

AGENDA
SPECIAL MEETING OF
OKLAHOMA CITY REDEVELOPMENT AUTHORITY
WEDNESDAY, DECEMBER 15, 2021
CONFERENCE ROOM
431 WEST MAIN STREET, SUITE B
10:30 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 Special Meeting held on Wednesday, August 18, 2021
- V. Resolution No. _____ of the Oklahoma City Redevelopment Authority Receiving and Accepting Audits of Accounts by BKD, LLP, for Fiscal Years Ending June 30, 2020, and June 30, 2021
- VI. Resolution No. _____ Authorizing and Approving an Economic Development Agreement with BT Development, L.L.C., to Provide Assistance in Development Financing in a Principal Amount Not to Exceed \$13,750,000 for a Major, Mixed-Use Project, Oklahoma Regional Innovation District Project Plan
- VII. Resolution No. _____ Authorizing a Master Development Agreement for the MAPS 4 Innovation Hall, Oklahoma Regional Innovation District Project Plan
- VIII. Resolution No. _____ Approving a Vendors List for Professional Services Providers, Including Architects, City Planners, Environmental Scientists and Environmental Testing Service Providers, Independent Appraisers, Title Examiners and Title Insurance Providers, Surveyors, Civil Engineers, Traffic Consultants, Demolition Services, and Community Engagement Services
- IX. Presentation of Interim Financial Report for the Period Ending September 30, 2021
- X. New Business
- XI. Comments from Trustees

XII. Comments from Citizens

XIII. Adjournment

Official action can only be taken on items which appear on the Agenda. The OCRA Board of Trustees may adopt, approve, ratify, deny, defer, recommend, amend, strike, or continue any agenda item. When more information is needed to act on an item, the Trustees may refer the matter to the Executive Director or Legal Counsel. The Board may also refer items to staff or committees for additional study. Under certain circumstances, items are deferred to a specific later date or stricken from the agenda entirely.

POSTED at the offices of the City Clerk and at 431 W. Main Street, Suite B by 10:30 a.m. on Monday, December 13, 2021 by Shira Lucky, Convening & Outreach Specialist

MINUTES OF SPECIAL MEETING
OF THE
OKLAHOMA CITY REDEVELOPMENT AUTHORITY
WEDNESDAY, AUGUST 18, 2021

A Special Meeting of the Trustees of the Oklahoma City Redevelopment Authority (“Redevelopment Authority”) was held on Wednesday, August 18, 2021, at 10:30 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. Lee E. Cooper, Jr.
Mr. James R. Tolbert, III
Mr. Russell M. Perry
Councilman David Greenwell
Ms. Judy Hatfield

Trustee Absent:

Mayor David Holt

Staff Present:

Catherine O’Connor, Executive Director
Dan Batchelor, OCURA General Counsel, CEDL
Emily Pomeroy, Jeff Sabin, The Center for Economic Development of Oklahoma
Olen Cook, Shira Lucky, Geri Harlan, Keith Kuhlman, Micah Snyder and Pam Lunnon,
The Alliance for Economic Dev. of OKC

Others:

Julie Coffee, Erwin Mason, Ground Root Development
Vanessa Morrison, Deborah Richards, Open Collective
Gary Brooks, Bricktown Apartments

The Chairman asked for a motion to approve, as circulated, the minutes of a Special Meeting held on Wednesday, July 21, 2021.

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

| | |
|-------------------------------|-----|
| Trustee J. Larry Nichols | Aye |
| Trustee James R. Tolbert, III | Aye |
| Trustee Judy Hatfield | Aye |
| Trustee Russell M. Perry | Aye |

OCRA Board of Trustees, Wednesday, August 18, 2021

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| | |
|-----------------------------|--------|
| Trustee Mr. Lee Cooper, Jr. | Aye |
| Mayor David Holt | Absent |
| Councilman David Greenwell | Aye |

Minutes Adopted

The Chairman introduced the following resolution:

Resolution No. 223 entitled:

“Joint Resolution of the Board of Commissioners of the Oklahoma City Urban Renewal Authority and the Trustees of the Oklahoma City Redevelopment Authority Approving Real Estate Acquisition Agreement with the City of Oklahoma City, Core to Shore Urban Renewal Plan, Maps Sports-Entertainment-Parking Support Redevelopment Plan, Central Business District Urban Renewal Plan”

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

| | |
|-------------------------------|--------|
| Trustee J. Larry Nichols | Aye |
| Trustee James R. Tolbert, III | Aye |
| Trustee Judy Hatfield | Aye |
| Trustee Russell M. Perry | Aye |
| Trustee Mr. Lee Cooper, Jr. | Aye |
| Mayor David Holt | Absent |
| Councilman David Greenwell | Aye |

Resolution Adopted

Resolution No. 224 entitled:

“Resolution Authorizing and Approving Two Agreements for Professional Services for Planning and Community Engagement Focused on the Area Bounded by Lottie Avenue on the East, Lincoln Boulevard on the West, Northeast 8th Street on the North, and the Railroad Tracks South of Northeast 1st Street, Pursuant to the Oklahoma Regional Innovation District Project Plan”

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

| | |
|-------------------------------|--------|
| Trustee J. Larry Nichols | Aye |
| Trustee James R. Tolbert, III | Aye |
| Trustee Judy Hatfield | Aye |
| Trustee Russell M. Perry | Aye |
| Trustee Mr. Lee Cooper, Jr. | Aye |
| Mayor David Holt | Absent |
| Councilman David Greenwell | Aye |

OCRA Board of Trustees, Wednesday, August 18, 2021

Resolution Adopted

Presentation of Financial Reports for the Period Ending June 30, 2021

Ms. Harlan presented the updated financial statements for the period ending June 30, 2021.

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

| | |
|-------------------------------|--------|
| Trustee J. Larry Nichols | Aye |
| Trustee James R. Tolbert, III | Aye |
| Trustee Judy Hatfield | Aye |
| Trustee Russell M. Perry | Aye |
| Trustee Mr. Lee Cooper, Jr. | Aye |
| Mayor David Holt | Absent |
| Councilman David Greenwell | Aye |

Financials Received

There being no further business to come before the Board, meeting was adjourned by the Chairman at 10:46.

SECRETARY

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

To: Board of Trustees of the Oklahoma City Redevelopment Authority

From: Catherine O'Connor, Executive Director

Date: December 15, 2021

Ref: Resolution of the Oklahoma City Redevelopment Authority Receiving and Accepting an Audit of Accounts by BKD, LLP, for Fiscal Years Ending June 30, 2020 and June 30, 2021

TRUSTEES

J. Larry Nichols
Chairman

James R. Tolbert III
Vice Chairman

Lee E. Cooper, Jr.

David Greenwell

Judy J. Hatfield

David Holt

Russell M. Perry

EXECUTIVE DIRECTOR

Catherine O'Connor

Background: BKD, LLP has completed its audit of the financial activities of OCRA for the fiscal year ending June 30, 2021. The audit of the financial activities for the fiscal year ending June 30, 2020 was delivered to the Board on November 16, 2020. BKD, LLP presented the audits to the OCRA audit committee on December 8, 2021. 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 years ending June 30, 2020 and June 30, 2021.

Recommendation: Approval of Resolution.

RESOLUTION NO. _____

**RESOLUTION OF THE OKLAHOMA CITY REDEVELOPMENT AUTHORITY
RECEIVING AND ACCEPTING AUDITS OF ACCOUNTS BY BKD, LLP, FOR FISCAL
YEARS ENDING JUNE 30, 2020, AND JUNE 30, 2021**

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, in July 2020, OCRA accepted a proposal from BKD, LLP to audit OCRA’s financial activities for the fiscal year ending June 30, 2020, and in June 2021, OCRA accepted a proposal from BKD, LLP to audit OCRA’s financial activities for the fiscal year ending June 30, 2021; and

WHEREAS, BKD, LLP has previously submitted an audit of accounts to OCRA for the fiscal year ending June 30, 2020 (“FYE 2020 OCRA Audit”), and has presently submitted an audit of accounts to OCRA for the fiscal year ending June 30, 2021 (“FYE 2021 OCRA Audit”); and

WHEREAS, OCRA’s Audit Committee has met to review the FYE 2020 OCRA Audit and the FYE 2021 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 2020 OCRA Audit and the FYE 2021 OCRA Audit.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Trustees of OCRA that the audits of accounts submitted by BKD, LLP, for the fiscal years ending June 30, 2020, and June 30, 2021, are 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 **15th** day of **December, 2021**; 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, 2020 and 2019



Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
June 30, 2020 and 2019

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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 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, 2020 and 2019, 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, 2020 and 2019, 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 audits were 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 audits 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 for 2013 through 2020 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 also have issued our report dated October 16, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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

Board of Trustees
Oklahoma City Redevelopment Authority
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effectiveness of the Authority's 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
October 16, 2020

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Management's Discussion and Analysis
Years Ended June 30, 2020 and 2019

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, 2020 and 2019. It should be read in conjunction with the accompanying financial statements of the Authority.

Financial Highlights

- Cash and cash equivalents increased in 2020 by \$47,178 and decreased in 2019 by \$549,490.
- The Authority's capital assets decreased in 2020 and 2019 by \$974,801 and \$57,608, respectively.
- Long-term debt decreased in 2020 and 2019 by \$842,709 and \$812,796, respectively.
- The Authority's net position decreased in 2020 by \$328,433 and increased in 2019 by \$1,625,308.

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 \$1,556,554 in 2020 and increased by \$1,471,963 in 2019. In 2020, increases in cash and cash equivalents and receivables from other governments were offset by decreases in investments, rent, and capital assets.

Total liabilities decreased in 2020 and 2019 by \$1,228,121 and \$153,345, respectively. In 2020, regular debt service naturally decreased along with decreases in accounts payable.

In 2020, the Authority purchased a large plot of land for approximately \$4,400,000, which was subsequently transferred to the Oklahoma City Urban Renewal Authority (Urban Renewal), and a small building to be held for sale for approximately \$400,000. The Authority also sold or transferred two capital assets: a different plot of land to Urban Renewal for approximately \$287,000 and an undivided ownership interest in a building located at Research Park in Oklahoma City with a historical cost of approximately \$1,337,000. In 2019, no significant changes occurred in capital assets and debt other than depreciation and payment of principal.

Table 1: Condensed Statements of Net Position

| | 2020 | 2019 | Change | % Change | 2018 | Change | % Change |
|----------------------------------|---------------|---------------|--------------|----------|---------------|--------------|----------|
| Current and other assets | \$ 30,807,334 | \$ 31,389,087 | \$ (581,753) | -2% | \$29,859,516 | \$ 1,529,571 | 5% |
| Capital assets | 4,363,061 | 5,337,862 | (974,801) | -18% | 5,395,470 | (57,608) | -1% |
| Total assets | 35,170,395 | 36,726,949 | (1,556,554) | -4% | 35,254,986 | 1,471,963 | 4% |
| Long-term liabilities | 954,947 | 1,797,656 | (842,709) | -47% | 2,610,452 | (812,796) | -31% |
| Other liabilities | 1,395,416 | 1,780,828 | (385,412) | -22% | 1,121,377 | 659,451 | 59% |
| Total liabilities | 2,350,363 | 3,578,484 | (1,228,121) | -34% | 3,731,829 | (153,345) | -4% |
| Net investment in capital assets | 2,730,192 | 3,545,132 | (814,940) | -23% | 3,056,193 | 488,939 | 16% |
| Restricted | 30,089,840 | 29,603,333 | 486,507 | 2% | 28,466,964 | 1,136,369 | 4% |
| Net position | \$ 32,820,032 | \$ 33,148,465 | \$ (328,433) | -1% | \$ 31,523,157 | \$ 1,625,308 | 5% |

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 year ended June 30, 2020, net position decreased by \$328,433, and for the year ended June 30, 2019, net position increased by \$1,625,308. The decrease in 2020 was primarily due to decreases in charges for services and operating grants, contributions, and restricted interest of \$256,678 and \$410,670, respectively, combined with decreases in apportioned ad valorem taxes and payments in lieu of taxes totaling \$1,104,452, with economic development expenses increasing by \$198,199. The increase in 2019 was primarily due to increases in charges for services and operating grants, contributions, and restricted interest of \$191,598 and \$750,710, respectively, offset by decreases in apportioned ad valorem taxes and payments in lieu of taxes totaling \$506,944, with economic development expenses increasing by \$2,566,781.

Table 2: Condensed Statements of Activities

| | 2020 | 2019 | Change | % Change | 2018 | Change | % Change |
|--|--------------|--------------|----------------|----------|--------------|----------------|----------|
| Charges for services | \$ 141,763 | \$ 398,441 | \$ (256,678) | -64% | \$ 206,843 | \$ 191,598 | 100% |
| Operating grants, contributions, and restricted interest | 959,091 | 1,369,761 | (410,670) | -30% | 608,797 | 760,964 | 125% |
| General revenues | 2,354,087 | 3,458,539 | (1,104,452) | -32% | 3,975,737 | (517,198) | -13% |
| Total revenues | 3,454,941 | 5,226,741 | (1,771,800) | -34% | 4,791,377 | 435,364 | 9% |
| Economic development expenses | 3,707,714 | 3,509,515 | 198,199 | 6% | 942,734 | 2,566,781 | 272% |
| Interest expense | 75,660 | 91,918 | (16,258) | -18% | 82,934 | 8,984 | 11% |
| Total operating expenses | 3,783,374 | 3,601,433 | 181,941 | 5% | 1,025,668 | 2,575,765 | 251% |
| Change in net position | \$ (328,433) | \$ 1,625,308 | \$ (1,953,741) | -120% | \$ 3,765,709 | \$ (2,140,401) | -57% |

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 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 Fund

| | 2020 | 2019 | Change | % Change | 2018 | Change | % Change |
|--|-----------------------|----------------------|-----------------------|----------|-----------------------|---------------------|----------|
| TIF 1 | | | | | | | |
| Total assets | \$ 15,780,638 | \$ 15,645,081 | \$ 135,557 | 1% | \$ 13,103,706 | \$ 2,541,375 | 19% |
| Total liabilities | (550,373) | (958,342) | 407,969 | -43% | (312,887) | (645,455) | 206% |
| Deferred inflows of resources | (5,385,108) | (712,275) | (4,672,833) | 656% | (722,698) | 10,423 | -1% |
| Fund balance | <u>\$ 9,845,157</u> | <u>\$ 13,974,464</u> | <u>\$ (4,129,307)</u> | -30% | <u>\$ 12,068,121</u> | <u>\$ 1,906,343</u> | 16% |
| Taxes | \$ 2,079,664 | \$ 3,466,702 | \$ (1,387,038) | -40% | \$ 3,386,680 | \$ 80,022 | 2% |
| Intergovernmental revenue | 500,022 | 850,358 | (350,336) | -41% | 118,126 | 732,232 | 620% |
| Other income | 473,252 | 231,908 | 241,344 | 104% | 201,939 | 29,969 | 15% |
| Total revenues | <u>3,052,938</u> | <u>4,548,968</u> | <u>(1,496,030)</u> | -33% | <u>3,706,745</u> | <u>842,223</u> | 23% |
| Research park-related expenditures | 681,654 | 1,031,331 | (349,677) | -34% | 266,123 | 765,208 | 288% |
| Administration | 311,578 | 259,176 | 52,402 | 20% | 167,016 | 92,160 | 55% |
| Other | 483,725 | 174,400 | 309,325 | 177% | 164,987 | 9,413 | 6% |
| Capital outlay | 4,809,476 | 287,000 | 4,522,476 | 1576% | 34,301 | 252,699 | 100% |
| Debt service | | | | | | | |
| Principal | 820,152 | 798,800 | 21,352 | 3% | 792,352 | 6,448 | 1% |
| Interest | 75,660 | 91,918 | (16,258) | -18% | 82,934 | 8,984 | 11% |
| Total expenditures | <u>7,182,245</u> | <u>2,642,625</u> | <u>4,539,620</u> | 172% | <u>1,507,713</u> | <u>1,134,912</u> | 75% |
| Issuance of long-term note receivable | - | - | - | -100% | (5,650,000) | 5,650,000 | 100% |
| Total transfers and other financing sources (uses) | - | - | - | -100% | (5,650,000) | 5,650,000 | 100% |
| Change in fund balance | <u>\$ (4,129,307)</u> | <u>\$ 1,906,343</u> | <u>\$ (6,035,650)</u> | -317% | <u>\$ (3,450,968)</u> | <u>\$ 5,357,311</u> | -155% |

The change in fund balance for the TIF Fund was a decrease of \$4,129,307 in 2020 and an increase of \$1,906,343 in 2019. The 2020 revenues decreased by \$1,496,030 mainly due to a decrease in apportioned ad valorem taxes revenue while total expenditures increased by \$4,539,620 related to capital outlay. The 2019 revenues increased by \$842,223 due to increases in intergovernmental revenues while total expenditures increased \$1,134,912 related to research park-related expenditures and capital outlays.

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

| | 2020 | 2019 | Change | % Change | 2018 | Change | % Change |
|---------------------------------------|---------------------|---------------------|---------------------|----------|---------------------|-----------------------|----------|
| Skirvin Hotel Project | | | | | | | |
| Total assets | \$ 259,951 | \$ 737,021 | \$ (477,070) | -65% | \$ 1,515,814 | \$ (778,793) | -51% |
| Total liabilities | - | - | - | 0% | - | - | 100 |
| Deferred inflows of resources | (91,167) | (23,392) | (67,775) | 290% | (23,975) | 583 | -2% |
| Fund balance | <u>\$ 168,784</u> | <u>\$ 713,629</u> | <u>\$ (544,845)</u> | -76% | <u>\$ 1,491,839</u> | <u>\$ (778,210)</u> | -52% |
| Rental income | \$ 141,763 | \$ 398,441 | \$ (256,678) | -64% | \$ 206,843 | \$ 191,598 | 100% |
| Principal payment on notes receivable | 240,240 | 233,011 | 7,229 | 3% | 225,999 | 7,012 | 3% |
| Interest income on loans | 208,730 | 284,206 | (75,476) | -27% | 291,090 | (6,884) | -2% |
| Investment income | 6,083 | 6,132 | (49) | -1% | 10,554 | (4,422) | -42% |
| Total revenues | <u>596,816</u> | <u>921,790</u> | <u>(324,974)</u> | -35% | <u>734,486</u> | <u>187,304</u> | 26% |
| Expenditures | <u>1,141,661</u> | <u>1,700,000</u> | <u>(558,339)</u> | 100% | <u>-</u> | <u>1,700,000</u> | 100% |
| Change in fund balance | <u>\$ (544,845)</u> | <u>\$ (778,210)</u> | <u>\$ 233,365</u> | -30% | <u>\$ 734,486</u> | <u>\$ (1,512,696)</u> | -206% |

The change in fund balance for the Skirvin Hotel Project was a decrease of \$544,845 in 2020 compared to a decrease of \$778,210 in 2019. Both decreases were due primarily to \$1,141,661 and \$1,700,000 of payments made to the City in 2020 and 2019, respectively. Rental income of \$141,763 and \$398,441 received in 2020 and 2019, respectively, partially offset the decrease in fund balance.

The fund balances for both the TIF and the 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, 7, and 11. To date, the Authority has collected approximately \$31,037,000, \$1,187,000, and \$1,259,000 for TIF 1, TIF 7, and TIF 11, respectively. 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 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
Statements of Net Position
June 30, 2020 and 2019

Assets

| | 2020 | 2019 |
|--|--------------|--------------|
| Current Assets | | |
| Cash | \$ 3,486,706 | \$ 3,439,528 |
| Investments, at fair value | 3,185,000 | 8,485,000 |
| Due from other governments | 5,486,570 | 925,214 |
| Rent receivable | - | 205,902 |
| Interest receivable | 123,285 | 41,389 |
| Investment income receivable | 29,028 | 45,069 |
| Current portion of notes receivable | 247,693 | 240,240 |
| Total current assets | 12,558,282 | 13,382,342 |
| Capital Assets | | |
| Land | 541,192 | 828,192 |
| Buildings, parking garages, and undivided ownership interest in buildings, net | 3,821,869 | 4,509,670 |
| Total capital assets | 4,363,061 | 5,337,862 |
| Other Noncurrent Assets | | |
| Investments, at fair value | 3,430,000 | 2,940,000 |
| Notes receivable | 14,519,052 | 14,766,745 |
| Other assets – deposits | 300,000 | 300,000 |
| Total other noncurrent assets | 18,249,052 | 18,006,745 |
| Total assets | 35,170,395 | 36,726,949 |

Liabilities

| | | |
|---|-----------|-----------|
| Current Liabilities | | |
| Current portion of long-term debt | 845,043 | 822,486 |
| Accounts payable | 122,449 | 351,166 |
| Due to Urban Renewal | 427,924 | 607,176 |
| Total current liabilities | 1,395,416 | 1,780,828 |
| Noncurrent Liabilities | | |
| Long-term debt, less current maturities | 954,947 | 1,797,656 |
| Total liabilities | 2,350,363 | 3,578,484 |

Net Position

| | | |
|--|---------------|---------------|
| Net investment in capital assets | 2,730,192 | 3,545,132 |
| Restricted for debt service | 1,116,469 | 1,114,847 |
| Restricted for economic development activities | 28,973,371 | 28,488,486 |
| Total net position | \$ 32,820,032 | \$ 33,148,465 |

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Statements of Activities
June 30, 2020 and 2019

| | Revenues | | | | |
|--|----------------------|----------------------------------|--|-------------------------|----------------|
| Expenses | Charges for Services | Capital Grants and Contributions | Operating Grants, Contributions, and Restricted Interest | Net Revenues (Expenses) | |
| 2020 | | | | | |
| Governmental Activities | | | | | |
| Economic development | \$ 3,707,714 | \$ 141,763 | \$ - | \$ 959,091 | \$ (2,606,860) |
| Interest expense | 75,660 | - | - | - | (75,660) |
| Total governmental activities | \$ 3,783,374 | \$ 141,763 | \$ - | \$ 959,091 | (2,682,520) |
| General Revenues | | | | | |
| Apportioned ad valorem taxes | | | | | 1,163,948 |
| Payments in lieu of taxes | | | | | 1,190,139 |
| Total general revenues | | | | | 2,354,087 |
| Change in Net Position | | | | | |
| | | | | | (328,433) |
| Net Position, Beginning of Year | | | | | 33,148,465 |
| Net Position, End of Year | | | | | \$ 32,820,032 |
| 2019 | | | | | |
| Governmental Activities | | | | | |
| Economic development | \$ 3,509,515 | \$ 398,441 | \$ - | \$ 1,369,761 | \$ (1,741,313) |
| Interest expense | 91,918 | - | - | - | (91,918) |
| Total governmental activities | \$ 3,601,433 | \$ 398,441 | \$ - | \$ 1,369,761 | (1,833,231) |
| General Revenues | | | | | |
| Apportioned ad valorem taxes | | | | | 2,321,670 |
| Payments in lieu of taxes | | | | | 1,136,869 |
| Total general revenues | | | | | 3,458,539 |
| Change in Net Position | | | | | |
| | | | | | 1,625,308 |
| Net Position, Beginning of Year | | | | | 31,523,157 |
| Net Position, End of Year | | | | | \$ 33,148,465 |

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Balance Sheets – Governmental Funds
June 30, 2020 and 2019

| | 2020 | | |
|--|----------------------|--------------------------|--------------------------------|
| | TIF | Skirvin Hotel Project | Total Governmental Funds |
| Assets | | | |
| Cash | \$ 3,317,922 | \$ 168,784 | \$ 3,486,706 |
| Investments, at fair value | 6,615,000 | - | 6,615,000 |
| Interest receivable | 32,118 | 91,167 | 123,285 |
| Investment income receivable | 29,028 | - | 29,028 |
| Ad valorem taxes receivable | 968,899 | - | 968,899 |
| Receivables from other governments | 4,517,671 | - | 4,517,671 |
| Other assets | 300,000 | - | 300,000 |
| | <u>300,000</u> | <u>-</u> | <u>300,000</u> |
| Total assets | <u>\$ 15,780,638</u> | <u>\$ 259,951</u> | <u>\$ 16,040,589</u> |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | |
| Liabilities | | | |
| Accounts payable | \$ 122,449 | \$ - | \$ 122,449 |
| Due to Urban Renewal | 427,924 | - | 427,924 |
| | <u>427,924</u> | <u>-</u> | <u>427,924</u> |
| Total liabilities | <u>550,373</u> | <u>-</u> | <u>550,373</u> |
| Deferred Inflows of Resources | <u>5,385,108</u> | <u>91,167</u> | <u>5,476,275</u> |
| Fund Balances | | | |
| Restricted for | | | |
| Debt service | 1,116,469 | - | 1,116,469 |
| Economic development activities | - | 168,784 | 168,784 |
| Other TIF activities | 8,728,688 | - | 8,728,688 |
| | <u>8,728,688</u> | <u>-</u> | <u>8,728,688</u> |
| Total fund balances | <u>9,845,157</u> | <u>168,784</u> | <u>10,013,941</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 15,780,638</u> | <u>\$ 259,951</u> | <u>\$ 16,040,589</u> |

| | 2019 | | |
|--|----------------------|----------------------------------|---|
| | TIF | Skirvin Hotel Project | Total Governmental Funds |
| Assets | | | |
| Cash | \$ 3,331,803 | \$ 107,725 | \$ 3,439,528 |
| Investments, at fair value | 11,025,000 | 400,000 | 11,425,000 |
| Rent receivable | - | 205,902 | 205,902 |
| Interest receivable | 17,995 | 23,394 | 41,389 |
| Investment income receivable | 45,069 | - | 45,069 |
| Ad valorem taxes receivable | 698,331 | - | 698,331 |
| Receivables from other governments | 226,883 | - | 226,883 |
| Other assets | 300,000 | - | 300,000 |
| | <u>300,000</u> | <u>-</u> | <u>300,000</u> |
| Total assets | <u>\$ 15,645,081</u> | <u>\$ 737,021</u> | <u>\$ 16,382,102</u> |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | |
| Liabilities | | | |
| Accounts payable | \$ 351,166 | \$ - | \$ 351,166 |
| Due to Urban Renewal | 607,176 | - | 607,176 |
| | <u>607,176</u> | <u>-</u> | <u>607,176</u> |
| Total liabilities | <u>958,342</u> | <u>-</u> | <u>958,342</u> |
| Deferred Inflows of Resources | <u>712,275</u> | <u>23,392</u> | <u>735,667</u> |
| Fund Balances | | | |
| Restricted for | | | |
| Debt service | 1,114,847 | - | 1,114,847 |
| Economic development activities | - | 713,629 | 713,629 |
| Other TIF activities | 12,859,617 | - | 12,859,617 |
| | <u>12,859,617</u> | <u>-</u> | <u>12,859,617</u> |
| Total fund balances | <u>13,974,464</u> | <u>713,629</u> | <u>14,688,093</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 15,645,081</u> | <u>\$ 737,021</u> | <u>\$ 16,382,102</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, 2020 and 2019

| | 2020 | 2019 |
|---|---------------|---------------|
| Total fund balances | \$ 10,013,941 | \$ 14,688,093 |
| 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 | 541,192 | 828,192 |
| Buildings, net of accumulated depreciation; 2020 – \$3,857,237, 2019 – \$3,566,127 | 3,821,869 | 3,711,686 |
| Undivided ownership interest in buildings, net of accumulated depreciation; 2020 – \$0, 2019 – \$539,419 | - | 797,984 |
| Notes receivable | 14,766,745 | 15,006,985 |
| Earned but unavailable revenue | 5,476,275 | 735,667 |
| Certain liabilities are not due and payable in the current period and, therefore, are not reported in the fund | | |
| Long-term debt | (1,799,990) | (2,620,142) |
| Net position, per the statements of net position | \$ 32,820,032 | \$ 33,148,465 |

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
Years Ended June 30, 2020 and 2019

| | 2020 | | |
|--|---------------------|--------------------------|--------------------------------|
| | TIF | Skirvin Hotel Project | Total Governmental Funds |
| Revenues | | | |
| Apportioned ad valorem taxes | \$ 889,525 | \$ - | \$ 889,525 |
| Payments in lieu of taxes | 1,190,139 | - | 1,190,139 |
| Intergovernmental revenue | 500,022 | - | 500,022 |
| Rental income | - | 141,763 | 141,763 |
| Interest income paid on tax deposits held by the Oklahoma County Treasurer | 3,855 | - | 3,855 |
| Interest income on loans | 14,124 | 208,730 | 222,854 |
| Investment income | 168,273 | 6,083 | 174,356 |
| Principal payment on notes receivable | - | 240,240 | 240,240 |
| Payment received from disposition of capital asset | 287,000 | - | 287,000 |
| Total revenues | <u>3,052,938</u> | <u>596,816</u> | <u>3,649,754</u> |
| Expenditures | | | |
| Biomedical, biopharmaceutical, and technological research and development facilities and other public research park improvements | 681,654 | - | 681,654 |
| Economic development and redevelopment activities with the Harrison-Walnut Urban Renewal Plan | 483,725 | - | 483,725 |
| Administration | 311,578 | - | 311,578 |
| Capital outlay | 4,809,476 | - | 4,809,476 |
| Payment to City of Oklahoma City | - | 1,141,661 | 1,141,661 |
| Debt service | | | |
| Principal | 820,152 | - | 820,152 |
| Interest | 75,660 | - | 75,660 |
| Total expenditures | <u>7,182,245</u> | <u>1,141,661</u> | <u>8,323,906</u> |
| Deficiency of Revenues over Expenditures | <u>(4,129,307)</u> | <u>(544,845)</u> | <u>(4,674,152)</u> |
| Change in Fund Balances | (4,129,307) | (544,845) | (4,674,152) |
| Fund Balances, Beginning of Year | <u>13,974,464</u> | <u>713,629</u> | <u>14,688,093</u> |
| Fund Balances, End of Year | <u>\$ 9,845,157</u> | <u>\$ 168,784</u> | <u>\$ 10,013,941</u> |

See Notes to Financial Statements

| | 2019 | | |
|--|----------------------|----------------------------------|---|
| | TIF | Skirvin Hotel Project | Total Governmental Funds |
| Revenues | | | |
| Apportioned ad valorem taxes | \$ 2,329,833 | \$ - | \$ 2,329,833 |
| Payments in lieu of taxes | 1,136,869 | - | 1,136,869 |
| Intergovernmental revenue | 850,358 | - | 850,358 |
| Rental income | - | 398,441 | 398,441 |
| Interest income paid on tax deposits held by the Oklahoma County Treasurer | 14,075 | - | 14,075 |
| Interest income on loans | 14,124 | 284,206 | 298,330 |
| Investment income | 203,709 | 6,132 | 209,841 |
| Principal payment on notes receivable | - | 233,011 | 233,011 |
| Total revenues | <u>4,548,968</u> | <u>921,790</u> | <u>5,470,758</u> |
| Expenditures | | | |
| Biomedical, biopharmaceutical, and technological research and development facilities and other public research park improvements | 1,031,331 | - | 1,031,331 |
| Economic development and redevelopment activities with the Harrison-Walnut Urban Renewal Plan | 174,400 | - | 174,400 |
| Administration | 259,176 | - | 259,176 |
| Capital outlay | 287,000 | - | 287,000 |
| Payment to City of Oklahoma City | - | 1,700,000 | 1,700,000 |
| Debt service | | | |
| Principal | 798,800 | - | 798,800 |
| Interest | 91,918 | - | 91,918 |
| Total expenditures | <u>2,642,625</u> | <u>1,700,000</u> | <u>4,342,625</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>1,906,343</u> | <u>(778,210)</u> | <u>1,128,133</u> |
| Change in Fund Balances | 1,906,343 | (778,210) | 1,128,133 |
| Fund Balances, Beginning of Year | <u>12,068,121</u> | <u>1,491,839</u> | <u>13,559,960</u> |
| Fund Balances, End of Year | <u>\$ 13,974,464</u> | <u>\$ 713,629</u> | <u>\$ 14,688,093</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
Years Ended June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Change in fund balances – governmental funds | \$ (4,674,152) | \$ 1,128,133 |
| Amounts reported for governmental activities in the statements of activities are different because | | |
| Governmental funds report capital outlays as expenditures while government-wide activities report depreciation expense to allocate those expenditures over the lives of the assets | | |
| Depreciation expense | (291,112) | (344,608) |
| Capital outlay | 4,809,476 | 287,000 |
| Certain income is not derived from current financial resources and, therefore, not reported as income in governmental funds | | |
| Apportioned ad valorem taxes | 270,568 | (22,238) |
| Interest income | 67,775 | (583) |
| Investment income receivable | (5,916) | 11,815 |
| Payment received from disposition of capital asset is reported as revenue in governmental funds | (287,000) | - |
| Loss on contribution of undivided ownership in building | (797,984) | - |
| Principal payment on notes receivable is recorded as revenue in governmental funds | (240,240) | (233,011) |
| Advances from debt agreements, principal repayments, and changes in certain other assets are not reflected as revenues and expenses in the statements of activities | | |
| Principal payments on debt agreements and notes payable | <u>820,152</u> | <u>798,800</u> |
| Change in net position, per the statements of activities | <u>\$ (328,433)</u> | <u>\$ 1,625,308</u> |

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2020 and 2019

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 1 and TIF 7, and established TIF 11. The authorized budgets for TIF 1 and TIF 7 are unchanged. TIF 11 has an authorized revenue budget of \$52,000,000. 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 of America (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, 2020 and 2019

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, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

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 – Accounts for the activities of the TIFs
- Skirvin Hotel Project – The Authority, Urban Renewal, and the City have assisted in the renovation of the historic Skirvin Hotel. Activities include collection of lease revenue and ongoing debt service. The renovation involved both public and private funds

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.

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 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.

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2020 and 2019

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.

Cash Equivalents

The Authority considers all liquid debt instruments purchased with a maturity of three months or less and money market mutual funds to be cash equivalents. At June 30, 2020 and 2019, the Authority did not own any cash equivalents.

Investment and Investment Income

Investments in negotiable certificates of deposit are carried at fair value. Fair value is determined from quoted market prices. Investment income consists of interest income and the net change for the year in the fair value of the investments carried at fair value.

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 and deferred outflows of resources, liabilities and deferred inflows of resources, 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, 2020 and 2019

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/Fund Balance 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.

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2020 and 2019

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 was \$1,116,469 and \$1,114,847 as of June 30, 2020 and 2019, respectively. The remaining fund balance in TIF is reflected as restricted for other TIF activities.

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 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 credit 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 that are fully insured or collateralized. As of June 30, 2020 and 2019, 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, 2020 and 2019, were \$3,486,704 and \$3,439,528, respectively.

Investments

The Authority's investments at June 30, 2020 and 2019, consist entirely of negotiable certificates of deposit of \$6,615,000 and \$11,425,000, respectively.

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2020 and 2019

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, and Level 3 inputs are significant unobservable inputs.

The Authority's recurring fair value measurements as of June 30, 2020 and 2019, were negotiable certificates of deposit, which are valued using Level 2 inputs. At June 30, 2020, current maturities of the certificates of deposit were \$3,185,000 with the balance maturing in fiscal year 2023. At June 30, 2019, current maturities of the certificates of deposit were \$8,485,000 with the balance maturing in fiscal year 2021.

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 to 30 years.

Note 3: Due from Other Governments

Amounts due to the Authority from other governments at June 30 consisted of the following:

| | 2020 | 2019 |
|---|--------------|-------------|
| TIF 1 funds held by the Oklahoma County Treasurer | \$ 968,899 | \$ 698,331 |
| Due from Urban Renewal | 4,408,181 | - |
| <i>Economic Development Act</i> grant receivable | 109,490 | 226,883 |
| | \$ 5,486,570 | \$ 925,214 |

Note 4: Rent Receivable

A rent receivable at June 30, 2020 and 2019, of \$0 and \$205,902, respectively, is related to the Skirvin Hotel ground lease (see *Note 12*). Due to the current economic circumstances as a result of the COVID-19 pandemic, the Skirvin Hotel does not owe any rent as of June 30, 2020. The Authority reviews outstanding receivables and, based on historical collection information and existing economic conditions, may provide for an allowance for doubtful accounts. There was no allowance recorded or considered necessary for the years ended June 30, 2020 and 2019.

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2020 and 2019

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 on February 26, 2007, the interest rate increased to 3.86%. 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.

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 for \$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 with the final payment due on December 1, 2042. Principal payments shall be payable annually on December 1. Principal payments were \$240,240 and \$233,011 as of June 30, 2020 and 2019, respectively. Interest income of \$208,730 and \$284,206 was recognized during the years ended June 30, 2020 and 2019, respectively, in the accompanying government-wide statements of activities. The Board of Trustees approved a resolution allowing the deferral of one half of the June 2020 interest payment due in the amount of approximately \$68,000.

Page Woodson Development, LLC

In March 2016, the Authority agreed 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. At June 30, 2020 and 2019, \$5,650,000 was advanced under this loan agreement. Interest income of \$14,124 was recognized during the years ended June 30, 2020 and 2019, in the accompanying government-wide statements of activities.

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Future principal and interest payments on the notes as of June 30, 2020, are as follows:

| Year Ended June 30, | Skirvin Note Receivable | | Page Woodson TIF Loan Receivable | |
|---------------------|----------------------------|---------------------|-------------------------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| 2021 | \$ 247,693 | \$ 269,787 | \$ - | \$ - |
| 2022 | 255,378 | 262,241 | - | - |
| 2023 | 263,301 | 254,461 | - | - |
| 2024 | 271,470 | 246,440 | - | - |
| 2025 | 279,892 | 238,169 | - | - |
| 2026–2030 | 1,641,375 | 1,054,364 | - | - |
| 2031–2035 | 2,084,178 | 771,151 | - | - |
| 2036–2040 | 2,428,180 | 433,355 | - | - |
| 2041–2045 | 1,645,278 | 75,043 | - | - |
| 2046–2050 | - | - | - | - |
| 2050–2051 | - | - | 5,650,000 | 469,995 |
| | <u>\$ 9,116,745</u> | <u>\$ 3,605,011</u> | <u>\$ 5,650,000</u> | <u>\$ 469,995</u> |

Note 6: Capital Assets

Capital assets at June 30 consisted of the following:

| | 2020 | | | |
|--|----------------------|---------------------|-----------------------|---------------------|
| | Beginning Balance | Additions | Disposals | Ending Balance |
| Land | \$ 828,192 | \$ 4,408,181 | \$ (4,695,181) | \$ 541,192 |
| Buildings | 7,277,811 | - | - | 7,277,811 |
| University of Oklahoma Undivided ownership interest in buildings | 1,337,403 | - | (1,337,403) | - |
| Brockway Center (held for sale) | - | 401,295 | - | 401,295 |
| | <u>8,615,214</u> | <u>401,295</u> | <u>(1,337,403)</u> | <u>7,679,106</u> |
| Less accumulated depreciation | <u>(4,105,544)</u> | <u>(291,112)</u> | <u>539,419</u> | <u>(3,857,237)</u> |
| Buildings, parking garages, and undivided ownership interest in buildings, net | <u>4,509,670</u> | <u>110,183</u> | <u>(797,984)</u> | <u>3,821,869</u> |
| Total capital assets, net | <u>\$ 5,337,862</u> | <u>\$ 4,518,364</u> | <u>\$ (5,493,165)</u> | <u>\$ 4,363,061</u> |

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| | 2019 | | | Ending Balance |
|---|----------------------|--------------------|-------------|---------------------|
| | Beginning Balance | Additions | Disposals | |
| Land | \$ 541,192 | \$ 287,000 | \$ - | \$ 828,192 |
| 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 | (3,760,936) | (344,608) | - | (4,105,544) |
| Building, parking garages, and undivided ownership interest in buildings, net | 4,854,278 | (344,608) | - | 4,509,670 |
| Total capital assets, net | <u>\$ 5,395,470</u> | <u>\$ (57,608)</u> | <u>\$ -</u> | <u>\$ 5,337,862</u> |

Buildings

The Authority owns two buildings as of June 30, 2020. One is 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 the years ended June 30, 2020 and 2019.

The second is the Brockway Center (the Center), a landmark in Oklahoma City with historical significance. The Authority purchased this building in October 2019 for approximately \$401,000 in order to prevent the Center from being demolished. The Authority does not have any plans to use the Center in its operations and is currently sending out requests for proposals for a buyer that will preserve the site. Since the Center is being held for sale, no depreciation was taken during the year ended June 30, 2020.

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*.

In support of the City's efforts to further develop the Boathouse District near the Oklahoma River, the Authority purchased excess right-of-way in the district from the Oklahoma Department of

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Transportation for a purchase price of \$287,000 in June 2019. The property was transferred to the Oklahoma City Public Property Authority in September 2019 in exchange for the purchase price of \$287,000, and no gain or loss was recognized.

In September 2019, the Authority closed on a purchase of land of approximately \$4,400,000. The land is located at the southeast corner of North E.K. Gaylord Boulevard and Northwest 4th Street. After the purchase, the property was transferred to Urban Renewal, a related party. The Authority will be repaid upon sale of the property by Urban Renewal. The land has not been sold as of June 30, 2020. The Authority has recognized a receivable from other governments at June 30, 2020, for an amount equal to the purchase.

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 \$0 and \$53,496 for the years ended June 30, 2020 and 2019, respectively.

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.

Effective July 1, 2019, OU decided to exercise the option to acquire the undivided interest. The Authority decided to transfer the interest to OU for no cash consideration, and instead required OU to provide no less than 14,000 square feet in the aggregate of leasable space in the Research Park (incubator space) to incubator tenants. OU must make the space continuously available to incubator tenants for six years, terminating in June 2025. The Authority had taken \$539,419 in depreciation on the undivided interest as of July 1, 2019, and recognized a \$797,984 loss on the transfer.

Note 7: Other Assets

The balance of other assets as of June 30 consisted of:

| | 2020 | 2019 |
|----------------------|-------------|-------------|
| Deposits held by PHF | \$ 300,000 | \$ 300,000 |

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Note 8: 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. The OK Kids Korral was completed in November 2013 and the Authority recognized \$50,000 in PILOT on behalf of OK Kids Korral for the years ended June 30, 2020 and 2019.

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 \$1,140,139 and \$1,086,869 in PILOT in the years ended June 30, 2020 and 2019, respectively.

Note 9: Long-Term Debt

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

| | Beginning Balance | Advances | Payments | Ending Balance |
|---|------------------------------|-----------------|---------------------|---------------------------|
| 2020 | | | | |
| Dean A. McGee Note A-1 Biopharmaceutical Manufacturing Facility Note A-2 | \$ 827,412 | \$ - | (258,995) | \$ 568,417 |
| | <u>1,792,730</u> | <u>-</u> | <u>(561,157)</u> | <u>1,231,573</u> |
| | <u>\$ 2,620,142</u> | <u>\$ -</u> | <u>\$ (820,152)</u> | <u>\$ 1,799,990</u> |
| 2019 | | | | |
| Dean A. McGee Note A-1 Biopharmaceutical Manufacturing Facility Note A-2 | \$ 1,079,665 | \$ - | \$ (252,253) | \$ 827,412 |
| | <u>2,339,277</u> | <u>-</u> | <u>(546,547)</u> | <u>1,792,730</u> |
| | <u>\$ 3,418,942</u> | <u>\$ -</u> | <u>\$ (798,800)</u> | <u>\$ 2,620,142</u> |

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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 August 1, 2010, both interest and principal are due on the note. The amount of interest paid for the years ended June 30, 2020 and 2019, was \$23,893 and \$29,027, respectively, and the interest rate as of June 30, 2020 and 2019, was 3.398% and 3.0925%, 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, 2020 and 2019, was \$70,510 and \$70,421, 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, 2020 and 2019, was \$282,042 and \$281,683, respectively.

Biopharmaceutical Manufacturing Facility 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% (3.398% and 3.09025% at June 30, 2020 and 2019, 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

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interest and principal payments commenced. For the years ended June 30, 2020 and 2019, interest of \$51,767 and \$62,891, respectively, 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, 2020 and 2019, was \$152,783 and \$152,549, 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, 2020 and 2019, was \$611,134 and \$610,194, respectively.

Future principal and interest payments on the notes as of June 30, 2020, are as follows:

| Year Ended June 30, | Dean A. McGee Note A-1 | | Biopharmaceutical Manufacturing Facility Note A-2 | |
|---------------------|---------------------------|------------------|---|------------------|
| | Principal | Interest | Principal | Interest |
| 2021 | \$ 266,843 | \$ 15,199 | \$ 578,200 | \$ 32,933 |
| 2022 | 276,053 | 5,989 | 598,157 | 12,977 |
| 2023 | 25,521 | 73 | 55,216 | 159 |
| | <u>\$ 568,417</u> | <u>\$ 21,261</u> | <u>\$ 1,231,573</u> | <u>\$ 46,069</u> |

The following is a summary of the notes as of June 30:

| | 2020 | 2019 |
|---|-------------------|---------------------|
| Dean A. McGee Note A-1 | \$ 568,417 | \$ 827,412 |
| Biopharmaceutical Manufacturing Facility Note A-2 | 1,231,573 | 1,792,730 |
| | <u>1,799,990</u> | <u>2,620,142</u> |
| Less current maturities | (845,043) | (822,486) |
| Long-term debt, less current maturities | <u>\$ 954,947</u> | <u>\$ 1,797,656</u> |

Note 10: Net Position

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

- **Net Investment in Capital Assets** – Represents a balance of \$2,730,192 and \$3,545,132 at June 30, 2020 and 2019, respectively. The debt and other liabilities associated with capital assets had a balance of \$1,632,868 and \$1,792,730 at June 30, 2020 and 2019, respectively.

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Notes to Financial Statements
June 30, 2020 and 2019

- **Restricted** – Represents net position that has been restricted by outside sources. The net position restricted for debt service was \$1,116,469 and \$1,114,847 at June 30, 2020 and 2019, respectively. The net position restricted for economic development activities was \$28,973,371 and \$28,488,486 at June 30, 2020 and 2019, respectively.

Note 11: Ad Valorem Tax Revenue

Revenue is generated through apportionment of ad valorem tax increments collected within TIFs. 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 is as follows:

| | TIF 1 | TIF 7 | TIF 11 | Total |
|---|----------------------------|--------------------------|--------------------------|----------------------------|
| 2020 | | | | |
| Tax year | | | | |
| 2016 | \$ - | \$ 908 | \$ - | \$ 908 |
| 2017 | - | 951 | - | 951 |
| 2018 | 20,619 | 1,746 | 575,586 | 597,951 |
| 2019 | - | 289,714 | - | 289,714 |
| | <u>20,619</u> | <u>293,319</u> | <u>575,586</u> | <u>889,524</u> |
| Interest received | 90 | 1,271 | 2,495 | 3,856 |
| Net change in tax receivable from Oklahoma County Treasurer | <u>270,568</u> | <u>-</u> | <u>-</u> | <u>270,568</u> |
| | <u><u>\$ 291,277</u></u> | <u><u>\$ 294,590</u></u> | <u><u>\$ 578,081</u></u> | <u><u>\$ 1,163,948</u></u> |
| 2019 | | | | |
| Tax year | | | | |
| 2016 | \$ - | \$ 597 | \$ - | \$ 597 |
| 2017 | 30,784 | 1,235 | 683,633 | 715,652 |
| 2018 | 1,244,321 | 369,263 | - | 1,613,584 |
| | <u>1,275,105</u> | <u>371,095</u> | <u>683,633</u> | <u>2,329,833</u> |
| Interest received | 7,703 | 2,242 | 4,130 | 14,075 |
| Net change in tax receivable from Oklahoma County Treasurer | <u>(22,238)</u> | <u>-</u> | <u>-</u> | <u>(22,238)</u> |
| | <u><u>\$ 1,260,570</u></u> | <u><u>\$ 373,337</u></u> | <u><u>\$ 687,763</u></u> | <u><u>\$ 2,321,670</u></u> |

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2020 and 2019

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.

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. 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. Rent payment is due annually from the Skirvin Hotel, which is based on cash flows of the entity for the fiscal year.

During 2019, a joint resolution was passed by the City Council and the Authority designating all annual receipts associated with this agreement to be paid to the City, through the Oklahoma City Economic Development Trust (OCEDT), for the purpose of servicing debt issued for the purpose of the Omni Hotel Funding Plan. Under this joint resolution, the Authority is directed to transfer the accumulated balance of any monies collected by the Authority to OCEDT, net of any contractually required retainage as invoiced by the City. During the years ended June 30, 2020 and 2019, \$1,100,000 and \$1,700,000, respectively, was transferred to OCEDT under this joint resolution.

Rent revenues recognized under the lease agreement were \$141,763 and \$398,441 for the years ended June 30, 2020 and 2019, respectively. The economic impact of COVID-19 on the Skirvin Hotel's operations resulted in lower current year receipts associated with this lease.

Note 13: Related-Party Transactions

Urban Renewal

At June 30, 2020 and 2019, the Authority owed \$26,629 and \$61,876, respectively, of TIF funds to Urban Renewal for administrative costs. At June 30, 2020 and 2019, the Authority also owed approximately \$401,000 and \$545,000, respectively, relating to the acquisition of land that was paid for by Urban Renewal but purchased by the Authority.

At June 30, 2020, Urban Renewal owed the Authority approximately \$4,400,000 relating to the acquisition of land that was purchased and paid for by the Authority and subsequently transferred to Urban Renewal.

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, 2020

| TIF 1 | Category A | Category B | Category C |
|-----------------------------|---------------------|---------------------|--------------------|
| Total budget | \$ 22,000,000 | \$ 23,000,000 | \$ 2,000,000 |
| Expenditures | | | |
| For years 2013 through 2020 | (4,365,913) | (6,153) | (577,751) |
| For years 2012 and prior | <u>(9,719,370)</u> | <u>(14,516,056)</u> | <u>(1,422,249)</u> |
| Budget amount remaining | <u>\$ 7,914,717</u> | <u>\$ 8,477,791</u> | <u>\$ -</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 2020 | (501,619) | - | (96,056) | (537,094) |
| For years 2012 and prior | <u>-</u> | <u>-</u> | <u>-</u> | <u>(504,816)</u> |
| Budget amount remaining | <u>\$ 3,498,381</u> | <u>\$ 5,000,000</u> | <u>\$ 903,944</u> | <u>\$ 9,958,090</u> |

| TIF 11 | Category A | Category B | Category C | Category D | Category E |
|-------------------------|----------------------|---------------------|---------------------|---------------------|----------------------|
| Total budget | \$ 17,000,000 | \$ 9,000,000 | \$ 3,000,000 | \$ 5,000,000 | \$ 18,000,000 |
| Expenditures | | | | | |
| 2020 | - | - | - | - | (2,650) |
| 2019 | - | - | - | - | - |
| 2018 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,110)</u> |
| Budget amount remaining | <u>\$ 17,000,000</u> | <u>\$ 9,000,000</u> | <u>\$ 3,000,000</u> | <u>\$ 5,000,000</u> | <u>\$ 17,995,240</u> |

In addition, interest and costs of issuance of bonds to finance the authorized project activities are authorized but not budgeted. The schedules above only reflect 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, 2020

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, August 1, 2006, and December 20, 2016, are as follows:

Category A: Commercialization of Research and Technology – The cost of planning; financing; assistance in development financing; and acquiring and constructing research, development, and technological application facilities, business incubators, business accelerators, complementary commercial facilities, and other public research park improvements by the Authority, a public trust, and Urban Renewal, a public body corporate.

Category B: Place-Making – The cost of planning; financing; assistance in development financing; acquiring, constructing, and developing public spaces (including meeting space, gathering space, work space, community centers, conference facilities, arts and cultural space, entertainment space, open space, and green space), public ways, parks, parking facilities, and complementary commercial and retail facilities; and supporting public improvements by the Authority, a public trust, and Urban Renewal, a public body corporate.

Category C: Implementation – The cost of implementing and administering the project plan incurred or to be incurred by the Authority, a public trust, and Urban Renewal, a public body corporate, 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. Also amended December 20, 2016, TIF 7 project cost categories follow the definitions above with the addition of Category D, defined as follows:

Category D: Supporting Development – The costs of implementing the economic development and redevelopment activities of the Authority, a public trust, in accordance with the Harrison-Walnut Urban Renewal Plan and this project plan, including assistance in development financing; contracts for implementation activities, including relocation and site preparation; and the negotiation, preparation, execution, and implementation of development and redevelopment agreements, including agreements for financing, property acquisition, construction of public

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, 2020

improvements, and land disposition, as authorized by the Oklahoma Urban Renewal Law, 11 O.S. § 38-101, et seq.

TIF 11

The December 20, 2016, plan amendment added TIF 11 to the project plan. TIF 11 cost categories follow the definitions above with the addition of Category E, defined as follows:

Category E: Specific Revenue Source for Public Entities for Enhanced Education, Skills Training Programs, Internships, and Entrepreneurial Support – The provision of a specific revenue source from apportioned tax increments for other public entities in the area in order to provide enhanced education (including emphasis on science, technology, engineering, arts, and mathematics – sometimes referred to as STEAM); skills training programs; intern programs; workforce development; and entrepreneurial support for the new employment to be generated by the project. Okla. Const. Art. 10, § 6C; 62 O.S. § 853(9), 14(e), 14(i); and § 854(4).

Tax increments from the Increment Districts can be spent for project costs throughout the project area. Project costs remaining unpaid upon the expiration of an Increment District may be paid from increments of the remaining Increment District(s).

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

Independent Auditor's Report

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, 2020, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 16, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing 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 entity'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 from 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 financial statements. 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Oklahoma City, Oklahoma
October 16, 2020

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Schedule of Findings and Responses
Year Ended June 30, 2020

| Reference Number | Finding |
|-----------------------------|----------------|
|-----------------------------|----------------|

No matters are reportable.

Board of Trustees
Oklahoma City Redevelopment Authority
Oklahoma City, Oklahoma

As part of our audit of the financial statements of 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, 2020, 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. A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework. 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 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, but more than trivial, 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 Communication

Listed below is another material 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, 2020, 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 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.

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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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.

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

Deficiency

Due to the limited number of individuals involved in the finance department, many of the critical accounting and related administrative duties are combined and assigned to available employees. Presently, individuals, including the chief financial officer and staff within the accounting department, perform a large amount of the upper level accounting functions. To the extent possible, the Authority should continue to identify and implement control and review processes, including review of journal entries and approvals of final invoices for payment, to ensure appropriate levels of review are present to mitigate any segregation of duties issues.

We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies.

NEW ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 95

In response to the challenges arising from COVID-19, on May 7, 2020, GASB approved Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB approved an 18-month postponement for GASB Statement No. 87, *Leases*. All statements and implementation guides with a current effective date of reporting periods beginning after June 15, 2018, and later have a one-year postponement. This change is effective immediately. Early application is still encouraged.

The new effective dates are listed below:

- GASB Statement No. 83 – Reporting periods beginning after June 15, 2019
- GASB Statement No. 84 and Implementation Guide 2019-2 – Reporting periods beginning after December 15, 2019
- GASB Statement No. 87 and Implementation Guide 2019-3 – Fiscal years beginning after June 15, 2021, and all reporting periods thereafter
- GASB Statement No. 88 – Reporting periods beginning after June 15, 2019
- GASB Statement No. 89 – Reporting periods beginning after December 15, 2020
- GASB Statement No. 90 – Reporting periods beginning after December 15, 2019
- GASB Statement No. 91 – Reporting periods beginning after December 15, 2021
- GASB Statement No. 92, paragraphs 6 and 7 – Fiscal years beginning after June 15, 2021
- GASB Statement No. 92, paragraphs 8, 9, and 12 – Reporting periods beginning after June 15, 2021

- GASB Statement No. 92, paragraph 10 – Government acquisitions occurring in reporting periods beginning after June 15, 2021
- GASB Statement No. 93, paragraphs 13 and 14 – Fiscal years beginning after June 15, 2021, and all reporting periods thereafter
- Implementation Guide 2018-1 – Reporting periods beginning after June 15, 2019
- Implementation Guide 2019-1 – Reporting periods beginning after June 15, 2020

GASB Statement No. 87

In June 2017, GASB published GASB 87. GASB 87 was the result of a multi-year project to re-examine the accounting and financial reporting for leases. GASB 87 establishes a single model for lease accounting based on the principle that leases represent the financing of the right to use an underlying asset. Specifically, GASB 87 includes the following accounting guidance for lessees and lessors:

Lessee Accounting

A lessee will recognize a liability measured at the present value of payments expected to be made for the lease term and an intangible asset measured at the amount of the initial lease liability plus any payments made to the lessor at or before the beginning of the lease and certain indirect costs. A lessee will reduce the liability as payments are made and recognize an outflow of resources for interest on the liability. The asset will be amortized by the lessee over the shorter of the lease term or the useful life of the asset.

Lessor Accounting

A lessor will recognize a receivable measured at the present value of the lease payments expected for the lease term and a deferred inflow of resources measured at the value of the lease receivable plus any payments received at or prior to the beginning of the lease that relate to future periods. The lessor will reduce the receivable as payments are received and recognize an inflow of resources from the deferred inflow of resources in a systematic and rational manner over the term of the lease. A lessor will not derecognize the asset underlying the lease. There is an exception for regulated leases for which certain criteria are met, such as airport-aeronautical agreements.

The lease term used to measure the asset or liability is based on the period in which the lessee has the noncancelable right to use the underlying asset. The lease term also contemplates any lease extension or termination option that is reasonably certain of being exercised.

GASB 87 does not apply to leases for intangible assets, biological assets (*i.e.*, timber and living plants and animals), service concession agreements, or leases in which the underlying asset is financed with conduit debt that is reported by the lessor. Additionally, leases with a maximum possible term of 12 months or less are excluded.

Board of Trustees
Oklahoma City Redevelopment Authority
Page 6

GASB 87 is effective for fiscal years beginning after June 15, 2021. Early application is encouraged. It is anticipated that leases would be recognized using the facts and circumstances in effect at the beginning of the period of implementation.

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

BKD, LLP

Oklahoma City, Oklahoma
October 16, 2020

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

October 16, 2020

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, 2020 and 2019. 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 July 2, 2020 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.

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.

4. 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 Authority from whom you determined it necessary to obtain audit evidence.
 - (d) All minutes of meetings of the Board of Trustees held through the date of this letter.
 - (e) All significant contracts and grants.
5. All transactions have been recorded in the accounting records and are reflected in the financial statements.
6. 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.
7. 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.
8. 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.
- 9. 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.
- 10. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 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 statement of net position/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 have no reason to believe the Authority owes any penalties or payments under the Employer Shared Responsibility Provisions of the Patient Protection and Affordable Care Act nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.
15. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the 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.
16. 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.

17. 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.

18. 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.

19. With regard to deposit and investment activities:
 - (a) All deposit 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.

20. 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.
-
- 21. We acknowledge that we are responsible for compliance with applicable laws, regulations and provisions of contracts and grant agreements.
 - 22. 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.
 - 23. 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.
 - 24. 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.
 - 25. We have a process to track the status of audit findings and recommendations.
 - 26. 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.
 - 27. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the statement of net position/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 and nonfinancial 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, 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, which includes the TIF budget to actual expenditures comparison:
 - (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.

31. We acknowledge the current protracted economic decline continues to present difficult circumstances and challenges for the governmental industry. Governmental entities are facing declines in the fair values of investments and other assets, declines in the volume of business, constraints on liquidity and difficulty obtaining financing. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to asset values, allowances for accounts and notes receivable, etc. that could negatively impact the Authority's ability to maintain sufficient liquidity. We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the Authority's financial statements. Further, management and the Board are solely responsible for all aspects of managing the Authority, including questioning the quality and valuation of investments and other assets, reviewing allowances for uncollectible amounts and evaluating capital needs and liquidity plans.



Catherine O'Connor, Executive Director



Geri Harlan, Chief Financial Officer

OKC Redevelopment Authority

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect 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 | 12,558,282 | | 12,558,282 | |
| Non-Current Assets & Deferred Outflows | 22,612,113 | 80,194 | 22,692,307 | 0.35% |
| Current Liabilities | (1,395,416) | | (1,395,416) | |
| Non-Current Liabilities & Deferred Inflows | (954,947) | | (954,947) | |
| Current Ratio | | | 9.00 | |
| Total Assets & Deferred Outflows | 35,170,395 | 80,194 | 35,250,589 | 0.23% |
| Total Liabilities & Deferred Inflows | (2,350,363) | | (2,350,363) | |
| Total Net Position | (32,820,032) | (80,194) | (32,900,226) | 0.24% |
| General Revenues & Transfers | (2,354,087) | (57,036) | (2,411,123) | 2.42% |
| Net Program Revenues/ Expenses | 2,682,520 | | 2,682,520 | |
| Change in Net Position | 328,433 | (57,036) | 271,397 | -17.37% |

Client: OKC Redevelopment Authority

Period Ending: June 30, 2020

Governmental Activities (Government-Wide Statements)

SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

| Description | Financial Statement Line Item | Factual (F), Judgmental (J) or Projected (P) | Assets & Deferred Outflows | | | | Liabilities & Deferred Inflows | | | | General Revenues & Transfers | | | Net Program Revenues/ Expenses | | Net Position | | Net Effect on Following Year | | | |
|--|-------------------------------|--|----------------------------|--------|------------|------|--------------------------------|------|---|------|------------------------------|------|---------|--------------------------------|----------|--------------|------------------------|------------------------------|--------------|------|--|
| | | | Current | | Noncurrent | | Current | | Noncurrent | | DR (CR) | | DR (CR) | | DR (CR) | | Change in Net Position | | Net Position | | |
| | | | DR | (CR) | DR | (CR) | DR | (CR) | DR | (CR) | DR | (CR) | DR | (CR) | DR | (CR) | DR | (CR) | DR | (CR) | |
| Turnaround effect of PY PAJE for FV adjustment of investments. | | F | 0 | 0 | 0 | 0 | | | 23,158 | 0 | (23,158) | | | 0 | 0 | | | | | | |
| | Unrealized Holding Gain/Loss | | | | | | | | 23,158 | | | | | | | | | | | | |
| | Net Position | | | | | | | | | | (23,158) | | | | | | | | | | |
| To adjust investments (certificates of deposit) to their fair value at year-end. | | F | 0 | 80,194 | 0 | 0 | | | (80,194) | 0 | 0 | | | 80,194 | (80,194) | | | | | | |
| | Investments | | | 80,194 | | | | | | | | | | 80,194 | | | | | | | |
| | Unrealized Holding Gain/Loss | | | | | | | | (80,194) | | | | | | (80,194) | | | | | | |
| Total passed adjustments | | | 0 | 80,194 | 0 | 0 | | | (57,036) | 0 | (23,158) | | | 80,194 | (80,194) | | | | | | |
| | | | | | | | | | Impact on Change in Net Position | | (57,036) | | | | | | | | | | |
| | | | | | | | | | Impact on Net Position | | (80,194) | | | | | | | | | | |

OKC Redevelopment Authority

ATTACHMENT

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

TIF Fund

QUANTITATIVE ANALYSIS

| | Before Misstatements | Misstatements | Subsequent to Misstatements | % Change |
|--------------------------------------|-------------------------|---------------|--------------------------------|----------|
| Total Assets & Deferred Outflows | 15,780,638 | 80,194 | 15,860,832 | 0.51% |
| Total Liabilities & Deferred Inflows | (5,935,481) | | (5,935,481) | |
| Total Fund Balance | (9,845,157) | (80,194) | (9,925,351) | 0.81% |
| Revenues | (3,052,938) | (57,274) | (3,110,212) | 1.88% |
| Expenditures | 7,182,245 | | 7,182,245 | |
| Change in Fund Balance | 4,129,307 | (57,274) | 4,072,033 | -1.39% |

Client: OKC Redevelopment Authority

Period Ending: June 30, 2020

TIF Fund

SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

| Description | Financial Statement Line Item | Factual (F), Judgmental (J) or Projected (P) | Assets & Deferred | | Liabilities & | | Revenues | | | Expenditures | | | Fund Balance | | Change in Fund Balance | | Fund Balance | |
|---|-------------------------------|--|-------------------|---------------|------------------|----------|---|------|----|--------------|----|-----------------|--------------|------|------------------------|------|--------------|-----------------|
| | | | Outflows | | Deferred Inflows | | | | | | | | | | DR (CR) | | DR (CR) | |
| | | | DR | (CR) | DR | (CR) | DR | (CR) | DR | (CR) | DR | (CR) | DR | (CR) | DR | (CR) | DR | (CR) |
| Turnaround effect of prior year passed adjustment for fair value adjustment of investments. | | F | | 0 | | 0 | 22,920 | | | 0 | | (22,920) | | | 0 | | | 0 |
| | Investment Income | | | | | | 22,920 | | | | | | | | | | | |
| | Fund Balance | | | | | | | | | | | (22,920) | | | | | | |
| To adjust investments (certificates of deposit) to their fair value at year-end. | | F | | 80,194 | | 0 | (80,194) | | | 0 | | | | | 80,194 | | | (80,194) |
| | Investments | | | 80,194 | | | | | | | | | | | 80,194 | | | |
| | Unrealized Holding Gain/Loss | | | | | | (80,194) | | | | | | | | | | | (80,194) |
| Total passed adjustments | | | | <u>80,194</u> | | <u>0</u> | <u>(57,274)</u> | | | <u>0</u> | | <u>(22,920)</u> | | | <u>80,194</u> | | | <u>(80,194)</u> |
| | | | | | | | Impact on Change in Fund Balance | | | | | (57,274) | | | | | | |
| | | | | | | | Impact on Fund Balance | | | | | (80,194) | | | | | | |

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Independent Auditor's Reports and Financial Statements
June 30, 2021 and 2020

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
June 30, 2021 and 2020

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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 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, 2021 and 2020, 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, 2021 and 2020, 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 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 audits were 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 audits 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 for 2013 through 2021 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 also have issued our report dated October 20, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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

Board of Trustees
Oklahoma City Redevelopment Authority
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effectiveness of the Authority's 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
October 20, 2021

Oklahoma City Redevelopment Authority

A Component Unit of the City of Oklahoma City, Oklahoma

Management's Discussion and Analysis

Years Ended June 30, 2021 and 2020

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, 2021 and 2020. It should be read in conjunction with the accompanying financial statements of the Authority.

Financial Highlights

- Cash and cash equivalents increased in 2021 and 2020 by \$5,996,152 and \$47,178, respectively.
- The Authority's capital assets decreased in 2021 and 2020 by \$291,113 and \$974,801, respectively.
- Long-term debt decreased in 2021 and 2020 by \$882,025 and \$842,709, respectively.
- The Authority's net position increased in 2021 by \$2,502,522 and decreased in 2020 by \$328,433.

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 increased by \$1,568,336 in 2021 and decreased by \$1,556,554 in 2020. In 2021, increases in cash and cash equivalents and receivables from other governments were offset by decreases in investments, rent, and capital assets.

Total liabilities decreased in 2021 and 2020 by \$934,186 and \$1,228,121, respectively. In 2021, regular debt service naturally decreased along with decreases in accounts payable.

In 2021, no significant changes occurred in capital assets and debt other than depreciation and payment of principal. In 2020, the Authority purchased a large plot of land for approximately \$4,400,000, which was subsequently transferred to the Oklahoma City Urban Renewal Authority (Urban Renewal), and a small building to be held for sale for approximately \$400,000. The Authority also sold or transferred two capital assets: a different plot of land to Urban Renewal for approximately \$287,000 and an undivided ownership interest in a building located at Research Park in Oklahoma City with a historical cost of approximately \$1,337,000.

Table 1: Condensed Statements of Net Position

| | 2021 | 2020 | Change | % Change | 2019 | Change | % Change |
|----------------------------------|----------------------|----------------------|---------------------|----------|----------------------|---------------------|----------|
| Current and other assets | \$ 32,666,783 | \$ 30,807,334 | \$ 1,859,449 | 6% | \$31,389,087 | \$ (581,753) | -2% |
| Capital assets | 4,071,948 | 4,363,061 | (291,113) | -7% | 5,337,862 | (974,801) | -18% |
| Total assets | 36,738,731 | 35,170,395 | 1,568,336 | 4% | 36,726,949 | (1,556,554) | -4% |
| Long-term liabilities | 72,922 | 954,947 | (882,025) | -92% | 1,797,656 | (842,709) | -47% |
| Other liabilities | 1,343,255 | 1,395,416 | (52,161) | -4% | 1,780,828 | (385,412) | -22% |
| Total liabilities | 1,416,177 | 2,350,363 | (934,186) | -40% | 3,578,484 | (1,228,121) | -34% |
| Net investment in capital assets | 3,025,912 | 2,730,192 | 295,720 | 11% | 3,545,132 | (814,940) | -23% |
| Restricted | 32,296,642 | 30,089,840 | 2,206,802 | 7% | 29,603,333 | 486,507 | 2% |
| Net position | <u>\$ 35,322,554</u> | <u>\$ 32,820,032</u> | <u>\$ 2,502,522</u> | 8% | <u>\$ 33,148,465</u> | <u>\$ (328,433)</u> | -1% |

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 year ended June 30, 2021, net position increased by \$2,502,522, and for the year ended June 30, 2020, net position decreased by \$328,433. The increase in 2021 was due to increased revenues, including a \$1,443,673 increase in apportioned ad valorem taxes and payments in lieu of taxes. Also contributing to the increase was a decrease in economic development and interest expenses. The decrease in 2020 was primarily due to decreases in charges for services and operating grants, contributions, and restricted interest of \$256,678 and \$410,670, respectively, combined with decreases in apportioned ad valorem taxes and payments in lieu of taxes totaling \$1,104,452, with economic development expenses increasing by \$198,199.

Table 2: Condensed Statements of Activities

| | 2021 | 2020 | Change | % Change | 2019 | Change | % Change |
|--|---------------------|---------------------|---------------------|----------|---------------------|-----------------------|----------|
| Charges for services | \$ - | \$ 141,763 | \$ (141,763) | -100% | \$ 398,441 | \$ (256,678) | -64% |
| Operating grants, contributions, and restricted interest | 377,000 | 959,091 | (582,091) | -61% | 1,369,761 | (410,670) | -30% |
| General revenues | 3,795,299 | 2,354,087 | 1,441,212 | 61% | 3,458,539 | (1,104,452) | -32% |
| Total revenues | 4,172,299 | 3,454,941 | 717,358 | 21% | 5,226,741 | (1,771,800) | -34% |
| Economic development expenses | 1,649,750 | 3,707,714 | (2,057,964) | -56% | 3,509,515 | 198,199 | 6% |
| Interest expense | 20,024 | 75,660 | (55,636) | -74% | 91,918 | (16,258) | -18% |
| Total operating expenses | 1,669,774 | 3,783,374 | (2,113,600) | -56% | 3,601,433 | 181,941 | 5% |
| Change in net position | <u>\$ 2,502,525</u> | <u>\$ (328,433)</u> | <u>\$ 2,830,958</u> | -862% | <u>\$ 1,625,308</u> | <u>\$ (1,953,741)</u> | -120% |

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 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 Fund

| | 2021 | 2020 | Change | % Change | 2019 | Change | % Change |
|------------------------------------|----------------------|-----------------------|---------------------|----------|----------------------|-----------------------|----------|
| TIF 1 | | | | | | | |
| Total assets | \$ 17,394,413 | \$ 15,780,638 | \$ 1,613,775 | 10% | \$ 15,645,081 | \$ 135,557 | 1% |
| Total liabilities | (473,870) | (550,373) | 76,503 | -14% | (958,342) | 407,969 | -43% |
| Deferred inflows of resources | (5,002,389) | (5,385,108) | 382,719 | -7% | (712,275) | (4,672,833) | 656% |
| Fund balance | <u>\$ 11,918,154</u> | <u>\$ 9,845,157</u> | <u>\$ 2,072,997</u> | 21% | <u>\$ 13,974,464</u> | <u>\$ (4,129,307)</u> | -30% |
| Taxes | \$ 4,173,021 | \$ 2,079,664 | \$ 2,093,357 | 101% | \$ 3,466,702 | \$ (1,387,038) | -40% |
| Intergovernmental revenue | 11,153 | 787,022 | (775,869) | -99% | 850,358 | (63,336) | -7% |
| Other income | 97,309 | 186,252 | (88,943) | -48% | 231,908 | (45,656) | -20% |
| Total revenues | <u>4,281,483</u> | <u>3,052,938</u> | <u>1,228,545</u> | 40% | <u>4,548,968</u> | <u>(1,496,030)</u> | -33% |
| Research Park-related expenditures | 149,080 | 793,118 | (644,038) | -81% | 1,031,331 | (238,213) | -23% |
| Administration | 332,072 | 197,221 | 134,851 | 68% | 259,176 | (61,955) | -24% |
| Other | 849,627 | 486,618 | 363,009 | 75% | 174,400 | 312,218 | 179% |
| Capital outlay | - | 4,809,476 | (4,809,476) | -100% | 287,000 | 4,522,476 | 100% |
| Debt service | | | | | | | |
| Principal | 857,683 | 820,152 | 37,531 | 5% | 798,800 | 21,352 | 3% |
| Interest | 20,024 | 75,660 | (55,636) | -74% | 91,918 | (16,258) | -18% |
| Total expenditures | <u>2,208,486</u> | <u>7,182,245</u> | <u>(4,973,759)</u> | -69% | <u>2,642,625</u> | <u>4,539,620</u> | 172% |
| Change in fund balance | <u>\$ 2,072,997</u> | <u>\$ (4,129,307)</u> | <u>\$ 6,202,304</u> | -150% | <u>\$ 1,906,343</u> | <u>\$ (6,035,650)</u> | -317% |

The change in fund balance for the TIF Fund was an increase in 2021 of \$2,072,997 and a decrease of \$4,129,307 in 2020. The 2021 revenues increased by \$2,072,997, primarily from an increase in apportioned ad valorem taxes and payments in lieu of taxes of approximately \$1,444,000. Expenditures in 2021 decreased by \$4,973,759. The majority of the decrease was due to a \$4,809,476 decrease in capital expenditures from the previous year. The 2020 revenues decreased by \$1,496,030 mainly due to a decrease in apportioned ad valorem taxes while total expenditures increased by \$4,539,620 related to capital outlay.

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

| | 2021 | 2020 | Change | % Change | 2019 | Change | % Change |
|---------------------------------------|--------------------|---------------------|--------------------|----------|---------------------|---------------------|----------|
| Skirvin Hotel Project | | | | | | | |
| Total assets | \$ 505,625 | \$ 259,951 | \$ 245,674 | 95% | \$ 737,021 | \$ (477,070) | -65% |
| Deferred inflows of resources | (364,669) | (91,167) | (273,502) | 300% | (23,975) | (67,192) | 280% |
| Fund balance | <u>\$ 140,956</u> | <u>\$ 168,784</u> | <u>\$ (27,828)</u> | -16% | <u>\$ 713,046</u> | <u>\$ (544,262)</u> | -76% |
| Rental income | \$ - | \$ 141,763 | \$ (141,763) | -100% | \$ 398,441 | \$ (256,678) | -64% |
| Principal payment on notes receivable | - | 240,240 | (240,240) | -100% | 233,011 | 7,229 | 3% |
| Interest income on loans | - | 208,730 | (208,730) | -100% | 284,206 | (75,476) | -27% |
| Investment income | 30 | 6,083 | (6,053) | -100% | 6,132 | (49) | -1% |
| Total revenues | <u>30</u> | <u>596,816</u> | <u>(596,786)</u> | -100% | <u>921,790</u> | <u>(324,974)</u> | -35% |
| Expenditures | <u>27,858</u> | <u>1,141,661</u> | <u>(1,113,803)</u> | 100% | <u>1,700,000</u> | <u>(558,339)</u> | 100% |
| Change in fund balance | <u>\$ (27,828)</u> | <u>\$ (544,845)</u> | <u>\$ 517,017</u> | -95% | <u>\$ (778,210)</u> | <u>\$ 233,365</u> | -30% |

The change in fund balance for the Skirvin Hotel Project was a decrease of \$27,828 in 2021 compared to a decrease of \$544,845 in 2020. The change was primarily due to \$27,858 and \$1,141,661 of payments made to the City in 2021 and 2020, respectively. Rental income of \$0 and \$141,763 received in 2021 and 2020, respectively, partially offset the respective increase and decrease in fund balance.

The fund balances for both the TIF and the 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, 7, and 11. To date, the Authority has collected approximately \$31,262,000, \$1,773,000, and \$1,750,000 for TIF 1, TIF 7, and TIF 11, respectively. 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 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
Statements of Net Position
June 30, 2021 and 2020

Assets

| | 2021 | 2020 |
|--|--------------|--------------|
| Current Assets | | |
| Cash | \$ 9,482,856 | \$ 3,486,706 |
| Investments, at fair value | 2,695,000 | 3,185,000 |
| Accounts receivable | 136,856 | - |
| Due from other governments | 452,926 | 5,486,570 |
| Interest receivable | 410,911 | 123,285 |
| Investment income receivable | 13,308 | 29,028 |
| Current portion of notes receivable | 247,693 | 247,693 |
| Total current assets | 13,439,550 | 12,558,282 |
| Capital Assets | | |
| Land | 541,192 | 541,192 |
| Buildings, parking garages, and undivided ownership interest in buildings, net | 3,530,756 | 3,821,869 |
| Total capital assets | 4,071,948 | 4,363,061 |
| Other Noncurrent Assets | | |
| Investments, at fair value | - | 3,430,000 |
| Due from other governments | 4,408,181 | - |
| Notes receivable | 14,519,052 | 14,519,052 |
| Other assets – deposits | 300,000 | 300,000 |
| Total other noncurrent assets | 19,227,233 | 18,249,052 |
| Total assets | 36,738,731 | 35,170,395 |

Liabilities

| | | |
|---|-----------|-----------|
| Current Liabilities | | |
| Current portion of long-term debt | 869,385 | 845,043 |
| Accounts payable | 21,067 | 122,449 |
| Due to Urban Renewal | 452,803 | 427,924 |
| Total current liabilities | 1,343,255 | 1,395,416 |
| Noncurrent Liabilities | | |
| Long-term debt, less current maturities | 72,922 | 954,947 |
| Total liabilities | 1,416,177 | 2,350,363 |

Net Position

| | | |
|--|---------------|---------------|
| Net investment in capital assets | 3,025,912 | 2,730,192 |
| Restricted for debt service | 1,094,697 | 1,116,469 |
| Restricted for economic development activities | 31,201,945 | 28,973,371 |
| Total net position | \$ 35,322,554 | \$ 32,820,032 |

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Statements of Activities
June 30, 2021 and 2020

| | Revenues | | | | Net Revenues (Expenses) |
|--|--------------|-------------------------|--|--|-------------------------------|
| | Expenses | Charges for Services | Capital Grants and Contributions | Operating Grants, Contributions, and Restricted Interest | |
| 2021 | | | | | |
| Governmental Activities | | | | | |
| Economic development | \$ 1,649,750 | \$ - | \$ - | \$ 377,000 | \$ (1,272,750) |
| Interest expense | 20,024 | - | - | - | (20,024) |
| Total governmental activities | \$ 1,669,774 | \$ - | \$ - | \$ 377,000 | (1,292,774) |
| General Revenues | | | | | |
| Apportioned ad valorem taxes | | | | | 923,131 |
| Payments in lieu of taxes | | | | | 2,872,168 |
| Total general revenues | | | | | 3,795,299 |
| Change in Net Position | | | | | 2,502,525 |
| Net Position, Beginning of Year | | | | | 32,820,032 |
| Net Position, End of Year | | | | | \$ 35,322,557 |
| 2020 | | | | | |
| Governmental Activities | | | | | |
| Economic development | \$ 3,707,714 | \$ 141,763 | \$ - | \$ 959,091 | \$ (2,606,860) |
| Interest expense | 75,660 | - | - | - | (75,660) |
| Total governmental activities | \$ 3,783,374 | \$ 141,763 | \$ - | \$ 959,091 | (2,682,520) |
| General Revenues | | | | | |
| Apportioned ad valorem taxes | | | | | 1,163,948 |
| Payments in lieu of taxes | | | | | 1,190,139 |
| Total general revenues | | | | | 2,354,087 |
| Change in Net Position | | | | | (328,433) |
| Net Position, Beginning of Year | | | | | 33,148,465 |
| Net Position, End of Year | | | | | \$ 32,820,032 |

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Balance Sheets – Governmental Funds
June 30, 2021 and 2020

| | 2021 | | |
|--|----------------------|--------------------------|--------------------------------|
| | TIF | Skirvin Hotel Project | Total Governmental Funds |
| Assets | | | |
| Cash | \$ 9,341,900 | \$ 140,956 | \$ 9,482,856 |
| Investments, at fair value | 2,695,000 | - | 2,695,000 |
| Accounts receivable | 136,856 | - | 136,856 |
| Interest receivable | 46,242 | 364,669 | 410,911 |
| Investment income receivable | 13,308 | - | 13,308 |
| Ad valorem taxes receivable | 452,926 | - | 452,926 |
| Receivables from other governments | 4,408,181 | - | 4,408,181 |
| Other assets | 300,000 | - | 300,000 |
| | <u>\$ 17,394,413</u> | <u>\$ 505,625</u> | <u>\$ 17,900,038</u> |
| Total assets | <u>\$ 17,394,413</u> | <u>\$ 505,625</u> | <u>\$ 17,900,038</u> |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | |
| Liabilities | | | |
| Accounts payable | \$ 21,067 | \$ - | \$ 21,067 |
| Due to Urban Renewal | 452,803 | - | 452,803 |
| | <u>473,870</u> | <u>-</u> | <u>473,870</u> |
| Total liabilities | <u>473,870</u> | <u>-</u> | <u>473,870</u> |
| Deferred Inflows of Resources | <u>5,002,389</u> | <u>364,669</u> | <u>5,367,058</u> |
| Fund Balances | | | |
| Restricted for | | | |
| Debt service | 1,094,697 | - | 1,094,697 |
| Economic development activities | - | 140,956 | 140,956 |
| Other TIF activities | 10,823,457 | - | 10,823,457 |
| | <u>11,918,154</u> | <u>140,956</u> | <u>12,059,110</u> |
| Total fund balances | <u>11,918,154</u> | <u>140,956</u> | <u>12,059,110</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 17,394,413</u> | <u>\$ 505,625</u> | <u>\$ 17,900,038</u> |

See Notes to Financial Statements

| | 2020 | | |
|------------------------------------|-----------------------------|----------------------------------|---|
| | TIF | Skirvin Hotel Project | Total Governmental Funds |
| Assets | | | |
| Cash | \$ 3,317,922 | \$ 168,784 | \$ 3,486,706 |
| Investments, at fair value | 6,615,000 | - | 6,615,000 |
| Interest receivable | 32,118 | 91,167 | 123,285 |
| Investment income receivable | 29,028 | - | 29,028 |
| Ad valorem taxes receivable | 968,899 | - | 968,899 |
| Receivables from other governments | 4,517,671 | - | 4,517,671 |
| Other assets | 300,000 | - | 300,000 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 15,780,638</u> | <u>\$ 259,951</u> | <u>\$ 16,040,589</u> |

Liabilities, Deferred Inflows of Resources, and Fund Balances

| | | | |
|--|-----------------------------|-----------------------------|-----------------------------|
| Liabilities | | | |
| Accounts payable | \$ 122,449 | \$ - | \$ 122,449 |
| Due to Urban Renewal | 427,924 | - | 427,924 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>550,373</u> | <u>-</u> | <u>550,373</u> |
| Deferred Inflows of Resources | | | |
| | <u>5,385,108</u> | <u>91,167</u> | <u>5,476,275</u> |
| Fund Balances | | | |
| Restricted for | | | |
| Debt service | 1,116,469 | - | 1,116,469 |
| Economic development activities | - | 168,784 | 168,784 |
| Other TIF activities | 8,728,688 | - | 8,728,688 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total fund balances | <u>9,845,157</u> | <u>168,784</u> | <u>10,013,941</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 15,780,638</u> | <u>\$ 259,951</u> | <u>\$ 16,040,589</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, 2021 and 2020

| | 2021 | 2020 |
|---|---------------|---------------|
| Total fund balances | \$ 12,059,110 | \$ 10,013,941 |
| 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 | 541,192 | 541,192 |
| Buildings, net of accumulated depreciation; 2021 – \$4,148,350, 2020 – \$3,857,237 | 3,530,756 | 3,821,869 |
| Notes receivable | 14,766,745 | 14,766,745 |
| Earned but unavailable revenue | 5,367,058 | 5,476,275 |
| Certain liabilities are not due and payable in the current period and, therefore, are not reported in the fund | | |
| Long-term debt | (942,307) | (1,799,990) |
| Net position, per the statements of net position | \$ 35,322,554 | \$ 32,820,032 |

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
Years Ended June 30, 2021 and 2020

| | 2021 | | |
|--|----------------------|----------------------------------|---|
| | TIF | Skirvin Hotel Project | Total Governmental Funds |
| Revenues | | | |
| Apportioned ad valorem taxes | \$ 1,300,853 | \$ - | \$ 1,300,853 |
| Payments in lieu of taxes | 2,872,168 | - | 2,872,168 |
| Intergovernmental revenue | 11,153 | - | 11,153 |
| Interest income paid on tax deposits held by the Oklahoma County Treasurer | 1,395 | - | 1,395 |
| Interest income on loans | 14,124 | - | 14,124 |
| Investment income | 81,790 | 30 | 81,820 |
| Total revenues | <u>4,281,483</u> | <u>30</u> | <u>4,281,513</u> |
| Expenditures | | | |
| Biomedical, biopharmaceutical, and technological research and development facilities and other public research park improvements | 149,080 | - | 149,080 |
| Economic development and redevelopment activities with the Harrison-Walnut Urban Renewal Plan | 849,627 | - | 849,627 |
| Administration and other project development costs | 332,072 | - | 332,072 |
| Capital outlay | - | - | - |
| Payment to City of Oklahoma City | - | 27,858 | 27,858 |
| Debt service | | | |
| Principal | 857,683 | - | 857,683 |
| Interest | 20,024 | - | 20,024 |
| Total expenditures | <u>2,208,486</u> | <u>27,858</u> | <u>2,236,344</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>2,072,997</u> | <u>(27,828)</u> | <u>2,045,169</u> |
| Change in Fund Balances | 2,072,997 | (27,828) | 2,045,169 |
| Fund Balances, Beginning of Year | <u>9,845,157</u> | <u>168,784</u> | <u>10,013,941</u> |
| Fund Balances, End of Year | <u>\$ 11,918,154</u> | <u>\$ 140,956</u> | <u>\$ 12,059,110</u> |

| | 2020 | | |
|--|---------------------|----------------------------------|---|
| | TIF | Skirvin Hotel Project | Total Governmental Funds |
| Revenues | | | |
| Apportioned ad valorem taxes | \$ 889,525 | \$ - | \$ 889,525 |
| Payments in lieu of taxes | 1,190,139 | - | 1,190,139 |
| Intergovernmental revenue | 787,022 | - | 787,022 |
| Rental income | - | 141,763 | 141,763 |
| Interest income paid on tax deposits held by the Oklahoma County Treasurer | 3,855 | - | 3,855 |
| Interest income on loans | 14,124 | 208,730 | 222,854 |
| Investment income | 168,273 | 6,083 | 174,356 |
| Principal payment on notes receivable | - | 240,240 | 240,240 |
| | <u>3,052,938</u> | <u>596,816</u> | <u>3,649,754</u> |
| Expenditures | | | |
| Biomedical, biopharmaceutical, and technological research and development facilities and other public research park improvements | 793,118 | - | 793,118 |
| Economic development and redevelopment activities with the Harrison-Walnut Urban Renewal Plan | 486,618 | - | 486,618 |
| Administration and other project development costs | 197,221 | - | 197,221 |
| Capital outlay | 4,809,476 | - | 4,809,476 |
| Payment to City of Oklahoma City | - | 1,141,661 | 1,141,661 |
| Debt service | | | |
| Principal | 820,152 | - | 820,152 |
| Interest | 75,660 | - | 75,660 |
| | <u>7,182,245</u> | <u>1,141,661</u> | <u>8,323,906</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(4,129,307)</u> | <u>(544,845)</u> | <u>(4,674,152)</u> |
| Change in Fund Balances | (4,129,307) | (544,845) | (4,674,152) |
| Fund Balances, Beginning of Year | <u>13,974,464</u> | <u>713,629</u> | <u>14,688,093</u> |
| Fund Balances, End of Year | <u>\$ 9,845,157</u> | <u>\$ 168,784</u> | <u>\$ 10,013,941</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
Years Ended June 30, 2021 and 2020

| | 2021 | 2020 |
|--|--------------|----------------|
| Change in fund balances – governmental funds | \$ 2,045,169 | \$ (4,674,152) |
| Amounts reported for governmental activities in the statements of activities are different because | | |
| Governmental funds report capital outlays as expenditures while government-wide activities report depreciation expense to allocate those expenditures over the lives of the assets | | |
| Depreciation expense | (291,113) | (291,112) |
| Capital outlay | - | 4,809,476 |
| Certain income is not derived from current financial resources and, therefore, not reported as income in governmental funds | | |
| Apportioned ad valorem taxes | (379,117) | 270,568 |
| Interest income | 273,502 | 67,775 |
| Investment income receivable | (3,599) | (5,916) |
| Payment received from disposition of capital asset is reported as revenue in governmental funds | - | (287,000) |
| Loss on contribution of undivided ownership in building | - | (797,984) |
| Principal payment on notes receivable is recorded as revenue in governmental funds | - | (240,240) |
| Advances from debt agreements, principal repayments, and changes in certain other assets are not reflected as revenues and expenses in the statements of activities | | |
| Principal payments on debt agreements and notes payable | 857,683 | 820,152 |
| Change in net position, per the statements of activities | \$ 2,502,525 | \$ (328,433) |

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2021 and 2020

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 1 and TIF 7, and established TIF 11. The authorized budgets for TIF 1 and TIF 7 are unchanged. TIF 11 has an authorized revenue budget of \$52,000,000. 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 of America (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, 2021 and 2020

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, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

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 – Accounts for the activities of the TIFs
- Skirvin Hotel Project – The Authority, Urban Renewal, and the City have assisted in the renovation of the historic Skirvin Hotel. Activities include collection of lease revenue and ongoing debt service. The renovation involved both public and private funds

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.

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 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.

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2021 and 2020

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.

Cash Equivalents

The Authority considers all liquid debt instruments purchased with a maturity of three months or less and money market mutual funds to be cash equivalents. At June 30, 2021 and 2020, the Authority did not own any cash equivalents.

Investment and Investment Income

Investments in negotiable certificates of deposit are carried at fair value. Fair value is determined from quoted market prices. Investment income consists of interest income and the net change for the year in the fair value of the investments carried at fair value.

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 and deferred outflows of resources, liabilities and deferred inflows of resources, 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, 2021 and 2020

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.

Deferred Inflows of Resources

The Authority reports an acquisition of net position that is applicable to a future reporting period as deferred inflows of resources in a separate section of its balance sheets – governmental funds. Deferred inflows of resources of \$5,367,058 and \$5,476,275 at June 30, 2021 and 2020, respectively, were comprised of ad valorem taxes, related-party balances, and deferred interest payments to be received in future reporting periods.

Net Position/Fund Balance 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.

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2021 and 2020

- **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 was \$1,094,697 and \$1,116,469 as of June 30, 2021 and 2020, respectively. The remaining fund balance in TIF is reflected as restricted for other TIF activities.

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 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.

Reclassifications

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 financial statement presentation. These reclassifications had no effect on change in fund balances.

Note 2: Deposits and Investments

Custodial credit 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.

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2021 and 2020

The policy of the Authority is to require all deposits be maintained in accounts that are fully insured or collateralized. As of June 30, 2021 and 2020, 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, 2021 and 2020, were \$9,482,856 and \$3,486,704, respectively.

Investments

The Authority's investments at June 30, 2021 and 2020, consist entirely of negotiable certificates of deposit of \$2,695,000 and \$6,615,000, 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, and Level 3 inputs are significant unobservable inputs.

The Authority's recurring fair value measurements as of June 30, 2021 and 2020, were negotiable certificates of deposit, which are valued using Level 2 inputs. At June 30, 2021, current maturities of the certificates of deposit were \$2,695,000 with the balance maturing in fiscal year 2022. At June 30, 2020, current maturities of the certificates of deposit were \$3,185,000 with the balance maturing in fiscal year 2021.

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 to 30 years.

Note 3: Due from Other Governments

Amounts due to the Authority from other governments at June 30 consisted of the following:

| | 2021 | 2020 |
|---|--------------|--------------|
| TIF 1 funds held by the Oklahoma County Treasurer | \$ 452,926 | \$ 968,899 |
| Due from Urban Renewal | 4,408,181 | 4,408,181 |
| <i>Economic Development Act</i> grant receivable | - | 109,490 |
| | \$ 4,861,107 | \$ 5,486,570 |

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2021 and 2020

Note 4: Rent Receivable

A rent receivable at both June 30, 2021 and 2020, of \$0 is related to the Skirvin Hotel ground lease (see *Note 12*). Due to the current economic circumstances as a result of the COVID-19 pandemic, the Skirvin Hotel does not owe any rent as of June 30, 2021. The Authority reviews outstanding receivables and, based on historical collection information and existing economic conditions, may provide for an allowance for doubtful accounts. There was no allowance recorded or considered necessary for the years ended June 30, 2021 and 2020.

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 on February 26, 2007, the interest rate increased to 3.86%. 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.

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 for \$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 with the final payment due on December 1, 2042. Principal payments shall be payable annually on December 1. Principal payments were \$0 and \$240,240 as of June 30, 2021 and 2020, respectively. Interest income of \$273,502 and \$208,730 was recognized during the years ended June 30, 2021 and 2020, respectively, in the accompanying government-wide statements of activities. The Board of Trustees approved several resolutions providing for the deferral of one half of the June 2020 interest payment due in the amount of approximately \$68,000, the deferral of the December 2020 principal and interest payment due in the amount of approximately \$384,400, and the June 2021 interest payment due in the amount of approximately \$136,700. Additionally, the Board of Trustees approved a resolution to allow a six-month extension to the repayment period should Skirvin Partners, LLC require such an allowance when the note matures on December 1, 2042.

Page Woodson Development, LLC

In March 2016, the Authority agreed 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. At June 30, 2021 and 2020, \$5,650,000 was advanced

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2021 and 2020

under this loan agreement. Interest income of \$14,124 was recognized during the years ended June 30, 2021 and 2020, in the accompanying government-wide statements of activities.

Future principal and interest payments on the notes as of June 30, 2021, are as follows:

| Year Ended June 30, | Skirvin Note Receivable | | Page Woodson TIF Loan Receivable | |
|---------------------|----------------------------|---------------------|-------------------------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| 2022 | \$ 247,693 | \$ 269,787 | \$ - | \$ - |
| 2023 | 255,378 | 262,241 | - | - |
| 2024 | 263,301 | 254,461 | - | - |
| 2025 | 271,470 | 246,440 | - | - |
| 2026 | 279,892 | 238,169 | - | - |
| 2027–2030 | 1,641,375 | 1,054,364 | - | - |
| 2031–2035 | 2,084,178 | 771,151 | - | - |
| 2036–2040 | 2,428,180 | 433,355 | - | - |
| 2041–2045 | 1,645,278 | 75,043 | - | - |
| 2046–2050 | - | - | - | - |
| 2050–2051 | - | - | 5,650,000 | 469,995 |
| | <u>\$ 9,116,745</u> | <u>\$ 3,605,011</u> | <u>\$ 5,650,000</u> | <u>\$ 469,995</u> |

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2021 and 2020

Note 6: Capital Assets

Capital assets at June 30 consisted of the following:

| | 2021 | | | Ending Balance |
|--|------------------------------|---------------------|-----------------------|---------------------------|
| | Beginning Balance | Additions | Disposals | |
| Land | \$ 541,192 | \$ - | \$ - | \$ 541,192 |
| Buildings | 7,277,811 | - | - | 7,277,811 |
| Brockway Center (held for sale) | 401,295 | - | - | 401,295 |
| | 7,679,106 | - | - | 7,679,106 |
| Less accumulated depreciation | (3,857,237) | (291,113) | - | (4,148,350) |
| Buildings, parking garages, and undivided ownership interest in buildings, net | 3,821,869 | (291,113) | - | 3,530,756 |
| Total capital assets, net | <u>\$ 4,363,061</u> | <u>\$ (291,113)</u> | <u>\$ -</u> | <u>\$ 4,071,948</u> |
| | | | | |
| | 2020 | | | Ending Balance |
| | Beginning Balance | Additions | Disposals | |
| Land | \$ 828,192 | \$ 4,408,181 | \$ (4,695,181) | \$ 541,192 |
| Building | 7,277,811 | - | - | 7,277,811 |
| University of Oklahoma Undivided ownership interest in buildings | 1,337,403 | - | (1,337,403) | - |
| Brockway Center (held for sale) | - | 401,295 | - | 401,295 |
| | 8,615,214 | 401,295 | (1,337,403) | 7,679,106 |
| Less accumulated depreciation | (4,105,544) | (291,112) | 539,419 | (3,857,237) |
| Building, parking garages, and undivided ownership interest in buildings, net | 4,509,670 | 110,183 | (797,984) | 3,821,869 |
| Total capital assets, net | <u>\$ 5,337,862</u> | <u>\$ 4,518,364</u> | <u>\$ (5,493,165)</u> | <u>\$ 4,363,061</u> |

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2021 and 2020

Buildings

The Authority owns two buildings as of June 30, 2021. One is 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 \$291,113 for the years ended June 30, 2021 and 2020.

The second is the Brockway Center (the Center), a landmark in Oklahoma City with historical significance. The Authority purchased this building in October 2019 for approximately \$401,000 in order to prevent the Center from being demolished. The Authority does not have any plans to use the Center in its operations and is currently sending out requests for proposals for a buyer that will preserve the site. Since the Center is being held for sale, no depreciation was taken during the year ended June 30, 2021.

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*.

In September 2019, the Authority closed on a purchase of land of approximately \$4,400,000. The land is located at the southeast corner of North E.K. Gaylord Boulevard and Northwest 4th Street. After the purchase, the property was transferred to Urban Renewal, a related party. The Authority will be repaid upon sale of the property by Urban Renewal. The land has not been sold as of June 30, 2021. The Authority has recognized a receivable from other governments at June 30, 2021, for an amount equal to the purchase.

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 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.

Effective July 1, 2019, OU decided to exercise the option to acquire the undivided interest. The Authority decided to transfer the interest to OU for no cash consideration, and instead required OU to provide no less than 14,000 square feet in the aggregate of leasable space in the Research Park

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2021 and 2020

(incubator space) to incubator tenants. OU must make the space continuously available to incubator tenants for six years, terminating in June 2025. The Authority had taken \$539,419 in depreciation on the undivided interest as of July 1, 2019, and recognized a \$797,984 loss on the transfer.

Note 7: Other Assets

The balance of other assets as of June 30 consisted of:

| | 2021 | 2020 |
|----------------------|-------------|-------------|
| Deposits held by PHF | \$ 300,000 | \$ 300,000 |

Note 8: 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. The OK Kids Korral was completed in November 2013 and the Authority recognized \$50,000 in PILOT on behalf of OK Kids Korral for the years ended June 30, 2021 and 2020.

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 \$1,140,906 and \$1,140,139 in PILOT in the years ended June 30, 2021 and 2020, respectively.

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2021 and 2020

Note 9: Long-Term Debt

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

| | Beginning Balance | Advances | Payments | Ending Balance |
|---|------------------------------|-----------------|---------------------|---------------------------|
| 2021 | | | | |
| Dean A. McGee Note A-1 Biopharmaceutical Manufacturing Facility Note A-2 | \$ 568,417 | \$ - | (270,846) | \$ 297,571 |
| | <u>1,231,573</u> | <u>-</u> | <u>(586,837)</u> | <u>644,736</u> |
| | <u>\$ 1,799,990</u> | <u>\$ -</u> | <u>\$ (857,683)</u> | <u>\$ 942,307</u> |
| 2020 | | | | |
| Dean A. McGee Note A-1 Biopharmaceutical Manufacturing Facility Note A-2 | \$ 827,412 | \$ - | \$ (258,995) | \$ 568,417 |
| | <u>1,792,730</u> | <u>-</u> | <u>(561,157)</u> | <u>1,231,573</u> |
| | <u>\$ 2,620,142</u> | <u>\$ -</u> | <u>\$ (820,152)</u> | <u>\$ 1,799,990</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 August 1, 2010, both interest and principal are due on the note. The amount of interest paid for the years ended June 30, 2021 and 2020, was \$6,251 and \$23,893, respectively, and the interest rate as of June 30, 2021 and 2020, was 1.16625% and 3.398%, 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, 2021 and 2020, was \$69,135 and \$70,510, 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, 2021 and 2020, was \$276,542 and \$282,042, respectively.

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Notes to Financial Statements
June 30, 2021 and 2020

Biopharmaceutical Manufacturing Facility 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% (1.16625% and 3.398% at June 30, 2021 and 2020, 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, 2021 and 2020, interest of \$13,545 and \$51,767, respectively, 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, 2021 and 2020, was \$149,804 and \$152,783, 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, 2021 and 2020, was \$599,216 and \$611,134, respectively.

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2021 and 2020

Future principal and interest payments on the notes as of June 30, 2021, are as follows:

| Year Ended June 30, | Dean A. McGee Note A-1 | | Biopharmaceutical Manufacturing Facility Note A-2 | |
|---------------------|---------------------------|-----------------|---|-----------------|
| | Principal | Interest | Principal | Interest |
| 2022 | \$ 274,529 | \$ 2,012 | \$ 594,856 | \$ 4,360 |
| 2023 | 23,042 | 23 | 49,880 | 50 |
| | <u>\$ 297,571</u> | <u>\$ 2,035</u> | <u>\$ 644,736</u> | <u>\$ 4,410</u> |

The following is a summary of the notes as of June 30:

| | 2021 | 2020 |
|---|------------------|-------------------|
| Dean A. McGee Note A-1 | \$ 297,571 | \$ 568,417 |
| Biopharmaceutical Manufacturing Facility Note A-2 | 644,736 | 1,231,573 |
| | <u>942,307</u> | <u>1,799,990</u> |
| Less current maturities | (869,385) | (845,043) |
| Long-term debt, less current maturities | <u>\$ 72,922</u> | <u>\$ 954,947</u> |

Note 10: Net Position

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

- **Net Investment in Capital Assets** – Represents a balance of \$3,025,912 and \$2,730,192 at June 30, 2021 and 2020, respectively. The debt and other liabilities associated with capital assets had a balance of \$1,046,034 and \$1,632,868 at June 30, 2021 and 2020, respectively.
- **Restricted** – Represents net position that has been restricted by outside sources. The net position restricted for debt service was \$1,094,697 and \$1,116,469 at June 30, 2021 and 2020, respectively. The net position restricted for economic development activities was \$31,201,945 and \$28,973,371 at June 30, 2021 and 2020, respectively.

Note 11: Ad Valorem Tax Revenue

Revenue is generated through apportionment of ad valorem tax increments collected within TIFs. 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

Oklahoma City Redevelopment Authority
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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 is as follows:

| | TIF 1 | TIF 7 | TIF 11 | Total |
|---|---------------------|-------------------|-------------------|---------------------|
| 2021 | | | | |
| Tax year | | | | |
| 2016 | \$ - | \$ 3,664 | \$ - | \$ 3,664 |
| 2017 | - | 346 | - | 346 |
| 2018 | 92,899 | 333 | 725 | 93,957 |
| 2019 | 43,244 | 143,066 | 489,908 | 676,218 |
| 2020 | 88,392 | 438,276 | | 526,668 |
| | <u>224,535</u> | <u>585,685</u> | <u>490,633</u> | <u>1,300,853</u> |
| Interest received | 976 | 228 | 191 | 1,395 |
| Net change in tax receivable from Oklahoma County Treasurer | <u>(515,973)</u> | <u>-</u> | <u>-</u> | <u>(515,973)</u> |
| | <u>\$ (290,462)</u> | <u>\$ 585,913</u> | <u>\$ 490,824</u> | <u>\$ 786,275</u> |
| 2020 | | | | |
| Tax year | | | | |
| 2016 | \$ - | \$ 908 | \$ - | \$ 908 |
| 2017 | - | 951 | - | 951 |
| 2018 | 20,619 | 1,746 | 575,586 | 597,951 |
| 2019 | - | 289,714 | - | 289,714 |
| | <u>20,619</u> | <u>293,319</u> | <u>575,586</u> | <u>889,524</u> |
| Interest received | 90 | 1,271 | 2,495 | 3,856 |
| Net change in tax receivable from Oklahoma County Treasurer | <u>270,568</u> | <u>-</u> | <u>-</u> | <u>270,568</u> |
| | <u>\$ 291,277</u> | <u>\$ 294,590</u> | <u>\$ 578,081</u> | <u>\$ 1,163,948</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.

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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. 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. Rent payment is due annually from the Skirvin Hotel, which is based on cash flows of the entity for the fiscal year.

During 2019, a joint resolution was passed by the City Council and the Authority designating all annual receipts associated with this agreement to be paid to the City, through the Oklahoma City Economic Development Trust (OCEDT), for the purpose of servicing debt issued for the purpose of the Omni Hotel Funding Plan. Under this joint resolution, the Authority is directed to transfer the accumulated balance of any monies collected by the Authority to OCEDT, net of any contractually required retainage as invoiced by the City. During the years ended June 30, 2021 and 2020, approximately \$28,000 and \$1,100,000, respectively, was transferred to OCEDT under this joint resolution.

Rent revenues recognized under the lease agreement were \$0 and \$141,763 for the years ended June 30, 2021 and 2020, respectively. The economic impact of COVID-19 on the Skirvin Hotel's operations resulted in lower current year receipts associated with this lease.

Note 13: Related-Party Transactions

Urban Renewal

At June 30, 2021 and 2020, the Authority owed \$29,091 and \$26,629, respectively, of TIF funds to Urban Renewal for administrative costs. At June 30, 2021 and 2020, the Authority also owed approximately \$424,000 and \$401,000, respectively, relating to the acquisition of land that was paid for by Urban Renewal but purchased by the Authority.

During the 2020 fiscal year, the Authority purchased land for approximately \$4,400,000 for the purpose of redevelopment in conjunction with Urban Renewal. The land was transferred to Urban Renewal and the entire balance is included as a receivable from other governments in the accompanying statements of net position and balance sheets – governmental funds. Upon the sale of the land to a developer, Urban Renewal will repay the Authority the original purchase price. At June 30, 2020, it was management's position that the land would be sold and funds returned to the Authority within the current period, and as such, the receivable is reflected as current in the accompanying statements of net position and balance sheets – governmental funds as of that date. Due to economic uncertainties associated with the COVID-19 pandemic, the land has not yet been sold and is actively being marketed. At June 30, 2021, the receivable is classified as noncurrent in the accompanying statements of net position and balance sheets – governmental funds. As of the date of the independent auditor's report, the land has not yet been sold and remains due from Urban Renewal.

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, 2021

| TIF 1 | Category A | Category B | Category C |
|-----------------------------|---------------------|---------------------|--------------------|
| Total budget | \$ 22,000,000 | \$ 23,000,000 | \$ 2,000,000 |
| Expenditures | | | |
| For years 2013 through 2021 | (4,878,724) | (197,525) | (577,751) |
| For years 2012 and prior | <u>(9,719,370)</u> | <u>(14,516,056)</u> | <u>(1,422,249)</u> |
| Budget amount remaining | <u>\$ 7,401,906</u> | <u>\$ 8,286,419</u> | <u>\$ -</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 2021 | (249,352) | - | (321,619) | (1,164,207) |
| 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>\$ 678,381</u> | <u>\$ 9,330,977</u> |

| TIF 11 | Category A | Category B | Category C | Category D | Category E |
|-------------------------|----------------------|---------------------|---------------------|---------------------|----------------------|
| Total budget | \$ 17,000,000 | \$ 9,000,000 | \$ 3,000,000 | \$ 5,000,000 | \$ 18,000,000 |
| Expenditures | | | | | |
| 2021 | - | - | - | - | (7,306) |
| 2020 | - | - | - | - | (2,831) |
| 2019 | - | - | - | - | - |
| 2018 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,110)</u> |
| Budget amount remaining | <u>\$ 17,000,000</u> | <u>\$ 9,000,000</u> | <u>\$ 3,000,000</u> | <u>\$ 5,000,000</u> | <u>\$ 17,987,753</u> |

In addition, interest and costs of issuance of bonds to finance the project activities are authorized but not budgeted. The schedules above only reflect 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, 2021

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 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.

Note 2: Reclassifications

Certain reclassifications have been made to the 2020 budget-to-actual expenditure comparison to conform to the 2021 financial statement presentation. These reclassifications had no effect on expenditures reported.

Note 3: 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, August 1, 2006, and December 20, 2016, are as follows:

Category A: Commercialization of Research and Technology – The cost of planning; financing; assistance in development financing; and acquiring and constructing research, development, and technological application facilities, business incubators, business accelerators, complementary commercial facilities, and other public research park improvements by the Authority, a public trust, and Urban Renewal, a public body corporate.

Category B: Place-Making – The cost of planning; financing; assistance in development financing; acquiring, constructing, and developing public spaces (including meeting space, gathering space, work space, community centers, conference facilities, arts and cultural space, entertainment space, open space, and green space), public ways, parks, parking facilities, and complementary commercial and retail facilities; and supporting public improvements by the Authority, a public trust, and Urban Renewal, a public body corporate.

Category C: Implementation – The cost of implementing and administering the project plan incurred or to be incurred by the Authority, a public trust, and Urban Renewal, a public body corporate, 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.

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, 2021

TIF 7

The August 1, 2006, plan amendment added TIF 7 to the project plan. Also amended December 20, 2016, TIF 7 project cost categories follow the definitions above with the addition of Category D, defined as follows:

Category D: Supporting Development – The costs of implementing the economic development and redevelopment activities of the Authority, a public trust, in accordance with the Harrison-Walnut Urban Renewal Plan and this project plan, including assistance in development financing; contracts for implementation activities, including relocation and site preparation; 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, as authorized by the Oklahoma Urban Renewal Law, 11 O.S. § 38-101, et seq.

TIF 11

The December 20, 2016, plan amendment added TIF 11 to the project plan. TIF 11 cost categories follow the definitions above with the addition of Category E, defined as follows:

Category E: Specific Revenue Source for Public Entities for Enhanced Education, Skills Training Programs, Internships, and Entrepreneurial Support – The provision of a specific revenue source from apportioned tax increments for other public entities in the area in order to provide enhanced education (including emphasis on science, technology, engineering, arts, and mathematics – sometimes referred to as STEAM); skills training programs; intern programs; workforce development; and entrepreneurial support for the new employment to be generated by the project. Okla. Const. Art. 10, § 6C; 62 O.S. § 853(9), 14(e), 14(i); and § 854(4).

Tax increments from the Increment Districts can be spent for project costs throughout the project area. Project costs remaining unpaid upon the expiration of an Increment District may be paid from increments of the remaining Increment District(s).

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

Independent Auditor's Report

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, 2021, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 20, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing 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 entity'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 from 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 financial statements. 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Oklahoma City, Oklahoma
October 20, 2021

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Schedule of Findings and Responses
Year Ended June 30, 2020

| Reference Number | Finding |
|-----------------------------|----------------------------|
| | No matters are reportable. |

Board of Trustees
Oklahoma City Redevelopment Authority
Oklahoma City, Oklahoma

As part of our audit of the financial statements of 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, 2021, 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 contract 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 contract 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 estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Receivable for payments in lieu of taxes

- Rent receivable/reimbursable
- 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
- Ad valorem tax revenue

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. A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework. 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 Adjustments Recorded

- Reclassifications or adjustments made in preparation of the financial statements related to presentation with the appropriate basis of accounting.

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, but more than trivial, 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 Communication

Listed below is another material 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, 2021, 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 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.

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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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.

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

Deficiency

Segregation of Duties

Due to the limited number of individuals involved in the finance department, many of the critical accounting and related administrative duties are combined and assigned to available employees. Presently, individuals, including the chief financial officer and staff within the accounting department, perform a large amount of the upper level accounting functions. Additionally, the Authority has limited procedures in place to capture nonstandard transactions, including recording of arrangements associated with payments in lieu of taxes or other noncash transactions. To the extent possible, the Authority should continue to identify and implement control and review processes, including review of journal entries and approvals of final invoices for payment, to ensure appropriate levels of review are present to mitigate any segregation of duties issues.

We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies.

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

BKD, LLP

Representation of:

Oklahoma City Redevelopment Authority
105 N. Hudson Avenue, Suite 101
Oklahoma City, OK 73102

Provided to:

BKD, LLP
Certified Public Accountants
Two Leadership Square
211 N. Robinson Avenue, Ste. 600
Oklahoma City, OK 73102

The undersigned (We) are providing this letter in connection with BKD's audit of our financial statements as of and for the years ended June 30, 2021 and 2020.

Our representations are current and effective as of the date of BKD's report: October 20, 2021.

Our engagement with BKD is based on our contract for services dated: June 14, 2021.

Our Responsibility and Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to BKD's report 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.

Confirmation of Matters Specific to the Subject Matter of BKD's Report

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 contract, 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:
 - a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
 - b. Internal control to prevent and detect fraud.
3. 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.

4. 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 or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the governing body, if applicable, and maintained as part of our records.
 - e. All significant contracts and grants.
5. All transactions have been recorded in the accounting records and are reflected in the financial statements.
6. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
 - a. Misappropriation of assets.
 - b. Misrepresented or misstated assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.
7. 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.
8. We have no knowledge of any known or suspected fraudulent financial reporting or misappropriation of assets involving:
 - a. Management or employees who have significant roles in internal control, or
 - b. Others, where activities of others could have a material effect on the financial statements.
9. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, customers, regulators, suppliers, or others.
10. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.
11. We have disclosed to you the identity of the entity'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 entity may deal if the entity 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, the entity.

12. At June 30, 2021 and 2010, the Authority is due payment from the Oklahoma City Urban Renewal Authority (OCURA) of \$4,408,181 related to land purchased by the Authority and transferred to OCURA for development. We have evaluated the collectibility of these amounts and believe they are collectible and have determined that no reserve is needed as we expect the full balance of this receivable to be collected. At June 30, 2020, we anticipated the receipt of funds within the 2021 fiscal year, and therefore, reported the receivable as current in the 2020 financial statements. We now believe this receivable will be collected during the Authority's 2023 fiscal year and, therefore, have determined it should be classified as a long term for presentation in the 2021 financial statements.
13. Except as reflected in the financial statements, there are no:
 - a. Plans or intentions that may materially affect carrying values or classifications of assets, liabilities, or deferred inflows of resources.
 - b. Material transactions omitted or improperly recorded in the financial records.
 - c. Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
 - d. Events occurring subsequent to the statement of net position/fund balances 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 entity is contingently liable.
14. 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.
15. We have no reason to believe the entity owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act* nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.
16. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the 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.

17. 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.
18. Except as disclosed in the financial statements, the entity has:
 - 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.
19. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the statement of net position date that 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 that 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.
20. The fair values of financial and nonfinancial 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.
21. 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.
22. With respect to any nonattest services you have provided us during the year, including assistance in financial statements 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 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.

23. With regard to deposit and investment activities:

- a. All deposit 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.

24. As an entity subject to *Government Auditing Standards*:

- a. We acknowledge that we are responsible for compliance with applicable laws, regulations, and provisions of contracts and grant agreements.
- b. 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.
- c. 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.
- d. 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.
- e. We have a process to track the status of audit findings and recommendations.
- f. 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.
- g. 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*.

25. The supplementary information required by the Governmental Accounting Standards Board (GASB), consisting of management's discussion and analysis and the budget-to-actual expenditure comparison (project life-to-date), 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.

26. 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.

27. We acknowledge the current economic volatility presents difficult circumstances and challenges for our industry. Entities are potentially facing declines in the fair values of investments and other assets, declines in the volume of business, constraints on liquidity, and difficulty obtaining financing. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to asset values, allowances for accounts and notes receivable, etc., that could negatively impact the entity's ability to meet debt covenants or maintain sufficient liquidity.

We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the entity's financial statements. Further, management and governance are solely responsible for all aspects of managing the entity, including questioning the quality and valuation of investments, and other assets, reviewing allowances for uncollectible amounts, and evaluating capital needs and liquidity plans.

DocuSigned by:

Catherine O'Connor, Executive Director

A292348113DB446...

Catherine O'Connor, Executive Director
cathy.oconnor@theallianceokc.org

DocuSigned by:

Geri Harlan, Chief Financial Officer

873FA3444E7A4BA...

Geri Harlan, Chief Financial Officer
geri.harlan@theallianceokc.org

OKC Redevelopment Authority

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect 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 | 13,419,550 | 22,833 | 13,442,383 | 0.17% |
| Non-Current Assets & Deferred Outflows | 23,319,181 | | 23,319,181 | |
| Current Liabilities | (1,343,255) | | (1,343,255) | |
| Non-Current Liabilities & Deferred Inflows | (72,922) | | (72,922) | |
| Current Ratio | | | 10.01 | |
| Total Assets & Deferred Outflows | 36,738,731 | 22,833 | 36,761,564 | 0.06% |
| Total Liabilities & Deferred Inflows | (1,416,177) | | (1,416,177) | |
| Total Net Position | (35,322,554) | (22,833) | (35,345,387) | 0.06% |
| General Revenues & Transfers | (3,795,299) | 132,861 | (3,662,438) | -3.50% |
| Net Program Revenues/ Expenses | 1,292,774 | | 1,292,774 | |
| Change in Net Position | (2,502,525) | 132,861 | (2,369,664) | -5.31% |

Client: OKC Redevelopment Authority
Period Ending: June 30, 2021

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

| Description | Financial Statement Line Item | Factual (F), Judgmental (J) or Projected (P) | Assets & Deferred Outflows | | Liabilities & Deferred Inflows | | General Revenues & Transfers | | | Net Program Revenues/ Expenses | | | Net Position | | Net Effect on Following Year | | | |
|---|-------------------------------|--|----------------------------|------|--------------------------------|------|---|------|------------|--------------------------------------|--------|------|--------------|------|------------------------------|------|--------------|------|
| | | | Current | | Noncurrent | | Current | | Noncurrent | | DR | | (CR) | | Change in Net Position | | Net Position | |
| | | | DR | (CR) | DR | (CR) | DR | (CR) | DR | (CR) | DR | (CR) | DR | (CR) | DR | (CR) | DR | (CR) |
| Prior and current year effect associated with fair value adjustments for investment portfolio. | | F | 22,833 | 0 | 0 | 0 | 57,361 | 0 | (80,194) | (57,361) | 57,361 | | | | | | | |
| | Investment income | | | | | | 80,194 | | | | | | | | | | | |
| | Net Position | | | | | | | | (80,194) | | | | | | 57,361 | | | |
| | Investments | | 22,833 | | | | | | | | | | | | | | | |
| | Unrealized Holding Gain/Loss | | | | | | (22,833) | | | | | | | | (57,361) | | | |
| To remove revenues associated with Page Woodson payments in lieu of taxes recorded in current year. | | | 0 | 0 | 0 | 0 | 75,500 | 0 | (75,500) | 0 | 0 | | | | | | | |
| | Payment in lieu of taxes | | | | | | 75,500 | | | | | | | | | | | |
| | Net position (BOY) | | | | | | | | (75,500) | | | | | | | | | |
| Total passed adjustments | | | 22,833 | 0 | 0 | 0 | 132,861 | 0 | (155,694) | (57,361) | 57,361 | | | | | | | |
| | | | | | | | Impact on Change in Net Position | | 132,861 | | | | | | | | | |
| | | | | | | | Impact on Net Position | | (22,833) | | | | | | | | | |

OKC Redevelopment Authority**ATTACHMENT**

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

TIF Fund**QUANTITATIVE ANALYSIS**

| | Before Misstatements | Misstatements | Subsequent to Misstatements | % Change |
|--------------------------------------|-------------------------|---------------|--------------------------------|----------|
| Total Assets & Deferred Outflows | 17,394,413 | 22,833 | 17,417,246 | 0.13% |
| Total Liabilities & Deferred Inflows | (5,476,259) | | (5,476,259) | |
| Total Fund Balance | (11,918,154) | (22,833) | (11,940,987) | 0.19% |
| Revenues | (4,281,483) | 57,361 | (4,224,122) | -1.34% |
| Expenditures | 2,208,486 | | 2,208,486 | |
| Change in Fund Balance | (2,072,997) | 57,361 | (2,015,636) | -2.77% |

Client: OKC Redevelopment Authority

Period Ending: June 30, 2021

TIF Fund

SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

| Description | Financial Statement Line Item | Factual (F), Judgmental (J) or Projected (P) | Assets & Deferred | | Liabilities & | | Revenues | | | Expenditures | | | Fund Balance | | Net Effect on Following Year | | | | |
|--|-------------------------------|--|-------------------|--------|------------------|------|----------|--|--------------|--------------|--------------|------|------------------------|-----------------|------------------------------|------|----------|----------|--------|
| | | | Outflows | | Deferred Inflows | | Revenues | | Expenditures | | Fund Balance | | Change in Fund Balance | | Fund Balance | | | | |
| | | | DR | (CR) | DR | (CR) | DR | (CR) | DR | (CR) | DR | (CR) | DR | (CR) | DR | (CR) | DR | (CR) | |
| Prior and current year effect associated with fair value adjustments for investment portfolio. | | F | | 22,833 | | 0 | | 57,361 | | 0 | | | | (80,194) | | | (22,833) | | 22,833 |
| | Investment Income | | | | | | | 80,194 | | | | | | (80,194) | | | | | |
| | Fund Balance | | | | | | | | | | | | | | | | | | |
| | Investments | | | 22,833 | | | | | | | | | | | | | | (22,833) | |
| | Unrealized Holding Gain/Loss | | | | | | | (22,833) | | | | | | | | | | | 22,833 |
| Total passed adjustments | | | | 22,833 | | 0 | | 57,361 | | 0 | | | | (80,194) | | | (22,833) | | 22,833 |
| | | | | | | | | Impact on Change in Fund Balance: | | | | | | 57,361 | | | | | |
| | | | | | | | | Impact on Fund Balance | | | | | | (22,833) | | | | | |

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

To: Board of Trustees of the Oklahoma City Redevelopment Authority

From: Catherine O'Connor, Executive Director

Date: December 15, 2021

Ref: Resolution Authorizing and Approving an Economic Development Agreement with BT Development, L.L.C., to Provide Assistance in Development Financing in a Principal Amount Not to Exceed \$13,750,000 for a Major, Mixed-Use Project, Oklahoma Regional Innovation District Project Plan

TRUSTEES

J. Larry Nichols
Chairman

James R. Tolbert III
Vice Chairman

Lee E. Cooper, Jr.

David Greenwell

Judy J. Hatfield

David Holt

Russell M. Perry

EXECUTIVE DIRECTOR

Catherine O'Connor

Background: The City of Oklahoma City designated OCRA as the primary public entity responsible for carrying out and administering the Oklahoma Regional Innovation District Project Plan (“Project Plan”).

The primary objective of the Project Plan is to build on the success of the Oklahoma Health Center by providing a legal and financing framework to create and support an innovation district, which can be an even stronger economic development driver for Oklahoma City and a vibrant and inclusive place that brings jobs and amenities to the area, including the adjacent underserved neighborhoods.

The Project Plan, which was originally adopted as the Oklahoma Health Center Economic Development Project Plan to create Oklahoma City’s first tax increment financing district, was amended in 2016 in connection with the study done by the Brookings Institution and the Project for Public Spaces to redefine the development strategy for the area, in order to add a focus on innovation, placemaking, and education, while still serving the general goals of the original project plan for increased investment and job creation in the Project Area.

To further those goals, OCRA and other entities commissioned a land use study and development recommendation report for the Project Area, the Oklahoma City Innovation District and Capitol Environs Land Use and Strategic Development Plan (“Land Use Plan”). The Land Use Plan, published earlier this year, recommends high-intensity mixed-use development, including office, hotel, and an innovation hall, in the core of the Innovation District.

BT Development, L.L.C. (together with affiliated entities, the “Developer”), an Oklahoma limited liability company owned and managed by local developers Mark Beffort and Richard Tanenbaum, has purchased land at that location surrounding Stiles Park and has proposed a major mixed-use project, including an office tower building for research labs and office space, an underground parking garage, hotel, amenity deck, public realm open-air community environment, as well as a proposed building for the contemplated MAPS 4 Innovation Hall (collectively, the “Project”). The proposal is highly consistent with the Land Use Plan and the City’s objectives for the Project Area, and it offers a unique opportunity to provide the \$10 million match required by the City Council’s Resolution of Intent regarding the MAPS 4 program for Innovation Hall.

Because the Project is contemplated to be funded in part with New Markets Tax Credits (NMTC), it will use a standard NMTC financing structure, as has been used for projects such as the Homeland store on N.E. 36th and Lincoln Boulevard, the First National Center garage, and the Skirvin. *See attached diagrams.* Having Innovation Hall as a centerpiece of the Project makes it more attractive for the NMTC.

Even with NMTC, there is still a significant financing gap for the Project, and the Developer has requested public assistance in development financing from OCRA. Following several months of negotiations, the Developer and OCRA staff, with the assistance of Legal Counsel, have worked out the key terms and conditions under which OCRA would provide public assistance in development financing in support of the Project. The public assistance is funded by the tax increment financing (TIF) districts under the Project Plan.

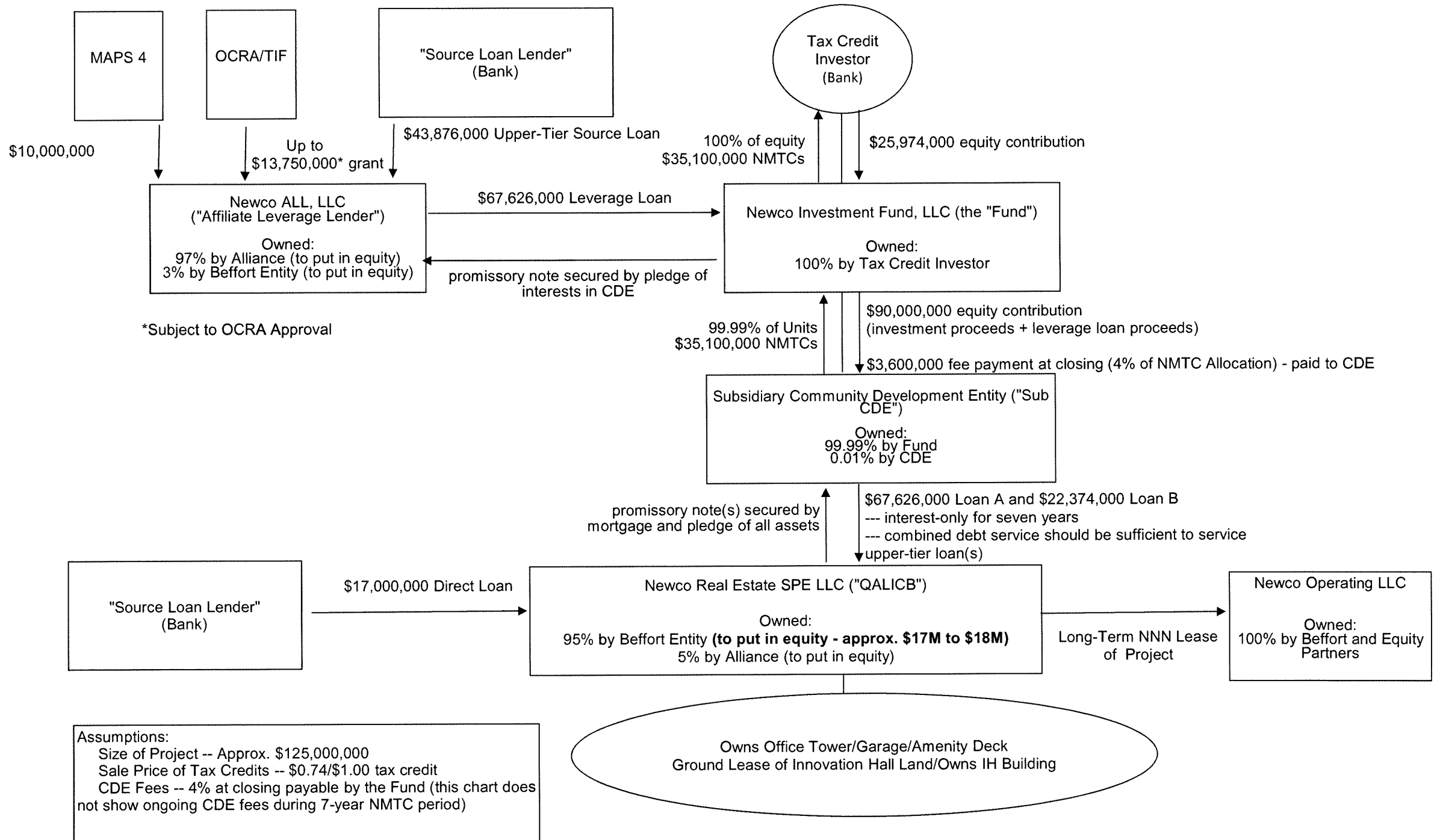
Under the proposed Economic Development Agreement, OCRA will provide assistance in development financing in a principal amount not to exceed \$13,750,000, which will be paid to an affiliate leverage lender, an entity owned 97% by the Alliance for Economic Development (or an affiliate) and 3% by an affiliate of the Developer, in order to be loaned to an investment fund owned by a tax credit investor, then invested in a community development entity, which in turn makes a loan to an affiliate of the Developer that owns the real property associated with the office building, garage, amenity deck, and other portions of the Project. No direct repayment of the assistance is contemplated; however, the appropriate affiliates of the Developer will be obligated to make minimum tax payments on the office building and the hotel. Those tax payments will generate well over \$30 million during the term of the increment district, all of which is apportioned to OCRA under the Project Plan for activities in the Project Area.

Recommendation: Approval of Resolution

Attachments: Economic Development Agreement for the Innovation District Convergence Project (*Draft of 12.10.2021*)

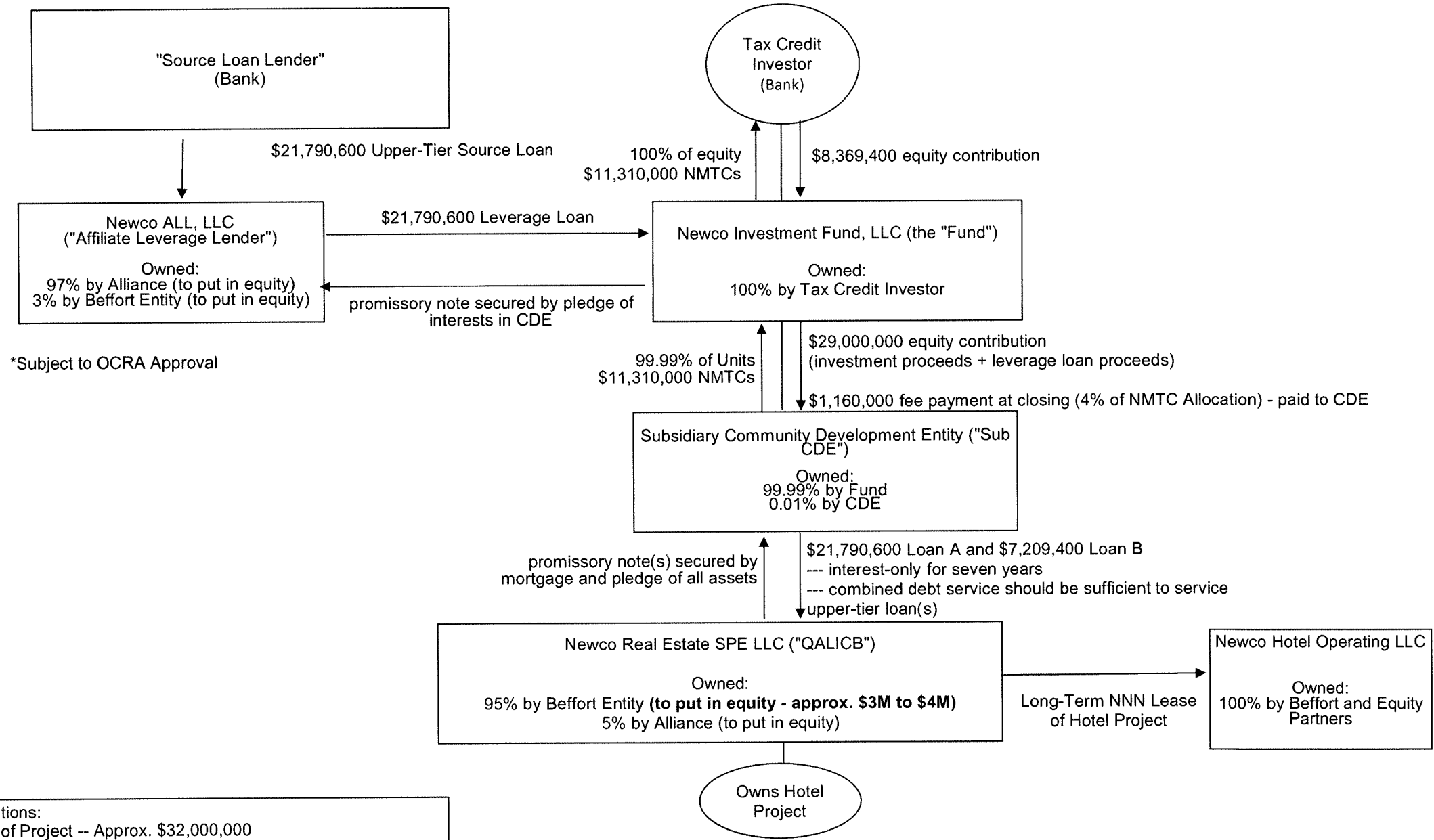
Innovation Complex Project Financing - FOR ILLUSTRATION PURPOSES ONLY

Structure Chart for Affiliate Leverage Lender Form of Leveraged NMTC Transaction - \$90M NMTC Allocation



Hotel Innovation District Project Financing - FOR ILLUSTRATIVE PURPOSES ONLY

Structure Chart for Affiliate Leverage Lender Form of Leveraged NMTC Transaction - \$29M NMTC Allocation



*Subject to OCRA Approval

Assumptions:
 Size of Project -- Approx. \$32,000,000
 Sale Price of Tax Credits -- \$0.74/\$1.00 tax credit
 CDE Fees -- 4% at closing payable by the Fund (this chart does not show ongoing CDE fees during 7-year NMTC period)

RESOLUTION NO. _____

RESOLUTION AUTHORIZING AND APPROVING AN ECONOMIC DEVELOPMENT AGREEMENT WITH BT DEVELOPMENT, L.L.C., TO PROVIDE ASSISTANCE IN DEVELOPMENT FINANCING IN A PRINCIPAL AMOUNT NOT TO EXCEED \$13,750,000 FOR A MAJOR, MIXED-USE PROJECT, OKLAHOMA REGIONAL INNOVATION DISTRICT PROJECT PLAN

WHEREAS, on December 20, 2016, The City of Oklahoma City (“City”) adopted Ordinance No. 25,531, approving the Oklahoma Regional Innovation District Project Plan, an Amended Oklahoma Health Center Economic Development Project Plan (“Project Plan”), pursuant to the Oklahoma Local Development Act, 62 O.S. §850, *et seq.* (“Act”); and

WHEREAS, the City has designated the Oklahoma City Redevelopment Authority (“OCRA”), a public trust whose purposes include assisting its sole beneficiary, the City, to stimulate economic growth and development, as the public entity responsible for implementing Project Plan; and

WHEREAS, the Project Plan authorizes OCRA to carry out and administer the provisions of the Project Plan in order to provide support for the development of the area known as the Innovation District (“Project Area”), and, in particular, to assist with the financing of multi-use facilities, commercial facilities, parking facilities in support of Innovation District entrepreneurial and development activities, and public places, including meeting room space, work space, and conference facilities; and

WHEREAS, the Oklahoma City Innovation District and Capitol Environs Land Use and Strategic Development Plan (“Land Use Plan”), a land use study and development recommendation report for the Project Area, recommends high-intensity mixed-use development, including office, hotel, and an innovation hall, in the core of the Innovation District, surrounding Stiles Circle; and

WHEREAS, BT Development, L.L.C. (together with affiliates, “Developer”), an Oklahoma limited liability company, has purchased land near N.E. 8th Street and I-235 in the Project Area, in the core of the Innovation District; and

WHEREAS, the Developer contemplates a major mixed-use project on the Land and additional property to be acquired (together, “Project Site”), which includes an office tower building for research labs and office space, a parking garage, hotel, amenity deck, public realm open-air community environment, as well as a proposed building for Innovation Hall (“Project”) and is consistent with the Land Use Plan and the City’s objectives for the Project Area; and

WHEREAS, the Project would not be possible without public assistance; and

WHEREAS, OCRA and the Developer have negotiated the terms and conditions of a proposed Economic Development Agreement under which OCRA will provide public assistance in development financing in a principal amount not to exceed \$13,750,000 to the Developer in support of the Project and, in exchange, the Project will be developed and constructed; and

WHEREAS, it is appropriate and desirable to authorize and approve the Economic Development Agreement, to authorize and direct the Executive Director and Legal Counsel to take all necessary and appropriate actions to finalize the Economic Development Agreement in order to provide assistance in development financing in a principal amount not to exceed \$13,750,000 to the Developer to support of the Project, and to authorize the Officers and Executive Director of OCRA, with the assistance of Legal Counsel, to approve and execute the final version of the Economic Development Agreement and such other agreements as may be necessary or appropriate to implement the authorizations of this resolution and to assist in undertaking the performance and implementation of such agreements under the Project Plan.

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

1. The Economic Development Agreement between BT Development, L.L.C. and the Oklahoma City Redevelopment Authority is hereby authorized and approved.
2. The Executive Director and Legal Counsel are authorized and directed to take all necessary and appropriate actions to finalize the Economic Development Agreement in order to provide assistance in development financing in a principal amount not to exceed \$13,750,000 to the Developer to support of the Project.
3. The Officers and Executive Director of OCRA, with the assistance of Legal Counsel, are authorized to approve and execute the final version Economic Development Agreement and such other agreements as may be necessary or appropriate to implement the authorizations of this resolution and the Economic Development Agreement and to assist in undertaking the performance and implementation of such agreements under the Project Plan.

I, _____, Secretary of the Board of Trustees of the Oklahoma City Redevelopment Authority, certify that the foregoing Resolution No. _____ was duly adopted at a **special** 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 73102, on the **15th** day of **December, 2021**; that said meeting was held in accordance with the By-Laws of OCRA and the Oklahoma Open Meetings 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)

**ECONOMIC DEVELOPMENT AGREEMENT
FOR
THE INNOVATION DISTRICT CONVERGENCE PROJECT**

THIS ECONOMIC DEVELOPMENT AGREEMENT (“Agreement” or “EDA”) is made and entered into as of the ____ day of _____, 202__, by and among the Oklahoma City Redevelopment Authority, a public trust (“OCRA”), BT Development, L.L.C., an Oklahoma limited liability company (“Developer”), [_____], LLC, an Oklahoma limited liability company (“Developer Office Project Leverage Lender”), [_____], LLC, an Oklahoma limited liability company (“Developer Office Project Owner”), [_____], LLC, an Oklahoma limited liability company (“Developer Office Project Operator”), [_____], LLC, an Oklahoma limited liability company (“Developer Hotel Project Leverage Lender”), [_____], LLC, an Oklahoma limited liability company (“Developer Hotel Project Owner”), and [_____], LLC, an Oklahoma limited liability company (“Developer Hotel Project Operator”).

WITNESSETH:

WHEREAS, on December 20, 2016, The City of Oklahoma City (“City”) adopted Ordinance No. 25,531, approving the Oklahoma Regional Innovation District Project Plan, an Amended Oklahoma Health Center Economic Development Project Plan (“Project Plan”), pursuant to the Oklahoma Local Development Act, 62 O.S. §850, *et seq.* (“Act”); and

WHEREAS, the Project Plan authorizes OCRA and the Oklahoma City Urban Renewal Authority, a public body corporate (“OCURA”), to carry out and administer the provisions of the Project Plan in order to provide support for the development of the area known as the Innovation District (“Project Area”), and, in particular, to assist with the financing of multi-use facilities, commercial facilities, parking facilities in support of Innovation District entrepreneurial and development activities, and public places, including meeting room space, work space, and conference facilities; and

WHEREAS, the Oklahoma City Innovation District and Capitol Environs Land Use and Strategic Development Plan (“Land Use Plan”), a land use study and development recommendation report for the Project Area, recommends high-intensity mixed-use development, including office, hotel, and an innovation hall, in the core of the Innovation District, surrounding Stiles Circle; and

WHEREAS, on August 27, 2019, the City Council of the City adopted a Resolution of Intent for a new MAPS program to be known as “MAPS 4” for the purpose of making the investments necessary to continue Oklahoma City’s renaissance and extending the transformational power of Metropolitan Area Projects across the city and to all residents, and that Resolution expressed the administrative intent for the composition of the MAPS 4 program; and

WHEREAS, the City Council called a Special Election for the voters' consideration of Ordinance 26,255, which proposed a one-cent sales tax for a term of eight years to be used to fund the MAPS 4 program; and

WHEREAS, Ordinance 26,255, levying the temporary sales tax, was approved by the voters on December 10, 2019; and

WHEREAS, the Resolution of Intent states that, "for the purpose of transforming our entrepreneurial ecosystem to create jobs and foster a more diverse economy, it is the intent of the Council to pursue several projects at the Innovation District in near northeast Oklahoma City;" and

WHEREAS, the Resolution of Intent further states that:

[i]t is the intent of the Council to further allocate \$10 million for the purpose of matching up to \$10 million raised from non-MAPS sources for an 'innovation hall' and related infrastructure where activities to grow our city's innovation economy can be facilitated. Such activities could include but are not necessarily limited to learning academies such as coding training for all ages; versatile space for meetings and events related to innovation and entrepreneurship; and pop-up spaces for entrepreneurs to showcase new ideas and build connections; and

WHEREAS, BT Development, L.L.C. ("Developer"), an Oklahoma limited liability company, has purchased land near N.E. 8th Street and I-235, more particularly described in Exhibit A, in the core of the Innovation District in the Project Area (the "Land"), which is or will be owned by one or more of the Developer Parties (as defined below); and

WHEREAS, the Developer contemplates a major mixed-use project on the Land and additional property to be acquired (together, the "Project Site"), more particularly described in Exhibit B, which includes an office tower building for research labs and office space, a parking garage, hotel, amenity deck, public realm open-air community environment, as well as a proposed building for Innovation Hall, all of which is referred to herein as the "Project" (as further described and defined below in Section 1.2) and is consistent with the Land Use Plans and the City's objectives for the Project Area; and

WHEREAS, the Project would not be possible without public assistance; and

WHEREAS, OCRA finds it appropriate, desirable, and the public interest to provide public assistance in development financing to the Project in order to achieve the objectives for the Project Area; and

WHEREAS, OCRA and the Developer Parties have agreed upon the terms and conditions under which OCRA will provide the public assistance in development financing to the Project and the Project will be developed and constructed, which are set forth in this EDA.

NOW, THEREFORE, in consideration of the promises and mutual obligations herein set forth, the parties hereby covenant and agree with each other as follows:

SECTION 1 SUBJECT AND SCOPE

1.1 Purpose of this Agreement. The purpose of this Agreement is to set forth the terms and conditions under which OCRA will provide the public assistance in development financing to the Project and the Project will be developed and constructed, in order to secure adequate consideration for the public assistance.

1.2 Scope of the Project. The Project consists of the following components (each a “Component”):

- (a) An eight-story office tower building for research labs and office space of approximately 200,000 square feet (the “Office Tower”);
- (b) A four-level parking garage with three basement subsurface levels, and one ground floor level, with a total of approximately 735 parking spaces (the “Parking Garage”);
- (c) An amenity deck consisting of _____ (the “Amenity Deck”);
- (d) A boutique hotel of approximately 107 rooms (the “Hotel”);
- (e) A public realm area providing an open-air community environment (approximately 45,000 square feet) (the “Public Realm”); and
- (f) An Innovation Hall building of approximately 25,000 square feet, to be developed pursuant to a Master Development Agreement to be entered into between the Developer, OCRA, and the City (the “Innovation Hall”);

all of which will have pedestrian connectivity to surrounding assets in the Innovation District.

The total cost for completion of the entire Project (including all components) is approximately [\$178,000,000], of which approximately [\$71,000,000] is for the Office Tower, approximately [\$33,000,000] is for the Parking Garage, approximately [\$33,000,000] is for the Hotel, and at least [\$20,000,000] is for Innovation Hall and Related Infrastructure.

1.3 Property to be Developed. The Project will be constructed on the Project Site, consisting primarily of the Land, which is currently identified in the records of the Oklahoma County Assessor’s Office as Account Number R020142841, as well as additional portions of real property to be acquired prior to Closing, as provided by Section 3.1 below.

1.4 Relationship of the Parties. The implementation of this Agreement and the development of the Project is a complex process which will require the mutual agreement of the parties and their timely actions on matters appropriate or necessary to implementation. The parties hereto shall use

their best efforts in good faith to perform and to assist others in performing their respective obligations in accordance with this Agreement. This Agreement specifically does not create any partnership or joint venture between the parties hereto or render any party liable for any of the debts or obligations of any other party.

SECTION 2 DEFINED TERMS

Unless specifically provided otherwise or the context otherwise requires, when used in this Agreement:

[TO BE ADDED]

“Closing Date” means the date upon which the Assistance is advanced by OCRA to the Developer Party or Developer Parties designated the Developer, which date shall be subsequent to the satisfaction or waiver by OCRA of the conditions precedent set forth in Section 4.3 of this Agreement and in accordance with Section 4.4 of this Agreement.

“Developer Party” or “Developer Parties” means, individually or collectively, as the context may indicate, the Developer and any entity that controls, is controlled by, or is under common control with the Developer and specifically includes the Developer Office Project Leverage Lender, the Developer Office Project Owner, the Developer Office Project Operator, the Developer Hotel Project Leverage Lender, the Developer Hotel Project Owner, and the Developer Hotel Project Operator.

SECTION 3 DEVELOPER’S OBLIGATIONS, COVENANTS REPRESENTATIONS, AND WARRANTIES

3.1 Control of Project Site. The Developer represents that one or more Developer Parties owns the Land. One or more of the Developer Parties shall acquire such rights as are necessary and appropriate to construct the Project on the Project Site.

3.2 Submission of Design Documents and Landscaping Plans for Approval. The Developer shall prepare or have prepared Design Development Documents and Landscaping Plans for submission to OCRA not later than [January 16, 2021], unless extended as provided by Section 7 herein. Design Development Documents shall consist of drawings and other documents to fix and describe the size and character of the development and the Improvements. Landscaping Plans shall consist of drawings and other documents to illustrate and describe the character of the landscaping and its relationship to the development and the Improvements. OCRA shall, in its reasonable discretion, approve, disapprove, or impose further reasonable requirements with respect to the Design Development Documents and Landscaping Plans in writing within thirty (30) days after receipt. Following approval, any material changes in the Design Development Documents or Landscaping Plans must be submitted to OCRA for review, and OCRA shall, in its reasonable discretion, approve, disapprove, or impose further reasonable requirements with respect to the proposed change. The time within which OCRA shall approve or disapprove any material proposed change in the Design Development Documents or Landscaping Plans shall be fifteen (15) days after the date of OCRA’s

receipt of notice of such proposed change. For purposes of this Section 3.2, “material changes” means significant changes in the overall character, quality, or appearance of the Project *or* changes that would result in an overall increase or decrease of more than ten percent (10%) of the construction costs of that Component of the Project or of the total landscaping for the Project.

3.3 Development Obligations. The Developer shall cause the Project to be constructed on the Project Site, at no expense to OCRA (other than the Public Assistance as provides in Section 4 herein). The Project shall be constructed in substantial conformity with the Design Development Documents and Landscaping Plans approved by OCRA.

3.4 Construction Schedule. The Developer Parties shall begin construction of the Project, pursuant to valid permits, **not later than [May 1, 2022]**, and shall thereafter diligently prosecute construction of the Project in order to complete it and receive its full and final certificates of occupancy **by [June 30, 2024]**, all of which is subject to extension pursuant to Section 7 herein.

3.5 Lien Free Performance. The Developer Parties shall not permit any mechanic’s or materialmen’s lien to be filed because of any work, labor, services, materials, or equipment furnished to or for the Developer Parties on the Project Site. If any lien is filed, the Developer Parties shall take all action necessary to fully satisfy the lien by bond or otherwise within thirty (30) days after receiving notice of filing the lien. If the Developer Parties fail to cause such lien to be discharged, OCRA will have the right, without any obligation, to pay all sums necessary to discharge such lien or claim and require immediate payment from the Developer Parties. Nothing in this Agreement shall be deemed or construed in any way as constituting the consent or the request of OCRA, express or implied, to any contractor, subcontractor, laborer or materialmen for the performance of any labor or the furnishing of any materials for any improvement, alteration or repair of the Project, nor as giving the Developer Parties any right, power, authority to contract for, or permit the rendering of any services or the furnishing of any materials that would give rise to the filing of any lien against the Project Site.

3.6 Progress Reports. Until construction of the Project has been completed, the Developer Parties shall make reports in such detail and at such times as may reasonably be requested by OCRA as to the actual progress of the Project.

3.7 Inspections. OCRA shall have the right, but not the obligation, to inspect the progress and quality of all work performed by, or under contract with, any of the Developer Parties, its General Contractor, or any contractor in connection with the Project, to require the replacement of any defective or improper work and to refuse payment of any request for payment until such matters have been remedied. The failure of OCRA to inspect the work shall not relieve the Developer Parties of their duties under this Agreement. OCRA shall have the right, but not the obligation, to inspect all books, records and information pertaining to the Project including, without limitation, as-built plans and specifications, subcontracts, agreements, shop drawings, permits, entitlements, reports, studies, investigations, inspections, agreements, documentation and correspondence. The Developer Parties shall cooperate with OCRA to enable representatives of OCRA to conduct any visits, inspections and appraisals it may reasonably request. The Developer Parties shall make available to OCRA, with commercially reasonable notice, daily log sheets covering the period since the immediately preceding inspection showing the date, subcontractors on the job, number

of workers, and status of construction.

3.8 Certificate of Completion. Within thirty (30) days after OCRA has been provided with satisfactory evidence that the Developer Parties have completed the development and construction of the Project (as evidenced by the issuance of a final certificate of occupancy for each Component of the Project requiring one, together with such other evidence OCRA may reasonably require to establish that the Project is substantially complete and open) and that the Developer Parties have complied with the requirements set forth in Sections 3.2 and 3.3, OCRA will issue a Certificate of Completion certifying that the Developer has met the construction and development requirements for the Project set forth in this Agreement.

3.9 Taxes, Assessments, Encumbrances, and Liens. One or more of the Developer Parties shall pay or cause to be paid when due all sales taxes, real estate taxes and assessments on the Project Site.

(a) Business Improvement District. One or more of the Developer Parties shall pay or cause to be paid all assessments, charges, or other impositions for any business improvement district or special assessment district established for the area including the Project Site or any portion of it.

(b) Minimum Tax Payment Covenant. Prior to Closing, the Developer shall cause the Developer Party that is the owner of the Office Tower Project Site (which is currently anticipated to be the Developer Office Project Owner, but may be a different Developer Party) and the Developer Party that is the owner of the Hotel Project Site (which is currently anticipated to be the Developer Hotel Project Owner, but may be a different Developer Party), to each file of record a covenant agreement in the form attached here as Exhibit C, for each parcel of real estate underlying the Office Tower and Hotel, respectively, requiring minimum annual ad valorem tax payments (or payments in lieu thereof) beginning December 31, 2025, in the aggregate amount of [\$1,655,559], which shall be allocated between the Office Tower and the Hotel in amounts to be mutually agreed to by OCRA and the Developer (which are currently anticipated to be [\$_____] to the Office Tower and [\$_____] to the Hotel). Such minimum tax covenants shall remain in force until [the termination or dissolution of Increment District No. 11, City of Oklahoma City].

3.10 Developer Parties' General Representations and Warranties. The Developer Parties that are a party to this Agreement each individually represent and warrant that the following representations and warranties are true as of the date hereof and shall be true as of the Closing Date:

(a) The Developer Parties are each a limited liability company duly organized and existing under the laws of the State of Oklahoma. The Developer Parties are each authorized to conduct business in the State of Oklahoma and are not in violation of any provisions of their articles of organization, operating agreement, or any other agreement governing the applicable Developer Party, or any law of the State of

Oklahoma affecting the applicable Developer Party's ability to perform under this Agreement.

(b) The Developer Parties' ability to accomplish the Project with financing assistance from OCRA has induced the Developer Parties to proceed with the Project, and the Developer Parties hereby covenant to complete the same and continue to maintain and operate the Project, until the Certificate of Completion is provided to the Developer from OCRA.

(c) The Developer Parties each have the full power and authority to execute this Agreement, and this Agreement shall constitute a legal, valid and binding obligation of the Developer Parties in accordance with its terms, and the consent of no other party is required for the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, subject to laws relating to bankruptcy, moratorium, insolvency, or other laws affecting creditor's rights generally and subject to general principles of equity.

(d) The Developer Parties each represent that the execution and delivery of this Agreement, the consummation of the transactions contemplated herein, and the fulfillment of or compliance with the terms and conditions of this Agreement are not prevented or limited by or in conflict with, and will not result in a breach of, other provisions of their articles of organization, operating agreement or any other agreement governing the applicable Developer Party, or with any evidence of indebtedness, mortgages, agreements, or instruments of whatever nature to which the Developer Party is a party or by which it may be bound, and will not constitute a default under any of the foregoing.

(e) To the knowledge of the undersigned representatives of the Developer Parties, there is not currently pending any action, suit, proceeding or investigation, nor is any such action threatened which, if adversely determined, would materially adversely affect the Developer Parties, or the Project, or impair the ability of the Developer Parties to carry on their business substantially as now conducted or result in any substantial liability not adequately covered by insurance.

(f) The Developer Parties each individually warrant that it has not paid or given and will not pay or give any officer, employee or agent of OCRA any money or other consideration for obtaining this Agreement. The Developer Parties each further represent that, to its best knowledge and belief, no officer, employee or agent of OCRA who exercises or has exercised any functions or responsibilities with respect to the Project during his or her tenure, or who is in a position to participate in a decision making process with regard to the Project, has or will have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the Project, or in any activity, or benefit therefrom, during or after the term of this Agreement.

(g) Financial statements of the Developer and documents submitted to OCRA as evidence of financing pursuant to Section 4.3(e) are true and correct in all material respects, and fully and accurately present the financial condition of the Developer on the respective dates thereof. There has been no material adverse change in the financial condition of the Developer since the date of the latest statement furnished.

(h) Neither this Agreement nor any statement or document referred to herein or delivered by the Developer Parties pursuant to this Agreement contains any untrue statement or omits to state a material fact necessary to make the statements made herein or therein not misleading.

3.11 Survival of Developer Parties' Representations and Warranties. The representations and warranties of the Developer Parties contained in this Agreement shall survive its execution indefinitely.

3.12 Insurance. Until construction of the Project has been completed and OCRA has issued the Certificate of Completion, Developer will maintain a policy of commercial general liability insurance, which policy will: (1) be placed with an insurance company licensed to do business in the State of Oklahoma; (2) provide for coverage limits of not less than Three Million Dollars (\$3,000,000.00) per occurrence with respect to personal injury and death, and not less than One Million Dollars (\$1,000,000.00) per occurrence with respect to property damage; and (3) name OCRA as additional insured. Upon request, Developer will deliver to OCRA a certificate of insurance evidencing the existence of such insurance coverage.

3.13 Compliance with Laws and Agreements. The Developer Parties will comply with all laws, ordinances and regulations of and agreements with or obligations to any federal, state, municipal or other governmental body as may apply to the performance of the Developer Parties' obligations with respect to this Agreement and the Project.

SECTION 4 PUBLIC ASSISTANCE IN DEVELOPMENT FINANCING; OCRA'S OBLIGATIONS, COVENANTS, REPRESENTATIONS, AND WARRANTIES

4.1 Agreement to Provide the Public Assistance in Development Financing. In reliance on the representations, warranties, covenants and obligations of the Developer Parties contained herein, and subject to the terms and conditions of this Agreement, OCRA hereby agrees to provide the public assistance in development financing (the "Assistance") to the Developer Party or Developer Parties designated by the Developer (which is currently anticipated to be the Developer Office Project Leverage Lender) in the amount of [Thirteen Million Seven Hundred Seventy-Five and No/100 Dollars (\$13,750,000.00), still subject to discussion as of 12.10.2021], upon the satisfaction or waiver by OCRA of the conditions precedent set forth in Section 4.3 below, pursuant to the provisions of the Act and the Project Plan.

4.2 Use of Funds. The Assistance provided by OCRA to the Developer Party or Developer Parties designated by the Developer shall be used for development and construction of the Project and for no other purpose.

4.3 Conditions Precedent to Payment of the Assistance. OCRA's obligation to provide the Assistance to the Developer Party or Developer Parties designated by the Developer shall not be effective until each of the following conditions shall have been satisfied. If any one or more of these conditions is not satisfied or waived by OCRA on or before a date twelve (12) months from the execution of this Agreement, then this Agreement shall be of no further force and effect, and OCRA shall have no further obligation or liability hereunder.

(a) Design Development Documents and Landscape Plans. The Design Development Documents and Landscape Plans for the Project shall have been prepared by the Developer, submitted to OCRA, and approved by OCRA.

(b) General Contractor. The applicable Developer Party or Developer Parties shall have entered into a contract or contracts with the General Contractor for the construction and development of the Project and shall have provided a copy to OCRA.

(c) Permits. The applicable Developer Party or Developer Parties shall have received all permits and approvals which may be required by the City and any other governmental agency having jurisdiction as to such construction, development or work for construction, development or work on or in connection with any buildings, structures or other improvements at the Project Site, and shall provide evidence of such to OCRA.

(d) Budget. The Developer shall have provided to OCRA a copy of the final budget for the construction and development of the Project.

(e) Evidence of Funds and Financing. OCRA shall have received from the Developer, written evidence, reasonably satisfactory to OCRA, of funds and financing necessary for construction of the Project. Acceptable evidence of financing shall confirm that good and sufficient funds are readily available, from equity commitments, construction financing, and other sources, for the complete development and construction of the Project, in an aggregate amount (including the Assistance) of not less than the budgeted costs of [\$176,000,000.00].

(f) Exhibit Completion and Execution. OCRA shall have received fully executed versions of all items attached as Exhibits to this Agreement, including without limitation the Covenant Agreements and the Subordination Agreements.

(g) Evidence of Insurance. The Developer shall have provided OCRA with certificates of insurance evidencing the coverages required in Section 3.12.

(h) Legal Proceedings. No preliminary or permanent injunction or other order, decree, or ruling issued by governmental entity, a new statute, rule, regulation, or executive order promulgated to enacted by a governmental entity, shall be in effect which restrains, enjoins, prohibits, or otherwise makes illegal the consummation of the transactions, consummation by this Agreement; no proceedings by a court of competent jurisdiction or governmental entity shall be commenced or threatened against OCRA or the Developer Parties (or any of their respective affiliates, associates, members, managers, directors, or officers) seeking to prevent or challenge the transactions contemplated by this Agreement.

(i) No Breach or Default. No Event of Default shall have occurred and be continuing under this Agreement or under any other agreement between the Developer Parties and OCRA, and no event shall have occurred and be continuing which with notice or passage of time, or both, would constitute a default or an Event of Default under this Agreement or under any other agreement between the Developer Parties and OCRA.

(j) Truth of Representations and Warranties. The Developer Parties' representations and warranties herein shall be and remain true and correct in all material respects.

(k) [Need to confirm that there are no others.]

4.4 Payment of the Assistance on the Closing Date. Provided the conditions precedent of Section 4.3 have been met, OCRA shall pay the Assistance to the Developer Party or Developer Parties designated by the Developer within five (5) business days of written request of the Developer. The request for payment shall constitute an affirmation that the representations and warranties of the Developer Parties contained in Section 3.10 remain true and correct in all material respects and that no material breach of the covenants contained in this Agreement has occurred as of the Closing Date unless OCRA is notified to the contrary prior to the payment of the Assistance.

4.5 Representations and Warranties. OCRA represents and warrants that the following representations and warranties are true as of the date hereof and shall be true as of the Closing Date:

(a) OCRA is a duly organized and validly existing public trust under the laws of the State of Oklahoma.

(b) OCRA is fully empowered to enter into this Agreement and to perform the transactions contemplated thereby and generally to carry out its obligations hereunder and thereunder. OCRA has duly authorized its Chairman, or in his absence, its Vice Chairman, to execute and deliver this Agreement and all other documentation required to consummate the transaction contemplated herein on behalf of OCRA.

(c) The performance by OCRA under this Agreement will not violate any provision or constitute a default under any indenture, agreement or instrument to which OCRA is currently bound or by which it is affected.

(d) To the knowledge of the undersigned officer of OCRA, there is no action, suit, proceeding or inquiry at law or in equity pending or threatened, affecting OCRA wherein any unfavorable decision, ruling or finding would materially adversely affect OCRA's ability to perform under this Agreement or under any other instrument pertinent to the transaction contemplated herein to which OCRA is a party.

SECTION 5 TRANSFER, ASSIGNMENT, AND ENCUMBRANCE

5.1 Prohibition Against Transfer of the Project Site or Assignment of Agreement. The Developer Parties shall not, except as permitted by this Agreement, including Section 5.4 of this Agreement, without prior written approval of OCRA, which shall not be unreasonably withheld, make any total or partial sale, transfer, conveyance, assignment or lease of the Project Site to a party that is not a Developer Party. Notwithstanding the foregoing restrictions on assignment, transfer, and conveyance, the following transfers of interests shall be permitted as of right:

(a) Any mortgage lien or security interest granted by any of the Developer Parties to secure indebtedness to any construction or permanent lender with respect to the Project; and

(b) The transfer of portions of the Project Site to the City for Stiles Park and/or other park purposes; and

(c) The transfer of portions of the Project Site to OCRA or the City for Innovation Hall; and

(d) The rental and leasing of portions of the Project Site by the Developer Parties to other Developer Parties or other third-party tenants for any uses contemplated for the Project.

5.2 Restrictions on Transfer or Sale of Control By the Developer. The qualifications of the Developer are of particular importance to OCRA. It is because of the qualifications and identity of the Developer, and the management thereof, that OCRA has entered into this Agreement with the Developer Parties. Therefore, the Developer agrees that it will not transfer or sell a controlling interest in its own membership interests until performance of the development obligations in this Agreement to any individual or entity which is not currently a member of the Developer until OCRA has issued the Certificate of Completion to the Developer. Without limiting the generality of the foregoing, except as otherwise expressly agreed by OCRA in writing, the Developer shall not terminate its existence, liquidate or dissolve, or sell all or substantially all of its assets until OCRA has issued the Certificate of Completion to the Developer.

5.3 Limitation Upon Encumbrance of Project Site. Prior to the issuance of the Certificate of Completion of the Project by OCRA, neither the Developer Parties nor any successor in interest to the Project Site or any part thereof shall engage in any financing or any other transaction creating any mortgage or other encumbrance or lien upon the Project Site, whether by express agreement or operation of law, or suffer any encumbrance or lien to be made on or attach to the Project Site, except for the purposes of obtaining funds only to the extent necessary for the completion of the construction, development and financing of the Project. The Developer (or successor in interest) shall notify OCRA in advance of any financing, secured by mortgage or other similar lien instrument, any Developer Party proposes to enter into with respect to the Project Site, or any part thereof, and in any event it shall promptly notify OCRA of any encumbrance or lien that has been created on or attached to the Project Site, whether by voluntary act of a Developer Party or otherwise. For the purposes of such mortgage financing as may be made pursuant to the Agreement, the Project Site may, at the option of the Developer (or successor in interest), be divided into several parts or parcels provided that such subdivision is not inconsistent with the purposes of this Agreement.

5.4 Exceptions to Restriction on Transfer. Notwithstanding anything to the contrary contained herein, after a period of five years following the date of issuance of the Certificate of Completion for the Project, the Developer Parties shall be free to transfer the Project, or any part thereof, without the prior written consent of OCRA. Further, at any time, membership interests in the Developer, held directly or indirectly by an individual person (i) may be transferred due to the death or disability of such person, or (ii) may be transferred to a trust established by such person for estate planning purposes, or (iii) may be transferred to other existing members or new members.

SECTION 6 EVENTS OF DEFAULT AND REMEDIES

6.1 Events of Default. The following shall constitute Events of Default hereunder:

(a) Default by the Developer Parties in the performance or observance of any covenant or obligation contained in this Agreement, any instrument executed pursuant to this Agreement, or under the terms of any other instrument delivered to OCRA in connection with this Agreement, including, without limitation, the falsity or breach of any representation, warranty or covenant, or material variance from the approved Design Development Documents and Landscaping Plans without prior written consent of OCRA, where “material variance” means significant changes in the overall character, quality, or appearance of any Component of the Project or changes that result in a decrease of more than ten percent (10%) of the construction costs of that Component or of the total landscaping for the Project.;

(b) Any representation, statement, certificate, schedule or report made or furnished to OCRA by the Developer Parties with respect to the matters and transactions covered by this Agreement which proves to be false or erroneous in any material respect at the time of its making or any warranty of a continuing nature which ceases to be complied with in any material respect and the Developer Parties

fail to take or cause to be taken corrective measures satisfactory to OCRA within 30 days after written notice by OCRA; or

(c) The initiation of bankruptcy or receivership proceedings by or against the Developer and the pendency of such proceedings for 60 days.

6.2 Notice and Opportunity to Cure. In the Event of a Default, OCRA will provide the Developer with notice and 30 days opportunity to cure any Event of Default described in Section 6.1 or any other breach of an obligation under this Agreement. No Event of Default, default, or breach by the Developer Parties under this Agreement shall be a Material Default unless and until OCRA has provided written notice to the Developer identifying all specific action(s) or omission(s) of the Developer Party and the section(s) of this Agreement which render such action(s) or omission(s) defaults or breaches by the Developer Party. If OCRA notifies the Developer of a default or breach under the preceding sentence, then such default or breach shall not be a Material Default so long as the Developer begins undertaking actions or omissions to cure such default or breach within thirty (30) business days of receiving such notice and thereafter pursues such cure with reasonable diligence.

6.3 Termination. Prior to the Closing Date, the Parties shall have the following termination rights:

(a) In the event that OCRA unreasonably fails to approve the Design Development Documents and Landscaping Plans, and, if any such default or failure shall not be cured within 30 days after the date of written demand by the Developer, then this Agreement, may, at the option of the Developer, be terminated by written notice thereof to OCRA, and, neither OCRA, nor the Developer Parties shall have any further rights against or liability to the other under this Agreement.

(b) In the event that the Developer fails to submit the Design Development Documents and Landscaping Plans to OCRA, or the Developer fails to obtain evidence of financing capacity satisfactory to OCRA on or before a date twelve (12) months from the execution of this Agreement, and, if any such failure shall not be cured within 30 days after the date of written demand by OCRA, then this Agreement, may, at the option of OCRA, be terminated by written notice thereof to the Developer, and, neither OCRA nor the Developer Parties shall have any further rights against or liability to the others under this Agreement.

6.4 Remedies. Upon the occurrence of a Material Default, OCRA may, in addition to any other remedies that OCRA may have hereunder, or by law, at its option without prior demand or notice, except as provided in this Agreement, take any or all of the following actions:

(a) Immediately terminate the payment of any Assistance hereunder that has not been advanced; and

(b) Demand repayment within sixty (60) days after written demand to the Developer of any Assistance not already spent on the Project.

SECTION 7 TIME EXTENSIONS

7.1 Enforced Delay. In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended, where the party seeking the extension has acted diligently and delays or defaults are due to events beyond the reasonable control of the party such as but not limited to: default of other party; war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; pandemics; epidemics; quarantine restrictions; freight embargoes; invasion, lack of transportation; litigation; unusually severe weather; or any other causes beyond the control or without the fault of the party claiming an extension of time to perform; provided that the party seeking the benefit of the provisions of this Section shall, within thirty (30) days after the beginning of any such forced delay, have first notified the other party thereof in writing, and of the cause or causes thereof, and requested an extension for the period of the forced delay. In the event of the occurrence of any such forced delay, the time or times for performance of the obligations of the shall be extended for the period of the forced delay.

7.2 Extensions of Times of Performance. In all cases, times of performance under this Agreement may also be extended in writing by the mutual agreement of the parties.

SECTION 8 NOTICES

8.1 Notices. All notices and other communications required, permitted or contemplated by this Agreement (“Notices” and each a “Notice”) must be in writing, signed by the Party giving the Notice, and sent using the contact information below. Notices must be sent by: (1) hand-delivery in return for a receipt; (2) United States mail with postage prepaid; (3) nationally recognized overnight courier service; or (4) email, so long as the intended recipient acknowledges by email or other writing as having received the Notice (with an automatic “read receipt” not constituting acknowledgment). A Notice is effective on the earlier of: (1) the date of actual delivery; or (2) for mailed Notices (without a return receipt), three business days after the date of mailing. However, if the receipt of Notice is refused, the Notice is effective upon attempted delivery. Either Party may change its contact information by notifying the other Party as required by this Section. Notwithstanding the foregoing, Notices advising the other Party of a breach of this Agreement must be sent by: (1) hand-delivery in return for a receipt; (2) certified United States mail, return receipt requested with postage prepaid; or (3) nationally recognized overnight courier service. Such Notices are effective on the date of actual delivery. However, if receipt of the Notice is refused, the Notice is effective upon attempted delivery.

Notices to Developer will be addressed as follows:

BT Development, L.L.C.
Attn: Mark Beffort
204 N. Robinson Ave., Ste. 700
Oklahoma City, OK 73102
Email: mbeffort@robinson-park.com

with copies to:

Bonner Gonzalez
McAfee & Taft
Two Leadership Square, 8th Floor
211 N. Robinson
Oklahoma City, OK 73102-7103
Email: bonner.gonzalez@mcafeetaft.com

Notices to OCRA will be addressed as follows:

Oklahoma City Redevelopment Authority
Attn: Catherine O'Connor, Executive Director
105 N. Hudson, Suite 101
Oklahoma City, OK 73102
Email: cathy.oconnor@theallianceokc.org

SECTION 9 MORTGAGE FINANCING; RIGHTS OF MORTGAGEES

9.1 Copy of Notice of Default to Mortgagee. Whenever OCRA shall deliver any notice or demand to the Developer with respect to any breach or default by the Developer Parties in their obligations or covenants under this Agreement, OCRA shall at the same time forward a copy of such notice or demand to each holder of any mortgage authorized by this Agreement at the last address of such holder shown in the records of OCRA.

9.2 Mortgagee's Option to Cure Defaults. After any breach or default of any provision of this Agreement, each such mortgage holder shall (insofar as the rights of OCRA are concerned) have the right, at its option, to cure or remedy such breach or default (or such breach or default to the extent that it relates to the part of the Project Site covered by its mortgage) and to add the cost thereof to the mortgage debt and the lien of its mortgage; *provided*, that if the breach or default is with respect to construction of the Improvements, nothing contained in this Section or any other Section of this Agreement shall be deemed to permit or authorize such holder, either before or after foreclosure or action in lieu thereof, to undertake or continue the construction or completion of the Improvements (beyond the extent necessary to conserve or protect the Improvements or construction already made) without first having expressly assumed the obligation to OCRA, by written agreement satisfactory to OCRA, to complete in the manner provided in this Agreement, the Improvements on the Project Site, or the part thereof to which the lien or title of such holder

relates. Any such holder who shall properly complete the Improvements on the Project Site or applicable part thereof shall be entitled, upon written request made to OCRA, to a certification by OCRA to such effect in the manner provided in this Agreement.

SECTION 10 GENERAL

10.1 Non-liability of Officials, Employees and Agents of OCRA. No official, employee or agent of OCRA shall be personally liable to the Developer Parties, or any successors in interest, pursuant to the provisions of this Agreement, for any default or breach by OCRA.

10.2 Non-Discrimination; Equal Opportunity. The Developer agrees that during the construction of the Project provided for in this Agreement:

- (a) The Developer agrees not to discriminate against any employee or applicant for employment because of race, creed, sex, color, national origin, ancestry, age or disability, as defined by the Americans with Disabilities Act of 1990, Sec. 3(2). The Developer agrees to take actions to ensure that employees are treated without regard to their race, creed, sex, color, national origin, ancestry, age or disability, as defined by the Americans with Disabilities Act of 1990, Sec. 3(2). Such actions shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruiting or recruitment, advertising, layoff or termination, rate of pay or other forms of compensation and selection for training, including apprenticeship. The Developer agrees to post in conspicuous places, available to employees and applicants for employment, appropriate notices substantially similar to the provisions of this nondiscrimination clause.
- (b) The Developer will, in all solicitations or advertisements for employees placed by or on behalf of the Developer, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, or other protected class.

10.3 Choice of Law; Jurisdiction and Venue. The laws of the State of Oklahoma (excluding its conflict of laws rules that would apply the laws of another jurisdiction) exclusively apply to this Agreement. Any claim arising directly or indirectly from or relating to this Agreement must be filed and maintained exclusively in a court of competent jurisdiction in the state or federal courts located in Oklahoma County, Oklahoma. The Parties submit to that jurisdiction and venue for all purposes.

10.4 Entire Agreement; Modification. This Agreement, and documents delivered by its terms and incorporated in it, constitutes the entire agreement between the Parties pertaining to its subject matter. All prior and contemporaneous written or oral agreements and communications between the Parties are superseded by this Agreement. This Agreement may not be supplemented or modified except in a written agreement properly executed by the Parties. All exhibits and

documents referenced in this Agreement are incorporated into this Agreement by reference and are an integral part of this Agreement.

10.5 Waiver. The terms of this Agreement may be waived only by a written document executed and delivered by the waiving Party to the other Party. No course of dealing between the Parties, delay in the exercise of any rights under this Agreement, or failure to object to any action or omission constitutes a waiver of any terms of this Agreement. A waiver of any term of this Agreement will not constitute a continuing waiver of that term.

10.6 Severability. If any provision of this Agreement is determined to be to any extent invalid, illegal, or unenforceable, it will be deemed stricken from this Agreement. All other provisions of this Agreement will remain in full force and effect. The stricken provision will then be deemed replaced with one that is valid and enforceable and that comes closest to expressing the Parties' original intent.

10.7 No Presumption as to Drafter. In the construction and interpretation of this Agreement, the rule that a document is to be construed most strictly against the Party who prepared it does not apply because both of the Parties participated in its preparation.

10.8 Attorneys' Fees. In the event either Party to this Agreement is compelled to file suit to enforce the terms of this Agreement, the Party prevailing in such litigation, in addition to all other relief granted by the court, will be entitled to the payment by the losing party of all expenses, court costs, and reasonable attorneys' fees incurred by the prevailing party in such litigation.

10.9 Counterparts. This Agreement may be signed in counterparts, each one of which is considered an original, but all of which constitute one and the same instrument.

10.11 Further Assurances. The Parties agree to perform such further acts and to execute and deliver such additional documents and instruments as may be reasonably required in order to carry out the provisions of this Agreement and their intentions.

10.12 Third Parties. Except as expressly provided otherwise in this Agreement, the provisions of this Agreement are for the exclusive benefit of the parties hereto and not for the benefit of any other persons, as third-party beneficiaries or otherwise, and this Agreement shall not be deemed to have conferred any rights express or implied, upon any other person.

10.13 Time is of the Essence. The parties understand and agree that time is of the essence with regard to all the terms and provisions of this Agreement.

10.14 Exhibits. The following Exhibits are attached to and made a part of this Agreement:

Exhibits to this Agreement

| | |
|-----------|-----------------------------------|
| Exhibit A | Legal Description of Land Owned |
| Exhibit B | Legal Description of Project Site |

| | |
|-------------|---|
| Exhibit C-1 | Declaration of Covenants – Office Tower |
| Exhibit C-2 | Declaration of Covenants - Hotel |
| Exhibit D-1 | Subordination Agreement – Office Tower |
| Exhibit D-2 | Subordination Agreement – Hotel |
| Exhibit E | |

[Remainder of page is intended to be blank. Signature pages are to follow.]

OCRA SIGNATURE PAGE FOR
ECONOMIC DEVELOPMENT AGREEMENT FOR
INNOVATION DISTRICT CONVERGENCE PROJECT

IN WITNESS WHEREOF, OCRA has caused this Agreement to be duly executed as of the Effective Date.

“OCRA”

OKLAHOMA CITY REDEVELOPMENT
AUTHORITY, a public trust

By: _____
J. Larry Nichols, Chairman

DEVELOPER SIGNATURE PAGE FOR
ECONOMIC DEVELOPMENT AGREEMENT FOR
INNOVATION DISTRICT CONVERGENCE PROJECT

IN WITNESS WHEREOF, Developer has caused this Agreement to be duly executed as of the Effective Date.

“DEVELOPER”

BT DEVELOPMENT, L.L.C., an Oklahoma limited liability company

By:

Mark Beffort, Manager

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

To: Board of Trustees of the Oklahoma City Redevelopment Authority

From: Catherine O'Connor, Executive Director

Date: December 15, 2021

Ref: Resolution Authorizing a Master Development Agreement for the MAPS 4 Innovation Hall, Oklahoma Regional Innovation District Project Plan

TRUSTEES

J. Larry Nichols
Chairman

James R. Tolbert III
Vice Chairman

Lee E. Cooper, Jr.

David Greenwell

Judy J. Hatfield

David Holt

Russell M. Perry

EXECUTIVE DIRECTOR

Catherine O'Connor

Background: The City Council's MAPS 4 Resolution of Intent states that it intends to allocate "\$10 million for the purpose of matching up to \$10 million raised from non-MAPS sources for an 'innovation hall' and related infrastructure where activities to grow our city's innovation economy can be facilitated."

OCRA and BT Development, L.L.C., the Developer of the contemplated major mixed-use project in the Innovation District that proposes to develop innovation hall and related public infrastructure (together, "Innovation Hall Project") as part of its overall project (collectively, the "Project"), have worked out the general terms under which the Innovation Hall Project can be financed, using equity capital, debt, New Markets Tax Credits (NMTC), and public assistance in development financing funded by the tax increment financing (TIF) districts under the Oklahoma Regional Innovation District Project Plan to match the MAPS 4 program funding.

To specify the matching funds, combine them with the MAPS 4 program funds, and construct Innovation Hall, it is appropriate to have an agreement among the City, OCRA, and a limited liability company ("Developer LLC") whose members include the Developer and the Alliance for Economic Development (or an affiliate). This structure is necessary to generate NMTC to help finance the Project. The Master Development Agreement will require the Developer LLC to:

- provide all pre-development services for the Innovation Hall Project,
- provide plans and specifications for review and approval,
- submit proposed legal descriptions for Innovation Hall, publicly owned Related Infrastructure, and other properties and parcels comprising the Project, and
- convey title to the surface of the land where Innovation Hall will be located to OCRA (or the City).

OCRA (or the City) will ground lease the surface to Developer LLC, which will construct and own the Innovation Hall building for the term of the Ground Lease. The Developer LLC will lease the Innovation Hall building to another affiliate of the Developer (the Operating LLC) pursuant to an operating lease. The Operating LLC will operate and maintain Innovation Hall during the term of the operating lease for the benefit of the City, and the Operating LLC will enter into a sublease with the entity selected by the City to operate Innovation Hall. The sublease will grant that entity the right to occupy the Innovation Hall building at nominal rent.

Innovation Hall would thus meet the City's objectives, as reflected in the Resolution of Intent.

Because the terms of the Master Development Agreement are still being worked out with City staff, it is appropriate and desirable to authorize and direct the Executive Director and Legal Counsel to take all necessary and appropriate actions to finalize the Master Development Agreement and secure the necessary approvals by the City.

Recommendation: Approval of Resolution

RESOLUTION NO. _____

**RESOLUTION AUTHORIZING A MASTER DEVELOPMENT AGREEMENT FOR THE
MAPS 4 INNOVATION HALL, OKLAHOMA REGIONAL INNOVATION DISTRICT
PROJECT PLAN**

WHEREAS, on December 20, 2016, The City of Oklahoma City (“City”) adopted Ordinance No. 25,531, approving the Oklahoma Regional Innovation District Project Plan, an Amended Oklahoma Health Center Economic Development Project Plan (“Project Plan”), pursuant to the Oklahoma Local Development Act, 62 O.S. §850, *et seq.* (“Act”); and

WHEREAS, the City has designated the Oklahoma City Redevelopment Authority (“OCRA”), a public trust whose purposes include assisting its sole beneficiary, the City, to stimulate economic growth and development, as the public entity responsible for implementing Project Plan, which created the City’s first tax increment financing plan adopted pursuant to the Act; and

WHEREAS, the Project Plan authorizes OCRA to carry out and administer the provisions of the Project Plan in order to provide support for the development of the area known as the Innovation District (“Project Area”); and

WHEREAS, the City has adopted a Resolution of Intent setting forth the MAPS 4 program and expressing the administrative intent on the composition of the MAPS 4 program, for the purpose of making the investments necessary to continue Oklahoma City’s renaissance and extending the transformational power of Metropolitan Area Projects across the city and to all residents; and

WHEREAS, the Resolution of Intent states that, “for the purpose of transforming our entrepreneurial ecosystem to create jobs and foster a more diverse economy, it is the intent of the Council to pursue several projects at the Innovation District in near northeast Oklahoma City;” and

WHEREAS, the Resolution of Intent further states that:

“[i]t is the intent of the Council to further allocate \$10 million for the purpose of matching up to \$10 million raised from non-MAPS sources for an ‘innovation hall’ and related infrastructure where activities to grow our city’s innovation economy can be facilitated. Such activities could include but are not necessarily limited to learning academies such as coding training for all ages; versatile space for meetings and events related to innovation and entrepreneurship; and pop-up spaces for entrepreneurs to showcase new ideas and build connections;

and

WHEREAS, BT Development, L.L.C. (together with affiliates, the “Developer”), an Oklahoma limited liability company owned and managed by Mark Beffort and Richard “Dick” Tanenbaum, has purchased land near N.E. 8th Street and I-235 (“Land”), in the Project Area, in the core of the Innovation District; and

WHEREAS, the Developer contemplates a major mixed-use project primarily on the Land in the Innovation District including an office tower building for research labs and office space, a parking garage, hotel, amenity deck, public realm open-air community environment, as well as a proposed building for Innovation Hall; and

WHEREAS, OCRA and the Developer have conducted discussions and have worked out a financing and development plan under which Innovation Hall and related infrastructure can be constructed as part of the Developer’s larger overall innovation project in order to raise the required \$10 million match in non-MAPS program funds, leverage additional development to facilitate the city’s innovation economy, and achieve certain efficiencies in financing, construction, operation, and maintenance of Innovation Hall; and

WHEREAS, it is appropriate and desirable for OCRA, the City, and a limited liability company (“Developer LLC”) whose members include the Developer and the Alliance for Economic Development (or an affiliate) to enter into a Master Development Agreement to set forth the terms regarding the financing and development of Innovation Hall and related infrastructure (collectively, “the Innovation Hall Project”) as well as the assignment by the City of certain responsibilities to OCRA and the assumption of certain obligations by the Developer; and

WHEREAS, it is appropriate and desirable to authorize the Master Development Agreement, to authorize and direct the Executive Director and Legal Counsel to take all necessary and appropriate actions to prepare the Master Development Agreement and secure the necessary approvals by the City, and to authorize the Officers and Executive Director of OCRA, with the assistance of Legal Counsel, to approve and execute the Master Development Agreement and such other agreements as may be necessary or appropriate to implement the Innovation Hall Project and the authorizations of this resolution and to assist in undertaking the performance and implementation of such agreements under the Project Plan.

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

1. The Master Development Agreement among the Oklahoma City Redevelopment Authority, the City of Oklahoma City, and an Oklahoma limited liability company whose members include BT Development, L.L.C., or an affiliate, and the Alliance for Economic Development of Oklahoma City, or an affiliate, is hereby authorized.
2. The Executive Director and Legal Counsel are authorized and directed to take all necessary and appropriate actions to finalize the Master Development Agreement and secure the necessary approvals by the City.

3. The Officers and Executive Director of OCRA, with the assistance of Legal Counsel, are authorized to approve and execute the Master Development Agreement and such other agreements as may be necessary or appropriate to implement the Innovation Hall Project and the authorizations of this resolution and to assist in undertaking the performance and implementation of such agreements under the Project Plan.

I, _____, Secretary of the Board of Trustees of the Oklahoma City Redevelopment Authority, certify that the foregoing Resolution No. _____ was duly adopted at a **special** 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 73102, on the **15th** day of **December, 2021**; that said meeting was held in accordance with the By-Laws of OCRA and the Oklahoma Open Meetings 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)

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

To: Board of Trustees of the Oklahoma City Redevelopment Authority

From: Catherine O'Connor, Executive Director

Date: December 15, 2021

Ref: Resolution Approving a Vendors List for Professional Services Providers, Including Architects, City Planners, Environmental Scientists and Environmental Testing Services Providers, Independent Appraisers, Title Examiners and Title Insurance Providers, Surveyors, Civil Engineers, Traffic Consultants, Demolition Services, and Community Engagement Services

TRUSTEES

J. Larry Nichols
Chairman

James R. Tolbert III
Vice Chairman

Lee E. Cooper, Jr.

David Greenwell

Judy J. Hatfield

David Holt

Russell M. Perry

EXECUTIVE DIRECTOR

Catherine O'Connor

Background: OCRA was created for the purpose of assisting in the implementation of economic development and redevelopment projects and to provide financial assistance to OCURA in connection with its proposed and approved redevelopment activities. It is appropriate and desirable for the Board of Trustees to provide the Executive Director with the support of professional services from individuals or firms with the expertise and experience to assist in the implementation of the urban renewal plans that the OCURA is implementing and OCRA is supporting.

OCURA, on behalf of OCRA, has solicited invitations for proposals and/or requests for qualifications for various professional services in support of the achievement of the objectives of the urban renewal plans that OCURA is implementing and OCRA is supporting.

It is appropriate and desirable to create a list of preferred professional services providers from which OCURA may select such providers from time to time, from the responses to the RFP. It is appropriate and desirable for OCRA to adopt the same Approved Vendor's List, from which OCRA may select professional services providers from time to time.

The list, if approved, will exist for a period from January 1, 2022 through December 31, 2024, unless OCURA wishes to solicit new proposals sooner.

Recommendation: Approval of Resolution

Attachments: Professional Services Vendor List

RESOLUTION NO. _____

RESOLUTION APPROVING A VENDORS LIST FOR PROFESSIONAL SERVICES PROVIDERS, INCLUDING ARCHITECTS, CITY PLANNERS, ENVIRONMENTAL SCIENTISTS AND ENVIRONMENTAL TESTING SERVICE PROVIDERS, INDEPENDENT APPRAISERS, TITLE EXAMINERS AND TITLE INSURANCE PROVIDERS, SURVEYORS, CIVIL ENGINEERS, TRAFFIC CONSULTANTS, DEMOLITION SERVICES, AND COMMUNITY ENGAGEMENT SERVICES

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 to provide financial assistance to the Oklahoma City Urban Renewal Authority (“OCURA”) in connection with its proposed and approved redevelopment activities; and

WHEREAS, the powers of OCRA are vested in and shall be exercised by the Board of Trustees; and

WHEREAS, the Board of Trustees has heretofore vested the position of Executive Director of OCRA with the responsibilities for the administrative affairs of OCRA; and

WHEREAS, it is appropriate and desirable to provide the Executive Director with the support of professional services from individuals or firms with the expertise and experience to assist in the implementation of the urban renewal plans that the OCURA is implementing and OCRA is supporting; and

WHEREAS, OCURA, on behalf of itself and OCRA, has solicited invitations for proposals and/or requests for qualifications for professional service providers (“RFP”), including but not limited to architects, city planners, environmental scientists and environmental testing service providers, independent appraisers, title examiners and title insurance providers, surveyors, civil engineers, traffic consultants, demolition services, and community engagement services in support of the achievement of the objectives of the urban renewal plans that OCURA is implementing and OCRA is supporting; and

WHEREAS, OCURA is set to approve a list of preferred professional services providers (“Approved Vendor’s List”) from which OCURA may select such providers from time to time, from the responses to the RFP; and

WHEREAS, it is appropriate and desirable for OCRA to adopt the same Approved Vendor’s List, from which OCRA may select professional services providers from time to time.

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

1. The Approved Vendors List, as shown in Schedule A to this Resolution, is hereby approved as the list of professional services providers for the professional services listed from which OCRA may enter into professional services contracts for the period from January 1, 2022, through December 31, 2024.
2. The Executive Director is authorized to issue additional invitations for proposals and requests for qualifications for professional services that are believed to be necessary to assist OCRA with the implementation and support of urban renewal plans, and to present such additional professional services providers to the Board of Trustees to be added to the Approved Vendors List.
3. The Executive Director, with the advice and assistance of Legal Counsel, is authorized to enter into professional services agreements with the professional services providers listed on the Approved Vendors List.
4. The authorizations in this Resolution shall not create any legal obligation for OCRA to enter into contracts with the professional services providers on the Approved Vendors List.
5. The Executive Director, Legal Counsel, and officers and staff of OCRA are authorized and directed to prepare and execute such documents, letters, and authorizations as may be appropriate or desirable to implement this resolution.

I, _____, Secretary of the Board of Trustees of the Oklahoma City Redevelopment Authority, certify that the foregoing Resolution No. _____ was duly adopted at a **special** 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 73102, on the **15th** day of **December, 2021**; that said meeting was held in accordance with the By-Laws of OCRA and the Oklahoma Open Meetings 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)

SCHEDULE A
2022-2024 Professional Services Vendor Lists

1. Acquisition and Relocation Services
 - a. Coates Field Service
 - b. Pinnacle Consulting Management Group
2. City Planning, Architecture, Landscape Architecture, Urban Design and Construction Management Services
 - a. ADG Inc.
 - b. Allford Hall Monaghan Morris
 - c. C.H. Guernsey & Company
 - d. CallisonRTKL
 - e. CLS & Associates
 - f. Cooper Project Advisors
 - g. Gardner Design
 - h. GH2 Architects
 - i. GSB
 - j. Halff Associates
 - k. Howard-Fairbairn Site Design
 - l. JE Dunn Construction Company
 - m. Kimley-Horn and Associates
 - n. Kirkpatrick Program Management
 - o. Lamar Johnson Collaborative
 - p. LAUD Studio
 - q. MA+ Architecture
 - r. Method Group Architecture
 - s. Miles Architecture
 - t. Planning Design Group
 - u. Rand Elliott Architects
 - v. REES Associates
 - w. Studio Architecture
 - x. Tunnell-Spangler-Walsh & Associates
 - y. Wallace Design Collective
3. Civil Engineering and Traffic Study Services
 - a. C.H. Guernsey & Company
 - b. CEC Corporation
 - c. Cowan Group Engineering
 - d. Crafton Tull
 - e. Halff Associates
 - f. Johnson and Associates
 - g. Kimley-Horn
 - h. Lee Engineering
 - i. Olsson
 - j. Traffic Engineering Consultants
 - k. Wallace Design Collective

4. Community Engagement Services
 - a. C.H. Guernsey & Company
 - b. Johnson and Associates
 - c. Public Information Associates
 - d. Public Strategies
 - e. White Hawk Engineering & Design
5. Demolition and Site Work Services
 - a. K&M Wrecking
 - b. Midwest Wrecking Co. Demolition
 - c. Total Demolition Services
6. Environmental Assessment and Testing Services
 - a. EST
 - b. Guernsey
 - c. Oklahoma Environmental Services
 - d. StanTech
 - e. Terracon Consultants
 - f. Olsson
 - g. SCS Engineers
7. Home Construction Phase Inspection Services
 - a. Aoka Engineering
 - b. Preferred Real Estate Inspections
8. Independent Appraisal Services
 - a. Schmook Appraisal Company
 - b. Stacy and Associates
 - c. Kroll
 - d. Milestone Valuation
 - e. Valbridge Property Advisors
 - f. Grace and Son Appraisal Services
9. Land Surveying Services
 - a. CEC Corporation
 - b. Cowan Group Engineering
 - c. Crafton Tull
 - d. Frontier Land Surveying
 - e. Halff Associates
 - f. Johnson and Associates
 - g. Lemke Land Surveying
 - h. Olsson
 - i. Pinnacle Consulting Management Group
 - j. Wallace Design Collective
 - k. White Hawk Engineering & Design
10. Land Title Examination and Title Insurance Services
 - a. American Eagle Title Insurance Company
 - b. First American Title and Insurance Agency
 - c. Guaranty Title

Oklahoma City Redevelopment Authority
Statement of Net Position
and Reconciliation of Net Position to Fund Balance
as of September 30, 2021

| | |
|---|-------------------|
| Assets | |
| Current Assets | |
| Cash & Cash Equivalents | 7,747,922 |
| Cash & Cash Equivalents - Reserved (1) | 1,084,777 |
| Investments | 2,695,000 |
| Accounts Receivable | - |
| Rent Receivable | - |
| Interest Receivable | 414,442 |
| Investment Income Receivable | 13,308 |
| Due from Other Governments | 4,997,963 |
| Total Current Assets | 16,953,413 |
| Capital Assets | |
| Land | 506,891 |
| Buildings (2) | 7,679,106 |
| Accumulated Depreciation | (4,221,135) |
| Total Capital Assets | 3,964,862 |
| Other Noncurrent Assets | |
| Notes Receivable | 14,766,745 |
| Other Assets | 300,000 |
| Total Other Noncurrent Assets | 15,066,745 |
| Total Assets | 35,985,020 |
| Liabilities | |
| Current Liabilities | |
| Current Portion of Long-term Debt | 725,869 |
| Accounts Payable | 27,333 |
| Due to Urban Renewal | 113,129 |
| Total Current Liabilities | 866,331 |
| Noncurrent Liabilities | |
| Long-term Debt, less current portion | - |
| Total Noncurrent Liabilities | - |
| Total Liabilities | 866,331 |
| Net Position | 35,118,689 |
| Reconciliation of Net Position to Fund Balance | |
| <i>Not Reported in Governmental Funds Balance Sheet</i> | |
| Land | (506,891) |
| Buildings (2) | (7,679,106) |
| Accumulated Depreciation | 4,221,135 |
| Notes Receivable | (14,766,745) |
| Long-term Debt | 725,869 |
| Total Fund Balance | 17,112,951 |

Oklahoma City Redevelopment Authority
Governmental Funds Balance Sheet and Statement of Revenues
as of and for the Twelve Months ending September 30, 2021

| | <u>TIF</u> | <u>Skirvin</u> | <u>Total</u> |
|---|-------------------|----------------|-------------------|
| Assets | | | |
| Cash & Cash Equivalents | 7,747,922 | - | 7,747,922 |
| Cash & Cash Equivalents - Reserved (1) | 875,442 | 209,335 | 1,084,777 |
| Investments | 2,695,000 | - | 2,695,000 |
| Accounts Receivable | - | - | - |
| Rent Receivable | - | - | - |
| Interest Receivable | 49,773 | 364,669 | 414,442 |
| Investment Income Receivable | 13,308 | - | 13,308 |
| Due From Other Governments | 4,997,963 | - | 4,997,963 |
| Other Assets | 300,000 | - | 300,000 |
| Total Assets | 16,679,409 | 574,004 | 17,253,413 |
| Liabilities | | | |
| Accounts Payable | 27,333 | - | 27,333 |
| Due to Urban Renewal | 113,129 | - | 113,129 |
| Total Liabilities | 140,462 | - | 140,462 |
| Fund Balance | 16,538,946 | 574,004 | 17,112,951 |
| Total Liabilities & Fund Balance | 16,679,409 | 574,004 | 17,253,413 |
| Revenues | | | |
| Apportioned Ad Valorem Taxes/PILOT - TIF | - | - | - |
| Rental Income | - | - | - |
| Interest Income | 3,531 | 68,375 | 71,906 |
| Investment Income | 14,987 | 3 | 14,991 |
| Other Income | - | - | - |
| Total Revenues | 18,518 | 68,379 | 86,897 |
| Expenditures | | | |
| Commercialization of Research & Technology | 29,750 | - | 29,750 |
| Placemaking | 11,257 | - | 11,257 |
| Implementation & Administration of Project Plan | 122,773 | - | 122,773 |
| Other Project Redevelopment Activity Costs | 17,450 | - | 17,450 |
| Payments to City of OKC | - | - | - |
| Debt Service - Principal | 216,441 | - | 216,441 |
| Debt Service - Interest | 2,446 | - | 2,446 |
| Total Expenditures | 400,115 | - | 400,115 |
| Changes in Fund Balance | (381,597) | 68,379 | (313,218) |
| Fund Balance, Beginning of Year | 16,920,543 | 505,625 | 17,426,169 |
| Fund Balance, Current | 16,538,946 | 574,004 | 17,112,951 |

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

(2) Cytovance and Brockway Center.

Oklahoma City Redevelopment Authority
Schedule of Investments
September 30, 2021

| <u>Investments</u> | <u>Interest</u> <u>Rate</u> | <u>Maturity</u> <u>Date</u> | <u>Settlement</u> <u>Date</u> | <u>Amount</u> |
|--------------------------------|--------------------------------|--------------------------------|----------------------------------|------------------|
| Morgan Stanley Bank NA | 1.75% | 01/10/22 | 01/09/20 | 245,000 |
| Morgan Stanley Private Bank NA | 1.75% | 01/10/22 | 01/09/20 | 245,000 |
| Sallie Mae Bank | 1.75% | 02/07/22 | 02/05/20 | 245,000 |
| BMW Bank of North America | 1.60% | 02/07/22 | 02/07/20 | 245,000 |
| Raymond James Bank | 1.65% | 02/14/22 | 02/14/20 | 245,000 |
| Wex Bank | 1.50% | 03/09/22 | 03/09/20 | 245,000 |
| Luana Savings Bank | 1.40% | 03/14/22 | 03/13/20 | 245,000 |
| Eagle Bank | 1.40% | 03/21/22 | 03/20/20 | 245,000 |
| American Express National Bank | 1.35% | 04/07/22 | 04/07/20 | 245,000 |
| Capital One NA | 1.35% | 04/08/22 | 04/08/20 | 245,000 |
| Capital One Bank USA | 1.35% | 04/08/22 | 04/08/20 | 245,000 |
| Total TIF Investments | 1.53% | | | 2,695,000 |