



MEMORANDUM

Council Agenda
Item No. VII.AK.
6/2/2015

The City of OKLAHOMA CITY

TO: Mayor and City Council

FROM: James D. Couch, City Manager

Joint Resolution with the Oklahoma City Economic Development Trust approving the Amended and Restated Journal Record Building Redevelopment Project Economic Development Agreement with JRB Holdings LLC, 621 North Robinson Avenue and 123 NW 5th Street. Ward 6.

Location 621 North Robinson Avenue and 123 NW 5th Street

Background On March 7, 2000, the Council adopted Ordinance No. 21,431, approving the Downtown/MAPS Economic Development Project Plan ("Project Plan") and establishing Tax Increment District No. 2, City of Oklahoma City ("TIF-2").

On December 5, 2013, the Downtown/MAPS Tax Increment District No. 2 Review Committee convened and approved a resolution recommending approximately \$4,750,000 for assistance in development financing for the proposed \$26.7 million Journal Record Building Redevelopment Project ("Project") which consists of the redevelopment of 105,726 square feet of office space in the Journal Record Building and the development of a minimum 409 space parking garage. Subsequently, on December 17, 2013, the City Council approved a resolution allocating \$4,750,000 in TIF for the Project, with \$3,000,000 being allocated for the parking garage and \$1,750,000 for the Journal Record Building redevelopment.

On February 11, 2014, the City Council approved an Economic Development Agreement with the Developer of the Journal Record Building and at that time, the Developer planned to access federal and state historic tax credits along with New Market Tax Credits to fill the financial gap for the redevelopment of the historic building.

After months of due diligence, the Developer has determined that tax credits will not work and has revised the Project's funding plan. The Amended and Restated Agreement requires the Developer to increase his original equity contribution from approximately \$1.5 million to \$7 million in order to fund the build out of approximately 30,000 square feet of the building. Upon completion of this 30,000 square feet, along with the building and subsequent leasing of an additional 20,000 square feet, \$1,250,000 in TIF funds will be provided on a pro rata basis to

accompany private loan proceeds to build out the remaining floor space. TIF funds totaling \$3,000,000 will be provided concurrently to build the 409 space parking garage and such funds will be provided pro rata with the private loan proceeds. Upon completion and occupancy of 75% of the building, the remaining balance of \$500,000 in assistance in development financing will be provided to the Developer.

The Project is expected to be complete by the end of 2016.

Previous Action

Joint Economic Development Agreement with JRB Holdings, LLC was approved by OCEDT on February 4, 2014 (Item No. IV. A.) and approved by City Council on February 11, 2014 (Item No VI. AO.).

TIF Increment District No. 2 allocation approved by City Council on December 17, 2013 (Item No. VI. AW. 3.).

Downtown/MAPS Tax Increment District No. 2 Review Committee approved resolution recommending allocation on December 5, 2013 (Item No. V.).

Review

City Manager's Office - Economic Development

Recommendation: Adopt joint resolution.