



CITY OF NORMAN, OK STAFF REPORT

MEETING DATE: 03/24/2026

REQUESTER: Sooner Fashion Mall, L.L.C.

PRESENTER: Darrel Pyle, City Manager

ITEM TITLE: CONSIDERATION OF ADOPTION, APPROVAL, REJECTION, AMENDMENT AND/OR POSTPONEMENT OF CONTRACT K-2526-161: A TERM SHEET BETWEEN SOONER FASHION MALL, L.L.C., AND THE CITY OF NORMAN, OKLAHOMA, SETTING FORTH PROPOSED TERMS FOR A SALES TAX REBATE AGREEMENT.

BACKGROUND:

In recent months, Sooner Fashion Mall, L.L.C., ("Mall") approached the City about a possible sales tax rebate agreement. After discussion with Mall representatives, it was requested that the attached term sheet be brought forward to Council for discussion and consideration. The Mall is approaching its 50th anniversary operating in Norman and has contributed significantly to the City economy over the last 50 years. Council discussed the proposal at its Study Session on March 17, 2026, and expressed support for the proposal but requested feedback from the Economic Development Advisory Board.

The Economic Development Advisory Board (EDAB) met in a Special Meeting on March 18, 2026. The following members were present: Chairperson Chuck Thompson, Shelley Cox, Mayumi Windler, and Hailey Hopper. Although the Board is generally supportive of an arrangement for a sales tax rebate, during its discussion of the proposal, several concerns were noted. The primary concerns were about rebating 100% of the sales tax revenue growth and about allocating sales tax revenue growth to the mall for properties not owned by the mall (Dillards and possibly the Sears parcel in the future). Ultimately, the following motion was made and adopted unanimously:

Motion to recommend to continue negotiating the term sheet based on discussions in this meeting, specifically, to address concerns about the impact of the agreement on other property owners included in Exhibit A to the term sheet, including if the Sears anchor is sold to another retailer; concerns about issuing a rebate of 100% of sales tax growth, with a preference for a 50/50 split in revenue growth between the Mall and the City with a higher cap of \$500,000 or alternatively, a declining percentage that would allow for upfront investment by the mall while preserving sales tax growth revenue over time for the City.

DISCUSSION:

The request from the Mall is to receive a rebate of 100% of the non-dedicated portion of the City sales tax (2.3%) that is generated at the Mall in excess of the average annual non-dedicated portion of the City sales tax collected over 2022, 2023, and 2024 up to a maximum of \$300,000 per year. In order to receive a rebate, the Mall must submit documented Property Costs for which it is seeking rebate. "Property Costs" are defined as any and all capital investment costs for the improvement of the Property or to draw new tenants to the Property, excluding routine maintenance. It can include tenant allowance, landlord work, interior lighting upgrades, exterior lighting upgrades, restroom remodels, common area amenities, play area upgrades, common area door replacement, construction of a community gathering place, exterior building refresh, signage, new landscaping, paving mill and overlay, and other such costs for the betterment/improvement of the Property.

Sales taxes collected at the Property from businesses that relocate to the Property from elsewhere in Norman will not be included in the calculation of the Sales Tax Rebate. Additionally, if available, and if desired by the City, the Mall is willing to provide police department substation space free of any rent or leasing fees.

The first rebate the Mall would be entitled to receiving under this agreement would be based on 2025 sales tax collection. Preliminary 2025 sales tax collection data indicates that the maximum rebate the Mall would be entitled to under this proposal during FYE27 as reimbursement for Property Costs would be approximately \$60,735. If a new anchor tenant were to locate in the vacant Sears space or if additional retail space were added, this number could increase substantially depending on the sales of the new retailers. Under the proposal, the rebate could not exceed \$300,000 per year. The initial term of the agreement is 5 years. The agreement may be renewed for a maximum of two 3-year renewal periods based on progress and approval by the City Council.

RECOMMENDATION:

Approval of the Proposed Sales Tax Rebate Term Sheet is being forwarded to Council for your review. If approved, Staff will work with legal counsel for the mall to finalize a formal rebate agreement.