

**WEBCO INDUSTRIES (RADER CENTER)
ECONOMIC DEVELOPMENT PROJECT PLAN**

Prepared by:

CITY OF SAND SPRINGS, OKLAHOMA

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INDEX

I.	DESCRIPTION OF PROJECT	1
II.	PROJECT AREA AND INCREMENT DISTRICT BOUNDARIES	2
III.	ELIGIBILITY OF PROJECT	2
IV.	OBJECTIVES	3
V.	FINANCIAL IMPACTS	3
VI.	STATEMENT OF PRINCIPAL ACTIONS	5
VII.	ESTABLISHMENT OF INCREMENT DISTRICT NO. 3, CITY OF SAND SPRINGS.....	5
VIII.	PROJECT AND INCREMENT DISTRICT AUTHORIZATIONS	6
IX.	BUDGET OF ESTIMATED PROJECT COSTS TO BE FINANCED FROM INCREMENT DISTRICT NO. 3	6
X.	METHODS OF FINANCING PROJECT COSTS, EXPECTED SOURCES OF REVENUES, AND TIME WHEN COSTS OR MONETARY OBLIGATIONS ARE TO BE INCURRED.....	7
XI.	FINANCING REVENUE SOURCES	11
XII.	PUBLIC REVENUE ESTIMATED TO ACCRUE FROM THE PROJECT AND OTHER ECONOMIC IMPACTS.....	12
XIII.	PRIVATE AND PUBLIC INVESTMENTS EXPECTED FOR THE PROJECT	12
XIV.	MISCELLANEOUS PROVISIONS	13
EXHIBIT “A”	MAP OF INCREMENT DISTRICT NO. 3	
EXHIBIT “B”	INCREMENT DISTRICT LEGAL DESCRIPTION	
EXHIBIT “C”	MAP OF ECONOMIC DEVELOPMENT PROJECT AREA	
EXHIBIT “D”	PROJECT AREA LEGAL DESCRIPTION	
EXHIBIT “E”	PROPOSED DEVELOPMENT IN THE PROJECT AREA AND INCREMENT DISTRICT	
EXHIBIT “F”	PRELIMINARY SITE DEVELOPMENT PLAN	

WEBCO INDUSTRIES (RADER CENTER)
ECONOMIC DEVELOPMENT PROJECT PLAN

I. DESCRIPTION OF PROJECT

This Webco Industries (Rader Center) Economic Development Project Plan (the “**Project Plan**”) describes an economic development project that contemplates a prospective corporate campus project by Webco Industries, Inc. (the “**Company**” or “**Webco**”) within the City of Sand Springs, Oklahoma (the “**City**”). The purpose of the Increment District (as described herein) is to encourage economic development in the City by facilitating the payment of the costs of essential infrastructure improvements and remedial costs necessary to make certain property viable for development (collectively and as more thoroughly discussed herein, referred to as the “**Project**”).

The Company operates facilities in Oklahoma and four other states that currently manufacture metal tubes for use in a variety of industrial processes implemented by the Company’s customers. The Company has outgrown its corporate headquarters located at 9101 W. 21st Street in Sand Springs, and desires to construct a new campus, including creation of the F. William Weber Technology Center, corporate offices, and training facilities. The Company proposes to invest in excess of \$16 million to construct an estimated 70,000 square foot corporate campus (referred to herein as the “**Webco Campus**”) that will facilitate continued growth of Webco. Ancillary to the Project (and not as a part of the Increment District or the TIF Projects), the Company also plans to improve its existing corporate campus located at 9101 West 21st Street in Sand Springs.

The project location is the former L.E. Rader Juvenile Detention Center property located between South 129th West Avenue and South 145th West Avenue, north of State Highway 51 and south of the Arkansas River, and adjacent to the Company’s Star Center location located at 13701 State Highway 51 (referred to herein as the “**Rader Center**”). The Rader Center property comprises approximately 46.24 total acres. According to the ALTA Survey, only approximately 15-16 acres of the Rader Center property currently exists above the FEMA 100 year flood plain or is not contained in a wetlands area. The L.E. Rader Juvenile Detention Center was operated by the State of Oklahoma as a maximum security juvenile detention facility until its closure in 2011. The property has been razed and abandoned since closure, and requires significant demolition, remediation, creation of access, and other site preparation just to make the property usable for any purpose. The City recognizes that these factors, along with the dilapidated nature of the property, have caused the Rader Center property to become a health hazard with no prospects for redevelopment without significant public investment.

The Project will be primarily comprised of assistance in development financing (as authorized under the Local Development Act, as defined herein) to the Company through an economic incentive in the form of reimbursement of site development costs, for the purpose of correcting and improving site conditions necessary to allow the Company to construct the Webco Campus. The City and the Company have identified specific infrastructure improvements to the traffic, water, and sewer systems serving the area, along with certain site remediation and drainage improvements that will make the area viable for the proposed development. Specifically, an

economic incentive is proposed in the amount of up to \$3,640,000 (referred to herein as the “**Investment Incentive**”), plus an interest component from the date of Project Cost expenditure, to offset the site development costs related to the Rader Center property (referred to herein as the “**TIF Projects**”). The TIF Projects collectively include railroad crossing improvements, drainage and hydrology improvements, access road improvements, demolition of remaining surface and subsurface structures, utilities, land acquisition costs to be paid to the Sand Springs Economic Development Authority, and the costs of a master plan consultant, along with certain Organizational Costs related to the formation of the Increment District. The associated costs of the TIF Projects comprising the Investment Incentive (including the Organizational Costs) are referred to herein as the “**Project Costs**”. The goal of the Investment Incentive is to maximize the amount of capital investment at the Rader Center in order to provide a significant enhancement to the tax base long term. These improvements will be completed as soon as possible to facilitate construction of the Webco Campus.

Based solely on the proposed Webco Campus project, the initial commercial development within the Increment District could result in a potential total taxable capital investment of approximately \$16 million (net taxable value subject to ad valorem taxes), with the potential for additional expansion in the future. Please see Exhibit “E” for a more detailed description of projected development within the Increment District. Please see Exhibit “F” for a Preliminary Site Development Plan for the Webco Campus development.

II. PROJECT AREA AND INCREMENT DISTRICT BOUNDARIES

The Increment District is the specific geographic area within which the identified tax increments will be generated and utilized as set forth in this Project Plan (referred to herein as the “**Increment District**”). The Project Area is the area within which all project activities, including construction of the supporting public improvements, will take place (referred to herein as the “**Project Area**”). The Increment District is located entirely within the Project Area. Most of the contemplated project activities will occur within the boundaries of the Increment District, however certain project activities may occur outside the boundaries of the Increment District but within the Project Area. A map showing the Increment District is attached as Exhibit “A”. The legal description of the Increment District is set forth in Exhibit “B”. A map showing the Project Area is attached as Exhibit “C”. The legal description of the Project Area is set forth in Exhibit “D”.

III. ELIGIBILITY OF PROJECT

The Increment District is undeveloped and/or underdeveloped within the meaning of Article 10, §6C of the Oklahoma Constitution and the Local Development Act, 62 O.S. §850, *et seq* (the “**Local Development Act**”). The Project Area (including the Increment District) is located in a reinvestment area (as defined in Section 853(17) of the Local Development Act) and is therefore eligible for assistance under the Local Development Act.

The Increment District comprises an area where investment, development and economic growth have not occurred, and which requires significant public infrastructure improvements to

serve as a catalyst to expand employment opportunities, to attract major investment in the area, and to enhance the tax base.

IV. OBJECTIVES

The purpose of the Project and the Increment District is to support the achievement of the economic development objectives of the City in order to:

- A. Create a significant development within the City that will act as a catalyst for additional development within the community;
- B. Attract major investment in the area;
- C. Serve as a catalyst for retaining and expanding employment in the area;
- D. Promote economic development to increase tax revenues, raise property values, and improve economic stability;
- E. Preserve and enhance the tax base; and
- F. Make possible investment, development and economic growth which would otherwise be difficult or impossible without the TIF Projects and the apportionment of ad valorem taxes and sales and use taxes from within the Increment District.

V. FINANCIAL IMPACTS

The proposed private development will generate tax increments necessary to pay all or a portion of the authorized costs of the TIF Projects. Without the creation of the proposed Increment District, significant development within the Increment District would be unlikely and as a result, any significant increases in ad valorem taxes and sales and use taxes would not occur.

The proposed development project does not create a significant increase in demand for services or costs to the affected taxing entities other than the City.

The affected ad valorem taxing jurisdictions are Tulsa County, the Tulsa City County Health Department, Independent School District No. 2 of Tulsa County (Sand Springs Public Schools), Tulsa Technology Center No. 18, Tulsa Community College, and Tulsa City-County Library. The general and intangible impacts on the affected taxing jurisdictions from implementation of this Project Plan are positive and include the achievement of the objectives set forth in Section IV of this Project Plan.

The creation of the Increment District will allow the City to apportion the incremental increase in ad valorem tax revenues and construction sales and use tax revenues generated through construction and operation of the commercial and industrial developments within the Increment

District for the purpose of paying Project Costs, either through direct payment and/or reimbursement and/or paying debt service on tax apportionment bonds or notes (collectively, the “**TIF Bonds**”), which may be issued in one or more series by a public trust created under Title 60, Oklahoma Statutes 2011, Section 176 *et seq.*, for the benefit of the City and including any interest, capitalized interest and other related financing costs. The proceeds of any such TIF Bonds (if issued) shall be utilized for the Project Costs.

It is anticipated that a successful development will result in significant long-term benefits to the affected ad valorem taxing jurisdictions without causing significant (if any) negative impact on the existing tax base during the term of the Increment District. The formation of an Increment District should result in no net loss in existing ad valorem tax revenue to each of the affected ad valorem taxing jurisdictions. The formation of the Increment District will cause the affected ad valorem taxing jurisdictions to forgo any new incremental ad valorem tax revenue generated from real and personal property values during the term of the Increment District, but will not affect the existing ad valorem tax base within the Increment District. Upon expiration of the Increment District, the affected ad valorem taxing jurisdictions could see an aggregate net gain in annual ad valorem tax revenues of approximately \$191,400 (based on an initial taxable capital investment of approximately \$16 million, and factoring in depreciation).

Potential impacts on the ad valorem taxing jurisdictions include population growth and the demand for services created thereby. The direct impact on each ad valorem taxing jurisdiction is the loss of the new ad valorem tax increment revenues during the period of apportionment. An additional impact on the school district is that the valuation of the Increment District will not count for, and will therefore limit, the bonding capacity of the school district. However, the school district does realize additional revenue from other sources on a per pupil basis. These impacts may be mitigated by any increase in valuation of property outside the Increment District (for example, successful development enhances the property values surrounding the Increment District), and by any increase in new housing outside the Increment District (for example, successful development results in net population gain to the City creating demand for new housing).

The proposed development project does not create a significant increase in demand for services from the City, whose public sector costs will be offset by apportioned tax increments as provided in this Project Plan. The proposed development within the Increment District should generate increases in annual water and sewer utility revenues.

The formation of an Increment District should also result in no net loss in existing sales and use tax revenue to the City of Sand Springs, as the affected sales tax jurisdiction. The industrial nature of the development within the Increment District should result primarily in sales or use tax paid by or on behalf of Webco relating to periodic one-time construction and/or non-exempt equipment purchases.

VI. STATEMENT OF PRINCIPAL ACTIONS

Implementation actions for the project, including all necessary, appropriate and supportive steps, will consist of any of the following:

- A. Site preparation, planning and construction of public improvements necessary to support the development project;
- B. Acquisition by private developers of any additional property interests necessary for the development project including connecting public easements;
- C. Negotiation, preparation, execution, and implementation of development agreements, including agreements for financing, demolition, and construction by private developers, as authorized by the Local Development Act. Such agreements may include the granting of incentives for private developers to complete certain improvements within the Project Area;
- D. Issuance of tax apportionment bonds or other debt issuance necessary to provide funds for Project Costs;
- E. All other actions necessary and appropriate to carry out the development project as authorized by the Local Development Act.

VII. ESTABLISHMENT OF INCREMENT DISTRICT NO. 3, CITY OF SAND SPRINGS

Increment District No. 3, City of Sand Springs shall be created upon adoption of an Ordinance of the City Council of the City approving this Project Plan. In accordance with the provisions of the Local Development Act, the following incremental revenues shall be apportioned and used to pay (or reimburse the payment of) Project Costs authorized pursuant to Section IX of this Project Plan. The apportionment of the Ad Valorem Increment Revenues and the Sales Tax Increment Revenues (each as defined herein, and collectively referred to as the “**TIF Revenues**”) shall continue for that period required for the payment of the Project Costs, or a period not to exceed twenty-five (25) full fiscal years (ending June 30, 2045, and referred to as the “**Expiration Date**”), whichever is less:

A. The Increment District shall comprise one hundred percent (100.0%) of the total equalized assessed value of real and personal property within the boundaries of the Increment District. The base assessed value (as described in Section 862 of the Local Development Act) of the Increment District shall be calculated as an amount equal to one hundred percent (100.0%) of the initial equalized assessed value of real and personal property within the boundaries of the Increment District. In accordance with the provisions of the Local Development Act, one hundred percent (100%) of the increments of real and personal property ad valorem taxes generated within the Increment District, in excess of the real and personal property ad valorem taxes generated from the base assessed value of the Increment District, as such increments are determined and defined pursuant to the Local Development Act (collectively, the “**Ad Valorem Increment Revenues**”, and said amount representing one hundred percent (100.0%) of the total new ad valorem tax revenues generated within the boundaries of the Increment District), shall be pledged as security for the payment of the TIF Bonds or otherwise used to pay (or reimburse the payment of) Project Costs authorized pursuant to Section IX of this Project Plan.

B. The Increment District shall also comprise one hundred percent (100%) of any City sales and use taxes currently in the aggregate total of four and five hundredths of one percent (4.05%), as levied by Chapter 3.04, Section 3.04.010 *et seq.*, of the Sand Springs Code of Ordinances, as such Code of Ordinances may be amended, replaced, extended, superseded, terminated, or otherwise modified from time to time (collectively, and as more specifically defined in Section X herein, the “**Sales Tax Increment Revenues**”); provided that the capture of Sales Tax Increment Revenues is limited to sales and use taxes paid by or on behalf of Webco relating to periodic one-time construction and/or non-exempt equipment purchases; and provided further that all such Sales Tax Increment Revenues shall be pledged as security for the payment of the TIF Bonds or otherwise used to pay (or reimburse the payment of) Project Costs authorized pursuant to Section IX of this Project Plan.

VIII. PROJECT AND INCREMENT DISTRICT AUTHORIZATIONS

A. Upon adoption of an Ordinance of the City Council of the City approving this Project Plan, the City is hereby designated and authorized as the public entity to carry out and administer the provisions of this Project Plan and to exercise all powers necessary or appropriate thereto, including, without limitation, those powers described in Section 854 of the Local Development Act.

B. The City may create a new public trust with the City named as its beneficiary, and/or designate an existing public trust with the City named as its beneficiary (said public trust referred to herein as the “**Authority**”), and said Authority shall be the public entity designated by the City to assist in carrying out and administering the provisions of this Project Plan and authorized to exercise all powers necessary or appropriate thereto pursuant to Title 62, Section 854 of the Local Development Act, except for approval of this Project Plan and those powers enumerated in paragraphs 1, 4, 7, and 16 of that section, which powers shall be reserved to the City.

C. The person in charge of implementation of this Project Plan in accordance with the provisions, authorizations and respective delegations of responsibilities contained herein is Ms. Elizabeth Gray, City Manager. Ms. Gray, or her successor as City Manager, is authorized to empower one or more designees to exercise responsibilities in connection with project implementation.

IX. BUDGET OF ESTIMATED PROJECT COSTS TO BE FINANCED FROM INCREMENT DISTRICT NO. 3

Project Costs to be financed by the apportionment of TIF Revenues from the Increment District include: (i) the Investment Incentive in an amount not to exceed a maximum aggregate incentive of \$3,640,000, plus an interest component from the date of Project Cost expenditure; (ii) the payment of assistance in development financing (as authorized by Section 853(14)(o) of the Local Development Act) to a third party as reimbursement for the payment of Project Costs; and (iii) the costs incurred or to be incurred by or on behalf of the City or the Authority in implementing

and administering this Project Plan, including, but not limited to, payment and/or reimbursement of costs advanced in connection with the preparation and approval of this Project Plan, administrative costs, organizational costs, professional service costs, financing costs and fees, and principal, interest (including capitalized interest), and prepayment premium paid on debt service and/or any reimbursement obligation. The Organizational Costs associated with the creation and implementation of the Increment District are preliminarily estimated at \$65,000, and shall be borne by the Company and constitute Project Costs to be reimbursed as part of the Investment Incentive.

The total estimate of Project Costs that may be made available for improvements from apportioned TIF Revenues shall be \$3.64 million (including all engineering, construction, and planning costs). Apportioned TIF Revenues in excess of the amounts needed for Project Costs may be utilized if necessary (x) to pay interest and other financing costs, as well as to fund any reasonably required reserves associated with obligations issued to fund said improvements and/or (y) to pay the reasonable costs incurred or to be incurred by or on behalf of the City or the Authority in implementing and administering this Project Plan (as contemplated in Title 62, Section 853(14)(e) of the Local Development Act); and/or (z) pay additional accrued amounts of the Investment Incentive, including specifically any interest component from the date of Project Cost expenditure.

X. METHODS OF FINANCING PROJECT COSTS, EXPECTED SOURCES OF REVENUES, AND TIME WHEN COSTS OR MONETARY OBLIGATIONS ARE TO BE INCURRED

A. Methods of Financing. It is expected that all or most Project Costs will be paid initially by the Company and reimbursed from TIF Revenues. Alternatively, certain Project Costs may be paid from the proceeds of any TIF Bonds and payment of principal and interest due on such TIF Bonds will be paid from available TIF Revenues. Certain other costs of the TIF Projects may be paid from such other funds of the City as may be lawfully used for the purposes hereinabove stated.

B. Expected Sources of Revenues. The payment or reimbursement of Project Costs, including any interest component on reimbursed funds and any principal, interest, and premium on any TIF Bonds, will be made from one or more of the following sources of revenues:

(i) *Ad Valorem Increment Revenues.* In accordance with the provisions of the Local Development Act, the Ad Valorem Increment Revenues are to be apportioned and set aside from all other ad valorem taxes levied within the Increment District, to be used exclusively for:

(a) the payment of Project Costs incurred in connection with the development, construction, or implementation of the TIF Projects;

(b) the reimbursement of the Company, including any interest component (pursuant to a development agreement with the City and/or the Authority), the City, or any agency thereof (including the Authority), which has paid Project Costs from funds which were not increments derived from the Increment District, but only to

the extent that such sums were actually paid or, in the case of reimbursement of the Company, constitute an interest component on sums that were actually paid;

(c) the payment of principal, interest and premium, if any, on any TIF Bonds issued pursuant to Section 863 of the Local Development Act (including pledging as security for such payments); and

(d) the payment, if required, of amounts necessary to satisfy or replenish any reserve requirement established with respect to any TIF Bonds.

Pursuant to the Local Development Act, the Ad Valorem Increment Revenues apportioned hereunder shall be transferred by the Tulsa County Treasurer to a special fund to be known as the “Increment District No. 2 - Apportionment Fund” (hereinafter, the “**Apportionment Fund**”), which fund will be held by and be the property of the City (except that such fund may also be held by the Authority or a trustee acting on behalf of the Authority). No portion of such increments and no portion of the Apportionment Fund shall constitute a part of the general fund of the City. All Ad Valorem Increment Revenues so collected shall be pledged as security for the payment of the TIF Bonds or otherwise used to pay (or reimburse the payment of) Project Costs authorized pursuant to Section IX of this Project Plan, including any interest component (pursuant to a development agreement with the City and/or the Authority).

The apportionment of ad valorem taxes pursuant to this section shall terminate upon the final payment of, or reimbursement for, all project costs incurred in connection with the projects listed in this Project Plan, and the payment of all outstanding principal, accrued interest, and premium due on the TIF Bonds; provided, however, that in no case shall the apportionment of revenues pursuant hereto extend beyond the Expiration Date.

In the event that any portion of the principal of or interest on the TIF Bonds, issued in connection herewith, or any amount due and owing for reimbursement under a development agreement between the City and the Company, remains unpaid as of the Expiration Date, then the Increment District shall not terminate until the increment apportioned during the term of the Increment District is actually received by the Apportionment Fund, even if the receipt of such revenues occurs subsequent to the Expiration Date.

(ii) *Sales Tax Increment Revenues.* In accordance with the provisions of the Local Development Act, the Sales Tax Increment Revenues are to be apportioned and set aside from all other sales and use taxes levied within the Increment District, to be used exclusively for:

(a) the payment of Project Costs incurred in connection with the development, construction, or implementation of the TIF Projects;

(b) the reimbursement of the Company, including any interest component (pursuant to a development agreement with the City and/or the Authority), the City, or any agency thereof (including the Authority), which has paid Project Costs from funds which were not increments derived from the Increment District, but only to the

extent that such sums were actually paid or, in the case of reimbursement of the Company, constitute an interest component on sums that were actually paid;

(c) the payment of principal, interest and premium, if any, on any TIF Bonds issued pursuant to Section 863 of the Local Development Act (including pledging as security for such payments); and

(d) the payment, if required, of amounts necessary to satisfy or replenish any reserve requirement established with respect to any TIF Bonds.

For purposes of determining the incremental portion of the sales taxes generated within or sourced to the Increment District, the Mayor of the City shall certify as the “base sales tax amount” the annual sales taxes received by the City that were generated within the area comprising the Increment District between January 1, 2019, and December 31, 2020. The base sales tax amount is projected to be \$0. All sales tax revenue generated within or sourced to the Increment District and received by the City which are in excess of such base amount shall be considered to be the “increment” subject to apportionment by this section. The Sales Tax Increment Revenues shall include sales and use tax generated from actual construction occurring within the Increment District. The City shall establish procedures related to the calculation and determination of construction related sales and use tax revenue qualifying as Sales Tax Increment Revenues. Such procedures shall stipulate that construction related Sales Tax Increment Revenues be derived only from new construction activities occurring within the Increment District. The City shall be entitled to rely on certifications of actual construction costs provided by the Company or related party in connection with determining any applicable Sales Tax Increment Revenues.

Pursuant to the Local Development Act, the Sales Tax Increment Revenues apportioned hereunder and so collected shall be placed into the Apportionment Fund . No portion of such increments and no portion of the Apportionment Fund shall constitute a part of the general fund of the City. All Sales Tax Increment Revenues so collected shall be pledged as security for the payment of the TIF Bonds or otherwise used to pay (or reimburse the payment of) Project Costs authorized pursuant to Section IX of this Project Plan, including any interest component (pursuant to a development agreement with the City and/or the Authority).

The apportionment of sales and use taxes pursuant to this section shall terminate upon the final payment of, or reimbursement for, all Project Costs incurred in connection with the projects listed in this Project Plan, and the payment of all outstanding principal, accrued interest, and premium due on the TIF Bonds; provided, however, that in no case shall the apportionment of revenues pursuant hereto extend beyond the Expiration Date.

In the event that any portion of the principal of or interest on the TIF Bonds, issued in connection herewith, or any amount due and owing for reimbursement under a development agreement between the City and the Company, remains unpaid as of the Expiration Date, then the Increment District shall not terminate until the increment apportioned during the term of the Increment District is actually received by the

Apportionment Fund, even if the receipt of such revenues occurs subsequent to the Expiration Date.

C. Time When Costs Or Monetary Obligations Are To Be Incurred. It is estimated that the time frame for incurring most of the Project Costs will be within three years from the date of approval of this Project Plan. The costs of the Investment Incentive will be paid over the duration of the Increment District, based upon actual TIF Revenues derived from the ad valorem tax on real and personal property and sales and use taxes on new construction activities occurring within the Increment District. It is anticipated that all Project Costs will be directly paid or reimbursed from apportioned TIF Revenues, provided, however, certain Project Costs may be paid from proceeds of TIF Bonds.

D. Flow of Funds; Excess Revenues.

During the term of the Increment District, TIF Revenues shall be utilized as follows:

- FIRST: The payment of principal, accrued interest, and premium, if any, due on the TIF Bonds;
- SECOND: If applicable, transfers to any debt service reserve established in connection with the TIF Bonds in such amounts as may be necessary to restore the reserve to its prescribed levels;
- THIRD: The payment and/or reimbursement of authorized Project Costs (including any interest component pursuant to a development agreement);
- FOURTH: If applicable, the prepayment of principal on any TIF Bonds until such time as all TIF Bonds are retired; and
- FIFTH: Upon retirement of all TIF Bonds (if any) and payment of all Project Costs (including any interest component pursuant to a development agreement), (a) any remaining Ad Valorem Increment Revenues shall be transferred to the various ad valorem taxing jurisdictions, in the same percentages as originally collected, as determined by reference to the millage levied by each of the various ad valorem taxing jurisdictions for the related tax year, excluding sinking fund levies, and (b) any remaining Sales Tax Increment Revenues shall be transferred to the City for deposit into the General Fund or to the appropriate special fund, in each case consistent with the provisions of the Local Development Act.

XI. FINANCING REVENUE SOURCES

The TIF Revenues are expected to finance all or a portion of the Project Costs authorized by Section IX. Based on the initial projections of incremental ad valorem tax revenue, it is estimated that approximately \$4.07 million could be generated by the incremental increase in ad valorem tax revenue during the term of the Increment District. The initial projections of ad

valorem Financing Revenue Sources are based upon an estimated \$16 million initial taxable capital investment, an 11% assessment rate for real property, a 10% assessment rate for business personal property, and an approximately 0.12624% millage levy within the Increment District, and include consideration of equipment replacement, depreciation, and expected inventory levels.

Based on the initial projections of incremental sales and use tax revenue, it is estimated that approximately \$388,800 could be generated by the incremental increase in sales and use tax revenue (from periodic one-time construction and/or non-exempt equipment purchases only) during the term of the Increment District, with said amount available for allocation to Project Costs. 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 four and five hundredths percent (4.05%) sales and use tax on new construction within the Increment District.

The calculation of projected TIF Revenues will be refined based upon (i) the actual effective ad valorem tax rate and base assessed valuation, as determined from time to time by the Tulsa County Assessor and subject to change by voters of the applicable taxing jurisdiction at an election(s) held for such purpose, (ii) the total net capital investment resulting from development within the Increment District, and (iii) the timing of the development.

The realization of the TIF Revenues is directly dependent on the Company's ability to construct, operate, and maintain the corporate facilities contemplated by this Project Plan within the Increment District during the term of the Increment District. The anticipated development is more fully discussed in Exhibit "E". A preliminary site development plan for the Increment District is included as Exhibit "F". As appropriate, the Authority and/or the City may enter into economic development agreements with developers as required by the Local Development Act.

Certain TIF Projects may be designed and/or constructed by the City. Authorized Project Costs, or the payment of debt service on TIF Bonds issued to pay Project Costs, will be paid from TIF Revenues by the City or the Authority, and may include (i) reimbursement of the City or the Authority for certain public improvements constructed from other available funds, and (ii) assistance in development financing (as authorized by the Local Development Act) to the Developer for certain public infrastructure and/or other site improvements constructed on behalf of the City in furtherance of the purposes of this Project Plan. The financing of the projected private development in the area may be provided by private equity and private mortgage financing, secured by the private developments.

XII. PUBLIC REVENUE ESTIMATED TO ACCRUE FROM THE PROJECT AND OTHER ECONOMIC IMPACTS

The increase in ad valorem tax and sales and use tax revenues (estimated at a total of approximately \$4.46 million over the term of the Increment District), 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. Based on the allocations of incremental tax revenue to

Project Costs, over the approximately twenty-five (25) year duration of Increment District No. 3, City of Sand Springs, (i) the incremental ad valorem tax revenue is expected to total approximately \$4.07____ million; and (ii) the incremental sales and use tax revenue is expected to total approximately \$388,800 (from periodic one-time construction and/or non-exempt equipment purchases only). Additionally, the various taxing jurisdictions may realize additional ad valorem tax and sales and use tax revenue from additional development outside the boundaries of the Increment District.

Construction of the improvements and subsequent development should have a positive impact on total employment in the City's metropolitan area, including temporary construction jobs and permanent positions at the Company's facilities. Indirect impacts (associated with the employment and income which result from the provision of inputs in support of the primary activity), and induced impacts (associated with the wages and jobs resulting from changes in household expenditures which come about through direct and indirect employment) will also result in additional growth in the City's metropolitan area.

This Project Plan includes certain projections and estimates, which are based on the current expectations or beliefs as represented by the Company, and are subject to uncertainty and changes in circumstances. Actual results may vary materially from the expectations contained herein due to changes in economic conditions, market demand and other factors affecting the development of the Project.

XIII. PRIVATE AND PUBLIC INVESTMENTS EXPECTED FOR THE PROJECT

The publicly financed project costs in the amount of \$3.64 million, as authorized by this Project Plan, represent approximately twenty two and seventy five hundredths percent (22.75%) of the projected total public and private investment for the Project, which including anticipated expenditures by or on behalf of commercial, industrial, or governmental entities within the Increment District, could exceed \$16 million.

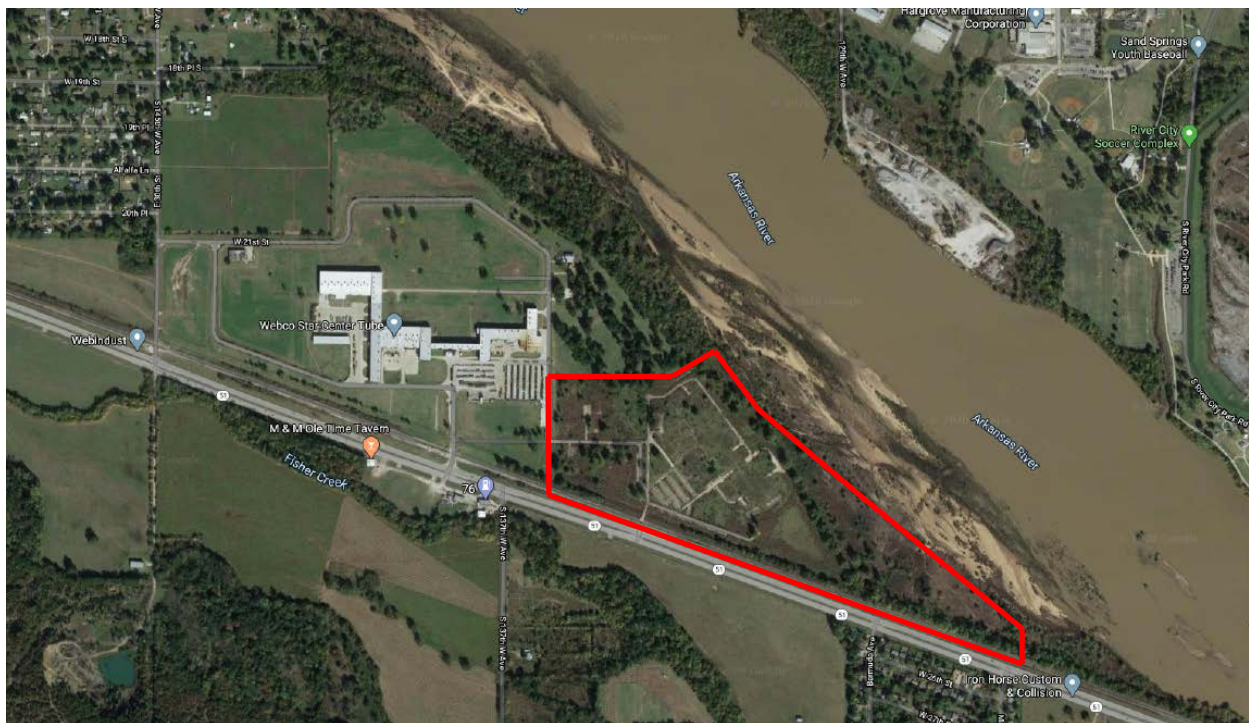
XIV. MISCELLANEOUS PROVISIONS

The property within the Increment District requires significant demolition and remediation activities to be converted to usable property. Development is anticipated to occur in accordance with current zoning requirements. The proposed project conforms to the comprehensive plan for the City of Sand Springs, as amended. No changes in the ordinances (other than minor zoning adjustments, if any) of the City of Sand Springs are contemplated under this Project Plan.

EXHIBIT "A"

MAP OF INCREMENT DISTRICT NO. 3

The boundaries of Increment District No. 3, City of Sand Springs contain an area generally described as a tract of land contained within the area bordered on the east by South 129th West Avenue, on the west by South 145th West Avenue, on the south by State Highway 51, and on the north by the Arkansas River. The subject parcel is the site of the former L.E. Rader Juvenile Detention Center, and is adjacent and immediately east of the Company's Star Center location located at 13701 State Highway 51. Please see Exhibit "B" for a legal boundary description of Increment District No. 3.



* Increment District boundaries contained within red border

EXHIBIT "B"

INCREMENT DISTRICT LEGAL DESCRIPTION

INCREMENT DISTRICT NO. 3

An area located entirely in Tulsa County, Oklahoma, more particularly described as follows:

TRACT A

THAT PART OF GOVERNMENT LOT 7 LYING NORTH OF THE RAILROAD, IN SECTION 15, TOWNSHIP 19 NORTH, RANGE 11 EAST OF THE INDIAN BASE AND MERIDIAN, TULSA COUNTY, STATE OF OKLAHOMA, ACCORDING TO THE U.S. GOVERNMENT SURVEY THEREOF. SAID TRACT OF LAND CONTAINS 684,041.5139 SQUARE FEET OR 15.70 ACRES, MORE OR LESS.

TRACT B

THAT PART OF GOVERNMENT LOT 6 LYING NORTH OF THE RAILROAD, LESS THE EAST 1000 FEET THEREOF, IN SECTION 15, TOWNSHIP 19 NORTH, RANGE 11 EAST OF THE INDIAN BASE AND MERIDIAN, TULSA COUNTY, STATE OF OKLAHOMA, ACCORDING TO THE U.S. GOVERNMENT SURVEY THEREOF. SAID TRACT OF LAND CONTAINS 79,677.6762 SQUARE FEET OR 1.83 ACRES, MORE OR LESS.

TRACT C

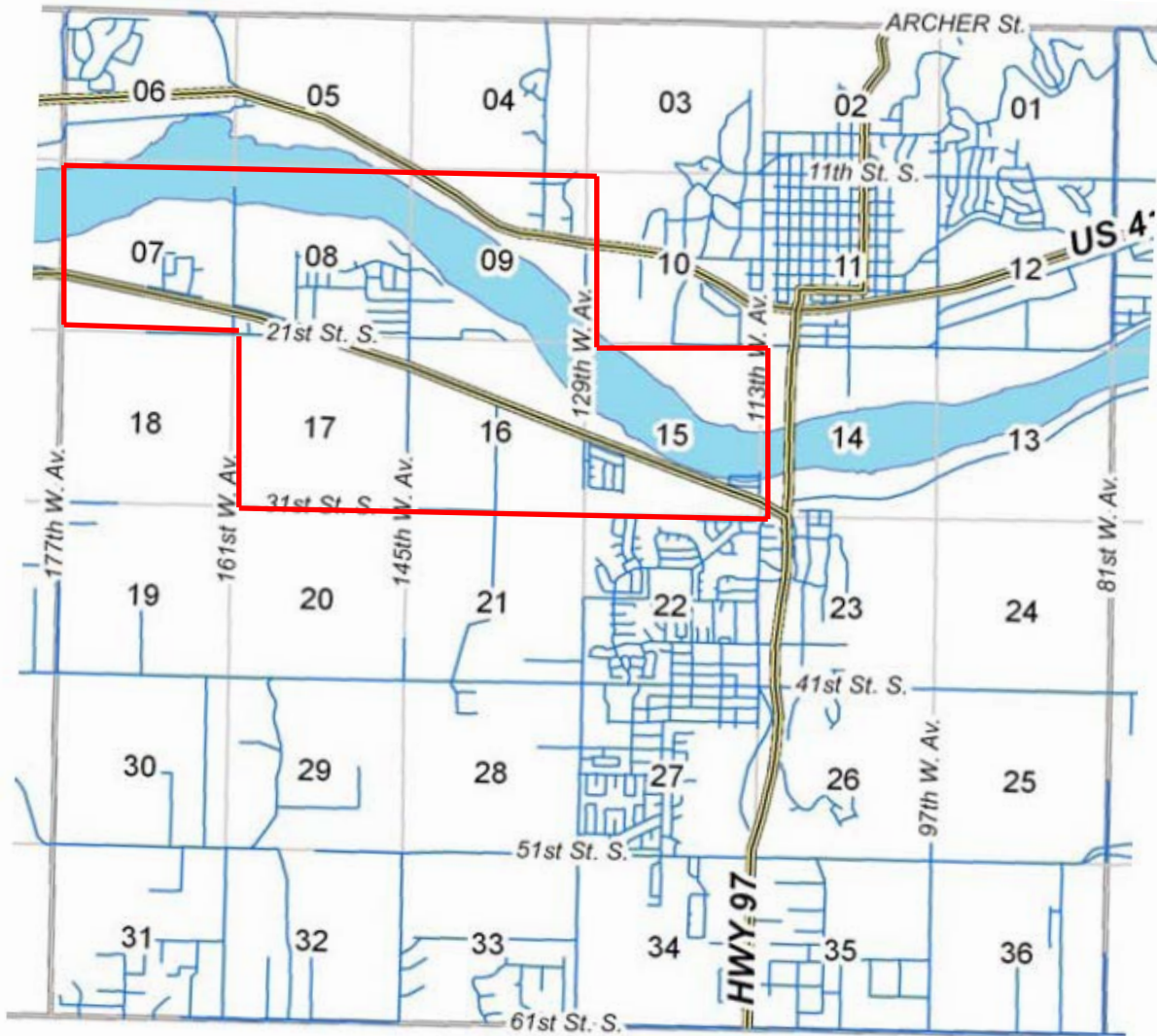
THAT PART OF GOVERNMENT LOT 3 (SE/4 NE/4) AND A PART OF THE NE/4 SE/4 LYING NORTH OF THE RAILROAD, IN SECTION 16, TOWNSHIP 19 NORTH, RANGE 11 EAST OF THE INDIAN BASE AND MERIDIAN, TULSA COUNTY, STATE OF OKLAHOMA, ACCORDING TO THE U.S. GOVERNMENT SURVEY THEREOF, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A BRASS CAP MONUMENT AT THE NE CORNER OF SAID NE/4 SE/4; THENCE S 01°39'28" E AND ALONG THE EAST LINE OF SAID NE/4 SE/4 FOR A DISTANCE OF 87.39 FEET TO A POINT ON THE NORTHERLY RAILROAD RIGHT-OF-WAY; THENCE N 71°11'25" W AND ALONG SAID NORTHERLY RAILROAD RIGHT-OF-WAY FOR A DISTANCE OF 2386.61 FEET; THENCE N 00°38'00" W FOR A DISTANCE OF 368.30 FEET TO THE BEGINNING OF A NON-TANGENTIAL CURVE, SAID CURVE TURNING TO THE RIGHT THROUGH AN ANGLE OF 36°43'16", HAVING A RADIUS OF 25.00 FEET AND WHOSE LONG CHORD BEARS N 18°59'38" W FOR A DISTANCE OF 15.75 FEET; THENCE N 00°38'00" W FOR A DISTANCE OF 211.21 FEET TO A POINT ON THE SOUTH LINE OF GOVERNMENT LOT 2; THENCE N 88°45'24" E AND ALONG SAID GOVERNMENT LOT LINE FOR A DISTANCE OF 905.91 FEET TO THE SE CORNER OF GOVERNMENT LOT 2; THENCE N 88°45'24" E AND ALONG THE NORTH LINE OF GOVERNMENT LOT 3 FOR A DISTANCE OF 658.43 FEET TO THE SOUTH MEANDER LINE OF THE ARKANSAS RIVER; THENCE S 33°10'49" E AND ALONG SAID MEANDER FOR A DISTANCE OF 190.47 FEET; THENCE S 52°09'44" E AND ALONG SAID MEANDER FOR A DISTANCE OF 398.79 FEET; THENCE S 54°40'10" E AND ALONG SAID MEANDER FOR A DISTANCE OF 325.46 FEET TO THE EAST LINE OF GOVERNMENT LOT 3; THENCE S 01°33'10" E AND ALONG SAID EAST LINE FOR A DISTANCE OF 718.46 FEET TO THE POINT OF BEGINNING. SAID TRACT OF LAND CONTAINS 20,142,304.8045 SQUARE FEET OR 46.24 ACRES, MORE OR LESS.

EXHIBIT "C"

MAP OF ECONOMIC DEVELOPMENT PROJECT AREA

The boundaries of the Project Area associated with Increment District No. 3, City of Sand Springs contain an area generally described as Sections 7, 8, 9, 15, 16, and 17 of Township 19 North, Range 11 East of the Indian Base and Meridian, Tulsa County, Oklahoma.



* Map contains Township 19 North, Range 11 East of the Indian Base and Meridian, Tulsa County, Oklahoma. Project Area is outlined by red border.

EXHIBIT “D”

PROJECT AREA LEGAL DESCRIPTION

INCREMENT DISTRICT NO. 3 PROJECT AREA

An area located entirely in Tulsa County, Oklahoma, more particularly described as follows:

Sections 7, 8, 9, 15, 16, and 17 of Township 19 North, Range 11 East of the Indian Base and Meridian, Tulsa County, Oklahoma

EXHIBIT “E”

**PROPOSED DEVELOPMENT IN THE PROJECT AREA
AND INCREMENT DISTRICT**

The City desires to encourage economic development in the City of Sand Springs, Oklahoma (the “City”) by facilitating the construction of a corporate campus development by Webco Industries, Inc. (the “Company” or “Webco”) within the City. The purpose of the Increment District is to encourage economic development in the City by facilitating the payment of the costs of essential infrastructure improvements and remedial costs necessary to make certain property viable for development (collectively and as more thoroughly discussed herein, referred to as the “Project”). The Increment District is located at the former L.E. Rader Juvenile Detention Center property located between South 129th West Avenue and South 145th West Avenue, north of State Highway 51 and south of the Arkansas River, and adjacent to the Company’s Star Center location located at 13701 State Highway 51.

The Company operates facilities in Oklahoma and four other states that currently manufacture metal tubes for use in a variety of industrial processes implemented by the Company’s customers. The Company has outgrown its corporate headquarters located at 9101 W. 21st Street in Sand Springs, and desires to construct a new campus, including creation of the F. William Weber Technology Center, corporate offices, and training facilities. The Rader Center site has been identified in conjunction with discussions between the Company and City economic development officials as a potential location for the Company’s expansion project, but that without incentives to offset the remedial costs of site development, the property will not be a viable location for the Company’s proposed expansion project. Ancillary to the Project (and not as a part of the Increment District or the TIF Projects), the Company also plans to improve its existing corporate campus located at 9101 West 21st Street in Sand Springs.

The Project will be primarily comprised of assistance in development financing (as authorized under the Local Development Act, as defined herein) to the Company through an economic incentive in the form of reimbursement of site development costs, for the purpose of correcting and improving site conditions necessary to allow the Company to construct its corporate campus facilities. The City and the Company have identified specific infrastructure improvements to the traffic, water, and sewer systems serving the area, along with certain site and drainage improvements that will make the area viable for the proposed development. These improvements are estimated to cost approximately \$3.64 million. These improvements will be completed as soon as possible by the Company to facilitate construction of the Company’s facilities.

WEBCO INDUSTRIES, INC.

Webco Industries, Inc., was founded in Sand Springs, Oklahoma in 1969 by F. William Weber. Webco is a manufacturer and supplier of metal specialty and pressure tubing products. Webco provides carbon steel, stainless steel, alloy steel tube, nickel alloy, non-ferrous and specialty alloy tube and pipe products, along with an extensive array of value-added services and product development and engineering assistance. Webco maintains its corporate headquarters within the City of Sand Springs, Oklahoma, and has been an active and valuable corporate citizen. Additional

information about Webco can be obtained on the company's corporate website located at www.webcotube.com.

RADER CENTER

The L.E. Rader Juvenile Detention Center opened in Sand Springs, Oklahoma, in 1972. The State of Oklahoma Office of Juvenile Affairs operated the Rader Center as the State's only maximum security juvenile detention facility until its closure in 2011. Prior to its closure, the Rader Center was the subject of a lawsuit against the State for failing to protect Rader youths from assaults, and ultimately a United States Justice Department consent decree to improve conditions.

After closure, the state Board of Juvenile Affairs declared the vacant detention center surplus property in February 2012, and the facility, now razed, was deeded to the Sand Springs Economic Development Authority (SSEDA) in October 2014. Pursuant to a Real Estate Purchase and Sale Agreement dated January 27, 2020, Webco has agreed to acquire the Rader Center from SSEDA, contingent on certain conditions including the establishment of the Increment District and the ability of Webco to enter into an Agreement for Private Crossing and Rail Corridor Usage with BNSF Railway Company to construct and maintain an at-grade railroad crossing providing reasonable access to and from the property and State Highway 51.

PROPOSED DEVELOPMENT

The goal of the City in connection with the Webco Industries Economic Development Project Plan is to encourage significant industrial development that creates job opportunities and increases the tax base within the City. The City proposes to facilitate that development by offering reimbursement in the amount of amount of up to \$3,640,000, plus an interest component from the date of Project Cost expenditure, for assistance in development financing (as authorized by Section 853(14)(o) of the Local Development Act) to offset the following site development costs, including: (i) land acquisition costs (estimated cost of \$350,000); (ii) railroad crossing improvements (estimated cost of \$350,000); (iii) construction of an approximately 100' wide drainage channel (estimated cost of \$300,000); (iv) culvert and entrance road to the railroad crossing (estimated cost of \$350,000); (v) utility system improvements (estimated cost of \$850,000); (vi) earthenwork demolition (estimated cost of \$400,000); (vii) construction of industrial roads capable of handling large truck industrial traffic, with related drainage improvements (estimated cost of \$650,000); (viii) entrance improvements for access to State Highway 51 (estimated cost of \$250,000); (ix) costs of a site Master Plan consultant (estimated cost of \$75,000); and (ix) reimbursement of organizational costs associated with creation of the Increment District (estimated costs of \$65,000).

The reimbursement is expected to be funded through a development agreement with the Company, and will provide for an interest component. TIF Revenues in excess of the \$3.64 million for Project Costs may be utilized to pay any interest component of the reimbursement. Reimbursement payments pursuant to a development agreement are expected to correlate to the TIF Revenues specifically generated by the Increment District. It is anticipated that the Company will pay the costs of the Project at the time they are incurred, however, the City in its discretion may agree to construct certain components of the Project on behalf of the Company. Any or all of the Project Costs may also be funded through the issuance of one or more series of TIF Bonds.

The TIF Revenue projections are based on approximately \$16 million in initial taxable capital investment (and factoring in equipment replacement, depreciation, and expected inventory levels). It is anticipated that construction of the new Webco Campus facility will be complete and operations will begin by approximately December 31, 2023.

EXHIBIT "F"

PRELIMINARY SITE DEVELOPMENT PLAN*





CAMPUS CONCEPT PLAN

SEPTEMBER 26, 2019



* Preliminary Layout subject to change.