

MINUTES OF THE MEETING OF THE BOARD OF COMMISSIONERS  
PONCA CITY, OKLAHOMA  
JULY 24, 2006

Pursuant to notice as required by law, the Ponca City Board of Commissioners met in special session at 4:00 p.m. in the City Manager's Conference Room at City Hall, 516 E. Grand with Mayor Stone presiding:

Present: Richard Stone, Mayor  
Wayne Foxworthy, Commissioner  
Diane Anderson, Commissioner  
Paul Krueger, Commissioner  
Stan Paynter, Commissioner  
Gary Martin, City Manager  
Kevin Murphy, City Attorney  
Marc LaBossiere, Finance Director/City Clerk

Others Present: Tana McKinley, Chris Henderson, Craig Stephenson, Butch Herring, Craige Baird, City staff; David Myers, Tim Burg, Lee Evans, Doug Major, Jim Leach, PCDA; Nate Ellis, Allan Brooks, Fagin, Bush, Tinney & Kiser; Lyn Boyer, Linda Brown, Pat Drake, citizens; Louise Abercrombie, Rolf Clements, Ponca City News.

1. Mayor Stone called the meeting to order at 4:01 a.m.

2. ATTENDANCE ROLL CALL AND RECOGNITION OF GUESTS.

Mayor Stone deferred to Lee Evans, Chairman of the PCDA, who called their meeting to order and identified other members of their board in attendance.

3. RECEIVE PRESENTATION BY CITY CONSULTANTS ON THE USE OF TAX INCREMENT FINANCING IN ECONOMIC DEVELOPMENT AND COMMUNITY DEVELOPMENT WITH QUESTIONS AND DISCUSSION.

City Manager Gary Martin introduced the topic, that there has been much talk in the community about housing and incentives offered in Bartlesville to assist developers, including tax increment financing (TIF). As such, Martin explained that the City has invited bond council to present an information session on TIF. Martin introduced Allan Brooks, of Fagin, Bush, Tinney & Kiser.

Brooks relayed that there would be approximately 15-20 minutes of information presented, followed by a question and answer session. Brooks noted Ponca City has long been on the cutting edge for industrial financings, including the Thorn Apple Valley economic development deal. Brooks continued, stating that it is not surprising that the City is evaluating TIF. The first wave of industrial financing was through tax exempt bond financing, followed by sales tax backed, and now TIF is an option as the legislature has removed some impediments in the last couple years.

Next, Economic Development officer David Myers gave background of where the City is

Regarding economic development efforts. Myers then reviewed three areas of concern, including limited space in the current industrial park, redevelopment, and housing. If TIF could reduce lot costs, Myers expressed a belief this may spur housing development.

Brooks then introduced Nate Ellis from the Fagin firm, who has worked on many TIF offerings in Oklahoma. Ellis referenced that all TIF related statutes can be found in Oklahoma Statutes Title 62-858. Ellis explained that a TIF can be backed by any type of tax, including new ad valorem, sales, or hotel/motel. Ellis continued, noting the first step is for the City to enact a resolution establishing a statutory review committee, which would include a member of the City Commission, one from the Planning Commission, and one from each affected tax entity, including the school district, county health department, vo-tech, etc. Also included on the committee are three members from the public at large, for a total membership usually of eight to ten members.

The committee reviews a project plan, as prepared by City staff, including general parameters such as what improvements will be made and the boundaries of the proposed district. Prior to any action by a city, the district proposal must go through two public hearings. The first hearing is to present the proposal, and the second to take public comment. Ellis continued, stating that the committee would then take vote, and if approved it would go to the planning commission for a vote as to whether or not the proposal is consistent with plans for the city. Finally the city commission would consider and vote on the proposal, which would require 2/3 approval. Ellis qualified that the process can take 2-12 months, depending on variables and public opinion.

Ellis elaborated on possibilities, which include infrastructure, or shell facilities. The TIF ordinance spells out what is expected of the development. All or part of tax increments can be pledged. The City issues the debt up front, and as development occurs and new tax revenue is created, that revenue is pledged to retire the debt. General areas eligible for TIF districts as provided for by statute include historic preservation areas, federal or state enterprise zones, and some outside areas that might fall in a reinvestment area.

City Attorney Kevin Murphy questioned whether taxing authorities such as schools, vo-techs, and county health department tend to agree with TIF proposals. Ellis confirmed that they tend to; however the project needs to be large enough to pay for the cost of the district and also generate enough increment to pay for benefits. Discussion ensued regarding TIF incentives and bonds.

Commissioner Paul Krueger questioned what happens when revenue from the increment is not sufficient to cover required debt service, and who is responsible. Ellis confirmed the City would be responsible and that is why the developer is the best scenario as buyer of the bonds. Brooks confirmed that if the developer buys the bonds and no revenue is produced, the developer is left holding the bag. If a public financing is done, the City is left holding the bag. Discussion ensued.

Brooks commented that with housing, a TIF is difficult. There needs to be a compelling reason to do, not only to sell the issue to the City but also the other taxing jurisdictions. The project also needs to be big enough to make it attractive to all. Brooks confirmed that a

manufacturing TIF is a more normal situation, where the taxing jurisdictions give up 15 years of increment tax, but the entity will be there for 50 years paying taxes. An example was given, with 10 houses at a value of \$200,000 each, equals \$2M x 1% equals \$20,000 per year in increment taxes, over 20 years, would result in maybe a \$200,000 improvement incentive up front. Discussion ensued.

ADJOURN.

4. Mayor Stone adjourned the meeting at 5:19 pm.

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MAYOR

ATTEST:

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CITY CLERK

## Events Center

### Issues:

1. “Need” argument (schools carry? Size – reality v. imagine)
2. Location (Park because it solves schools need & Hutchins problem )
3. Vision 2020 (support?)
4. Commission consensus (can it be had?)
5. “Big Picture” versus detail (stay out of minutia – cannot get done in time, nor make everyone happy, don’t try – stick to big picture)
6. Financing (GO or sales tax? – new vs. tax neutral?)
7. Operations funding (amount required and source?)
8. OTHER
  - \* can’t make everyone happy (PK)
  - \* schools outside use policy – may be impossible (Comm. Concert factor)
  - \* who sells the project, if at all
  - \* fix timeline, assign responsibilities,
  - \* LEARN from Hutchins example – cannot make everyone happy, stick to big picture, don’t try to answer details, consensus build, avoid fights, make list of “positives” and stick to it...