

AGENDA FOR
REGULAR MEETING OF
OKLAHOMA CITY REDEVELOPMENT AUTHORITY
CONFERENCE ROOM
431 WEST MAIN, SUITE B
WEDNESDAY, JANUARY 17, 2018
10:00 A.M.

- I. Call to Order
- II. Statement of Compliance with the Oklahoma Open Meeting Law
- III. Roll Call
- IV. Reading and Approval of Minutes of a Regular Meeting held on Wednesday, October 18, 2017
- V. Resolution No. _____ of the Oklahoma City Redevelopment Authority Receiving and Accepting an Audit of Accounts by BKD, LLP, for Fiscal Year Ending June 30, 2017
- VI. Resolution No. _____ Approving the Amendment to Covenant Relating to the Obligations of the Toby Keith Foundation to Make Payments in Lieu of Taxes on the Property used for The OK Kids Korral
- VII. Resolution No. _____ Authorizing and Approving Agreement with Oklahoma City Public Schools for Joint Disposition and Redevelopment of 900 North Klein Avenue and Columbus Elementary School
- VIII. Presentation of Interim Financial Report for the Period Ending December 31, 2017
- IX. New Business
- X. Comments from Trustees
- XI. Comments from Citizens
- XII. Adjournment

POSTED at the offices of the Oklahoma City Redevelopment Authority and the City Clerk's Office by 10:00 a.m., Tuesday, January 16, 2018 by Pam Lunnon, Executive Assistant

MINUTES OF REGULAR MEETING
OF THE
OF THE OKLAHOMA CITY REDEVELOPMENT AUTHORITY

A Regular and Annual Meeting of the Trustees of the Oklahoma City Redevelopment Authority (“Redevelopment Authority”) was held on Wednesday, October 18, 2017, at 10:00 a.m. in the Conference Room at 431 West Main, Suite B; Oklahoma City, OK.

The Chairman called the meeting to order and stated that the meeting was being held in compliance with the Oklahoma Open Meeting Law. Upon roll call the following Trustees were present:

Mr. J. Larry Nichols
Mr. James R. Tolbert, III
Mr. Russell M. Perry
Ms. Mary Mélon
Mr. Mark Beffort
Councilman Larry McAtee
Councilman David Greenwell

Trustee Absent:

None

Staff Present:

Catherine O’Connor, Executive Director
Leslie Batchelor, OCURA Associate General Counsel, CEDL
Cassie Poor, Mitchell Moore, Pam Lunnon, Geri-Kenfield-Harlan,
Nicolle Goodman, Michael Owens, The Alliance for Economic Dev. of OKC

Others Present:

Brett Dickerson, Red Dirt Report
Dusty Burchfield, Burchfield Realty
Brad Latham, Burchfield Realty

The Chairman asked for a motion to approve, as circulated, the minutes of a Regular and Annual Meeting held on Wednesday, July 19, 2017.

Mr. Tolbert moved the adoption of the minutes and upon second by Mr. Perry, the vote was as follows:

Trustee J. Larry Nichols	Aye
Trustee James R. Tolbert, III	Aye
Trustee Mary Mélon	Aye

Trustee Russell M. Perry	Aye
Trustee Mark Beffort	Aye
Councilman Larry McAtee	Aye
Councilman David Greenwell	Aye

Minutes Adopted.

The Chairman introduced the following resolution:

Resolution No. 177 entitled:

“Adopting the Oklahoma City Redevelopment Authority Public Meeting Comment Policy”

Councilman McAtee wanted to make sure our guidelines/policy was similar to the City Council’s policy. Ms. Batchelor stated she will confer with Kenneth Jordan of the City to make sure they are interrupting what the 1st Amendment protects and allows when someone is speaking in a public meeting and to keep everything under control.

Ms. Mélon, moved the adoption of this resolution and upon a second by Mr. Beffort, the vote was as follows:

Trustee J. Larry Nichols	Aye
Trustee James R. Tolbert, III	Aye
Trustee Mary Mélon	Aye
Trustee Russell M. Perry	Aye
Trustee Mark Beffort	Aye
Councilman Larry McAtee	Aye
Councilman David Greenwell	Aye

Resolution Adopted

Resolution No. 178 entitled:

“Authorizing a Request for Proposals from Qualified Planning Services Providers for the Development of a Land Use and Strategic Development Plan for the Oklahoma Regional Innovation District”

Mr. Perry, moved the adoption of this resolution and upon a second by Councilman Greenwell, the vote was as follows:

Trustee J. Larry Nichols	Aye
Trustee James R. Tolbert, III	Aye
Trustee Mary Mélon	Aye
Trustee Russell M. Perry	Aye
Trustee Mark Beffort	Aye
Councilman Larry McAtee	Aye

Councilman David Greenwell Aye

Resolution Adopted

Discussion of Proposed Amendment of TIF II

Cathy O'Connor reported TIF II has been recently reconfigured and it covers the Innovation District. Right now the boundary of that district only goes to the south side of 13th Street. We would like to expand the boundaries to include the half block on the north side of 13th Street. There are some significant properties along the north side of 13th Street that we would like to see redeveloped and tax increment financing maybe necessary for that redevelopment to happen. This boundary change will have to go through the Planning Commission Review and then onto City Council for approval.

Presentation of Interim Financial Reports for the Period Ending September 30, 2017

Ms. Kenfield-Harlan presented the financial statements for the period ending September 30, 2017.

Mr. Tolbert, moved to receive financials and upon a second by Mr. Perry, the vote was as follows:

Trustee J. Larry Nichols	Aye
Trustee James R. Tolbert, III	Aye
Trustee Mary Mélon	Aye
Trustee Russell M. Perry	Aye
Trustee Mark Beffort	Aye
Councilman Larry McAtee	Aye
Councilman David Greenwell	Aye

Financial Received

There being no further business to come before the Board, meeting was adjourned at 10:17 a.m.

SECRETARY

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

TRUSTEES

J. Larry Nichols
Chairman

James R. Tolbert III
Vice Chairman

Mark Beffort

David Greenwell

Larry McAtee, Jr.

Mary Melon

Russell M. Perry

EXECUTIVE DIRECTOR

Catherine O'Connor

To: Board of Trustees of the Oklahoma City Redevelopment Authority

From: Catherine O'Connor, Executive Director

Date: January 17, 2018

Ref: Resolution of the Oklahoma City Redevelopment Authority Receiving and Accepting an Audit of Accounts by BKD, LLP, for Fiscal Year Ending June 30, 2017

Background: BKD, LLP has completed its audit of the financial activities of OCRA for the fiscal year ending June 30, 2017. Chad Moore, partner with BKD, LLP, presented the audit to the OCRA audit committee on January 3, 2018. The Executive Director, as well as the Chief Financial Officer of The Alliance have reviewed the audit and recommend approval.

Summary of Agenda Item: The resolution for consideration receives and accepts the audit by BKD, LLP for the fiscal year ending June 30, 2017.

Recommendation: Approval of Resolution.

RESOLUTION NO. _____

**RESOLUTION OF THE OKLAHOMA CITY REDEVELOPMENT AUTHORITY
RECEIVING AND ACCEPTING AN AUDIT OF ACCOUNTS BY BKD, LLP, FOR
FISCAL YEAR ENDING JUNE 30, 2017**

WHEREAS, the Oklahoma City Redevelopment Authority, a public trust (“OCRA”), was created for the purpose of assisting in the implementation of economic development and redevelopment projects and aiding and providing financial assistance to the Oklahoma City Urban Renewal Authority in connection with its proposed and approved redevelopment activities; and

WHEREAS, pursuant to 60 O.S. §§ 180.1–180.3, in July 2017, OCRA accepted a proposal from BKD, LLP to audit OCRA’s financial activities; and

WHEREAS, BKD, LLP has submitted an audit of accounts to OCRA for the fiscal year ending June 30, 2017 (“FYE 2016 OCRA Audit”); and

WHEREAS, OCRA’s Audit Committee has met to review the FYE 2017 OCRA Audit submitted by BKD, LLP, and recommends acceptance by the Board of Trustees; and

WHEREAS, the Board of Trustees of the OCRA deems it appropriate and desirable to accept the FYE 2017 OCRA Audit.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Trustees of OCRA that the audit of accounts submitted by BKD, LLP, for the fiscal year ending June 30, 2017, is hereby accepted.

I, _____, Secretary of the Oklahoma City Redevelopment Authority, a public trust, certify that the foregoing Resolution No. ____ was duly adopted at a **special** meeting of the Oklahoma City Redevelopment Authority held at the Arts District Garage Conference Room, 431 West Main, Suite B, Oklahoma City, Oklahoma, on the **17th** day of **January, 2018**; that any notice required to be given of such meeting was properly given; that a quorum was present at all times during such meeting; and that said Resolution was adopted by a majority of those present.

SECRETARY

(SEAL)

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Independent Auditor's Reports and Financial Statements
June 30, 2017 and 2016



Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
June 30, 2017 and 2016

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Independent Auditor's Report

Board of Trustees
Oklahoma City Redevelopment Authority
Oklahoma City, Oklahoma

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities and the major funds of the Oklahoma City Redevelopment Authority (the Authority), a component unit of the City of Oklahoma City, Oklahoma, as of and for the years ended June 30, 2017 and 2016, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of the Authority as of June 30, 2017 and 2016, and the respective changes in financial position thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The budget-to-actual expenditure comparison (project life-to-date) and related notes as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The information for the fiscal years 2012 and prior was audited by other auditors, who issued an unmodified opinion on the information on November 30, 2012. The information for the fiscal years 2013 onward was subjected by BKD to the procedures noted above. In our opinion, the information as of and from the years ended June 30, 2017 and 2016, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2017, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BKD, LLP

Oklahoma City, Oklahoma
November 16, 2017

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Management's Discussion and Analysis
Years Ended June 30, 2017 and 2016

Introduction

This management's discussion and analysis of the financial performance of the Oklahoma City Redevelopment Authority (the Authority), a discretely presented component unit of the City of Oklahoma City, Oklahoma (the City), provides an overview of the Authority's financial activities for the years ended June 30, 2017 and 2016. It should be read in conjunction with the accompanying financial statements of the Authority.

Financial Highlights

- Cash and cash equivalents increased in 2017 and 2016 by \$321,788 and \$1,660,037, respectively.
- The Authority's capital assets decreased in 2017 and 2016 by \$344,608.
- Long-term debt decreased in 2017 and 2016 by \$803,870 and \$788,480, respectively.
- The Authority's net position increased in 2017 by \$3,219,644 and decreased in 2016 by \$4,188,710.

Using This Annual Report

The Authority's financial statements are separated into two sections—government-wide financial statements and fund financial statements. These statements provide information about the activities of the Authority.

The government-wide financial statements report the Authority as a whole. The statements of net position and activities are presented using the economic resources measurement focus and the accrual basis of accounting, similar to private business enterprises.

The fund financial statements—the balance sheet and statement of revenues, expenditures and changes in fund balances—are presented using the current financial resources measurement focus and the modified accrual basis of accounting. These statements measure only the current financial resources available to the Authority. Also included are reconciliations of the fund financial statements to the government-wide financial statements outlining the differences between the two sets of statements.

Statement of Net Position

The statement of net position presents assets, liabilities and net position. The purpose of the statement of net position is to present to readers of the financial statements a fiscal snapshot of the Authority.

From the data presented, readers of the statement of net position are able to determine the assets available to continue the operations of the Authority. They are also able to determine how much is owed to the Authority and how much the Authority owes its vendors and lenders.

Total assets of the Authority decreased by \$2,881,401 and increased by \$64,730 in 2017 and 2016, respectively. In 2017, increases in cash and cash equivalents were offset by reductions in investments, rent and notes receivable and capital assets. The 2016 increase was primarily due to an increase in cash and cash equivalents and amounts due from other governments (grant receivable from the Economic Development Administration), offset by reductions in investments, capital assets, rent and notes receivable.

Total liabilities decreased in 2017 by \$6,101,046 and increased in 2016 by \$4,253,440. For 2017, regular debt service and reductions in accounts payable and due to Oklahoma City Urban Renewal Authority (Urban Renewal) were offset by the increase in rent reimbursable. The 2016 increase was primarily due to accounts payable to Urban Renewal.

In 2017 and 2016, no significant changes occurred in capital assets and debt other than depreciation and payment of principal.

Table 1: Condensed Statements of Net Position

	2017	2016	Change	% Change	2015	Change	% Change
Current and other assets	\$ 26,408,435	\$ 28,945,228	\$ (2,536,793)	-9%	\$ 28,535,890	\$ 409,338	1%
Capital assets	<u>5,705,777</u>	<u>6,050,385</u>	<u>(344,608)</u>	-6%	<u>6,394,993</u>	<u>(344,608)</u>	-5%
Total assets	<u>32,114,212</u>	<u>34,995,613</u>	<u>(2,881,401)</u>	-8%	<u>34,930,883</u>	<u>64,730</u>	0%
Long-term liabilities	3,407,764	4,211,634	(803,870)	-19%	5,004,065	(792,431)	-16%
Other liabilities	<u>949,000</u>	<u>6,246,175</u>	<u>(5,297,175)</u>	-85%	<u>1,200,304</u>	<u>5,045,871</u>	420%
Total liabilities	<u>4,356,764</u>	<u>10,457,809</u>	<u>(6,101,045)</u>	-58%	<u>6,204,369</u>	<u>4,253,440</u>	69%
Net investment in capital assets	2,824,366	2,626,563	197,803	8%	2,431,684	194,879	8%
Restricted	<u>24,933,082</u>	<u>21,911,241</u>	<u>3,021,841</u>	14%	<u>26,294,830</u>	<u>(4,383,589)</u>	-17%
Net position	<u>\$ 27,757,448</u>	<u>\$ 24,537,804</u>	<u>\$ 3,219,644</u>	13%	<u>\$ 28,726,514</u>	<u>\$ (4,188,710)</u>	-15%

Statement of Activities

The statement of activities reports how the Authority's net position changed during the fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. For the years ended June 30, 2017 and 2016, net position increased by \$3,219,644 and decreased by \$4,188,710, respectively. The 2017 increase was primarily a result of an increase in apportioned ad valorem taxes and payments in lieu of taxes totaling \$435,017 and grant revenue of \$210,381 offset by decreases in Economic Development expenses of approximately \$7,400,000 in a one-time payment to Urban Renewal for the convention center hotel project and a decrease in rental income of \$487,789. The 2016 decrease was primarily a result of decreases in rental income of \$122,493 and grant revenue of \$330,605 offset by increases in apportioned ad valorem taxes and payments in lieu of taxes totaling \$210,819. Other changes include a decrease in project costs of approximately \$700,000 and an increase in Skirvin expenditures resulting from a decrease in payments to the City and an increase in payments to Urban Renewal.

Table 2: Condensed Statements of Activities

	2017	2016	Change	% Change	2015	Change	% Change
Charges for services	\$ -	\$ 487,789	\$ (487,789)	-100%	\$ 643,365	\$ (155,576)	-24%
Operating grants, contributions and restricted interest	784,148	573,766	210,382	37%	882,588	(308,822)	-35%
General revenues	3,576,951	3,141,934	435,017	14%	2,929,469	212,465	7%
Total revenues	4,361,099	4,203,489	157,610	4%	4,455,422	(251,933)	-6%
Economic development expenses	1,074,618	8,327,535	(7,252,917)	-87%	2,318,911	6,008,624	259%
Interest expense	66,837	64,664	2,173	3%	76,716	(12,052)	-16%
Total operating expenses	1,141,455	8,392,199	(7,250,744)	-86%	2,395,627	5,996,572	250%
Change in net position	\$ 3,219,644	\$ (4,188,710)	\$ 7,408,354	-177%	\$ 2,059,795	\$ (6,248,505)	-303%

Fund Financial Statements

The fund financial statements provide a detailed short-term view of the activity in the Authority's two special revenue funds—TIF 1 and Skirvin Hotel Project. The information helps to determine the amount of current financial resources available and focuses on how money flows in and out of each fund and the balances available at year-end.

Table 3: Condensed Fund Financial Statements for TIF 1 Fund

	2017	2016	Change	% Change	2015	Change	% Change
TIF 1							
Total assets	\$ 15,688,909	\$ 13,136,645	\$ 2,552,264	19%	\$ 11,531,376	\$ 1,605,269	14%
Total liabilities	(23,832)	(53,761)	29,929	-56%	(411,841)	358,080	-87%
Deferred inflows of resources	(145,988)	(693,478)	547,490	-79%	(537,808)	(155,670)	29%
Fund balance	\$ 15,519,089	\$ 12,389,406	\$ 3,129,683	25%	\$ 10,581,727	\$ 1,807,679	17%
Taxes	\$ 3,433,124	\$ 3,159,906	\$ 273,218	9%	\$ 2,918,853	\$ 241,053	8%
Inter-governmental revenue	1,067,349	-	1,067,349	100%	-	-	0%
Other income	97,174	83,843	13,331	16%	45,110	38,733	86%
Total revenues	4,597,647	3,243,749	1,353,898	42%	2,963,963	279,786	9%
Research park-related expenditures	480,637	537,498	(56,861)	-11%	1,160,780	(623,282)	-54%
Administration	77,735	45,428	32,307	71%	85,912	(40,484)	-47%
Other	50,000	-	50,000	100%	34,698	(34,698)	-100%
Debt service							
Principal	792,755	788,480	4,275	1%	777,754	10,726	1%
Interest	66,837	64,664	2,173	3%	76,716	(12,052)	-16%
Total expenditures	1,467,964	1,436,070	31,894	2%	2,135,860	(699,790)	-33%
Change in fund balance	\$ 3,129,683	\$ 1,807,679	\$ 1,322,004	73%	\$ 828,103	\$ 979,576	118%

The TIF 1 fund balance increased by \$3,129,684 and \$1,807,679 in 2017 and 2016, respectively. Revenues increased by \$1,353,898 in 2017 primarily due to a \$1,067,349 increase in intergovernmental revenue. The 2017 expenditures remained relatively flat. The 2016 revenues increased by \$279,786 primarily due to the increase in apportioned ad valorem taxes and payments in lieu of taxes. The expenditures decreased \$699,790, primarily as a result of the decrease in project expenditures.

Table 4: Condensed Fund Financial Statements for Skirvin Hotel Project Fund

	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
Skirvin Hotel Project							
Total assets	\$ 903,531	\$ 5,773,390	\$ (4,869,859)	-84%	\$ 6,756,719	\$ (983,329)	-15%
Total liabilities	(121,638)	(5,400,000)	5,278,362	100%	-	(5,400,000)	0%
Deferred inflows of resources	(24,540)	(25,088)	548	-2%	(43,029)	17,941	-42%
Fund balance	<u>\$ 757,353</u>	<u>\$ 348,302</u>	<u>\$ 409,051</u>	117%	<u>\$ 6,713,690</u>	<u>\$ (6,365,388)</u>	-95%
Rental income	\$ -	\$ 505,199	\$ (505,199)	-100%	\$ 642,496	\$ (137,297)	-21%
Principal payment on note receivable	219,199	212,602	6,597	3%	206,205	6,397	3%
Interest income on loan	297,766	304,245	(6,479)	-2%	310,528	(6,283)	-2%
Investment income	13,724	12,566	1,158	9%	19,952	(7,386)	-37%
Total revenues	530,689	1,034,612	(503,923)	-49%	1,179,181	(144,569)	-12%
Expenditures	<u>121,638</u>	<u>7,400,000</u>	<u>(7,278,362)</u>	-98%	<u>692,911</u>	<u>6,707,089</u>	968%
Change in fund balance	<u>\$ 409,051</u>	<u>\$ (6,365,388)</u>	<u>\$ 6,774,439</u>	-106%	<u>\$ 486,270</u>	<u>\$ (6,851,658)</u>	-1409%

The Skirvin Hotel Project fund balance increased in 2017 by \$409,051 compared to a decrease of \$6,365,388 in 2016. The decrease in the 2016 fund balance was the result of a decrease in payments to the City of \$692,911 to retire debt associated with the project and a \$7,400,000 increase in expenditures to Urban Renewal.

The fund balances for both TIF 1 and Skirvin Hotel Project are restricted for debt service and economic development activities.

Economic Factors

The Authority is designated to receive tax apportionment revenues for TIF Districts 1 and 7. To date, the Authority has collected \$26 million for TIF 1 and approximately \$276,000 for TIF 7. On December 20, 2016, the City Council established TIF District 11 with an authorized budget of \$52 million. Revenues will be collected throughout the life of the TIF Districts and used for economic development projects within the project areas. The Authority leases the land under the Skirvin Hotel in downtown Oklahoma City and also administers a note receivable from the owner of the hotel, Skirvin Partners, LLC. Lease payments are expected monthly through December 2104, the expiration date of the 99-year ground lease. Ground lease and debt service payments collected will be retained for use in future economic development activities approved by the City.

Contacting the Authority's Management

This financial report is designed to provide a general overview of the Authority's finances, comply with finance-related laws and regulations and demonstrate commitment to public accountability. If anyone has questions about this report or would like to request additional information, please contact the Authority's general manager at 105 N. Hudson, Suite 101, Oklahoma City, Oklahoma 73102.

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Government-Wide Statements of Net Position
June 30, 2017 and 2016

Assets

	2017	2016
Current Assets		
Cash and cash equivalents	\$ 9,563,942	\$ 9,242,154
Investments, at fair value	1,440,000	3,948,000
Due from other governments	488,853	684,944
Rent receivable	-	24,019
Payments in lieu of taxes receivable	94,005	-
Interest receivable	24,540	25,088
Investment income receivable	11,100	15,830
Current portion of notes receivable	225,999	219,198
	11,848,439	14,159,233
Capital Assets		
Land	506,891	506,891
Building, parking garages and undivided ownership interest in buildings, net	5,198,886	5,543,494
	5,705,777	6,050,385
Other Noncurrent Assets		
Investments, at fair value	4,670,000	4,670,000
Notes receivable	9,589,996	9,815,995
Other assets – deposits	300,000	300,000
	14,559,996	14,785,995
	14,559,996	14,785,995
	32,114,212	34,995,613

Liabilities and Net Position

	<u>2017</u>	<u>2016</u>
Current Liabilities		
Current portion of long-term debt	\$ 803,530	\$ 792,414
Accounts payable	4,294	7,248
Rent reimburseable	121,638	-
Due to Urban Renewal	19,538	5,424,337
Advance PILOT payment	-	22,176
	<hr/>	<hr/>
Total current liabilities	949,000	6,246,175
Noncurrent Liabilities		
Long-term debt, less current maturities	3,407,764	4,211,634
	<hr/>	<hr/>
Total liabilities	4,356,764	10,457,809
Net Position		
Net investment in capital assets	2,824,366	2,626,563
Restricted for debt service	1,074,775	1,074,031
Restricted for economic development activities	23,858,307	20,837,210
	<hr/>	<hr/>
Total net position	<u>\$ 27,757,448</u>	<u>\$ 24,537,804</u>

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Government-Wide Statements of Activities
June 30, 2017 and 2016

	Revenues				
Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants, Contributions and Restricted Interest	Net Revenues (Expenses)	
2017					
Governmental Activities					
Economic development	\$ 1,074,618	\$ -	\$ -	\$ 784,148	\$ (290,470)
Interest expense	66,837	-	-	-	(66,837)
Total governmental activities	\$ 1,141,455	\$ -	\$ -	\$ 784,148	(357,307)
General Revenues					
Apportioned ad valorem taxes					2,323,997
Payment in lieu of taxes					1,252,954
Total general revenues					3,576,951
Change in Net Position					
					3,219,644
Net Position, Beginning of Year					
					24,537,804
Net Position, End of Year					
					\$ 27,757,448
2016					
Governmental Activities					
Economic development	\$ 8,327,535	\$ 487,789	\$ -	\$ 573,766	\$ (7,265,980)
Interest expense	64,664	-	-	-	(64,664)
Total governmental activities	\$ 8,392,199	\$ 487,789	\$ -	\$ 573,766	(7,330,644)
General Revenues					
Apportioned TIF 1 ad valorem taxes					1,930,149
Payment in lieu of taxes					1,211,785
Total general revenues					3,141,934
Change in Net Position					
					(4,188,710)
Net Position, Beginning of Year					
					28,726,514
Net Position, End of Year					
					\$ 24,537,804

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Balance Sheets – Governmental Funds
June 30, 2017 and 2016

	2017		
	TIF 1	Skirvin Hotel Project	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 8,684,951	\$ 878,991	\$ 9,563,942
Investments, at fair value	6,110,000	-	6,110,000
Interest receivable	-	24,540	24,540
Payments in lieu of taxes receivable	94,005	-	94,005
Investment income receivable	11,100	-	11,100
Ad valorem taxes receivable	140,308	-	140,308
Federal grant receivable	348,545	-	348,545
Other assets	300,000	-	300,000
	<u>\$ 15,688,909</u>	<u>\$ 903,531</u>	<u>\$ 16,592,440</u>
 Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 4,294	\$ -	\$ 4,294
Rent reimbursable	-	121,638	121,638
Due to Urban Renewal	19,538	-	19,538
	<u>23,832</u>	<u>121,638</u>	<u>145,470</u>
Deferred Inflows of Resources	<u>145,988</u>	<u>24,540</u>	<u>170,528</u>
Fund Balances			
Restricted for			
Debt service	1,074,775	-	1,074,775
Economic development activities	-	757,353	757,353
Other TIF activities	14,444,314	-	14,444,314
	<u>15,519,089</u>	<u>757,353</u>	<u>16,276,442</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,688,909</u>	<u>\$ 903,531</u>	<u>\$ 16,592,440</u>

	2016		
	TIF 1	Skirvin Hotel Project	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 3,517,871	\$ 5,724,283	\$ 9,242,154
Investments, at fair value	8,618,000	-	8,618,000
Rent receivable	-	24,019	24,019
Interest receivable	-	25,088	25,088
Investment income receivable	15,830	-	15,830
Ad valorem taxes receivable	5,061	-	5,061
Receivables from other governments	679,883	-	679,883
Other assets	300,000	-	300,000
Total assets	<u>\$ 13,136,645</u>	<u>\$ 5,773,390</u>	<u>\$ 18,910,035</u>

Liabilities, Deferred Inflows of Resources and Fund Balances

Liabilities			
Accounts payable	\$ 7,248	\$ -	\$ 7,248
Due to Urban Renewal	24,337	5,400,000	5,424,337
Advance PILOT payment	22,176	-	22,176
Total liabilities	<u>53,761</u>	<u>5,400,000</u>	<u>5,453,761</u>
Deferred Inflows of Resources	<u>693,478</u>	<u>25,088</u>	<u>718,566</u>
Fund Balances			
Restricted for			
Debt service	1,074,031	-	1,074,031
Economic development activities	-	348,302	348,302
Other TIF activities	11,315,375	-	11,315,375
Total fund balances	<u>12,389,406</u>	<u>348,302</u>	<u>12,737,708</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,136,645</u>	<u>\$ 5,773,390</u>	<u>\$ 18,910,035</u>

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Reconciliation of the Balance Sheets – Governmental Funds to
the Statements of Net Position
June 30, 2017 and 2016

	2017	2016
Total fund balances	\$ 16,276,442	\$ 12,737,708
Amounts reported in the statements of net position are different because		
Capital assets, notes receivable and certain other assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund		
Land	506,891	506,891
Building, net of accumulated depreciation of \$2,983,902 as of June 30, 2017, and \$2,692,790 as of June 30, 2016	4,293,909	4,585,022
Undivided ownership interest in buildings, net of accumulated depreciation of \$432,427 and \$378,932 as of June 30, 2017 and 2016, respectively	904,977	958,472
Notes receivable	9,815,995	10,035,193
Earned but unavailable revenue	170,528	718,566
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the fund		
Long-term debt	(4,211,294)	(5,004,048)
Net position, per the statements of net position	\$ 27,757,448	\$ 24,537,804

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Statements of Revenues, Expenditures and Changes in
Fund Balances – Governmental Funds
June 30, 2017 and 2016

	2017		
	TIF 1	Skirvin Hotel Project	Total Governmental Funds
Revenues			
Apportioned ad valorem taxes	\$ 2,180,170	\$ -	\$ 2,180,170
Payment in lieu of taxes	1,252,954	-	1,252,954
Inter-governmental revenue	1,067,349	-	1,067,349
Interest income paid on tax deposits held by the Oklahoma County Treasurer	3,519	-	3,519
Interest income on loans	-	297,766	297,766
Investment income	93,655	13,724	107,379
Principal payment on notes receivable	-	219,199	219,199
Total revenues	<u>4,597,647</u>	<u>530,689</u>	<u>5,128,336</u>
Expenditures			
Biomedical, biopharmaceutical and technological research and development facilities and other public research park improvements	480,637	-	480,637
Economic development and redevelopment activities with the Harrison-Walnut Urban Renewal Plan	50,000	-	50,000
Administration	77,735	-	77,735
Rent reimbursement	-	121,638	121,638
Debt service			
Principal	792,755	-	792,755
Interest	66,837	-	66,837
Total expenditures	<u>1,467,964</u>	<u>121,638</u>	<u>1,589,602</u>
Excess of revenues over expenditures	<u>3,129,683</u>	<u>409,051</u>	<u>3,538,734</u>
Change in Fund Balances	3,129,683	409,051	3,538,734
Fund Balances, Beginning of Year	<u>12,389,406</u>	<u>348,302</u>	<u>12,737,708</u>
Fund Balances, End of Year	<u>\$ 15,519,089</u>	<u>\$ 757,353</u>	<u>\$ 16,276,442</u>

See Notes to Financial Statements

	2016		
	TIF 1	Skirvin Hotel Project	Total Governmental Funds
Revenues			
Apportioned ad valorem taxes	\$ 1,948,121	\$ -	\$ 1,948,121
Payment in lieu of taxes	1,211,785	-	1,211,785
Rental income	-	505,199	505,199
Interest income paid on tax deposits held by the Oklahoma County Treasurer	1,790	-	1,790
Interest income on loans	-	304,245	304,245
Investment income	82,053	12,566	94,619
Principal payment on notes receivable	-	212,602	212,602
	<u>3,243,749</u>	<u>1,034,612</u>	<u>4,278,361</u>
Expenditures			
Biomedical, biopharmaceutical and technological research and development facilities and other public research park improvements	537,498	-	537,498
Payment to the Urban Renewal – Convention Center	-	7,400,000	7,400,000
Administration	45,428	-	45,428
Debt service			
Principal	788,480	-	788,480
Interest	64,664	-	64,664
	<u>1,436,070</u>	<u>7,400,000</u>	<u>8,836,070</u>
Change in Fund Balances	1,807,679	(6,365,388)	(4,557,709)
Fund Balances, Beginning of Year	<u>10,581,727</u>	<u>6,713,690</u>	<u>17,295,417</u>
Fund Balances, End of Year	<u>\$ 12,389,406</u>	<u>\$ 348,302</u>	<u>\$ 12,737,708</u>

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Reconciliation of the Statements of Revenues, Expenditures and Changes
in Fund Balances – Governmental Funds to the Statements of Activities
June 30, 2017 and 2016

	2017	2016
Change in fund balances – governmental funds	\$ 3,538,734	\$ (4,557,709)
<p>Amounts reported for governmental activities in the statements of activities are different because</p> <p style="padding-left: 20px;">Governmental funds report capital outlays as expenditures while government-wide activities report depreciation expense to allocate those expenditures over the lives of the assets</p>		
Depreciation expense	(344,608)	(344,609)
<p>Certain income is not derived from current financial resources and, therefore, not reported as income in governmental funds</p>		
Apportioned ad valorem taxes	140,308	(19,762)
Rental income on Skirvin Hotel Project	-	(17,410)
Federal grant receivable	(690,365)	174,641
Interest income	(547)	(532)
Investment income receivable	2,566	793
<p>Principal payment on notes receivable is recorded as revenue in governmental funds</p>		
	(219,199)	(212,602)
<p>Advances from debt agreements, principal repayments and changes in certain other assets are not reflected as revenues and expenditures in the statements of activities</p>		
Principal payments on debt agreements and notes payable	792,755	788,480
Change in net position, per the statements of activities	\$ 3,219,644	\$ (4,188,710)

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2017 and 2016

Note 1: Summary of Significant Accounting Policies

Organization

The Oklahoma City Redevelopment Authority (the Authority) was formed as a public trust on May 7, 1985. This Declaration of Trust named the City of Oklahoma City, Oklahoma (the City) as the beneficiary of the trust. The purposes of the Authority are set forth in the Declaration of Trust.

The Authority is governed by a Board of Trustees nominated by the Mayor and approved by the City Council. For financial reporting purposes, the Authority is a component unit of the City.

Presently, the Authority has no employees, but utilizes the Oklahoma City Urban Renewal Authority (Urban Renewal) to perform administrative activities.

The Authority has been designated as the entity to receive tax apportionment revenues for certain Tax Increment Financing (TIF) Districts of the City. The following TIFs are administered by the Authority:

TIF 1 and TIF 7 – Oklahoma Health Center Economic Development – Total budget of \$68,000,000 plus interest and the cost of issuance of bonds to finance the project.

TIF 11 – On December 20, 2016, The City Council approved the Oklahoma Regional Innovation District Project Plan, an Amended Oklahoma Health Center Economic Development Project Plan, to support an economic development strategy in and around the area known as the Oklahoma Health Center. The amended plan increased the Project Area, reduced the size of TIF Districts 1 and 7, and established TIF District 11. The authorized budgets for TIF Districts 1 and 7 are unchanged. District 11 has an authorized revenue budget of \$52 million. Districts M and N were also created for future potential development opportunities and may be activated by the City Council within 10 years of approval of the Oklahoma Regional Innovation District Project Plan.

The districts have defined project areas and tax increment areas. TIF 1 and TIF 7 have set termination dates and are presently scheduled to terminate at June 30, 2022 and June 30, 2032, respectively. TIF 11 is set to expire June 30, 2042.

Reporting Entity

The Authority's financial statements are included in the financial statements of the City as a discretely presented component unit. These financial statements include only the activities of the Authority and not those of Urban Renewal.

Basis of Presentation

The Authority complies with accounting principles generally accepted in the United States (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note.

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2017 and 2016

Government-Wide Financial Statements

The accompanying government-wide statements of net position and statements of activities display information about the Authority as a whole. The Authority's activities are all governmental in nature and generally are financed primarily through ad valorem taxes. The Authority has no business-type activities as defined by GASB Statement No. 34, *Accounting and Financial Reporting Alternatives*.

Fund Financial Statements

Fund financial statements are normally organized into funds, each of which is considered to be a separate accounting entity. A fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses. For the financial statement presentation, the Authority presently has two special revenue funds:

- TIF 1
- Skirvin Hotel Project

One of the funds accounts for the activity of the TIF. The other fund is as follows:

Skirvin Hotel Project – The Authority, Urban Renewal and the City have assisted in the renovation of the historic Skirvin Hotel. The renovation involved both public and private funds.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded, regardless of the measurement focus applied.

Measurement Focus

On the government-wide financial statements, the Authority's activities are presented using the economic resources measurement focus as defined below:

- The accompanying government-wide statements of net position and statements of activities utilize an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of changes in net position and financial positions. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2017 and 2016

In the fund financial statements, the current financial resources measurement focus is used as defined below:

- The governmental funds utilize a current financial resources measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. The operating statements of revenues, expenditures and changes in fund balances present sources and uses of available spendable financial resources during a given period. The statements use fund balances as the measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statements of net position and statements of activities, the Authority's activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets are used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange transaction takes place.

In the fund financial statements, the governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. The Authority considers all revenue to be available if the revenue is collected within 60 days after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for principal and interest, which are reported when due.

Accounting Policies

The Authority's significant accounting policies related to the following basic financial statement categories are summarized below.

Capital Assets

The Authority generally capitalizes purchased or constructed assets with useful lives of more than one year and having costs of \$7,500 or greater. Capital assets are valued at historical cost or estimated historical cost. The Authority has chosen the straight-line depreciation method for its capital assets based on the estimated useful lives of the capital assets. The Authority depreciates the buildings and structures currently on its books over a 25-year useful life.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2017 and 2016

Income Taxes

The Authority is a governmental agency organized under the laws of the State of Oklahoma and is not subject to federal or state income taxes.

Net Position Classifications

Government-Wide Statements

The net position of the Authority is classified in three components:

Net Investments in Capital Assets – Represents the net investment in capital assets less the debt associated with the capital assets.

Restricted – Represents net position that has been restricted by outside sources, including the City and relevant Oklahoma Statutes. The net position has been restricted for debt service and economic development.

Unrestricted – Represents the remaining net position, if any.

Fund Financial Statements

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines fund balances for presentation as follows:

Nonspendable – Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This would include items not expected to be converted to cash.

Restricted – Consists of fund balance amounts with constraints placed on the use of the resources either by (a) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.

Committed – Reflects specific purposes pursuant to constraints imposed by formal action of the Authority's highest level of decision-making authority (the Board of Trustees). Also, such constraints can only be removed or changed by the same form or formal action.

Assigned – Reflects fund balance amounts that are constrained by the Authority's intent to be used for specific purposes, but meet neither the restricted nor committed forms of constraint.

Unassigned – Represents fund balance amounts that have not been assigned to other funds and have not been restricted, committed or assigned to specific purposes.

Based on the above definitions, the components of the Authority's fund balances are as follows:

Restricted – The Skirvin Hotel Project activities in TIF 2 are reflected as restricted due to conditions imposed by either financing documents or the City's approvals. TIF 2 is now being administered by the City. As more fully described in *Note 9*, certain notes require a reserve fund as well as encumbered revenues to be maintained. The restricted fund balance for debt service in TIF 1 was \$1,074,775 and \$1,074,031 as of June 30, 2017 and 2016, respectively. The remaining fund balance in TIF 1 is reflected as restricted for other TIF activities.

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2017 and 2016

Program Revenues

The primary sources of program revenues for the Authority are income earned from rental revenues of the Skirvin Hotel site, biomedical research facilities and interest income earned on the note receivable from Skirvin Partners, LLC.

Annual Budget-to-Actual Comparison

The Authority is not required to and does not prepare a legally adopted annual budget. Therefore, an annual budget-to-actual comparison, as required by GASB Statement No. 34, is not presented as “required supplementary information.”

The Authority does prepare a budget-to-actual expenditure comparison project life-to-date that has been presented as other supplementary information.

Note 2: Deposits and Investments

Custodial risk is the risk that in the event of the failure of a counterparty the Authority will not be able to recover the value of its investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the Authority or are held by a counterparty or the counterparty’s trust department but not in the name of the Authority.

The policy of the Authority is to require all deposits be maintained in accounts which are fully insured or collateralized. As of June 30, 2017 and 2016, the Authority had no uninsured or uncollateralized deposits. The Authority requires investment collateral be held by a third-party custodian with whom the Authority has a current custodial agreement in the Authority’s name.

Deposits of the Authority at June 30, 2017 and 2016, are \$9,563,942 and \$9,242,154, respectively.

Investments

The Authority’s investments at June 30, 2017 and 2016, consist entirely of negotiable certificates of deposit of \$6,110,000 and \$8,618,000, respectively.

The Authority categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority’s recurring fair value measurements as of June 30, 2017 and 2016, are its certificates of deposit, which are valued using Level 2 inputs.

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2017 and 2016

The Authority's investment policy stipulates no more than 75% of the total funds available for investment may be placed in any one authorized institution. Of the funds invested, up to 100% may be invested with a maturity date of two years or less, up to 30% may be invested with a maturity of two to three years, up to 10% may be invested with a maturity of three to five years and up to 5% may be invested with a maturity of 5-30 years.

Note 3: Due from Other Governments

Amounts due to the Authority from other governments at June 30, 2017 and 2016, consisted of the following:

	2017	2016
TIF 1 funds held by the Oklahoma County Treasurer	\$ 140,308	\$ 5,061
<i>Economic Development Act</i> grant receivable	348,545	679,883
	\$ 488,853	\$ 684,944

Note 4: Rent Receivable and Reimbursable

Rent reimbursable at June 30, 2017, of \$121,638 and rent receivable at June 30, 2016, of \$24,019 are related to the Skirvin ground lease (see *Note 12*).

Note 5: Notes Receivable

Skirvin Investment Fund, LLC

A \$6,654,000 loan was secured with assets of Skirvin Investment Fund, LLC (the Fund) and bore interest at the rate of 1% during the construction period of the Skirvin Hotel with interest payable monthly. After completion of the Skirvin Hotel, the interest rate increased to 3.86%. The completion date for the Skirvin Hotel was February 26, 2007. The note matured December 31, 2012, was refinanced and the outstanding principal balance of \$6,654,000 was assigned to Skirvin Partners, LLC on December 31, 2012.

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2017 and 2016

Skirvin Partners, LLC

The Authority loaned Skirvin Partners, LLC \$4,000,000. The loan is secured with the Authority's Subordinated Mortgage and bears interest at the rate of 3% with interest payable monthly. The note matured December 31, 2012, and was refinanced as of that date in the amount of \$10,654,000 at an interest rate of 3%. The refinanced note included the assigned loan to the Fund. Under the new terms, accrued interest shall be paid semiannually on June 1 and December 1, starting June 1, 2013, with a prorated payment for five months of interest. Principal payments shall be payable annually on December 1. Principal payments were \$219,199 and \$212,602 as of June 30, 2017 and 2016, respectively. Interest income of \$297,766 and \$304,245 was recognized during the years ended June 30, 2017 and 2016, respectively, in the accompanying government-wide statements of activities.

Page Woodson Development, LLC

In March 2016, the Authority agreed in principal to loan Page Woodson Development, LLC up to \$9,150,000. The loan is secured with the Authority's Subordinated Mortgage and bears interest at the rate of 0.25% with interest payable annually. The note matures March 18, 2051, at which time all principal and accrued unpaid interest is due. No funds were advanced under this loan agreement as of June 30, 2017 and 2016.

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2017 and 2016

Note 6: Capital Assets

Capital assets at June 30, 2017 and 2016, consisted of the following:

	Beginning Balance	Additions	Disposals	Ending Balance
2017				
Land	\$ 506,891	\$ -	\$ -	\$ 506,891
Building	7,277,811	-	-	7,277,811
University of Oklahoma Undivided ownership interest in buildings	1,337,403	-	-	1,337,403
	8,615,214	-	-	8,615,214
Less accumulated depreciation	(3,071,720)	(344,608)	-	(3,416,328)
Building, parking garages and undivided ownership interest in buildings, net	5,543,494	(344,608)	-	5,198,886
Total capital assets, net	<u>\$ 6,050,385</u>	<u>\$ (344,608)</u>	<u>\$ -</u>	<u>\$ 5,705,777</u>
2016				
Land	\$ 506,891	\$ -	\$ -	\$ 506,891
Building	7,277,811	-	-	7,277,811
University of Oklahoma Undivided ownership interest in buildings	1,337,403	-	-	1,337,403
	8,615,214	-	-	8,615,214
Less accumulated depreciation	(2,727,112)	(344,608)	-	(3,071,720)
Building, parking garages and undivided ownership interest in buildings, net	5,888,102	(344,608)	-	5,543,494
Total capital assets, net	<u>\$ 6,394,993</u>	<u>\$ (344,608)</u>	<u>\$ -</u>	<u>\$ 6,050,385</u>

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2017 and 2016

Building

The building relates to the Cytovance project, of which the Authority funded a portion of the construction. The building was completed during the year ended June 30, 2007, and depreciation commenced at that time. The building is being depreciated over a 25-year life using the straight-line method of depreciation. Depreciation expense was \$291,112 for each of the years ended June 30, 2017 and 2016.

Land

During the year ended June 30, 2006, the City contributed the land and building of the Skirvin Hotel to the Authority. The government-wide financial statements accounted for the transaction as contributed capital assets with an appraised value of \$130,000 for the land and \$1,131,000 for the building. The building was then sold for \$1,131,000 resulting in no gain or loss being recognized in the government-wide financial statements. The Authority leased the land beneath the Skirvin Hotel to Skirvin Partners, LLC, as more fully described in *Note 12*.

During 2007, Urban Renewal contributed land to the Authority for the Cytovance project. The government-wide financial statements accounted for the transaction as contributed capital assets with an appraised value of \$376,891.

Undivided Interest

The undivided interest represents a 1.89423% ownership interest in the University of Oklahoma (OU) Research Park Mobile Incubator buildings. The ownership interest was originally acquired in May 2009 for a total cost of \$1,337,403. The cost included \$200,000 as an allowance for tenant improvements. The undivided interest is being depreciated over a 25-year life using the straight-line method of depreciation. Depreciation expense was \$53,496 for each of the years ended June 30, 2017 and 2016.

The ownership interest is subject to a repurchase option. The repurchase price is the greater of total cost paid by the Authority less depreciation computed on a 25-year straight-line basis or the balance due on the tax apportionment note delivered in payment of the acquisition cost and tenant improvements for such Incubator Facility, if any.

The ownership interest also provides for the Authority to receive rent of \$1 per year plus net cash flow derived from the sublease of OU to the tenant. During the years ended June 30, 2017 and 2016, there were no tenants.

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2017 and 2016

Note 7: Other Assets

The balance of other assets as of June 30, 2017 and 2016, consisted of:

	2017	2016
Deposits held by PHF	\$ 300,000	\$ 300,000

Note 8: Advance Payments in Lieu of Taxes

In October 2011, a Supplemental Redevelopment Agreement was entered into by and among Urban Renewal, Presbyterian Health Foundation (PHF) and the Toby Keith Foundation (TKF) for the development of OK Kids Korral. As part of the sale of the Research Park by PHF to OU in October 2013, PHF assigned the OK Kids Korral Supplemental Redevelopment Agreement and the OK Kids Korral Ground Lease Agreement to OU. As part of the Supplemental Redevelopment Agreement and the Ground Lease Agreement, TKF is subject to payments in lieu of ad valorem taxes (PILOT). These payments are payable to the Authority on December 31 beginning in the year of completion of the improvements and each year thereafter. TKF has made a \$250,000 prepayment for PILOT. The OK Kids Korral was completed in November 2013 and the Authority recognized \$133,295 and \$131,325 in PILOT on behalf of OK Kids Korral for the years ended June 30, 2017 and 2016, respectively. The balance of the prepayment was \$0 and \$22,176 as of June 30, 2017 and 2016, respectively. At June 30, 2017, the Authority was due \$94,005 from TKF related to PILOT.

As a result of the sales transaction between PHF and OU, the Authority started receiving PILOT from OU, as OU is considered a component unit of the State of Oklahoma. The Authority received \$1,086,773 and \$1,097,025 in PILOT in the years ended June 30, 2017 and 2016, respectively.

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2017 and 2016

Note 9: Long-Term Debt

The following is a summary of long-term obligations for the Authority for the years ended June 30, 2017 and 2016:

	Beginning Balance	Advances	Payments	Ending Balance
2017				
Dean A. McGee Note A-1	\$ 1,580,225	\$ -	\$ (250,343)	\$ 1,329,882
Biopharmaceutical Manufacturing Facility Note A-2	3,423,823	-	(542,411)	2,881,412
	<u>\$ 5,004,048</u>	<u>\$ -</u>	<u>\$ (792,754)</u>	<u>\$ 4,211,294</u>
2016				
Dean A. McGee Note A-1	\$ 1,829,219	\$ -	\$ (248,994)	\$ 1,580,225
Biopharmaceutical Manufacturing Facility Note A-2	3,963,309	-	(539,486)	3,423,823
	<u>\$ 5,792,528</u>	<u>\$ -</u>	<u>\$ (788,480)</u>	<u>\$ 5,004,048</u>

Following is a description of long-term debt summarized in the above table:

Dean A. McGee Note A-1

The Authority issued a \$3,000,000 parity tax apportionment revenue note on August 3, 2007 (Dean A. McGee Note A-1). The note matures on July 1, 2022, and interest on the note is calculated as either the London InterBank Offered Rate (LIBOR) plus 1% or the prime rate minus 1%, whichever is less, adjusted annually on July 1 of each year. From the issue date to July 1, 2010, only interest was due on the note; commencing on August 1, 2010, both interest and principal are due on the note. The amount of interest paid for the years ended June 30, 2017 and 2016, was \$21,098 and \$20,420, respectively, and the interest rate as of June 30, 2017 and 2016, was 2.22389% and 1.46505%, respectively.

The note requires a reserve fund be maintained. The reserve fund is calculated as equaling 25% of the annual debt service determined to be due by the next recalculation date, July 1, of each year the note is outstanding. The amount of reserve fund required at June 30, 2017 and 2016, was \$67,881 and \$67,834, respectively. The note also requires encumbered revenues be maintained. Encumbered revenues are the amount of funds necessary to service the debt obligation during a given year. The amount of encumbered funds required at June 30, 2017 and 2016, was \$271,523 and \$271,334, respectively.

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2017 and 2016

TIF 1 Tax Apportionment Note (Presently Note A-2)

As of June 30, 2004, the Authority issued a \$7,000,000 tax apportionment revenue note to a local bank (BancFirst). The revenue note bore interest at 0.5% below prime and was interest only for the first year; interest was paid monthly commencing August 1, 2004. Principal payments were due in monthly installments. The note had a maturity date of July 1, 2011.

During the year ended June 30, 2005, the note was purchased from BancFirst by PHF.

Proceeds of the note were used for partial construction of the Cytovance project. Collateral for the revenue note consisted of the project to be constructed; a limited guarantee by PHF; a \$300,000 deposit reflected in other assets; the construction bank account for deposit of note proceeds and payment of construction costs; the pledge of TIF 1 revenues; and the assignment of future rents on the project.

In addition to the \$300,000 deposit made, throughout the term of the loan, the Authority agreed to maintain and pledge to the lender an additional \$700,000 of legally effective and unencumbered TIF 1 funds to pay the costs of the construction project.

The note was refinanced on August 31, 2007, as the Biopharmaceutical Manufacturing Facility Note A-2. The amount refinanced, after advancing \$27,668 for closing costs, was \$6,500,000. The note bears interest at the lesser of LIBOR plus 1% or prime rate minus 1% (2.22389% and 1.46505% at June 30, 2017 and 2016, respectively). The rate changes annually on July 1. The note matures July 1, 2022, and required interest only to be paid monthly until August 1, 2010, at which time interest and principal payments commenced. For the years ended June 30, 2017 and 2016, \$45,713 and \$44,244, respectively, of interest was paid on the note.

The note requires a reserve fund be maintained. The reserve fund is calculated as equaling 25% of the annual debt service determined to be due by the next recalculation date, July 1, of each year the note is outstanding. The amount of reserve fund required at June 30, 2017 and 2016, was \$147,074 and \$146,973, respectively. The note also requires encumbered revenues be maintained. Encumbered revenues are the amount of funds necessary to service the debt obligation during a given year. The amount of encumbered funds required at June 30, 2017 and 2016, was \$588,297 and \$587,890, respectively.

Oklahoma City Redevelopment Authority
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Notes to Financial Statements
June 30, 2017 and 2016

Future principal and interest payments on the notes as of June 30, 2017, are as follows:

Year Ended June 30,	Dean A. McGee Note A-1		Biopharmaceutical Manufacturing Facility Note A-2	
	Principal	Interest	Principal	Interest
2018	\$ 253,747	\$ 17,776	\$ 549,783	\$ 38,514
2019	257,489	14,033	557,892	30,405
2020	261,287	10,235	566,121	22,177
2021	265,141	6,382	574,470	13,827
2022	269,052	2,471	582,944	5,354
2023	23,166	59	50,202	28
	<u>\$ 1,329,882</u>	<u>\$ 50,956</u>	<u>\$ 2,881,412</u>	<u>\$ 110,305</u>

The following is a summary of the notes as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Dean A. McGee Note A-1	\$ 1,329,882	\$ 1,580,225
Biopharmaceutical Manufacturing Facility Note A-2	2,881,412	3,423,823
	<u>4,211,294</u>	<u>5,004,048</u>
Less current maturities	(803,530)	(792,414)
	<u>\$ 3,407,764</u>	<u>\$ 4,211,634</u>

Note 10: Net Position

The accompanying government-wide statements of net position reflect the following types of net position as of June 30, 2017 and 2016:

Net Investment in Capital Assets – Represents a balance of \$2,824,366 and \$2,626,563 at June 30, 2017 and 2016, respectively. The debt associated with capital assets had a balance of \$2,881,412 and \$3,423,823 at June 30, 2017 and 2016, respectively.

Restricted – Represents net position which has been restricted by outside sources. The net position restricted for debt service was \$1,074,775 and \$1,074,031 at June 30, 2017 and 2016, respectively. The net position restricted for economic development activities was \$23,858,307 and \$20,837,210 at June 30, 2017 and 2016, respectively.

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2017 and 2016

Note 11: Ad Valorem Tax Revenue

Revenue is generated through apportionment of ad valorem tax increments collected within TIF 1 and TIF 7. The increment of ad valorem taxes, as defined by the *Oklahoma Local Development and Enterprise Zone Incentive Leverage Act*, in excess of ad valorem taxes generated by the base assessed value of the increment district may be apportioned and used to pay project costs authorized by the project plan. The taxes are collected and distributed by the Oklahoma County Treasurer. Monies not distributed to the Authority are maintained for the benefit of the Authority by the Oklahoma County Treasurer. Interest income is paid by the Oklahoma County Treasurer on monies collected and held for apportionment and distribution.

A summary of the ad valorem tax revenue for the years ended June 30, 2017 and 2016, is as follows:

	TIF 1	TIF 7	Total
2017			
Tax year			
2015	\$ 37,764	\$ -	\$ 37,764
2016	1,872,031	275,436	2,147,467
	<u>1,909,795</u>	<u>275,436</u>	<u>2,185,231</u>
Interest received	3,075	444	3,519
Net change in tax receivable from Oklahoma County Treasurer	<u>135,247</u>	<u>-</u>	<u>135,247</u>
	<u><u>\$ 2,048,117</u></u>	<u><u>\$ 275,880</u></u>	<u><u>\$ 2,323,997</u></u>
2016			
Tax year			
2009	\$ 168	\$ -	\$ 168
2014	104,344	-	104,344
2015	1,843,609	-	1,843,609
	<u>1,948,121</u>	<u>-</u>	<u>1,948,121</u>
Interest received	1,790	-	1,790
Net change in tax receivable from Oklahoma County Treasurer	<u>(19,762)</u>	<u>-</u>	<u>(19,762)</u>
	<u><u>\$ 1,930,149</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,930,149</u></u>

Note 12: Lease Agreement

The Authority has leased the land beneath the Skirvin Hotel to Skirvin Partners, LLC under a 99-year lease agreement. Payments under the lease are to be calculated at 1% of the rent capitalization value of the Skirvin Hotel and the land, calculated annually by capitalizing the net operating income using a rate of 8.5%. Skirvin Partners, LLC has the option to purchase the land at the end of the lease.

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2017 and 2016

All rents collected under the lease agreement are to be used to repay Urban Renewal for funds loaned to the Authority, not to exceed \$1,500,000. Of the \$1,500,000, the Authority drew down \$651,731. The \$651,731 was repaid during the year ended June 30, 2009. The balance of rents collected will be retained by the Authority pending authorization and direction for the use of the revenue by the City Council or its designee.

During the year ended June 30, 2015, the City Council approved the use of Skirvin funds to pay off a Brownfield loan the City had related to the cleanup of the Skirvin site. The Authority transferred \$692,911 to the City for this purpose.

In May 2016, the City Council approved the use of \$7,400,000 of the Skirvin funds to be transferred to Urban Renewal to support the proposed convention center hotel project. The Authority transferred \$2,000,000 during the year ended June 30, 2016. The remaining \$5,400,000 was transferred during the fiscal year ended June 30, 2017, and was included in due to Urban Renewal in the accompanying financial statements.

Rent revenues recognized under the lease agreement were \$0 and \$642,496 for the years ended June 30, 2017 and 2016, respectively.

Note 13: Related-Party Transactions

Urban Renewal

At June 30, 2017 and 2016, the Authority owed \$19,538 and \$24,337, respectively, of TIF 1 funds to Urban Renewal for administrative costs.

Supplementary Information

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Budget-to-Actual Expenditure Comparison (Project Life-to-Date)
June 30, 2017

TIF 1	Category A	Category B	Category C
Total budget	\$ 22,000,000	\$ 23,000,000	\$ 2,000,000
Expenditures			
For years 2013 through 2017	(2,605,783)	(830)	(210,620)
For years 2012 and prior	<u>(9,719,370)</u>	<u>(14,516,056)</u>	<u>(1,422,249)</u>
Budget amount remaining	<u>\$ 9,674,847</u>	<u>\$ 8,483,114</u>	<u>\$ 367,131</u>

TIF 7	Category A	Category B	Category C	Category D
Total budget	\$ 4,000,000	\$ 5,000,000	\$ 1,000,000	\$ 11,000,000
Expenditures				
For years 2013 through 2017	(249,352)	-	-	(135,912)
For years 2012 and prior	<u>-</u>	<u>-</u>	<u>-</u>	<u>(504,816)</u>
Budget amount remaining	<u>\$ 3,750,648</u>	<u>\$ 5,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 10,359,272</u>

In addition, interest and costs of issuance of bonds to finance the authorized project activities are authorized but not budgeted. The schedule above only reflects budgeted TIF categories.

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Budget-to-Actual Expenditure Comparison (Project Life-to-Date)
June 30, 2017

Note 1: Basis of Preparation

The budget-to-actual comparisons have been prepared on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available and expenditures are recorded when the liability is incurred.

Note 2: Expenditures

TIF 1

TIF 1 expenses incurred by the Authority are classified into three basic categories. The categories defined by the project plan, as amended May 16, 2001, November 30, 2002 and August 1, 2006, are as follows:

Category A – The cost of planning; financing; assistance in developing financing; acquiring and constructing biomedical, biopharmaceutical and technological research and development facilities; complementary commercial facilities; and other public research park improvements by the Authority, a public trust.

Category B – The cost of planning; financing; assistance in developing financing; acquiring, constructing and developing parking facilities; complementary commercial facilities; and related public improvements by the Authority, a public trust.

Category C – The cost of implementing and administering the project plan incurred or to be incurred by the City and Urban Renewal, including, but not limited to, payment and/or reimbursement of costs advanced in connection with the preparation and approval of the project and project plan, administrative costs, organizational costs, professional service costs and financing costs and fees.

TIF 7

The August 1, 2006, plan amendment added TIF 7 to the project plan. TIF 7 project cost categories follow the definitions above, with the addition of Category D, defined as follows:

Category D – The costs of implementing the economic development and redevelopment activities of Urban Renewal, in accordance with the Harrison-Walnut Urban Renewal Plan, and the project plan, including assistance in developing financing and the negotiation, preparation, execution and implementation of development and redevelopment agreements, including agreements for financing, property acquisition, construction of public improvements and land disposition.

During the years ended June 30, 2008 through 2011, TIF 1 paid TIF 7 Category D costs. The project plan allows TIF 1 to advance funds for TIF 7 expenditures and TIF 7 to reimburse those amounts when funding is received. As these funds will be repaid once funding is received, they have been included in the TIF 7 budget-to-actual schedule.

**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of the Financial Statements Performed in
Accordance with *Government Auditing Standards***

Board of Trustees
Oklahoma City Redevelopment Authority
Oklahoma City, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major funds of the Oklahoma City Redevelopment Authority (the Authority), a component unit of the City of Oklahoma City, Oklahoma (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 16, 2017.

Internal Control over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit of the financial statements, we considered the Authority's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control described in the accompanying schedule of findings and responses as item 2017-001 that we consider to be a significant deficiency in internal control.

Board of Trustees
Oklahoma City Redevelopment Authority

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Authority's Response to the Finding

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Oklahoma City, Oklahoma
November 16, 2017

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City
Schedule of Findings and Responses
Year Ended June 30, 2017

Findings Required to be Reported by *Governmental Auditing Standards*

Reference Number	Finding
2017-001	<p>Criteria or Specific Requirement – Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – The Authority did not record revenue or a related receivable from the Oklahoma City Economic Development Trust related to reimbursable expenditures for the GE grant.</p> <p>Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – Misstatement in the financial statements resulted from the omission noted above and was not detected and/or corrected in a timely manner, resulting in a passed adjustment to the 2017 financial statements relating to previous years’ financial statements.</p> <p>Cause – The review process failed to review all grants and awards and their related costs for proper recognition in the basic financial statements.</p> <p>Recommendation – We recommend management review their procedures for tracking grant awards and expenditures.</p> <p>Views of Responsible Officials and Planned Corrective Actions – Management agrees with the finding and will review and implement procedures to ensure accruals are properly recognized.</p>

Board of Trustees
Oklahoma City Redevelopment Authority
Oklahoma City, Oklahoma

As part of our audit of the financial statements of the Oklahoma City Redevelopment Authority (the Authority), a component unit of the City of Oklahoma City (the City), as of and for the year ended June 30, 2017, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America and the Standards Applicable to Financial Audits Contained in Government Auditing Standards, Issued by the Comptroller General of the United States

An audit performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, is designed to obtain reasonable, rather than absolute, assurance about the financial statements. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

The Authority's significant accounting policies are described in Note 1 of the audited financial statements.

Alternative Accounting Treatments

No matters are reportable.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Rent receivable/reimbursable
- Receivable for payments in lieu of taxes
- Notes receivable valuation
- Depreciation expense

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Revenue recognition
- Lease transactions

Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. Some adjustments proposed were not recorded because their aggregate effect is not currently material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate.

Areas in which adjustments were proposed include:

Proposed Audit Adjustment Recorded

- Deferred inflows related to revenue not available until two months after year-end

Proposed Audit Adjustments Not Recorded

- Attached is a summary of uncorrected misstatements we aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements as a whole.

Auditor's Judgments About the Quality of the Authority's Accounting Principles

No matters are reportable.

Other Material Written Communication

Listed below is another material written communication between management and us related to the audit:

- Management representation letter (attached)

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements of the Authority as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements of the Authority's financial statements on a timely basis. A deficiency in design exists when a control necessary to meet a control objective is missing or an existing control is not properly designed so that, even if the control operates as designed, a control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We observed the following matter that we consider to be a significant deficiency.

Significant Deficiency

Refer to the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*.

This communication is intended solely for the information and use of management, the Board of Trustees and others within the Authority and the City of Oklahoma City and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

November 16, 2017

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

November 16, 2017

TRUSTEES

J. Larry Nichols
Chairman

James R. Tolbert III
Vice Chairman

Mark Beffort

David Greenwell

Larry McAtee, Jr.

Mary Melon

Russell M. Perry

**EXECUTIVE
DIRECTOR**

Catherine O'Connor

BKD, LLP

Certified Public Accountants

Two Leadership Square

211 N. Robinson Avenue, Ste. 600

Oklahoma City, OK 73102

We are providing this letter in connection with your audits of the Oklahoma City Redevelopment Authority's (the Authority), a component unit of the City of Oklahoma City, Oklahoma, financial statements as of and for the years ended June 30, 2017 and 2016. We confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our engagement letter dated May 23, 2017, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

4. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.

5. We have provided you with:
 - (a) Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.
 - (b) Additional information that you have requested from us for the purpose of the audit.
 - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - (d) All minutes of meetings of the governing body held through the date of this letter.
 - (e) All significant contracts and grants.

6. All transactions have been recorded in the accounting records and are reflected in the financial statements.

7. We have informed you of all current risks of a material amount that are not adequately prevented or detected by entity procedures with respect to:
 - (a) Misappropriation of assets.
 - (b) Misrepresented or misstated assets, liabilities or net position.

8. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

9. We have no knowledge of any known or suspected:
 - (a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.
 - (b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.

10. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority received in communications from employees, customers, regulators, suppliers or others.
11. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America. We understand that the term related party refers to an affiliate; management, and members of their immediate families, component units; and any other party with which the Authority may deal if it can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with us.
12. Except as reflected in the financial statements, there are no:
 - (a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.
 - (b) Material transactions omitted or improperly recorded in the financial statements.
 - (c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
 - (d) Events occurring subsequent to the balance sheet date through the date of this letter requiring adjustment or disclosure in the financial statements.
 - (e) Agreements to purchase assets previously sold.
 - (f) Restrictions on cash balances or compensating balance agreements.
 - (g) Guarantees, whether written or oral, under which the Authority is contingently liable.
13. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
14. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the consolidated financial statements. We have not sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not

aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.

15. Adequate provisions and allowances have been accrued for any material losses from:
 - (a) Uncollectible receivables.
 - (b) Sales commitments, including those unable to be fulfilled.
 - (c) Purchase commitments in excess of normal requirements or above prevailing market prices.

16. Except as disclosed in the financial statements, we have:
 - (a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.
 - (b) Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.

17. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

18. With regard to deposit and investment activities:
 - (a) All deposit, repurchase and reverse repurchase agreements and investment transactions have been made in accordance with legal and contractual requirements.
 - (b) Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
 - (c) We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.

19. With respect to any nonattest services you have provided us during the year, including assistance in financial statement preparation:
 - (a) We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
 - (b) We have established and monitored the performance of the nonattest services to ensure that they meet our objectives.
 - (c) We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
 - (d) We have evaluated the adequacy of the services performed and any findings that resulted.
20. We acknowledge that we are responsible for compliance with applicable laws, regulations and provisions of contracts and grant agreements.
21. We have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
22. We have identified and disclosed to you any violations or possible violations of laws, regulations and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
23. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts or violations of provisions of contracts or grant agreements that you or other auditors report.
24. We have a process to track the status of audit findings and recommendations.
25. We have identified to you any previous financial audits, attestation engagements, performance audits or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements or other studies.
26. We have provided our views on any findings, conclusions and recommendations, as well as our planned corrective actions with respect thereto, to you for inclusion in the findings and recommendations referred to in your report on internal control over financial reporting and on compliance and other matters based on your audit

of the financial statements performed in accordance with *Government Auditing Standards*.

27. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
28. The fair values of financial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto are reasonable estimates based on the methods and assumptions used. The methods and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period, taking into account any changes in circumstances. The significant assumptions appropriately reflect market participant assumptions.
29. The supplementary information required by the Governmental Accounting Standards Board (GASB), consisting of management's discussion and analysis has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.
30. With regard to supplementary information:
 - (a) We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
 - (b) We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
 - (c) The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period.
 - (d) We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.

- (e) If the supplementary information is not presented with the audited financial statements, we acknowledge we will make the audited financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor's report are issued.



Catherine O'Connor, Executive Director



Geri Harlan, Chief Financial Officer

Oklahoma City Redevelopment Authority

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflects the effects on the financial statements if the uncorrected misstatements identified were corrected.

Governmental Activities (Government-Wide Statements)

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	11,848,439		11,848,439	
Non-Current Assets & Deferred Outflows	20,265,772		20,265,772	
Current Liabilities	(948,999)		(948,999)	
Non-Current Liabilities & Deferred Inflows	(3,407,764)		(3,407,764)	
Current Ratio	12.49		12.49	
Total Assets & Deferred Outflows	32,114,211		32,114,211	
Total Liabilities & Deferred Inflows	(4,356,763)		(4,356,763)	
Total Net Position	(27,757,448)		(27,757,448)	
General Revenues & Transfers	(3,576,951)		(3,576,951)	
Net Program Revenues/ Expenses	357,307	305,242	662,549	85.43%
Change in Net Position	(3,219,644)	305,242	(2,914,402)	-9.48%

Client: Oklahoma City Redevelopment Authority
Period Ending: June 30, 2017

Governmental Activities (Government-Wide Statements)
SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

Description	Financial Statement Line Item	Factual (F), Judgmental (J), Projected (P)	Assets & Deferred Outflows		Liabilities & Deferred Inflows		General Revenues & Transfers			Net Program Revenues/ Expenses		Net Position		Net Effect on Following Year				
			Current		Non-Current		Current		Non-Current		DR		(CR)		Change in Net Position		Net Position	
			DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)
Record revenue from the agreement from Oklahoma City Economic Development Trust for reimbursement of grant cost related to the GE grant.		F	0	0	0	0	0	0	305,242	(305,242)	0	0	0	0				
	Operating grants, contributions and restricted interest								305,242	0	N/A	N/A						
	Net position - restricted for economic development									(305,242)								
Total passed adjustments			<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>305,242</u>	<u>(305,242)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		
									Impact on Change in Net Position	305,242								
									Impact on Net Position	0								

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

TRUSTEES

J. Larry Nichols
Chairman

James R. Tolbert III
Vice Chairman

Mark Beffort

David Greenwell

Larry McAtee, Jr.

Mary Melon

Russell M. Perry

EXECUTIVE DIRECTOR

Catherine O'Connor

To: Board of Trustees of the Oklahoma City Redevelopment Authority

From: Catherine O'Connor, Executive Director

Date: January 17, 2018

Ref: Resolution Approving the Amendment to Covenant Relating to the Obligations of the Toby Keith Foundation to Make Payments in Lieu of Taxes on the Property Used for the OK Kids Korral

Background: On October 26, 2011, OCURA, the Presbyterian Health Foundation ("PHF"), and the Toby Keith Foundation ("TKF") entered into a Supplemental Redevelopment Agreement and 2012, L.L.C., as landlord, and TKF, as tenant, entered into a Ground Lease dated October 26, 2011, for the development of property located at NE 8th Street and N Laird Avenue for OK Kids Korral, a residential lodging facility dedicated to supporting pediatric cancer patients and their families.

Pursuant to the Special Warranty Deed and Ground Lease, the Property was conveyed subject to certain covenants and conditions, including, an obligation for TKF to make payments in lieu of taxes (PILOT) upon completion of the project so long as the Property is within an increment district. TKF paid \$300,000 in advance PILOT at the time of closing and the annual PILOT obligation beginning in 2014 was approximately \$130,000.

TKF has requested an amendment to the covenant requiring PILOT payments for the property so that the payment obligation will be capped at no more than \$50,000 per year, and to clarify that the payment obligation will terminate upon the formal termination or dissolution of Increment District No. 7.

OCRA deems it appropriate and desirable to approve of the proposed Amendment to Covenant proposed by TKF in order to support TKF's charitable mission in operating the OK Kids Korral.

Purpose of Agenda Item: The proposed resolution approves an amendment to the covenants as obligated via the Special Warranty Deed and Ground Lease.

Staff Recommendation: Approval of Resolution.

Attachments: Amendment to Covenant

RESOLUTION NO. _____

RESOLUTION APPROVING THE AMENDMENT TO COVENANT RELATING TO THE OBLIGATIONS OF THE TOBY KEITH FOUNDATION TO MAKE PAYMENTS IN LIEU OF TAXES ON THE PROPERTY USED FOR THE OK KIDS KORRAL

WHEREAS, pursuant to the Amended Harrison-Walnut Urban Renewal Plan (“Urban Renewal Plan”), the Oklahoma City Urban Renewal Authority (“OCURA”), the Presbyterian Health Foundation (“PHF”), and the Toby Keith Foundation (“TKF”) entered into a Supplemental Redevelopment Agreement dated October 26, 2011 (“Supplemental Redevelopment Agreement”), and 2012, L.L.C., as landlord, and TKF, as tenant, entered into a Ground Lease dated October 26, 2011 (“Ground Lease”), for the development of the real property described below (“Property”) as the OK Kids Korral, a residential lodging facility dedicated to supporting pediatric cancer patients and their families:

Part of Block 27 of Section One of The Medical Center Replat, Area “B”, to Oklahoma City, Oklahoma County, Oklahoma, according to the plat recorded in Book 42 of Plats, page 63, more particularly described as follows:

Beginning at the Northeast Corner of said Block 27, said point being on the west right of way of North Laird Avenue;

THENCE South 00°00’54” East along said right of way a distance of 300.00 feet to a point on the north right of way of Northeast 7th Street;

THENCE South 89°58’43” West along said right of way a distance of 298.00 feet;

THENCE North 00°00’54” West a distance of 300.00 feet to a point on the north line of said Block 27 and the south right of way of Northeast 8th Street;

THENCE North 89°58’43” East along said line(s) a distance of 298.00 feet to the point of beginning; and

WHEREAS, in accordance with the Supplemental Redevelopment Agreement, the Property was conveyed by OCURA to PHF subject to certain covenants by virtue of the Special Warranty Deed recorded in Book 11760, Page 1808, *et seq.*, of the land records of Oklahoma County, Oklahoma; and

WHEREAS, pursuant to an Assignment and Assumption dated October 1, 2013 (“Assignment and Assumption”), PHF has assigned its rights and obligations under the Supplemental Redevelopment Agreement, and 2012, L.L.C. has assigned its rights and obligations under the Ground Lease, to the Board of Regents of the University of Oklahoma (“University”); and

WHEREAS, in accordance with the Assignment and Assumption, the Property was conveyed by 2012, L.L.C. to the University, subject to the same certain covenants referenced above

and as described below by virtue of the Special Warranty Deed recorded in Book 12373, at Page 1088, *et seq.*, of the land records of Oklahoma County, Oklahoma (“Deed”); and

WHEREAS, pursuant to the Deed and Ground Lease, the Property was conveyed subject to certain covenants and conditions, including, without limitation, an obligation for TKF to make payments in lieu of taxes so long as the Property is within an increment district established pursuant to 62 O.S. § 850, *et seq.*; and

WHEREAS, the Deed expressly deems OCURA, The City, and Oklahoma County as beneficiaries of the covenant requiring TKF to make payments in lieu of taxes so long as the Property is within an increment district, and The City has authorized the Oklahoma City Redevelopment Authority as a designee of said covenant; and

WHEREAS, TKF has proposed an amendment to the covenant requiring payments in lieu of taxes for the Property so that the payment obligation will be capped at no more than \$50,000 per year, and to clarify that the payment obligation will terminate upon the formal termination or dissolution of Increment District No. 7, City of Oklahoma City; and

WHEREAS, the Board of Trustees of the Oklahoma City Redevelopment Authority deems it appropriate and desirable to approve of the proposed Amendment to Covenant proposed by TKF in order to support TKF’s charitable mission in operating the OK Kids Korral.

NOW THEREFORE, BE IT RESOLVED by the Board of Trustees of the Oklahoma City Redevelopment Authority as follows:

1. That the proposed Amendment to Covenant, as presented to the Authority, consisting of three pages of text, exclusive of the separate signature pages that follow the text, is hereby approved
2. That the Executive Director is authorized to execute the Amendment to Covenant.
3. That the Executive Director is authorized to take such actions as may be necessary or appropriate to support and implement the Amendment to Covenant, including approval of amendments, corrections, and clarifications thereof, and to incur costs and approve and execute and other related documents which are appropriate to performing the authorizations contained in this Resolution and the terms of the Amendment to Covenant.

I, _____, Secretary of the Board of Trustees of the Oklahoma City Redevelopment Authority, certify that the foregoing Resolution No. _____ was duly adopted at a **regular** meeting of the Board of Trustees of the Oklahoma City Redevelopment Authority, held at the Arts District Garage Conference Room, 431 West Main, Suite B, Oklahoma City, Oklahoma 73102, on the **17th** day of **January, 2018**; that said meeting was held in accordance with the By-Laws of the Authority and the Oklahoma Open Meeting Act; that any notice required

to be given of such meeting was properly given; that a quorum was present at all times during said meeting; and that the Resolution was duly adopted by a majority of the Trustees present.

SECRETARY

(SEAL)

RECORDING REQUESTED BY AND WHEN RECORDED
PLEASE RETURN TO:

(SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY)

AMENDMENT TO COVENANT

This Amendment to Covenant (this "Agreement") is made by and among: 2012, L.L.C., an Oklahoma limited liability company ("2012"); THE BOARD OF REGENTS OF THE UNIVERSITY OF OKLAHOMA, a constitutional entity of the State of Oklahoma having a mailing address of 1000 Stanton L. Young Blvd., Oklahoma City, OK 73117 (the "University"); the OKLAHOMA CITY URBAN RENEWAL AUTHORITY, an Oklahoma public body corporate ("OCURA"); the OKLAHOMA CITY REDEVELOPMENT AUTHORITY, an Oklahoma public trust ("OCRA"); THE CITY OF OKLAHOMA CITY, an Oklahoma municipal corporation ("The City"); OKLAHOMA COUNTY (the "County"); and THE TOBY KEITH FOUNDATION, INC., an Oklahoma not-for-profit corporation ("TKF"); with respect to the following:

WHEREAS, the Amended Harrison-Walnut Urban Renewal Plan (which, together with all modifications thereof made after the date of this instrument, in accordance with applicable law, is hereinafter referred to as the "Urban Renewal Plan"), has been adopted and approved by the City Council of The City, which Urban Renewal Plan, as it exists on the date hereof, is recorded in the Office of the City Clerk of The City; and

WHEREAS, the Urban Renewal Plan consists of a program for the clearance, reconstruction and rehabilitation of blighted areas in The City (hereinafter referred to as the "Project"); and

WHEREAS, The City has authorized the OCURA to administer and implement certain Project activities; and

WHEREAS, pursuant to the Urban Renewal Plan and the Oklahoma Urban Renewal Law, 11 O.S. § 38-101, *et seq.*, OCURA is authorized to approve agreements for redevelopment of property in the Project area pursuant to the objectives of the Project and Urban Renewal Plan; and

WHEREAS, OCURA, the Presbyterian Health Foundation ("PHF"), and TKF entered into a Supplemental Redevelopment Agreement dated October 26, 2011 (the "Supplemental Redevelopment Agreement"), and 2012, as landlord, and TKF, as tenant, entered into a Ground Lease dated October 26, 2011 (the "Ground Lease"), for the development of the real property described below (the "Property") as a residential lodging facility dedicated to supporting pediatric cancer patients and their families:

Legal Description of the Property

Part of Block 27 of Section One of The Medical Center Replat, Area "B", to Oklahoma City, Oklahoma County, Oklahoma, according to the plat recorded in Book 42 of Plats, page 63, more particularly described as follows:

Beginning at the Northeast Corner of said Block 27, said point being on the west right of way of North Laird Avenue;

THENCE South 00°00'54" East along said right of way a distance of 300.00 feet to a point on the north right of way of Northeast 7th Street;

THENCE South 89°58'43" West along said right of way a distance of 298.00 feet;

THENCE North 00°00'54" West a distance of 300.00 feet to a point on the north line of said Block 27 and the south right of way of Northeast 8th Street;

THENCE North 89°58'43" East along said line(s) a distance of 298.00 feet to the point of beginning; and

WHEREAS, in accordance with the Supplemental Redevelopment Agreement, the Property was conveyed by OCURA to PHF subject to certain covenants as described below by virtue of the Special Warranty Deed recorded in Book 11760, Page 1808, *et seq.*, of the land records of Oklahoma County, Oklahoma; and

WHEREAS, pursuant to an Assignment and Assumption dated October 1, 2013 (the "Assignment and Assumption"), PHF has assigned its rights and obligations under the Supplemental Redevelopment Agreement, and 2012 has assigned its rights and obligations under the Ground Lease, to the University, all as approved by OCURA; and

WHEREAS, in accordance with the Assignment and Assumption, the Property was conveyed by 2012 to the University subject to the same certain covenants referenced above and as described below by virtue of the Special Warranty Deed recorded in Book 12373, at Page 1088, *et seq.*, of the land records of Oklahoma County, Oklahoma (the "Deed"); and

WHEREAS, pursuant to the Deed and Ground Lease, the Property was conveyed subject to certain covenants and conditions, including, without limitation, an obligation for TKF to make payments in lieu of taxes so long as the Property is within an increment district established pursuant to 62 O.S. § 850, *et seq.*; and

WHEREAS, the Deed expressly deems OCURA, The City, and the County as beneficiaries of the covenant requiring TKF to make payments in lieu of taxes so long as the Property is within an increment district, and The City has authorized OCRA as a designee of said covenant; and

WHEREAS, the purpose of this Agreement to clarify said obligation to make payments in lieu of taxes.

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable considerations, it is agreed as follows:

1. Termination of PILOT Obligation. The obligations of TKF to make payments in lieu of taxes, as more particularly described in the Supplemental Development Agreement, Deed, and Ground Lease, shall terminate upon the formal termination or dissolution of Increment District No. 7, City of Oklahoma City ("TIF 7").

2. Maximum Amount of PILOT Obligation. Starting in the 2018 ad valorem tax year, the amount of the payments in lieu of taxes TKF is obligated to make, as more particularly described in the Supplemental Development Agreement, Deed, and Ground Lease, shall not exceed \$50,000.00 per year.

3. Binding Effect. Except as modified by this Agreement, the covenants, conditions, and obligations described in the Deed and Ground Lease, and the rights granted thereunder, shall remain in full force and effect in accordance with the original terms of the Deed and Ground Lease.

[signature pages to follow]

IN WITNESS WHEREOF, the Board of Regents of the University of Oklahoma, a constitutional entity of the State of Oklahoma, has executed this Amendment to Covenant as of the ____ day of _____, 20____.

THE BOARD OF REGENTS OF THE UNIVERSITY OF OKLAHOMA,
a constitutional entity of the State of Oklahoma

By: _____
Kenneth D. Rowe
Vice President of Administration and Finance

ACKNOWLEDGEMENT

STATE OF OKLAHOMA)
) ss:
COUNTY OF OKLAHOMA)

Before me, a Notary Public in and for said State, on this ____ day of _____, 20____, personally appeared Kenneth D. Rowe, to me known to be the identical person who subscribed the name of the Board of Regents of the University of Oklahoma, a constitutional entity of the State of Oklahoma to the foregoing instrument as its Vice President of Administration and Finance and acknowledged to me that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of the Board of Regents of the University of Oklahoma, a constitutional entity of the State of Oklahoma, for the uses and purposes therein set forth.

WITNESS my hand and official seal the day and year last above written.

Notary Public

(SEAL OR STAMP)

My Commission Expires: _____
My Commission Number: _____

IN WITNESS WHEREOF, the Oklahoma City Urban Renewal Authority, an Oklahoma public body corporate, has executed this Amendment to Covenant as of the _____ day of _____, 20_____.

OKLAHOMA CITY URBAN RENEWAL AUTHORITY,
an Oklahoma public body corporate

By: _____
Catherine O'Connor, Executive Director

ACKNOWLEDGEMENT

STATE OF OKLAHOMA)
) ss:
COUNTY OF OKLAHOMA)

The foregoing instrument was acknowledged before me this _____ day of _____, 20_____, by Catherine O'Connor, as the Executive Director of the Oklahoma City Urban Renewal Authority, an Oklahoma public body corporate.

Notary Public

(SEAL OR STAMP)

My Commission Expires: _____

My Commission Number: _____

IN WITNESS WHEREOF, Oklahoma County, a political subdivision, has executed this Amendment to Covenant as of the _____ day of _____, 20_____.

OKLAHOMA COUNTY,
a political subdivision

By: _____
Brian Maughan
Chairman, Board of County Commissioners

ACKNOWLEDGEMENT

STATE OF OKLAHOMA)
) ss:
COUNTY OF OKLAHOMA)

Before me, a Notary Public in and for said State, on this _____ day of _____, 20_____, personally appeared Brian Maughan, to me known to be the identical person who subscribed the name of Oklahoma County, a political subdivision, to the foregoing instrument as the Chairman of its Board of County Commissioners, and acknowledged to me that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of Oklahoma County, a political subdivision, for the uses and purposes therein set forth.

WITNESS my hand and official seal the day and year last above written.

Notary Public

(SEAL OR STAMP)

My Commission Expires: _____
My Commission Number: _____

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

TRUSTEES

J. Larry Nichols
Chairman

James R. Tolbert III
Vice Chairman

Mark Beffort

David Greenwell

Larry McAtee, Jr.

Mary Melon

Russell M. Perry

EXECUTIVE DIRECTOR

Catherine O'Connor

To: Board of Trustees of the Oklahoma City Redevelopment Authority

From: Catherine O'Connor, Executive Director

Date: January 17, 2018

Ref: Resolution Authorizing and Approving Agreement with Oklahoma City Public Schools for Joint Disposition and Redevelopment of 900 North Klein Avenue and Columbus Elementary School

Background: The Oklahoma City Redevelopment Authority, a public trust, ("OCRA"), was organized for the purpose of assisting in the implementation of economic development and redevelopment projects and aiding and providing financial assistance to the Oklahoma City Urban Renewal Authority in connection with its proposed and approved redevelopment activities for the benefit of The City of Oklahoma City ("CITY").

Oklahoma City Public Schools ("OKCPS") has multiple surplus properties requiring disposition and redevelopment, including the former OKCPS administrative headquarters, located at 900 North Klein Avenue, as well as surrounding property formerly housing Bryan Research Center and two parking lots, and the former Columbus Elementary school, located at 2402 South Pennsylvania Avenue.

The goal of this agreement is to ensure that both Redevelopment Sites are redeveloped into community and neighborhood assets, and do not become blighting influences on the surrounding areas.

Purpose of Agenda Item: The proposed resolution authorizes and approves an agreement with Oklahoma City Public Schools for the joint disposition and redevelopment of 900 N. Klein Avenue and Columbus Elementary School

Staff Recommendation: Approval of Resolution.

Attachments: Map Exhibits

RESOLUTION NO. _____

RESOLUTION AUTHORIZING AND APPROVING AGREEMENT WITH OKLAHOMA CITY PUBLIC SCHOOLS FOR JOINT DISPOSITION AND REDEVELOPMENT OF 900 NORTH KLEIN AVENUE AND COLUMBUS ELEMENTARY SCHOOL

WHEREAS, the Oklahoma City Redevelopment Authority, a public trust established pursuant to the Oklahoma Public Trust Law, 60 O.S. § 176, *et seq.* (“OCRA”), was organized for the purpose of assisting in the implementation of economic development and redevelopment projects and aiding and providing financial assistance to the Oklahoma City Urban Renewal Authority (“Authority”) in connection with its proposed and approved redevelopment activities for the benefit of The City of Oklahoma City (“City”); and

WHEREAS, a critical component of the City’s economic development and redevelopment efforts is coordination among public entities providing essential public services to the people of Oklahoma City, including especially public education provided by Oklahoma City Public Schools (Independent School District No. 89 of Oklahoma County) (“OKCPS”); and

WHEREAS, OKCPS has multiple surplus properties requiring disposition and redevelopment, including the former OKCPS administrative headquarters, located at 900 North Klein Avenue, as well as surrounding property formerly housing Bryan Research Center and two parking lots (collectively, “900 N. Klein”), and the former Columbus Elementary School, located at 2402 South Pennsylvania Avenue (“Columbus School”) (900 N. Klein and Columbus School together, “Redevelopment Sites”); and

WHEREAS, it is appropriate and desirable to ensure that both Redevelopment Sites are redeveloped into community and neighborhood assets, and do not become blighting influences on the surrounding areas; and

WHEREAS, OCRA has extensive experience disposing of property in a manner that ensures the property is redeveloped in a sound and beneficial way.

WHEREAS, OKCPS and OCRA have proposed a joint disposition process for the Redevelopment Sites whereby OCRA issues a Request for Proposals (“RFP”) for each Redevelopment Site and works to negotiate and implement comprehensive redevelopment plans with potential redevelopers for the Redevelopment Sites, with OKCPS retaining the negotiated purchase prices net of OCRA reasonable costs; and

WHEREAS, the Agreement lays out the joint disposition process and is appropriate and desirable for both OKCPS and OCRA.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Oklahoma City Redevelopment Authority as follows:

1. The proposed Agreement for Joint Disposition and Redevelopment of 900 N. Klein Avenue and Columbus Elementary is hereby authorized and approved, subject to

such additions, revisions, and changes as the Executive Director, with the assistance of Legal Counsel, finds necessary and appropriate.

2. The officers of the Oklahoma City Redevelopment Authority, its Executive Director, and Legal Counsel are authorized to take such actions and to execute such agreements as may be necessary or appropriate to implement this authorization.

I, _____, Secretary of the Oklahoma City Redevelopment Authority, a public trust, certify that the foregoing Resolution No. _____ was duly adopted at a **regular** meeting of the Board of Trustees of the Oklahoma City Redevelopment Authority held at the Arts District Garage Conference Room, 431 West Main Street, Suite B, Oklahoma City, Oklahoma on the **17th** day of **January, 2018**, that said meeting was held in accordance with the By-Laws of the Oklahoma City Redevelopment Authority and the Oklahoma Open Meeting Act; that any notice required to be given of such meeting was properly given; that a quorum was present at all times during such meeting; and that said Resolution was adopted by a majority of the Trustees present.

SECRETARY

(SEAL)

Agreement for Joint Redevelopment and Disposition of 900 North Klein and Columbus Elementary School

Prepared by:

Oklahoma City Public Schools

Oklahoma City Redevelopment Authority

Board of Education

Paula Lewis, Chair
Charles Henry, District 1
Rebecca Budd, District 2
Carrie Jacobs, District 3
Mark Mann, District 4
Ruth Veales, District 5
Gloria Torres, District 6, Vice Chair
Ron Millican, District 7

Superintendent

Aurora Lora

Board of Trustees

J. Larry Nichols, Chair
James R. Tolbert, III, Vice Chair
Larry McAtee, Secretary
David Greenwell, Treasurer
Mary Mélon
Russell M. Perry
Mark Beffort

Executive Director

Catherine O'Connor

with the assistance of:



CENTER FOR ECONOMIC
DEVELOPMENT LAW

301 North Harvey, Suite 100
Oklahoma City, Oklahoma 73102
(405) 232-4606 | www.econlaw.com

**AGREEMENT FOR JOINT DISPOSITION AND REDEVELOPMENT OF
900 NORTH KLEIN AND COLUMBUS ELEMENTARY SCHOOL**

This AGREEMENT FOR JOINT DISPOSITION AND REDEVELOPMENT OF 900 NORTH KLEIN AND COLUMBUS ELEMENTARY SCHOOL (“Agreement”) is made on or as of this ____ day of _____, 2017, by and between OKLAHOMA CITY PUBLIC SCHOOLS (Independent School District No. 89 of Oklahoma County, Oklahoma) (“OKCPS”), a public body corporate and independent school district pursuant to the Oklahoma School Code, and the OKLAHOMA CITY REDEVELOPMENT AUTHORITY (“OCRA”), a public trust established pursuant to the Oklahoma Public Trust Law, 60 O.S. § 176, *et seq.*, and having The City of Oklahoma City (“City”) as its beneficiary (OKCPS and OCRA, collectively, “Parties”).

Recitals

(1) OKCPS has recently closed or moved out of several facilities and declared such properties as surplus.

(2) Two of the facilities declared surplus by the Board of Education of OKCPS (“OKCPS Board”) include the former OKCPS administrative headquarters, located at 900 North Klein, as well as surrounding property formerly housing Bryan Research Center and two parking lots (collectively, “900 N. Klein”), and Columbus Elementary School, located at 2402 South Pennsylvania Avenue (“Columbus School”).

(3) The OKCPS Board believes it would be in OKCPS’s best interests to ensure that the Redevelopment Sites are redeveloped into community and neighborhood assets.

(4) OCRA has extensive experience disposing of property in a manner that ensures the property is redeveloped in a sound and beneficial way.

(5) OKCPS and OCRA have proposed a joint disposition process for the Redevelopment Sites whereby OCRA issues a Request for Proposals (“RFP”) for each Redevelopment Site and works to negotiate and implement comprehensive redevelopment plans with potential redevelopers for the Redevelopment Sites, with OKCPS retaining the negotiated purchase prices net of OCRA reasonable costs.

(6) This Agreement lays out the joint disposition process and is appropriate and desirable for both OKCPS and OCRA.

Agreement

I. Agreement to Sell and Purchase. Subject to the terms and conditions of this Agreement, OCRA hereby agrees to purchase from OKCPS, and OKCPS hereby agrees to sell to OCRA the following described real property located in Oklahoma County, Oklahoma, to-wit:

900 N. Klein:

[Insert legal description for 900 N. Klein]

Columbus School:

[Insert legal description for Columbus School]

which real property includes without limitation: (a) the surface of the real estate (the "Land") together with all of OKCPS's right, title, interest and estate in and to oil, gas and other minerals in and under the Land not previously reserved or conveyed of record; and (b) all of the buildings, structures, and improvements in, upon and under the Land, buildings associated therewith, including any and all permanently attached fixtures and equipment therein and thereon (the "Improvements"); and (c) all of the appurtenances belonging to the Land and all of OKCPS's right, title and interest in and to all streets, alleys and other public or private ways adjacent thereto, before or after vacation thereof (900 N. Klein and Columbus School, collectively, "Property").

II. Redevelopment Services and Disposition Procedures.

A. Generally.

1. On or before June 1, 2018, or by some other date mutually agreeable to by OKCPS and OCRA, OCRA shall conduct a preliminary analysis of 900 N. Klein and Columbus School, outline redevelopment criteria and objectives for each, and prepare, publish and circulate to prospective redevelopers an RFP for the redevelopment of each. Such RFPs shall provide for at least a six (6) month RFP response submission period so as to allow adequate time for prospective redevelopers to adequately investigate the Property, prepare meaningful redevelopment plans (including design, engineering, and construction plans, as well as financing strategies).

2. Following receipt of RFP responses, OCRA shall form an advisory committee, including one or more representatives of OKCPS, to review submitted responses and recommend a redeveloper for the Property. The advisory committee shall submit its recommendation to the Board of Trustees of OCRA, which will select the redeveloper and redevelopment proposal that it finds best preserves and rehabilitates the existing buildings located on the Property. OCRA will then negotiate and execute redevelopment agreements with the selected redevelopers that obligate the redevelopers to complete the redevelopment of the Property in accordance with their respective proposals.

3. Once OCRA has selected and entered into a redevelopment agreement with a redeveloper for 900 N. Klein or Columbus School, the redeveloper must perform certain obligations under the redevelopment agreement that are preconditions for acquisition of the Property (including, for example, submission of full architectural plans and formal commitments sufficient to finance the redevelopment project). Upon

completion of those obligations, the redeveloper becomes entitled to acquire the respective portion of the Property. At that time, OKCPS shall convey the Property (either 900 N. Klein or Columbus School, as appropriate), so that OCRA may convey the Property with the selected redevelopers.

B. Specific to 900 N. Klein.

1. OCRA shall work with OKCPS to apply for 900 N. Klein to be included on the National Register of Historic Places pursuant to applicable procedures established by the National Park Service under the National Historic Preservation Act of 1966.

2. OCRA shall work with the City to create a neighborhood plan for the neighborhood surrounding 900 N. Klein to ensure that any redevelopment of 900 N. Klein will produce a positive impact on the surrounding neighborhood.

3. OCRA may net out of the portion of the Purchase Price attributable to 900 N. Klein only its costs incurred in the redevelopment of 900 N. Klein, up to and not to exceed [\$125,000.00].

C. Specific to Columbus School. OCRA may net out of the portion of the Purchase Price attributable to Columbus School only its costs incurred in the redevelopment of Columbus School, up to and not to exceed [\$50,000.00].

III. Purchase Price. The purchase price (the "Purchase Price") for which OKCPS agrees to sell the Property shall be the net proceeds received by OCRA from the developer selected through the RFP process described in Section II above, less adjustments as provided herein.

IV. Time and Place of Closing. Closings for 900 N. Klein and Columbus School, respectively, shall occur at dates and times mutually agreeable to by OKCPS and OCRA (the "Closing Date(s)"), at the offices of OKCPS or at another location mutually agreeable to by OKCPS and OCRA.

V. Apportionments and Adjustments. The following items are to be apportioned to and adjusted between OKCPS and OCRA as of the close of business on the Closing Date and are to be assumed and paid thereafter by OCRA:

A. All real estate taxes, general or special, and all other public or governmental charges or assessments against the Property, which are or may be payable on an annual basis (including charges, assessments, liens or encumbrances for sewer, water, drainage or other public improvements completed or commenced on or prior to the date hereof or subsequent thereto), whether assessments have been levied or not as of the Closing Date;

B. While none are anticipated, any ad valorem taxes owing shall be prorated and paid in accordance with 68 O.S. § 2940 at closing.

VI. Risk of Loss Pending Closing. The risk of loss or damage to or destruction of the Property occurring prior to the Closing Date shall be upon OKCPS. OKCPS shall promptly notify OCRA of any damage to or destruction of the Property. Pending closing, OKCPS shall keep the Property in its present state of condition and repair, reasonable wear and tear excepted.

VII. Pre-Closing Requirements. Prior to closing, OKCPS and OCRA shall have substantially completed, to their mutual satisfaction, the redevelopment disposition procedures described in Section II herein. Additionally, within thirty (30) days from the date of this Agreement or such later time as may be provided for with respect to specific matters, OCRA, at its sole cost and expense, may obtain each of the following items:

A. Title Insurance Commitments. OCRA may obtain commitments for ALTA 1996 owner's policies of title insurance (the "Commitment(s)") issued by the American Eagle Title Insurance Company ("Title Company") showing marketable record title to the Property in OKCPS according to the Title Standards adopted by the Oklahoma Bar Association, subject to recorded plat restrictions, recorded utility easements and zoning ordinances, including any of the oil, gas and other minerals not previously reserved or conveyed of record, and subject to such other exceptions or encumbrances of record which may be approved in writing by OCRA (the "Permitted Title Exceptions"). Copies of all instruments constituting exceptions in the Commitments shall accompany the Commitments. OCRA shall have thirty (30) working days after receipt of each Commitment within which to submit any objections to the title to OKCPS.

The owner's policies, when issued, shall insure over encroachments, overlaps, boundary line disputes and any other matters which would be disclosed by an accurate survey and inspection, and shall delete all exceptions relating to survey matters and to mechanic's and materialmen's liens.

B. Surveys. OCRA may obtain "as built" surveys of either portion of the Property, prepared in accordance with ALTA/ACSM Minimum Standard Detail Requirements covering the Land, showing all Improvements, fences, easements, rights-of-way, building lines, roads and/or alleys and showing no encroachments upon the Land and no encroachments by any of the Improvements onto the adjacent property or onto recorded rights-of-way or easements. The surveys shall be prepared by a registered land surveyor and shall contain a certification in favor of OCRA and the Title Company that the surveys are correct and accurate, the form and content of which certification shall in any event be approved by the Title Company for purposes of deleting the standard survey exceptions from the owner's policy of title insurance.

C. UCC Searches. OCRA may obtain Uniform Commercial Code searches which reflect that all personal property deemed fixtures hereunder are free from any security interest.

D. Appraisals; OKCPS's Option to Provide Appraisals for Review. OCRA may obtain appraisals of the Property from a qualified and licensed appraiser. In lieu of OCRA obtaining new appraisals of the Property, OKCPS shall be entitled to deliver appraisals it has

obtained on the Property to OCRA, who may then have the appraisals reviewed by a qualified review appraiser.

E. OCRA's Objections; OKCPS's Option to Cure. Upon OCRA's receipt and review of the items enumerated in this Section VI, above, in addition to any objections to the condition of the Property, as provided in Sections IX, X and XI of this Agreement, OCRA shall be entitled to deliver specific objections to OKCPS as to any of such items (the "Objections"). Upon OKCPS's receipt of such Objections, OKCPS shall be entitled to deliver written notice to OCRA to the effect that within thirty (30) days thereof, OKCPS will, at OKCPS's sole costs and expense, satisfy one or more of the Objections or that OKCPS is either unable or refuses to satisfy either one or all of the Objections, in which event OCRA shall be entitled to either (i) terminate this Agreement, or (ii) waive any such Objection in writing and proceed to the RFP procedure described below.

VIII. Events Occurring at Closing.

A. OKCPS's Performance. OKCPS shall deliver to OCRA:

1. Good and sufficient warranty deeds in the form attached hereto as Exhibit A, fully and duly executed and acknowledged, conveying fee simple title in and to the Property to OCRA subject only to the Permitted Title Exceptions.

2. A "bills paid affidavit" executed by OKCPS and verifying that there are no unpaid bills for labor performed, material supplied or services provided for or to the Property prior to the closing.

3. All documents, fully executed, required to meet and/or cure all requirements and defects of title, if any.

4. Proof of identification including, photo identification and social security cards or other proof of identification satisfaction to OCRA.

B. OCRA's Performance. OCRA shall deliver to OKCPS at closing the Purchase Price (or portion thereof related to 900 N. Klein or Columbus School, respectively), less adjustments for OCRA's incurred costs up to the not-to-exceed amounts described in Section II.

IX. Closing Costs.

A. OCRA's Costs. OCRA shall pay the following costs and expenses in connection with the closing:

1. Recording fees for the warranty deeds;
2. Any escrow or closing fees charged by the Title Company if utilized for purposes of closing; and
3. Abstracting charges.

B. OKCPS's Costs. OKCPS shall pay the following costs and expenses in connection with the closing:

1. Any legal fees or real estate commissions incurred by OKCPS; and
2. Recording fees for any title curative documents.

C. Other Costs. Except as otherwise described in this Agreement, all other expenses incurred by OKCPS or OCRA with respect to the consummation of the transaction contemplated by this Agreement, including but not limited to brokers' fees, are to be borne and paid exclusively by the party incurring same, without reimbursement.

X. Possession and Condition of the Property. Possession of the Property (or portion thereof) shall be given to OCRA at closing. At closing, the condition of the Property (or portion thereof) shall be in a reasonable condition, free and clear of trash and debris. Prior to closing, OKCPS shall remove or cause to be removed, at OKCPS's sole cost and expense, all items of personal property, including, but not limited to, furniture, equipment, tools, machinery, and any and all personal items.

XI. Access Pending Closing. After execution of this Agreement, OCRA and its consultants, agents, architects and contractors shall have the right to enter the Property, at their own risk and at reasonable times, for the purpose of examination and study. Entries shall be made at such times and in such a manner as to not interfere with OKCPS. OCRA shall give OKCPS at least twenty-four (24) hours advance notice of any such entry. Upon request, OKCPS shall deliver to OCRA, without charge, copies of all drawings, specifications, utility plans, engineering data, environmental reports and/or audits, and all other plans, reports or information, with respect to the Property that are in the possession of OKCPS.

XII. OKCPS's Representations and Warranties. OKCPS hereby represents and warrants to OCRA as follows:

A. Legal Status. (a) OKCPS is a duly formed and validly existing independent school district created under the laws of the State of Oklahoma; and (b) OKCPS and signatory on behalf of OKCPS have all legal right and power to execute this Agreement and to carry out its terms and conditions and has taken all requisite actions for the execution of this Agreement and the consummation of OKCPS's transactions contemplated by this Agreement.

B. Mechanics' Liens. No work has been performed or is in progress at, and no materials have been furnished to, the Property, which though not presently the subject of a lien might give rise to mechanics', materialmen's or other liens against OKCPS's interest in the Property or any improvements later erected on the Property.

C. Compliance with Laws. Neither the entering into of this Agreement nor the consummation of the transaction contemplated hereby shall constitute or result in a violation or breach by OKCPS of any judgment, order, writ, injunction or decree issued against or imposed upon

it, or shall result in a violation of any applicable law, order, rule or regulation of any governmental authority.

D. Violations. To the best of OKCPS's knowledge, information and belief, there are no violations of, and OKCPS has received no notice or other record of any violations of, any federal, state or local laws, ordinances, orders, regulations and requirements affecting the Property.

E. Hazardous Substances. Prior to closing, OCRA may, at its expense, complete a general Phase I Environmental Assessment or Audit and any such other environmental audits, assessments, reports, studies and tests for any specific materials. If the result of any Phase I Environmental Assessment or Audit or any other test or reports for Hazardous Substances or asbestos or asbestos containing materials create a condition which OCRA determines, in OCRA's sole discretion, render redevelopment of the Property unsafe, detrimental to public welfare, or economically unfeasible in light of such resources as may be available, OCRA may:

1. terminate this Agreement by furnishing written notice of termination to OKCPS;
2. and/or waive the defects and proceed to closing.

With respect to the terms "Hazardous Substances" and "Environmental Laws," they shall have the following meaning and definitions:

1. *Environmental Laws* means the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. 9601, *et seq.* in the Superfund Amendments and Reauthorization Act, 42 U.S.C. 9601, *et seq.* and in the Resource Conservation and Recovery Act, 42 U.S.C. 6901, *et seq.* and in the Clean Air Act, 42 U.S.C. 7401, *et seq.*, as any of the preceding may be amended from time to time, and any other substances considered hazardous, toxic or otherwise harmful pursuant to any other applicable laws or regulations relating to pollution or protection of human health or the environment.

2. *Hazardous Substances* means substances defined as a "hazardous substance" or "toxic substance" in the Environmental Laws in effect on the date any representation or warranty is made pursuant to this Agreement.

F. Full Disclosure. OKCPS knows of no materially adverse fact affecting or threatening to affect the Property which has not been disclosed to OCRA in this Agreement.

G. Litigation. To OKCPS's knowledge, there is no action, suit, proceeding, or investigation pending, or threatened, against OKCPS or the Property, which would material adversely affect the Property, including, without limitation, those relating in any way to Environmental Laws or Hazardous Substances.

H. Encumbrances. To OKCPS's knowledge, the Property is not subject to or encumbered by any lease, leases or leasehold interests that cannot be terminated by OKCPS prior to closing.

I. Survival. The representations and warranties provided OKCPS herein, shall, in the event of default, survive closing, and remain in full force and effect thereafter.

XIII. OCRA's Representations and Warranties. OCRA hereby represents and warrants to OKCPS as follows:

A. Legal Status. (a) OCRA is a duly formed and validly existing public trust created under the laws of the State of Oklahoma; and (b) OCRA has all legal right and power to execute this Agreement and to carry out its terms and conditions and has taken all requisite actions for the execution of this Agreement and the consummation of OCRA's transactions contemplated by this Agreement.

B. Compliance with Laws. Neither the entering into of this Agreement nor the consummation of the transaction contemplated hereby shall constitute or result in a violation or breach by OCRA of any judgment, order, writ, injunction or decree issued against or imposed upon it, or shall result in a violation of any applicable law, order, rule or regulation of any governmental authority.

C. Legal Enforcement of Redevelopment Agreement. OCRA will include in its redevelopment agreements and deeds with the redeveloper of each property such provisions (including, by way of example but not limitation, covenants, conditions, restrictions, and reverters) as it determines, in its judgment, will ensure adequate consideration and legal enforceability of the redeveloper's redevelopment obligations in order to produce a redevelopment of the Property that is beneficial to the community.

D. Survival. The representations and warranties provided OKCPS herein, shall, in the event of default, survive closing, and remain in full force and effect thereafter.

XIV. Notices. Any notices required or permitted to be given by either party to the other shall have been deemed to have been served when hand delivered or, if the United States Mail is used, on the three (3) business day after the notice is deposited in the United States Mail, postage prepaid, registered or certified mail, and addressed to the parties as follows:

A. To OKCPS:

Oklahoma City Public Schools
Aurora Lora, Superintendent
[OKCPS address]
Oklahoma City, OK [ZIP]

B. To OCRA:

Oklahoma City Redevelopment Authority
Catherine O'Connor, Executive Director
105 N. Hudson, Suite 101
Oklahoma City, OK 73102

C. Either party, by written notice to the other, may change its address to which notices are to be sent.

XV. Default and Penalties.

A. OKCPS's Defaults; OCRA's Remedies.

1. *OKCPS's Defaults.* OKCPS shall be deemed to be in default hereunder in the event that OKCPS shall fail to comply with or observe any covenant, agreement, or obligation on OKCPS's part to be performed within the time limits and in the manner required herein or in the event any of the conditions precedent described herein shall not have been complied with or waived by OCRA.

2. *OCRA's Remedies.* In the event OKCPS shall be deemed to be in default by virtue of the occurrence of any one or more of the events specified herein, OCRA may, at its option do one of the following as OCRA's sole and exclusive remedy for such default:

a. Terminate this Agreement by written notice delivered to OKCPS on or before Closing Date; or

b. Enforce specific performance of this Agreement against OKCPS.

B. OCRA's Defaults; OKCPS's Remedies.

1. *OCRA's Defaults.* OCRA shall be deemed to be in default hereunder in the event that OCRA shall fail to comply with or observe any covenant, agreement, or obligation on OCRA's part to be performed within the time limits and in the manner required herein.

2. *OKCPS's Remedies.* In the event OCRA shall be deemed to be in default, OKCPS may, at OKCPS's sole option, terminate this Agreement by written notice to OCRA.

XVI. Miscellaneous Provisions.

A. Gender. As used herein the singular shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

B. Binding Effect. This Agreement shall be binding upon the parties hereto and on their respective successors or assigns.

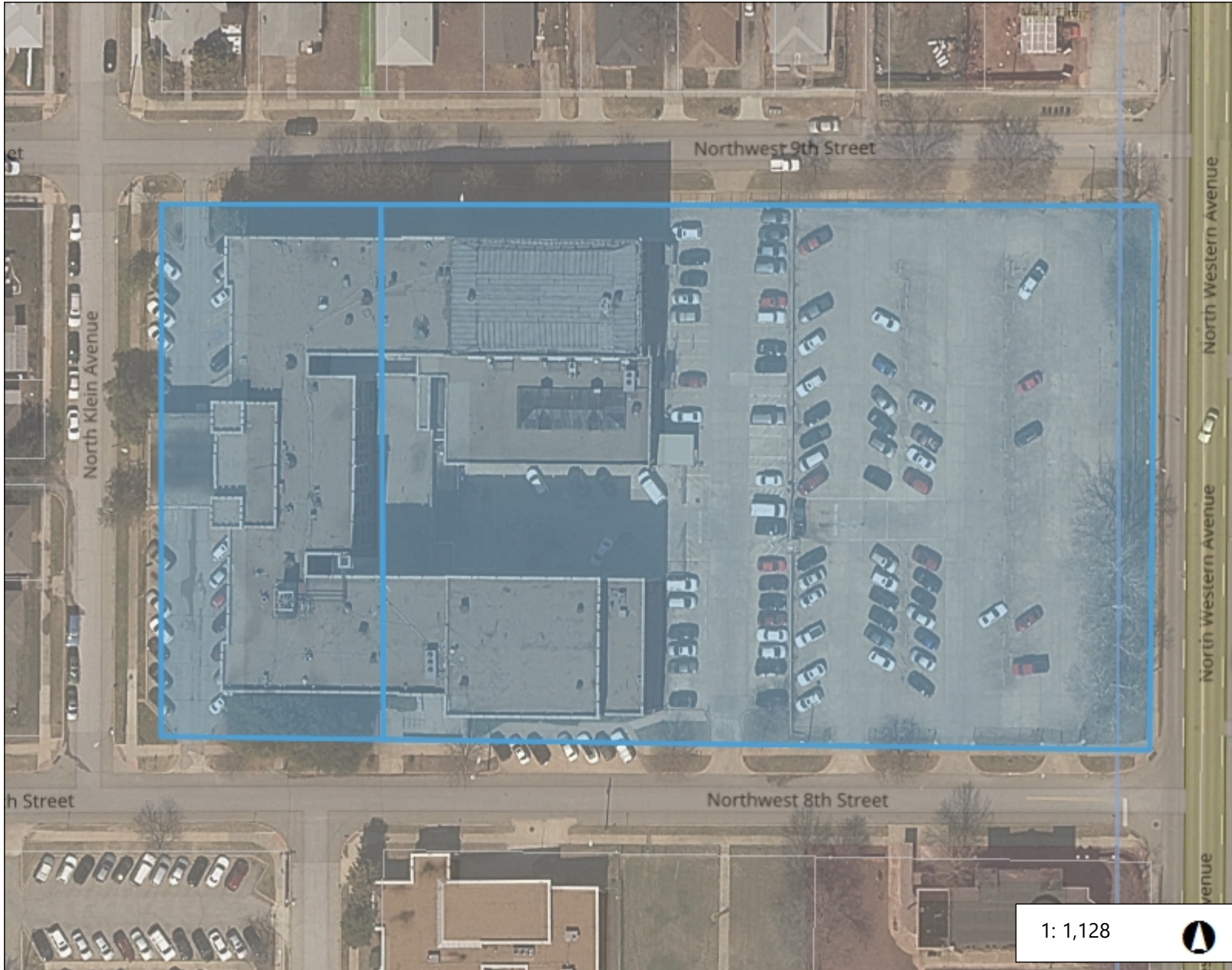
C. Entire Agreement. This Agreement contains the final and entire agreement between the parties and they shall not be bound by any terms, conditions, statements or representations, oral or written, not herein contained. Any subsequent amendment to this Agreement shall be valid only if executed in writing by both parties to this Agreement or their successors or assigns.

D. Governing Law. This Agreement shall be construed, interpreted and enforced according to the laws of the State of Oklahoma without regard to principles of conflict of laws. Jurisdiction and venue for any action pertaining to this Agreement shall be the Oklahoma County District Court.




E. Time. Time shall be of the essence for this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed and entered into this Agreement as of the date and year first above written.

[Signature Pages Follow]



Legend

-  Sections (>1:40,000)
-  Parcels
-  OK County Boundary

1: 1,128



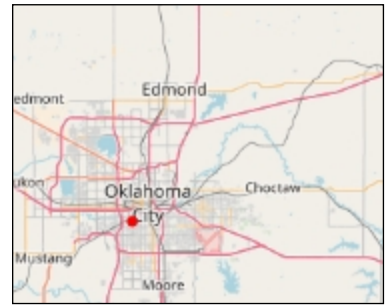
0.0 0 0.02 0.0 Miles

Notes




Enter Map Description



Columbus Elementary School



Legend

-  Sections (>1:40,000)
-  Parcels
-  OK County Boundary

1: 2,257



0.1 0 0.04 0.1 Miles

Notes

Enter Map Description

Oklahoma City Redevelopment Authority
Statement of Net Position
and Reconciliation of Net Position to Fund Balance
as of December 31, 2017

Assets	
Current Assets	
Cash & Cash Equivalents	7,320,019
Cash & Cash Equivalents - Reserved (1)	1,994,193
Investments	7,565,000
Rent Receivable	94,005
Interest Receivable	23,975
Investment Income Receivable	-
Due from Other Governments	171,508
<u>Total Current Assets</u>	<u>17,168,701</u>
Capital Assets	
Land	506,891
Building & Undivided Ownership	8,615,214
Accumulated Depreciation	(3,588,636)
<u>Total Capital Assets</u>	<u>5,533,469</u>
Other Noncurrent Assets	
Notes Receivable (2)	9,589,996
Other Assets	300,000
<u>Total Other Noncurrent Assets</u>	<u>9,889,996</u>
<u>Total Assets</u>	<u>32,592,165</u>
Liabilities	
Current Liabilities	
Current Portion of Long-term Debt	802,200
Accounts Payable	9,732
Due to Urban Renewal	50,345
<u>Total Current Liabilities</u>	<u>862,276</u>
Noncurrent Liabilities	
Long-term Debt, less current portion	3,014,471
<u>Total Noncurrent Liabilities</u>	<u>3,014,471</u>
<u>Total Liabilities</u>	<u>3,876,748</u>
<u>Net Position</u>	<u>28,715,418</u>
<u>Reconciliation of Net Position to Fund Balance</u>	
<i>Not Reported in Governmental Funds Balance Sheet</i>	
Land	(506,891)
Building & Undivided Ownership	(8,615,214)
Accumulated Depreciation	3,588,636
Notes Receivable	(9,589,996)
Long-term Debt	3,816,671
<u>Total Fund Balance</u>	<u>17,408,624</u>

Oklahoma City Redevelopment Authority
Governmental Funds Balance Sheet and Statement of Revenues
as of and for the Three Months ending December 31, 2017

	<u>TIF 1</u>	<u>Skirvin</u>	<u>Total</u>
Assets			
Cash & Cash Equivalents	7,320,019	-	7,320,019
Cash & Cash Equivalents - Reserved (1)	860,188	1,134,005	1,994,193
Investments	7,565,000	-	7,565,000
PILOT Receivable	94,005	-	94,005
Interest Receivable	-	23,975	23,975
Investment Income Receivable	-	-	-
Due From Other Governments	171,508	-	171,508
Other Assets	300,000	-	300,000
Total Assets	16,310,721	1,157,980	17,468,701
Liabilities			
Accounts Payable	9,732	-	9,732
Due to Urban Renewal	50,345	-	50,345
Due to Skirvin Partners	-	-	-
Total Liabilities	60,076	-	60,076
Fund Balance	16,250,644	1,157,980	17,408,624
Total Liabilities & Fund Balance	16,310,721	1,157,980	17,468,701
Revenues			
Apportioned Ad Valorem Taxes/PILOT - TIF 1	1,086,007	-	1,086,007
Rental Income	-	-	-
Interest Income	-	146,675	146,675
Investment Income	63,220	3,414	66,633
Other Income	-	225,999	225,999
Total Revenues	1,149,226	376,088	1,525,314
Expenditures			
Commercialization of Research & Technology	11,053	-	11,053
Placemaking	-	-	-
Implementation & Administration of Project Plan	89,064	-	89,064
Other Project Redevelopment Activity Costs	26,586	-	26,586
Debt Service - Principal	394,623	-	394,623
Debt Service - Interest	42,334	-	42,334
Total Expenditures	563,660	-	563,660
Changes in Fund Balance	585,566	376,088	961,654
Fund Balance, Beginning of Year	15,665,078	781,892	16,446,970
Fund Balance, Current	16,250,644	1,157,980	17,408,624

(1) Required annual reserves for Long-term Debt and City approved expenditures.

(2) \$5,650,000 of current assets are potentially obligated, but not yet recorded, for the Page Woodson TIF loan. Conditions to lend have not yet been met.

Oklahoma City Redevelopment Authority
Schedule of Investments
December 31, 2017

<u>Investments</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Settlement</u> <u>Date</u>	<u>Amount</u>
Wells Fargo Bank	1.15%	09/28/18	09/28/16	250,000
Bank of India	1.30%	10/17/18	10/17/17	245,000
Bank of China New York City	1.35%	10/30/18	10/30/17	245,000
MB Financial Bank	1.35%	01/25/19	01/25/17	250,000
World's Foremost Bank	1.55%	02/08/19	02/09/17	200,000
American Express Centurion Bank	1.65%	05/24/19	05/24/17	250,000
State Bank of India	1.70%	07/01/19	06/30/17	245,000
Ally Bank Midvale UT	1.65%	07/08/19	07/10/17	245,000
Barclays Bank	1.60%	07/12/19	07/12/17	245,000
Midsouth Bank	1.70%	07/15/19	07/14/17	245,000
Capital One NA	1.70%	07/19/19	07/19/17	245,000
Peoples United Bank NA	1.65%	07/19/19	07/19/17	245,000
TIAA FSB	1.60%	07/19/19	07/19/17	245,000
Flagstar Bank FSB	1.60%	07/22/19	07/21/17	245,000
Monona State Bank WI	1.65%	07/26/19	07/26/17	245,000
Comenity Capital Bank	1.70%	08/28/19	08/28/17	245,000
Discover Bank DE	1.70%	09/03/19	09/01/17	245,000
American Express Bank FSB	1.65%	09/19/19	09/19/17	245,000
Capital One Bank USA	1.30%	09/30/19	09/28/16	245,000
Merrick Bank Corp	1.65%	10/11/19	10/11/17	245,000
BMW Bank of North America	1.65%	10/21/19	10/20/17	245,000
Sallie Mae Bank	1.70%	10/25/19	10/25/17	245,000
Morgan Stanley	1.75%	10/30/19	10/30/17	245,000
Goldman Sachs USA	1.75%	11/08/19	11/08/17	245,000
Berkshire Bank	1.60%	11/12/19	11/09/17	245,000
First Priority Bank	1.65%	11/12/19	11/10/17	245,000
Lakeside Bank	1.70%	11/18/19	11/17/17	245,000
Morgan Stanley Private Bank	1.75%	11/18/19	11/16/17	245,000
Wex Bank	1.75%	11/22/19	11/22/17	245,000
Rockford Bank & Trust Co	1.75%	11/27/19	12/04/17	245,000
Farmers and Merchants Bancshares Inc	1.90%	12/16/19	12/15/17	245,000
Total TIF 1 Investments	1.62%			7,565,000