

**THE CITY OF NORMAN/NORMAN MUNICIPAL AUTHORITY
NORMAN FORWARD CITIZEN FINANCIAL OVERSIGHT BOARD
ANNUAL REPORT
FOR THE PERIOD JANUARY 1, 2022 – MARCH 31, 2023**

The NORMAN FORWARD Citizen Financial Oversight Board (CFOB) was established by the City Council (Resolution R-1516-75) on December 22, 2015 to “review actual and projected Norman Forward Sales Tax (NFST) revenues; recommend a mix of project financing versus pay as you go ("paygo"); review the pace and sequencing of construction projects; review all Council actions related to expenditures of NFST moneys; recommend strategies for long-term operations and maintenance of facilities; report to Council from time to time as warranted and to provide an annual report to Council; perform such other duties related to Norman Forward as the Council directs by motion or resolution; create policies and procedures as guidelines for the functioning of the NFST CFOB in areas including but not limited to attendance, receiving public testimony, structure or format of meetings, frequency of public hearings; and be willing to assign an NFST CFOB member to serve with and act as a liaison to certain Advisory Committees that Council may form from time to time regarding specific Norman Forward Projects related to Libraries, Senior Center, Westwood Pool replacement, Indoor Aquatics, Football/Softball Sport Complex, Griffin Park Soccer improvements, Ruby Grant Park improvements, Reaves Park baseball improvements, Andrews Park improvements, Westwood Tennis facilities, Trail development, and Neighborhood Park improvements.”

There are nine Board members, with terms expiring as follows:

Misty Grantham; December 22, 2023
Saidy Orellana; December 22, 2023
Andy Sherrer; December 22, 2023
Erik Paulson; December 22, 2024
Linda Price; December 22, 2024
Andy Rieger, December 22, 2024
Alva Brockus; December 22, 2025
Bree Montoya; December 22, 2025
Cindy Rogers; December 22, 2022

The Board will continue in existence until the NFST term has expired, all NFST revenues have been expended or allocated, or a final report is made to Council, whichever occurs latest.

The voters of Norman, on October 13, 2015, approved the City of Norman’s Ordinance O-1516-5, which authorized a 15-year, ½ percent sales tax, primarily to pay for quality of life improvements including the following:

- New Central Branch Library - \$39,000,000 (Completed 11/2019; \$34,973,616)
- New East Branch Library - \$5,100,000 (Completed 7/2018; \$4,790,971)
- James Garner Avenue Extension - \$6,000,000 (Estimated Completion 12/2023)
- New Indoor Aquatic Facility - \$14,000,000 (Estimated Completion 12/2023)
- Westwood Pool Reconstruction - \$12,000,000 (Completed 5/2017; \$11,763,800)
- Westwood Tennis Center - \$1,000,000 (Completed 9/2018; \$1,801,277)
- Reaves Park Baseball Complex - \$10,000,000 (Estimated Completion 3/2023)
- Griffin Park Land Purchase - \$10,000,000 *(Now \$2,400,000 for lease payments)
- Griffin Park Soccer Complex - \$11,000,000 (Estimated Completion 9/2023)
- New Football/Softball Complex - \$2,500,000 (Completed 10/2022; \$2,183,641)
- New Indoor Multi-Sport Facility - \$8,500,000 (Estimated Completion 12/2023; \$29,000,000 – All Sources)
- New Neighborhood Park Development - \$2,000,000
- Existing Neighborhood Park Improvements - \$6,500,000
- New Trail Development (Legacy Trail) - \$6,000,000 (Now \$4,500,000)
- Ruby Grant Park (Phase I) - \$6,000,000 (Completed 11/2020; \$6,146,426)
- Saxon Park Development (Phase II) - \$2,000,000
- Andrews Park Redevelopment - \$1,500,000 (Completed 11/2019; \$1,446,574)
- Canadian River Trails Park Development - \$2,000,000
- Road and Infrastructure Improvements - \$2,700,000
- Senior Citizen's Center – TBD *(Now \$7,600,000 Reprogrammed)
- Public Art Installations – TBD (Now \$1,200,000)

*Through mutual agreement with the Oklahoma Department of Mental Health and Substance Abuse Services, a long-term lease of the Griffin Park land was negotiated for \$80,000 per year (\$2,400,000 over the life of NORMAN FORWARD). The City Council re-programmed the remaining \$7,600,000 originally allocated for the purchase of the Griffin Park land for construction of the Senior Citizen's Center.

Other authorized NORMAN FORWARD expenditures could include operating subsidies to the Indoor Aquatic Facility and Westwood Aquatic Center; capital replacement; and/or maintenance and support personnel.

The Citizen Financial Oversight Board (CFOB) began meeting in January, 2016 and has been reviewing documents, reports and Council actions since then. During this reporting period, meetings of the full CFOB were held on February 1, 2022; February 28, 2022; May 24, 2022; July 12, 2022; October 25, 2022; December 6, 2022; January 31, 2023; and March 21, 2023. Significant items discussed and reviewed over the current reporting period include the following:

- Construction Progress Tours at Young Family Athletic Center (YFAC), Reaves Park Baseball/Softball Complex and Senior Wellness Center
- Review of Operating Agreements for the Senior Center and YFAC
- Construction documents and Financing Arrangements for James Garner Avenue Extension

NORMAN FORWARD Implementation Plan

The Norman Forward Project Implementation Plan (IP) was originally prepared by City staff and the Program Management Consultant, ADG. The Board was provided with updates to the project timing schedules included in the IP throughout the current reporting period. The Implementation Plan continues to be a “living” document which will change over time. The Board will review the IP on at least a semi-annual basis, with further updates as necessary based on major project milestones being achieved.

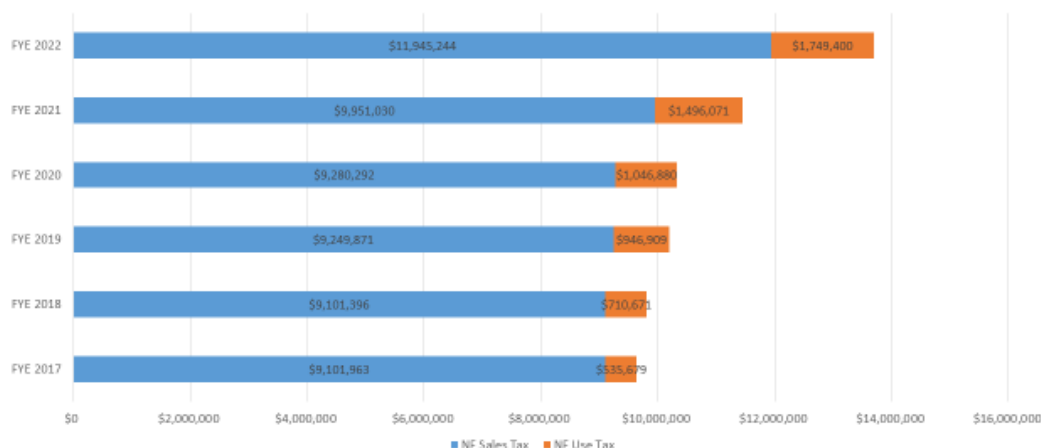
NORMAN FORWARD Pro Forma Financial Projections

The Board requested City staff, in conjunction with the City’s Financial Advisory team, to prepare Pro Forma Financial Projections for the entire 15-year NORMAN FORWARD program. Based on the project budgets and other expense assumptions, sales and use tax revenue projections, and debt issuance and interest rate projections, the Pro Forma projections were prepared to answer basic questions of, given these logical assumptions, will NORMAN FORWARD be financially able to deliver the projects that were promised to the voters? Will there be “excess” money during the NFST collection period or left over at the end for other projects or needs? Will there be cash flow concerns during interim time periods of NORMAN FORWARD’s tenure, which will require changes to the timing of pay-as-you-go projects? The most recently-updated Pro Forma projections are attached to this report.

The Pro Forma financials have been updated and presented to the Board periodically. The Board adopted changes to the revenue growth rate assumptions for sales tax (from 4.25% to 2%) and use tax (from 4% to 5%) that are built into the pro forma analyses.

As illustrated below, the NORMAN FORWARD Sales Tax and Use Tax collection rates have varied over their life, with sales tax growth beginning slower than projected but increasing in recent years. Use tax collections have been consistently above projections. Total sales and use tax revenue collections are about four percent (4%) below projections.

Norman Forward Sales and Use Tax Revenue



Sales/Use Tax Growth Rates

	Sales Tax Variance (%)	Use Tax Variance (%)
FYE 2018	-0.01%	32.67%
FYE 2019	1.63%	33.24%
FYE 2020	0.33%	10.56%
FYE 2021	7.23%	42.91%
FYE 2022	20.04%	16.93%

The Board and ultimately the City Council/Norman Municipal Authority have adapted well to changes necessitated by the financial realities presented in the Pro Forma, and will be directed to continue to do so.

NORMAN FORWARD Revenue and Expenditure Reports

At each of its meetings, the Board is presented with financial reports on projected and actual sales tax collections and expenditures by project. The most recent of these reports are attached. The Board understands that the financial information will become more and more meaningful as NFST collections are received and actual collection patterns progress, and as projects progress and their related expenditures can be measured versus preliminary project budgets. Supplemental funding from external sources has been allocated to projects in some cases and some re-allocation of funding between projects has been directed by the Council and approved by the Board. Overall, the Board is encouraged by the program's financial resiliency on a net basis.

NORMAN FORWARD Sales Tax Collection Concerns

Beginning in March, 2017, the Board began discussing concerns with sales tax collections being below projections. Although use tax collection has been quite a bit above projections recently, actual sales and use tax collections combined have been approximately 4.5% below the original projections (see attached Sales Tax Revenue reports). This condition has actually improved substantially in recent months as City sales tax revenues have grown at historic rates (at last year's reporting period, combined sales and use tax collections were 6.5% below the original projections). The Board restates its recommendation to Council, however, that all savings on the NORMAN FORWARD projects should be retained to make up for shortfalls in projects and revenue and not used for project add-ons.

NORMAN FORWARD Ad Hoc Project Committee Liaisons

A part of the original direction from the City Council to the Citizen Financial Oversight Board was for the CFOB to appoint a Member to act as a Liaison to each of the Ad Hoc Project Committees appointed to consider design and construction specifications for each of the major NORMAN FORWARD projects. The Board has appointed the following members to these Liaison roles, to date:

Senior Citizen's Center – Erik Paulson
Griffin Park Soccer Complex – Linda Price
Reaves Park Baseball/Softball Complex – Completed
Indoor Aquatic Center/Indoor Multi-Sport Center – Alva Brockus
Ruby Grant Park – Completed
Youth Football/Adult Softball Facility – Completed
Saxon Community Park – Cynthia Rogers

CFOB Review of City Council Actions

At each of its meetings, the CFOB receives and reviews any City Council or Norman Municipal Authority actions that have been taken since the CFOB last met that impact the NORMAN FORWARD Sales Tax program. The Board has an understanding of its review authority and its ability to timely report back to the Council and/or the public on any Council/NMA actions which the Board believes would not be in the best interest of the NORMAN FORWARD program, or which the Board may believe to be in conflict with the tenets of the NORMAN FORWARD Ordinance. The reports and recommendations that the Board has made to the Council during this reporting period are attached.

NORMAN FORWARD Program Management Consultant

Early in the implementation of the NORMAN FORWARD program, it was determined by the City Council that there would be a need to retain an outside architectural/engineering consultant to act as a "Program Manager", with the stated goal of helping to deliver the promised projects on time and within their financial budgets. ADG Professional Corporation was selected to fill this role. As the major "brick and mortar" construction projects in the Norman Forward program have been competed or are nearing completion, the services of the Program Manager to the CFOB have terminated. ADG continues to provide Construction Management services to some individual projects at this time.

NORMAN FORWARD Project Updates

At each of its meetings, the Board receives updates on the progress of authorized NORMAN FORWARD projects from the Project Management staff and/or from the related Ad Hoc Group Liaison. The Board has also been given presentations from project architects on the preliminary design and master site plans for major NFST projects. Developments related and adjacent to the YFAC and the Senior Center have also been discussed.. The Board's discussion of this information forms the basis for Board recommendations on its review of Council actions taken related to the NORMAN FORWARD program.

During this reporting period, the Board is pleased with the progress made on many Norman Forward projects. Several neighborhood park renovation projects have been completed. Norman Forward's construction of the Reaves Park Baseball/Softball Complex has been recently completed, and the Griffin Park Soccer Complex, Senior Wellness Center (Adult Wellness and Education Center, or "AWE") and Young Family Athletic Center (YFAC) are in advanced construction stages. Road improvements are being made to improve access to the YFAC and Griffin Park facilities, and the long-awaited James Garner Avenue extension project is under construction. Public art installations have been completed at the Central and East Branch Libraries, the Westwood Tennis/Swimming/Golf Complex, Andrews Park and Ruby Grant Park, and public arts designs and artist selections have been made for Young Family Athletic Center and the AWE Center.

NORMAN FORWARD is delivering on its promises to the residents of and visitors to Norman. Within the next year, all of the major Norman Forward projects will have been completed and residents of and visitors to Norman will be enjoying them. Considering that the temporary taxing period for Norman Forward is only about halfway through its term, the progress of the projects is a tremendous success story.

Facility Operations

The Board has turned much of its attention to the review of proposed third-party operating agreements for the YFAC and AWE Center. The Board considers it to be among its major responsibilities to help to ensure the efficient and cost-effective operation of major Norman Forward-funded facilities after they have been constructed. At this writing, the operating agreement for the AWE Center is being negotiated with Healthy Living Norman, LLC and is nearing a final contract form to be presented to the Council. The agreements for operation of the YFAC are being negotiated with Santa Fe Healthy Living, Incorporated and with Norman Regional Health System. The Board has received ongoing updates, contract drafts and information from the City Attorney and other City staff involved in the negotiation of these contracts. As the contracts are finalized, the Board will give final review and make recommendations to the Council as to their approval. In relevant point and in keeping with the mission of the CFPB, however, the Board has included requirements for the operators to make periodic reports to the Board after the facilities are open and operating.

Summary

Summarized information on collections and expenditures from the Norman Forward Sales Tax, along with the most recently-updated Pro Forma Financial Projections prepared for the CFOB is attached.

The NORMAN FORWARD Citizen Financial Oversight Board is extremely excited about the progress of the NFST program to date. The CFOB remains committed to ensuring that all of the projects approved by the voters in the Norman Forward Sales Tax will be completed at the level that can be supported by available revenues.

The Council/Norman Municipal Authority actions taken to implement the NFST Ordinance have been in compliance with the direction approved by the voters of Norman. While there are concerns about the shortfall in sales tax revenue, a great deal of credit is due to the engaged Norman public, the City Council, the financial involvement of the Norman Municipal Authority, the various Ad Hoc project committees, City staff, and the program management firm for this progress. The mix of debt financing to complete the projects in advance of the tax revenues being received has been appropriated to complete the major projects years ahead of the tax collections. The City/NMA has been extremely successful in generating funding from other sources to supplement the Norman Forward projects, and the Council has made prudent decisions in re-allocating funds between Norman Forward projects where necessary.

The Board looks forward to its continuing role in the success of the NORMAN FORWARD program.