of the highest quality construction with the highest quality materials, consist of well merchandised quality landscaping, have an attractive club building, and have other on-site and off-site amenities. The Phase III development is especially important as the City has had significant difficulty in attracting the development of new high-quality multi-family residential developments over the past 25 years. The Phase III improvements are estimated to have an initial capital investment of \$20 million. Phase IV will involve a small retail development of approximately 15,000 square feet of building space, with related off street parking (“**Phase IV**”). The Phase IV development is expected to occur on approximately 2 acres of land located directly south of the existing Lowe’s building along Silver Lake Road and immediately adjacent to the North of the proposed Phase III multi-family residential development. Phase IV of the project has an estimated capital investment of \$3.2 million. The total estimated capital investment in the Silver Lake Village Project is \$63 million.

The City has determined the need to authorize the following Project Costs (collectively referred to herein as the “**Project Costs**”) to encourage the development of the Project:

- \$6.75 million for the purpose of paying the costs of certain infrastructure improvements that are required to serve the Silver Lake Village Project site, including specifically drainage improvements, site leveling and preparation, required flood plain compensatory storage, stormwater detention, and perimeter buffer areas (the “**Site Improvement Costs**”).
- \$4.4 million for acquisition or reimbursement for the acquisition of the property within the Increment District, for the purpose of encourage more efficient land use and further development of the site for additional green space (the “**Land Acquisition Costs**”).
- \$2.5 million for public infrastructure improvements, including drainage, street, and quality of life improvements (including but not limited to walking trails, fishing docks, playgrounds, picnic or recreational fields to be determined by the City at a later time), necessary to serve the other portions of the Increment District (the “**Public Improvement Costs**”).

The Project will be supported by a direct incentive in the form of payment of and/or reimbursement of certain Site Improvement Costs and Land Acquisition Costs to GBT for the purpose of developing Phase I of the site into a retail shopping center, in an amount up to approximately \$4.2 million. The Project Plan contemplates that additional direct incentives for the payment of and/or reimbursement of the authorized Project Costs would be available for additional phases supporting the Project, but in no event will exceed the total authorized Project Costs as set forth in this Project Plan.

This Project Plan provides that the City will enter into a development agreement(s) with GBT (relating to Phase I of the Project) and other interested parties as necessary (all as required by the Local Development Act defined herein) for the purpose of accomplishing the improvements identified as the Project Costs associated with the various phases of the Project. The TIF Revenues

will be used to pay and/or reimburse the Project Costs and/or pay debt service on obligations issued to pay and/or reimburse said Project Costs. The Site Improvement Costs related to the Silver Lake Village Project will be expended and the related improvements completed as soon as possible in order to facilitate the expedient completion of the proposed commercial retail shopping center. The Public Improvement Costs, the Land Acquisition Costs, and the remaining Site Improvement Costs will be expended and the related improvements completed in phases as soon as feasible and as necessary in support of the Project.

Based solely on the proposed Silver Lake Village Project, the initial retail and other commercial development within the Increment District could result in a potential initial taxable capital investment of approximately \$63 million, and potential annual taxable sales of approximately \$56 million upon full build-out. The City anticipates that it will solicit further development proposals, and the additional retail, commercial, and residential development may likely result in significant additional taxable capital investment and taxable sales, however those amounts cannot be reasonably quantified at this time. The actual amount of retail and other commercial capital investment will be largely dependent on the specific nature of the retail and commercial establishments that ultimately locate in the area, including subsequent phases of retail, commercial and other residential development. Please see Exhibit “E” for a more detailed description of projected development within Project Area (as defined herein). Please see Exhibit “F” for a Preliminary Site Development Plan for the Silver Lake Village retail development.

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 and Project Area are contiguous. All of the contemplated project activities will occur within the boundaries of the Increment District. 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 Project Area (including 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, attract high-quality multi-family residential development and to enhance the tax base.

IV. OBJECTIVES

The purpose of the Project and Increment District No. 10, City of Bartlesville, is to support the achievement of the economic development objectives of the City in order to:

- A. Create a significant commercial development within the City that will act as a catalyst for additional development within the community;
- B. Construct a high-quality market rate multi-family residential development within the City that will serve an important unmet housing demand in the City;
- C. Encourage persons in the existing workforce to live within the community;
- D. Attract major investment in the area;
- E. Serve as a catalyst for retaining and expanding employment in the area;
- F. Promote economic development to increase tax revenues, raise property values, and improve economic stability;
- G. Preserve and enhance the tax base; and
- H. Make possible investment, development and economic growth which would otherwise be difficult or impossible without the project 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 Project. Without the proposed Increment District, significant development within the area would be unlikely and 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 Washington County, the Washington County Health Department, the City of Bartlesville, Oklahoma, Tri-County Technology District No. 1, and Bartlesville Independent Public School District No. 30. 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 other developments within the Increment District for the purpose of paying Project Costs (as defined herein) either through direct payment and/or reimbursement and/or paying debt service on tax apportionment bonds to be issued by a public trust created under Title 60, Oklahoma Statutes 2011, Section 176 *et seq.*, for the benefit of the City. The proceeds of any such bonds 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 a portion of 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. Upon expiration of the Increment District, the affected ad valorem taxing jurisdictions could see an aggregate net gain in annual ad valorem tax revenues in excess of approximately \$882,000 (based on an initial total capital investment of approximately \$63 million).

Anticipated 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 a portion of the new 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 does create a significant increase in demand for utility services from the City, however, public sector costs should be more than offset by apportioned tax increments as provided in this Project Plan. The proposed development within the Increment District should generate significant increases in annual water and sewer utility revenues.

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. The City is not currently collecting any sales tax from within the boundaries of the proposed Increment District so the corresponding baseline sales tax collection level is zero. A potentially negative impact of utilizing incremental sales tax revenues to promote the creation of a significant retail shopping 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 (the “**Substitution Rate**”). The City has assumed a Substitution Rate of approximately 50% of the retail sales within the proposed Increment District that will come from the transfer of monies spent at other retail establishments within the City. To offset this concern, the Increment District will only capture approximately 30% of the incremental sales tax revenues (the equivalent of 1.02% of the total 3.40% sales tax levied by the City); provided however, 50% of the incremental sales tax revenues shall be captured during the first twelve months of operation of a retail establishment located within the Increment District, 30% captured in the second 12 months and 10% captured in the third 12 months (collectively, the “**Reserve Amount**”). Upon full funding of the Reserve Amount, the Increment District will continue to capture 30% of the incremental sales tax revenues to provide additional financial support, if necessary, to pay debt service on TIF Bonds issued to pay authorized project costs. If the incremental sales tax revenues are not needed for the payment of debt service on TIF Bonds, said incremental sales tax revenues shall be reallocated as specified herein. Upon completion of the Project based on the assumed Substitution Rate, the City could realize an estimated gross gain in annual sales and use tax revenues in the approximate amount of \$950,000, and upon expiration of the Increment District, an estimated gross gain in annual sales and use tax revenues of approximately \$1.3 million. The Substitution Rate is an estimate and cannot be fully determined until full build-out of the Project and analysis of all sales tax collections occurring within the City. These impacts may be mitigated by any decrease in sales tax collections outside the increment district (for example, potential decline in overall sales of competing businesses) but may be augmented by the increased retention of customer spending within the City (for example, by reducing the leakage of sales to other Tulsa metro locales by offering a wider and more diversified shopping selection within the City).

Additional development within the Increment District will likely generate further increases in ad valorem tax revenues and sales tax revenues to the benefit of all of the affected taxing jurisdictions.

VI. STATEMENT OF PRINCIPAL ACTIONS

Implementation actions for the project, including all necessary, appropriate and supportive steps, will consist 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 properties necessary for the development project including connecting public easements;

C. Negotiation, preparation, execution, and implementation of development agreements, including agreements for financing 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. 10, CITY OF BARTLESVILLE

Increment District No. 10, City of Bartlesville shall be created upon adoption of an Ordinance of the City Council of the City of Bartlesville, Oklahoma 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 incremental revenues shall continue for that period required for the payment of the Project Costs, or a period of approximately twenty-five (25) years (ending June 30, 2041, and referred to as the “**Expiration Date**”), whichever is less:

A. One hundred percent (100%) of the incremental 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, and as otherwise determined pursuant to the Local Development Act (collectively, the “**Ad Valorem Increment Revenues**”); provided that all such Ad Valorem Increment Revenues shall be pledged as security for the payment of the TIF Bonds (as defined herein) or otherwise used to pay (or reimburse the payment of) Project Costs authorized pursuant to Section IX of this Project Plan.

B. Up to thirty percent (30%) of the incremental sales and use tax revenues derived from the Increment District, representing the equivalent of 1.02% sales and use tax levied by the City pursuant to Chapter 18, Article II, Section 18-20 *et seq.*, of the Bartlesville Code of Ordinances, as such Code of Ordinances may be amended, replaced, extended, superseded, terminated, or otherwise modified from time to time (the “**Sales Tax Increment Revenues**”, and together with the Ad Valorem Increment Revenues, referred to herein as the “**TIF Revenues**”); provided however, 50% of the incremental sales tax revenues shall be captured during the first twelve months of operation of a retail establishment located within the Increment District, 30% captured in the second 12 months and 10% captured in the third 12 months; provided further 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.

VIII. PROJECT AND INCREMENT DISTRICT AUTHORIZATIONS

A. Upon adoption of an Ordinance 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. David Wood, President of the Bartlesville Development Authority, an Oklahoma public trust with the City as its beneficiary. Mr. Wood, or his successor as President, 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. 10

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 Site Improvement Costs, the Public Improvement Costs, and the Land Acquisition Costs (not to exceed an aggregate total of \$15,000,000.00); (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 Site Improvement 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 advices 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 total estimate of Project Costs that may be made available for improvements from apportioned tax revenues shall be \$14.9 million (including all engineering, construction, planning, and contingency costs). An additional amount of \$100,000.00 will be made available for Organizational Costs associated with establishing the Increment District. 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, including capitalized interest, as well as to fund any reasonably required reserves associated with obligations issued to fund said improvements and/or (y) to pay the reasonable costs incurred or to be incurred by or on behalf of the City or the Authority in implementing and administering this Project Plan.

PROJECT COST BUDGET ITEMS	LINE-ITEM COST
Site Improvement Costs	6,750,000.00
Land Acquisition Costs	4,400,000.00
Public Improvement Costs	2,500,000.00
Contingency	1,250,000.00
Organizational Costs	100,000.00
<u>TOTAL AUTHORIZED PROJECT COSTS*</u>	<u>\$15,000,000.00</u>

* NOTE: Individual line-item amounts are estimated and subject to final determination, however, subject to the following paragraph, the Total Authorized Project Costs is a fixed, not to exceed amount (plus any amounts necessary to pay interest, capitalized interest, costs of issuance, and establish reserve funds in connection with the issuance of TIF Bonds and any amounts necessary to pay or reimburse the 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), including any interest component pursuant to a reimbursement obligation).

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 tax apportionment bonds or notes to be issued in one or more series (collectively, the “**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 of Project Costs, including principal, interest and any premium on the redemption of any TIF Bonds, will be made from one or more of the following sources of TIF Revenues:

(i) *Ad Valorem Increment Revenues.* 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 (i.e., 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 the TIF Bonds, issued pursuant to Section 863 of the Local Development Act;
- (b) to make payments, if required, to satisfy or replenish any reserve requirement established with respect to the TIF Bonds;
- (c) the payment of Project Costs incurred in connection with the development or construction of those projects listed in this Project Plan;
- (d) the reimbursement of a developer, including any interest component (pursuant to a development agreement with the City), 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; and
- (e) to the extent necessary, the reimbursement to the City of any incremental sales tax revenues expended with respect to the TIF Bonds.

Pursuant to the Local Development Act, the Ad Valorem Increment Revenues apportioned hereunder shall be transferred by the Washington County Treasurer to a special fund to be known as the “**Increment District No. 10 - 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 placed into a separate account created within the Apportionment Fund and shall be pledged as security for the payment of the TIF Bonds or otherwise used to pay (or reimburse the payment of) Project Costs (such account being hereinafter referred to as the “**Ad Valorem Tax Increment Revenue Account**”).

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 entered into by the City, 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, up to thirty percent (30%) of the incremental sales and use tax revenues derived from the Increment District, representing an aggregate total of 1.02% sales and use tax levied by the City pursuant to Chapter 18, Article II, Section 18-20 *et seq.*, as such Code of Ordinances may be amended, replaced, extended, superseded, terminated, or otherwise modified from time to time, and generated within or sourced to the Increment District, as such increment is hereinafter determined and defined pursuant to the Local Development Act (i.e., the “**Sales Tax Increment Revenues**”), are to be apportioned and set aside from all other sales and use taxes levied within the Increment District, provided however, 50% of the incremental sales tax revenues shall be captured during the first twelve months of operation of a retail establishment located within the Increment District, 30% captured in the second 12 months and 10% captured in the third 12 months, to be used exclusively for:

- (a) the payment of principal, interest and premium, if any, on the TIF Bonds, issued pursuant to Section 863 of the Local Development Act;
- (b) to make payments, if required, to satisfy or replenish any reserve requirement established with respect to the TIF Bonds;
- (c) the payment of Project Costs incurred in connection with the development or construction of those projects listed in this Project Plan; and
- (d) the reimbursement of a developer, including any interest component (pursuant to a development agreement with the City), 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.

Provided, however, the remaining unapportioned seventy percent (70%) of the incremental sales and use tax revenues derived from the Increment District, representing the equivalent of 2.38% of the total 3.40% 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. Provided further, that if said rate of sales and use tax levied by the City shall increase or decrease pursuant to the Code of Ordinances, said percentages of allocation shall automatically be revised in a manner that will yield Sales Tax Increment Revenues equivalent to the proceeds of a 1.02% of the total 3.40% sales and use tax rate.

Provided, further, the increment of sales and use taxes upon which the Sales Tax Increment Revenues is calculated 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 (said reduction referred to herein as a “Transfer Adjustment”). Said amount of annual reduction shall be calculated based on the sales tax collections during the twelve month period prior to closing the previous location. For purposes of determining the incremental portion of the sales taxes generated within the 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 or sourced to the area comprising the Increment District between July 1, 2014, and June 30, 2015. If necessary for such certification, said base amount may be determined using reasonable estimates prepared by the City Clerk. All sales tax revenue generated within 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 all sales and use tax generated from actual construction occurring within the Increment District. The City shall to the extent necessary 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 developer or related party 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 a separate account created within the Apportionment Fund (such account being hereinafter referred to as the “**Sales Tax Increment Revenue Account**”) and shall be pledged as security for the payment of the TIF Bonds or otherwise used to pay (or reimburse the payment of) Project Costs. No portion of such increments and no portion of the Apportionment Fund shall constitute a part of the general fund of the City.

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 entered into by the City, remains unpaid as of the end 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 a significant portion of the Project Costs will be within three 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: Transfer 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: All amounts remaining shall thereafter be utilized for (i) payment and/or reimbursement of authorized Project Costs (including any interest component pursuant to a development agreement); (ii) pre-payment of principal on the TIF Bonds until such time as all TIF Bonds are retired; or (iii) in the case of the Sales Tax Increment Revenues, any amounts not needed for payment of scheduled debt service on the TIF Bonds or the funding/replenishment of a debt service reserve may be periodically transferred to the City for deposit into the General Fund or to the appropriate special fund and utilized for any lawful purpose; and
- FOURTH: Upon retirement of all TIF Bonds and payment of all Project Costs, (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 incremental ad valorem tax revenue, it is estimated that approximately \$20 million could be generated by the incremental increase in ad valorem tax revenue during the term of the Increment District. The initial projections of ad valorem

Financing Revenue Sources are based upon an estimated \$63 million initial total net capital investment, a 12.0% assessment rate on real property and a 15.0% assessment rate on personal property, and an approximately 0.11659% millage levy within the Increment District.

Based on the initial projections of incremental sales and use tax revenue, it is estimated that approximately \$26.9 million could be generated by the incremental increase in sales and use tax revenue (from construction and retail sources) during the term of the Increment District, with approximately \$1.7 million available for allocation to Project Costs, and approximately \$25.2 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 forty hundredths percent (3.40%) sales and use tax on new construction within the Increment District and new retail and other space generating approximately \$1.5 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 Washington County Assessor and subject to change by voters of the applicable taxing jurisdictions 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. The Silver Lake Village 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 anticipated development is more fully discussed in Exhibit "E". Please see Exhibit "F" for a Preliminary Site Development Plan for the Silver Lake Village Project. The Authority and/or the City may enter into economic development agreements with the developers of any portion of the Project or any other parties as required by the Local Development Act.

Certain public improvements 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 a third party 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 \$57.5 million over the term of the Increment District, and of which \$15.0 million would be apportioned for Project Costs), of which portions will serve as 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. Based on the allocations of incremental tax revenue to Project Costs, over the approximately twenty-five (25) year duration of the Increment District, (i) the incremental ad valorem tax revenue is expected to total approximately \$20 million, all of which would be apportioned for Project Costs; and (ii) the incremental sales and use tax revenue is expected to total approximately \$26.9 million (from construction and retail sources), of which \$1.7 million would be apportioned for Project Costs, \$25.2 million retained by the City. Additionally, the various taxing jurisdictions may realize additional ad valorem tax and sales and use tax revenues from any additional development outside the boundaries of the Increment District.

Construction of the improvements and subsequent development should have a considerable positive impact on total employment in the City's metropolitan area, including temporary construction jobs and permanent positions in retail and other commercial establishments. The actual amount of jobs, payroll, and capital investment will be largely dependent on the specific commercial establishments that ultimately locate in the area. 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 aggregate total amount of not to exceed \$15,000,000.00 million, as authorized by this Project Plan, represent approximately 19% of the initial projected total public and private investment for the Project, which including anticipated expenditures by or on behalf of retail, commercial, or governmental entities locating within the Increment District, is expected to exceed \$78 million. It is anticipated by the City that the total investment for the Project will greatly exceed said number when additional developments are identified and completed. Exhibit "E" contains a description of the initial projected developments in the Increment District.

XIV. MISCELLANEOUS PROVISIONS

The property within the Increment District is currently zoned a mixture of residential and commercial uses. The proposed Project conforms to the comprehensive plan for the City, as amended. No changes in the ordinances (other than minor zoning adjustments) of the City are contemplated under this Project Plan.

EXHIBIT "A"

MAP OF INCREMENT DISTRICT NO. 10

The proposed Increment District generally contains an area bordered on the north by the North Section Line of Section 8, Township 26 North, Range 13 East (approximately Frank Phillips Boulevard), on the east by the Half Section Line of Sections 8 and 17, Township 26 North, Range 13 East (approximately 0.5 miles east of Silver Lake Road), on the west by the West Section Line of Sections 8 and 17, Township 26 North, Range 13 East (approximately Silver Lake Road), and on the south by the Half Section Line of Section 17, Township 26 North, Range 13 East (approximately the Woodland Park subdivision). The approximate boundaries of the Increment District are shaded below and comprises approximately 265.54 acres lying in the West Half of Sections 8 and 17, Township 26 North, Range 13 East of the Indian Meridian, Washington County, Oklahoma. Please see Exhibit "B" for a legal description of Increment District No. 10.

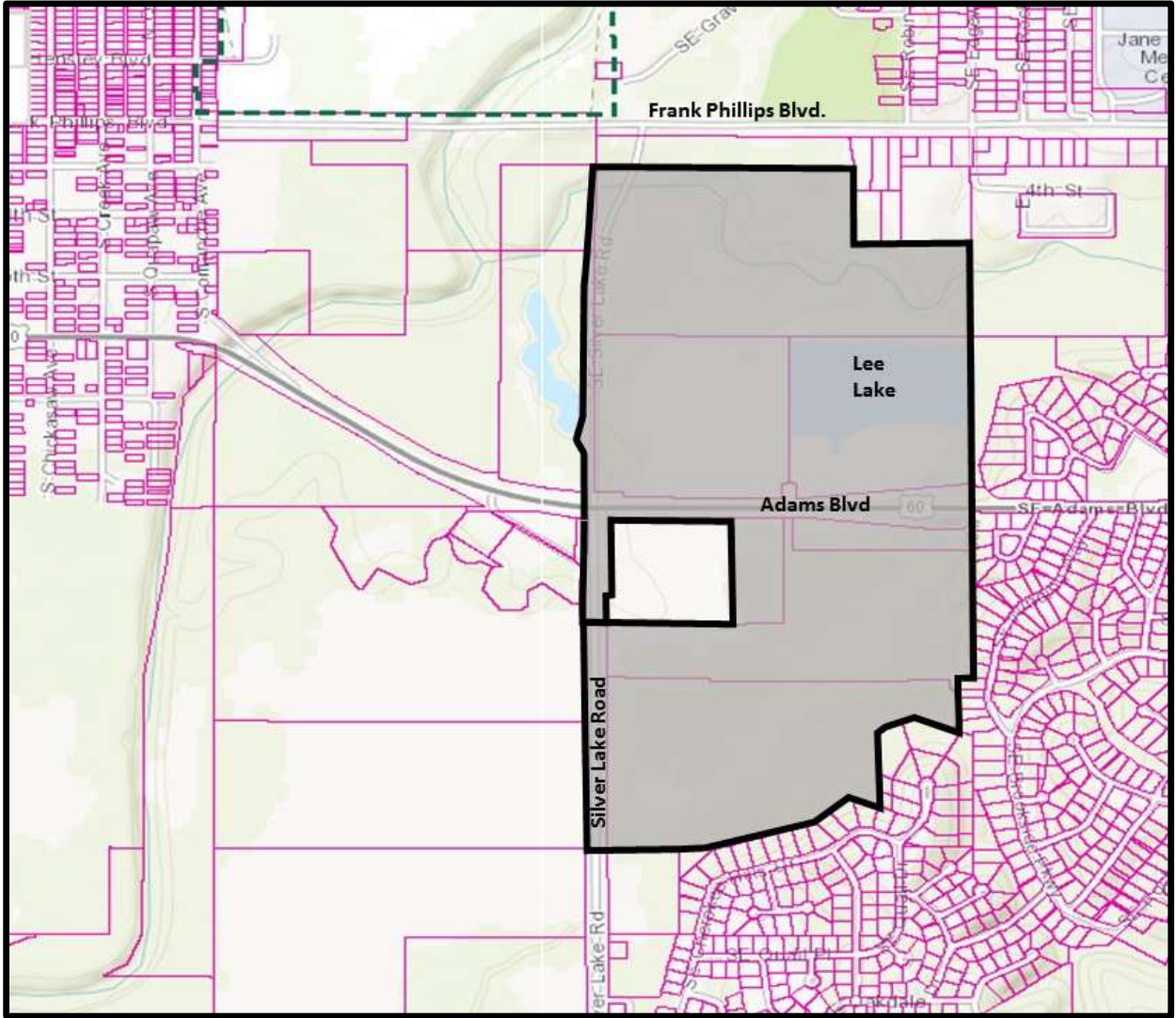


EXHIBIT "B"

INCREMENT DISTRICT LEGAL DESCRIPTION

INCREMENT DISTRICT NO. 10

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

A TRACT OF LAND IN THE WEST HALF OF SECTIONS 8 AND 17, TOWNSHIP 26 NORTH, RANGE 13 EAST OF THE INDIAN MERIDIAN, WASHINGTON COUNTY, OKLAHOMA, CONTAINING APPROXIMATELY 265.54 ACRES, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

ALL OF THE NORTHWEST QUARTER OF SECTION 17, TOWNSHIP 26 NORTH, RANGE 13 EAST OF THE INDIAN MERIDIAN, WASHINGTON COUNTY, OKLAHOMA, EXCEPT THE FOLLOWING TRACTS:

- THE EAST 100 FEET OF LOTS 1, 2, 3, AND 4, BLOCK 25, WOODLAND PARK 12TH ADDITION OR ANY PORTION THEREOF LYING WITHIN SAID NORTHWEST QUARTER;
- ALL LAND, LOTS AND RIGHTS-OF-WAY PLATTED AS PART OF THE CROWNE POINT ADDITION; AND
- ALL OR ANY PORTION THEREOF OF LOTS 1 THROUGH 6 INCLUSIVE, BLOCK 47, WOODLAND PARK 19TH ADDITION, WHICH ARE LOCATED WITHIN SAID NORTHWEST QUARTER, TOGETHER WITH ANY ADJACENT PLATTED RIGHTS-OF-WAY;
- ALL OR ANY PORTION THEREOF OF LOTS 7, 8, AND 9, BLOCK 47, AMENDMENT TO WOODLAND PARK 19TH ADDITION, WHICH ARE LOCATED WITHIN SAID NORTHWEST QUARTER;
- ALL OR ANY PORTION THEREOF OF LOTS 10, 11, AND 12, BLOCK 47, WOODLAND PARK 21ST ADDITION, WHICH ARE LOCATED WITHIN SAID NORTHWEST QUARTER;
- CONTAINING 5,093,906.4 SQUARE FEET OR 116.94 ACRES OF LAND, MORE OR LESS;

AND

ALL OF THE SOUTHWEST QUARTER OF SECTION 8, TOWNSHIP 26 NORTH, RANGE 13 EAST OF THE INDIAN MERIDIAN, WASHINGTON COUNTY, OKLAHOMA, EXCEPT THE NORTH 584.2 FEET OF THE EAST 850 FEET THEREOF, CONTAINING 6,473,030 SQUARE FEET OR 148.6 ACRES OF LAND, MORE OR LESS.

EXHIBIT “C”

MAP OF PROJECT AREA

The boundaries of the Project Area associated with Increment District No. 10, City of Bartlesville, generally contains an area bordered on the north by the North Section Line of Section 8, Township 26 North, Range 13 East (approximately Frank Phillips Boulevard), on the east by the Half Section Line of Sections 8 and 17, Township 26 North, Range 13 East (approximately 0.5 miles east of Silver Lake Road), on the west by the West Section Line of Sections 8 and 17, Township 26 North, Range 13 East (approximately Silver Lake Road), and on the south by the Half Section Line of Section 17, Township 26 North, Range 13 East (approximately the Woodland Park subdivision). The approximate boundaries of the Project Area are shaded below and comprises approximately 265.54 acres lying in the West Half of Sections 8 and 17, Township 26 North, Range 13 East of the Indian Meridian, Washington County, Oklahoma. Please see Exhibit “D” for a legal description of Project Area.

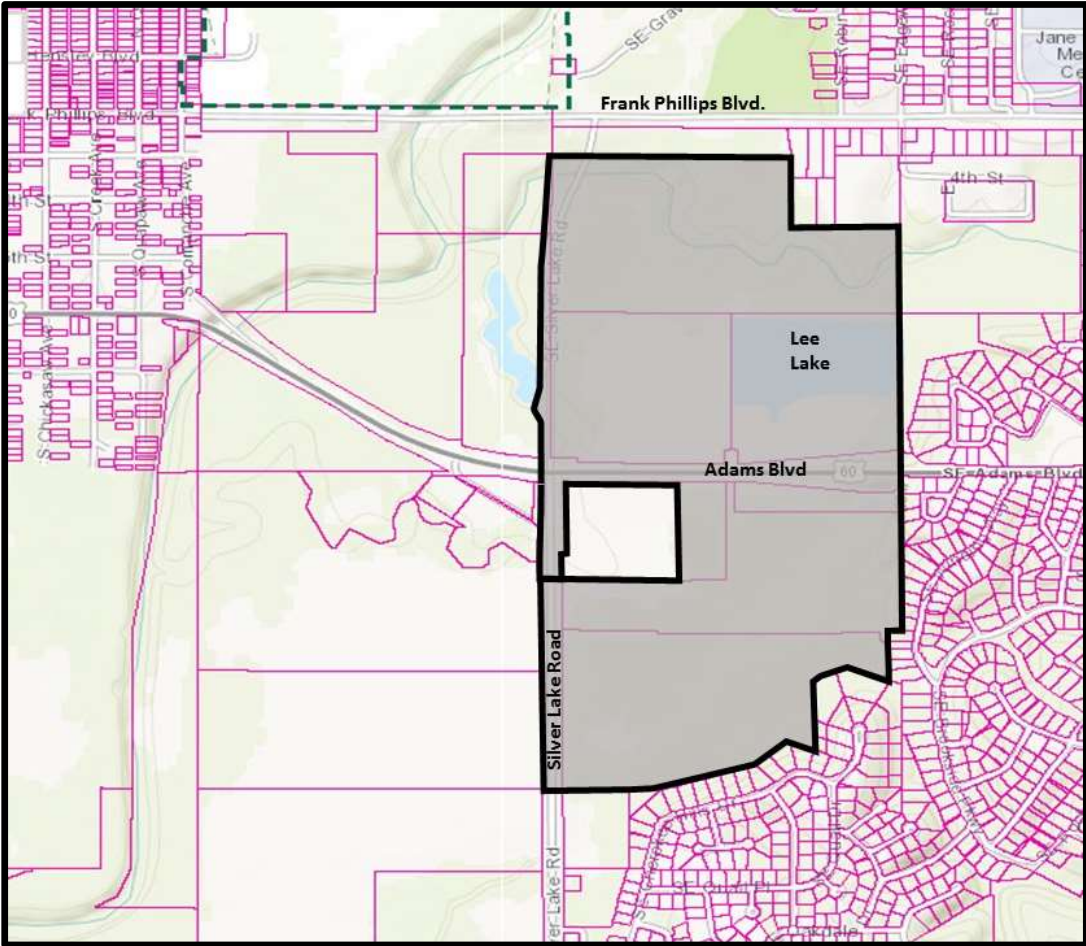


EXHIBIT "D"

PROJECT AREA LEGAL DESCRIPTION

INCREMENT DISTRICT NO. 10 PROJECT AREA

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

A TRACT OF LAND IN THE WEST HALF OF SECTIONS 8 AND 17, TOWNSHIP 26 NORTH, RANGE 13 EAST OF THE INDIAN MERIDIAN, WASHINGTON COUNTY, OKLAHOMA, CONTAINING APPROXIMATELY 265.54 ACRES, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

ALL OF THE NORTHWEST QUARTER OF SECTION 17, TOWNSHIP 26 NORTH, RANGE 13 EAST OF THE INDIAN MERIDIAN, WASHINGTON COUNTY, OKLAHOMA, EXCEPT THE FOLLOWING TRACTS:

- THE EAST 100 FEET OF LOTS 1, 2, 3, AND 4, BLOCK 25, WOODLAND PARK 12TH ADDITION OR ANY PORTION THEREOF LYING WITHIN SAID NORTHWEST QUARTER;
- ALL LAND, LOTS AND RIGHTS-OF-WAY PLATTED AS PART OF THE CROWNE POINT ADDITION; AND
- ALL OR ANY PORTION THEREOF OF LOTS 1 THROUGH 6 INCLUSIVE, BLOCK 47, WOODLAND PARK 19TH ADDITION, WHICH ARE LOCATED WITHIN SAID NORTHWEST QUARTER, TOGETHER WITH ANY ADJACENT PLATTED RIGHTS-OF-WAY;
- ALL OR ANY PORTION THEREOF OF LOTS 7, 8, AND 9, BLOCK 47, AMENDMENT TO WOODLAND PARK 19TH ADDITION, WHICH ARE LOCATED WITHIN SAID NORTHWEST QUARTER;
- ALL OR ANY PORTION THEREOF OF LOTS 10, 11, AND 12, BLOCK 47, WOODLAND PARK 21ST ADDITION, WHICH ARE LOCATED WITHIN SAID NORTHWEST QUARTER;
- CONTAINING 5,093,906.4 SQUARE FEET OR 116.94 ACRES OF LAND, MORE OR LESS;

AND

ALL OF THE SOUTHWEST QUARTER OF SECTION 8, TOWNSHIP 26 NORTH, RANGE 13 EAST OF THE INDIAN MERIDIAN, WASHINGTON COUNTY, OKLAHOMA, EXCEPT THE NORTH 584.2 FEET OF THE EAST 850 FEET THEREOF, CONTAINING 6,473,030 SQUARE FEET OR 148.6 ACRES OF LAND, MORE OR LESS.

EXHIBIT “E”

PROPOSED DEVELOPMENT IN THE INCREMENT DISTRICT

This Silver Lake Village Economic Development Project (the “**Project**”) describes a mixed-use development that contemplates construction on a site of approximately 115 acres of over 200,000 square feet of new retail shopping centers (upon full build-out) and a \$20 million high-quality market rate multi-family residential complex of 200 dwelling units in the City of Bartlesville, Oklahoma (the “**City**”). The Project is expected to occur in as many as four phases for full development.

The proposed development will include several buildings and outparcels. A preliminary Site Development Plan is provided in Exhibit “F”.

EXHIBIT "F"

PRELIMINARY SITE DEVELOPMENT PLAN*
SILVER LAKE VILLAGE PROJECT



* Preliminary; Subject to Change