

AMENDMENT NO. 1 TO
THORPE NATIONAL ECONOMIC DEVELOPMENT PROJECT PLAN
INCREMENT DISTRICT NO. 3, CITY OF BLANCHARD

Prepared by:
CITY OF BLANCHARD, OKLAHOMA

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AMENDMENT NO. 1 TO
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SUMMARY

This Amendment No. 1 to the Thorpe National Economic Development Project Plan (the “**Amendment No. 1**”) hereby amends that certain Thorpe National Economic Development Project Plan dated December 27, 2023 (as amended herein, collectively referred to as the “**Project Plan**”), in the manner herein set forth. Unless otherwise defined herein, all terms used herein shall have the definition accorded thereto in the Project Plan and in Ordinance No. 803 of the City of Blanchard, Oklahoma (the “**City**”), as it creates Increment District No. 3, City of Blanchard (the “**Increment District**”), all pursuant to the Local Development Act, 62 O.S. §850, *et seq.* (the “**Local Development Act**”).

The purpose of this Amendment No. 1 is to accomplish the following objectives: (i) update the costs of the TIF Projects to be initially incurred by the City and reimbursed from the TIF Revenues, and (ii) to authorize certain additional Project Costs appropriate to enhance the Project in order to maximize available state matching funds under the Local Development Act and the Enterprise Zone Incentive Leverage Act, 62 O.S. §840, *et seq.* (the “**Leverage Act**”). This Amendment No. 1 increases the total authorization of Project Costs to a total amount of \$91.45 million, plus interest and related financing costs and administration costs associated with the Increment District in an amount not to exceed \$89.22 million, for a total authorized cost of \$180,672,000. This Amendment No. 1 does not modify the boundaries of the Increment District or the Project Area, each as described in the Project Plan.

Increase to Authorized Project Costs

The original Project Plan authorized total Project Costs in the amount of \$42,688,000, plus administration, interest, and financing costs. These costs included approximately \$16,016,000 for water and sewer infrastructure, \$13,504,000 for traffic infrastructure, \$9,548,000 for other costs including 15% contingency, 12% engineering, and 5% for inspections, testing, advertising, and other ancillary construction costs, \$3,000,000 for Blanchard Public Schools, and \$600,000 for McClain-Grady EMS District. Construction inflation and related economic factors have continued to cause significant upwards pressure on the costs of infrastructure. In recognition thereof, the following adjustments to the Project Costs authorized pursuant to the original Project Plan are hereby adopted:

- Water and Sewer Infrastructure (\$17,615,000)
 - \$2,265,000 Extend waterline to serve Middleberg School District
 - \$805,000 Extend waterlines to serve Increment District area

- \$14,545,000 Pump sewage to existing City treatment facility, or in the alternative construct new treatment facilities and necessary sewer line extensions
- Traffic Infrastructure (\$14,635,000)
 - \$5,200,000 17,269.95 L.F. of Road Improvements – Old US-62 at \$300/L.F.
 - \$1,160,000 Intersection Modification and Signalization (US-62 @ Morgan Road) including drainage improvements
 - \$25,000 Traffic Impact Analysis (TIA)
 - \$8,250,000 27,496 L.F. of Road Improvements – Sara Road to I-44 at \$300/L.F.
- Public Safety Infrastructure (\$4,000,000)
 - \$4,000,000 Construction of a new fire station serving southwest areas of Blanchard
- Other Project Costs related to the above cost elements (\$13,888,000)
 - \$6,510,000 Contingency (15%)
 - \$5,208,000 Engineering (12%)
 - \$2,170,000 Inspections/Testing/Advertising (5%)
- Blanchard School District Infrastructure (\$3,000,000)
 - The following projects will represent a TIF contribution (payable from the Ad Valorem Increment Revenues) to offset potential capital impacts to Blanchard High School. The listed project may supplement funding from proceeds of a future general obligation bond issue of the Blanchard School District, subject to voter approval.
 - \$3,000,000 High School Classroom Addition with Safe Room (\$10,500,000 estimated total project cost)
- McClain-Grady EMS District Infrastructure (\$600,000)
 - The following projects will represent a TIF contribution (payable from the Ad Valorem Increment Revenues) to offset potential capital impacts to McClain-Grady EMS District. The amount is derived from a calculation of the present value of one percent (1.0%) of the projected aggregate Ad Valorem Increment Revenues over the term of the Increment District, assuming a discount factor of 2.356% annually.
 - \$600,000 Capital equipment costs related to providing ambulance service, including but not limited to ambulance rigs and emergency response equipment.

- Investment Incentives (\$40,000,000)
 - Quality of Life Infrastructure and Amenities (\$9,438,000) including certain capital infrastructure improvements to be constructed by the Developer for the benefit of and available to the general public. The City may enter into one or more development agreements for the construction of said improvements, to provide payment or reimbursement of the costs thereof as assistance in development financing, which may include an interest component. Specific improvements include, but are not necessarily limited to the following:
 - \$3,600,000 Construction of a Blanchard visitors center
 - \$250,000 Buffalo Preserve/Paddock
 - \$750,000 Mountain Bike Range
 - \$50,000 Archery Range
 - \$150,000 Disc Golf Course
 - \$1,000,000 Nature Trails
 - \$1,200,000 Botanical Garden
 - \$150,000 ATV/UTV Course
 - \$2,288,000 Approximately 32% for contingency, engineering, and related improvement costs
 - Leverage Act Incentives (\$30,562,000) include the payment of qualifying incentives under the Leverage Act pursuant to one or more development agreements authorized by the City with specific businesses that will result in attractions and amenities that will enhance the Project as well as the quality of life for Blanchard residents. Targeted examples include, but are not limited to, a full-service grocery store, full-service hotel, high-end dining establishments, and casual-dining restaurants with table service. Incentives are contemplated to be paid in arrears in the form of a tax rebate, and may be in varying amounts, durations, and subject to annual limitations as may be agreed upon by the City.
- Organizational, Administrative and Financing Costs (\$83,969,000)
 - Interest and related financing costs in the amount of approximately \$83,594,000, assuming financing of all project costs except for Blanchard School, McClain Grady EMS, and Leverage Act Incentives over the term of the Increment District, at a fixed interest rate of 8%, and including two years of capitalized interest. This amount is intended to be a not-to-exceed maximum, and the City will endeavor to finance Project Costs in the most efficient manners possible. The estimated portion of the interest and related financing costs pertaining to the Quality of Life Infrastructure and Amenities is \$13,771,000.
 - Annual administration costs associated with the Increment District in the amount of approximately \$250,000, not in excess of \$10,000 per year

- Organizational costs of the Increment District in the amount of approximately \$125,000.

The total amount of Project Costs, excluding interest and financing costs, under the original Project Plan was \$42,688,000. The revised total of authorized Project Costs is \$91,575,000, excluding interest and financing costs.

The total amount of all Project Costs, including interest and financing costs, is \$175,419,000. The total amount of Investment Incentives, including allocable interest and financing costs, is \$53,771,000. The City has received confirmation from the Oklahoma Department of Commerce that the project will qualify for state sales tax matching funds under the Leverage Act. It is expected that the eligible matching funds that could be received from the State will exceed the costs of the Investment Incentives, including allocable interest and financing costs.

Financial Impacts of the Additional Authorized Project Costs

The total TIF Revenues collected through the end of the 2024 tax year are expected to be \$0. (Construction of the Project has commenced and the initial phases are expected to open in approximately February 2026). The initial development tax revenue projections were based on \$638.7 million capital investment (with a taxable value of \$511.5 million) and \$2.68 billion in total taxable sales. Revised projections as of the date of this Amendment are based on \$640.7 million capital investment (with a taxable value of \$513.1 million) and \$2.85 billion in total taxable sales. The revised TIF Revenue projection is as follows:

- Ad Valorem Increment Revenues
 - Approximately \$87.45 million could be generated by the incremental increase in ad valorem tax revenue during the term of the Increment District, with approximately \$43.725 million available for allocation to Project Costs and approximately \$43.725 million apportioned to the affected ad valorem taxing jurisdictions. The initial projections of Ad Valorem Increment Revenues are based upon an estimated \$513.1 million aggregate taxable capital investment, an 11% assessment rate for real property, an 11% assessment rate for business personal property, and an approximately 8.062% millage levy within the Increment District (based on the 2024 levy rate for property located within Middleberg School District), or an approximately 10.841% millage levy within the Increment District (based on the 2024 levy rate for property located within Blanchard School District), allocated based on the projected development.
- Sales Tax Increment Revenues
 - Approximately \$142.88 million could be generated by the incremental increase in City sales and use tax revenue during the term of the Increment District, with approximately \$71.44 million available for allocation to Project Costs and approximately \$71.44 million retained by the City. The initial projections of incremental sales and use tax revenue are based upon the projected revenues generated within the Increment District from the levy of an aggregate total of five percent (5.0%) sales and use tax on new construction within the Increment

District and new retail and other space generating approximately \$2.85 billion in gross taxable sales during the term of the Increment District.

- Hotel Tax Increment Revenue
 - Approximately \$67.78 million could be generated by the incremental increase in City hotel/motel tax revenue during the term of the Increment District, with approximately \$33.89 million available for allocation to Project Costs and approximately \$33.89 million retained by the City and allocated. The initial projections of incremental hotel/motel tax revenue are based upon the revenues generated within the Increment District from the levy of five percent (5.0%) room occupancy tax, and occupancy generating approximately \$1.35 billion in gross occupancy sales during the term of the Increment District.
- Leverage Act Increment Revenues
 - The Oklahoma Department of Commerce determined, based on the original TIF Revenue projections, that the Thorpe National Economic Development Project Plan is revenue positive to the State through June 30, 2049, up to \$95,554,750. Based on the initial projections of revenue and the level of apportionment of sales and use tax and hotel/motel tax to Project Costs, state matching payments could make available up to an additional \$95.55 million for Project Costs.

The Ad Valorem Increment Revenues, the Sales Tax Increment Revenues, the Hotel Tax Increment Revenues, and the Leverage Act Increment Revenues (estimated at a total of approximately \$244.61 million over the term of the Increment District based on the projected development of the Project), of which portions will serve as all or a portion of the revenue source for financing the Project Costs authorized by Section IX of this Project Plan, are the public revenues directly attributable to the project defined by establishment of the Increment District. Additionally, the various taxing jurisdictions may realize additional ad valorem tax and/or sales and use tax revenue from additional development outside the boundaries of the Increment District.

All other provisions of the Project Plan as adopted by the Mayor and City Council of the City of Blanchard, Oklahoma, shall remain in full force and effect, and are hereby incorporated by reference.

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