

AGENDA
SPECIAL MEETING OF
OKLAHOMA CITY INDUSTRIAL & CULTURAL FACILITIES TRUST
MONDAY, MAY 9, 2022
105 N. Hudson, Suite 101
Oklahoma City, OK
3:00 P.M.

Presiding: Robert Alexander, Jr. Chair

The following agenda items may include actions, approvals, disapprovals and voting as desired by the Trustees of the Oklahoma City Industrial & Cultural Facilities Trust (“Trust”):

- 773 Determination of Quorum
- 774 Consider and Approve Minutes of Special Meeting held Monday, June 7, 2021
- 775 Report and Receive Oklahoma City Industrial & Cultural Facilities Trust, a Component Unit of the City of Oklahoma City, Oklahoma Auditor’s Reports and Financial Statements June 30, 2021
- 776 Report and Receive Quarterly Financial Statements for the Oklahoma City Industrial & Cultural Facilities Trust for Period(s) Ended March 31, 2022
- 777 Approve Trust Budget for FY 2022-2023
- 778 Consider and Approve annual compensation of \$28,000 for services provided to the Trust by The Alliance for Economic Development of Oklahoma City (“Alliance”) for fiscal year ending June 30, 2023, and further authorizing the Chair, Vice-Chair and General Manager, or any one of them, to enter into Agreement(s) for Economic Development Services with the Alliance for and on behalf of the Trust, to include amendment and extension of existing contracts with the Alliance
- 779 Approval of engagement of HSPG & Associates, P.C. for independent audit of the Trust for Fiscal Year ending June 30, 2022 (“Audit”) with a fee for services of \$15,500, and in furtherance thereof, authorizing the Chair (or in the absence of the Chair, a Vice-Chair) and General Manager, or any one of them (“Officers”), to execute an Engagement Letter for and on behalf of the Trust; and, as determined necessary by the Officers, authorizing the Officers to engage another firm for the Audit and to execute an Engagement Letter in furtherance thereof for and on behalf of the Trust
- 780 Resolution electing and appointing officers of the Trust and authorizing its officers to act for and on behalf of the Trust

- 781 Resolution regarding proposal of JRB Citizen LLC for development of The Citizen project proposed to be located at the northeast corner of Robinson Ave. and NW 5th St. in Oklahoma City, and related proposal from JRB Parking LLC for expansion of the existing adjacent multi-story parking facility.
- 782 Report from General Manager
- 783 Adjournment

**MINUTES OF A SPECIAL MEETING
OF THE
OKLAHOMA CITY INDUSTRIAL & CULTURAL FACILITIES TRUST
MONDAY, JUNE 7, 2021, 1:00 P.M.
EMBARK CONFERENCE ROOM
431 WEST MAIN STREET, SUITE B
OKLAHOMA CITY, OK 73102**

TRUSTEES PRESENT: Robert H. Alexander, Jr., Chairman
 Clayton I. Bennett, Trustee
 Lindy Ritz, Trustee
 J. Larry Nichols, Trustee

TRUSTEES ABSENT: David Rainbolt, Trustee

OTHER PRESENT: Catherine O'Connor; The Alliance
 Geri Harlan; The Alliance
 Pam Lunnon; The Alliance
 Shira Lucky; The Alliance
 John Michael Williams; Williams, Box Forshee & Bullard
 Wiley Williams; City of Oklahoma City
 Michael Madsen & Chad Moore; BKD, LLC

PRESIDING: Robert H. Alexander, Jr., Chairman

Oklahoma City Industrial and Cultural Facilities Trust met in the Embark Conference Room at 431 West Main Street, Suite B; Oklahoma City, Oklahoma pursuant to public notice thereof in writing, delivered to the City Clerk. Notice of the meeting and agenda were posted at 105 N. Hudson, #101 & #120, Oklahoma City, OK; notice of meeting was filed/posted at the City of Oklahoma City Municipal Building bulletin board by June 4, 2021.

763 *Chairman Alexander called meeting to order at 1:02 p.m. and declared a quorum of Trustees were present*

764 *Chairman Alexander asked for approval of minutes for meeting held June 17, 2019.*

Mr. Nichols moved the approval of the minutes and upon second by **Mr. Bennett**, the votes were as follows:

Upon a vote of the Trustees, the motion carried unanimously, to wit: Ms. Ritz, yes, Mr. Alexander, yes, Mr. Nichols, yes and Mr. Bennett, yes.

Minutes Approved

765 *Report and Receive Oklahoma City Industrial & Cultural Facilities Trust, a Component Unit of the City of Oklahoma City, Oklahoma Auditor's Reports and Financial Statements June 30, 2020 and 2019*

Presentation of Audits: Mr. Madsen & Chad Moore were representatives present from BKD, LLC. Mr. Madsen presented the Oklahoma Auditor's Reports and Financial Statement for June 30, 2020 and 2019

Ms. Ritz moved to receive Audits, and upon second by **Mr. Nichols**, the votes were as follows:

Upon a vote of the Trustees, the motion carried unanimously, to wit: Mr. Ritz, yes, Mr. Alexander, yes, Mr. Nichols, yes and Mr. Bennett, yes.

Audits Received

766 *Report and Receive Quarterly Financial Statements for the Oklahoma City Industrial & Cultural Facilities Trust for Period Ended March 31, 2021*

Presentation of Financials: Ms. Harlan presented the quarterly financial report through March 31, 2021. Ms. Harlan stated concerning City loan, we will receive our first payment on the note from the borrower in July and then the Trust will turn around and repay the City of Oklahoma City to pay down the principal on the note.

Mr. Bennett moved to receive financials, and upon second by **Mr. Nichols**, the votes were as follows:

Upon a vote of the Trustees, the motion carried unanimously, to wit: Mr. Ritz, yes, Mr. Alexander, yes, Mr. Nichols, yes and Mr. Bennett, yes.

Financials Received

767 *Approve Trust Budget for FY 2021-2022*

Presentation of Trust Budget: Ms. Harlan presented the Trust Budget for FY 2021-2022

Mr. Bennett moved to approve budget, and upon second by **Mr. Nichols**, the votes were as follows:

Upon a vote of the Trustees, the motion carried unanimously, to wit: Mr. Ritz, yes, Mr. Alexander, yes, Mr. Nichols, yes and Mr. Bennett, yes.

Budget Approved

768 *Consider and Approve annual compensation of \$28,000 for services provided to the Trust by The Alliance for Economic Development of Oklahoma City (“Alliance”) for fiscal years ending June 30, 2021 and 2022, and further authorizing the Chair, Vice-Chair and General Manager, or any one of them, to enter into Agreement(s) for Economic Development Services with the Alliance for and on behalf of the Trust, to include amendment and extension of existing contracts with the Alliance*

Discussion: Ms. O’Connor stated the amount of the agreement is \$28,000 which did not changed for the coming fiscal year.

Mr. Bennett moved to approve item 768, and upon second by **Ms. Ritz**, the votes were as follows:

Upon a vote of the Trustees, the motion carried unanimously, to wit: Mr. Ritz, yes, Mr. Alexander, yes, Mr. Nichols, yes and Mr. Bennett, yes.

Item 768 Approved

769 *Approval of engagement of HSPG & Associates, P.C. for independent audit of the Trust for Fiscal Year ending June 30, 2021 (“Audit”) with a fee for services of \$15,000, and in furtherance thereof, authorizing the Chair (or in the absence of the Chair, a Vice-Chair) and General Manager, or any one of them (“Officers”), to execute an Engagement Letter for and on behalf of the Trust; and, as determined necessary by the Officers, authorizing the Officers to engage another firm for the Audit and to execute an Engagement Letter in furtherance thereof for and on behalf of the Trust*

Discussion: Ms. O’Connor stated HSPG has been selected to provide audit services for the coming fiscal year and their fee will be \$15,000 for the annual audit.

Mr. Bennett moved the approval of item 769, and upon second by **Mr. Nichols**, the votes were as follows:

Upon a vote of the Trustees, the motion carried unanimously, to wit: Mr. Ritz, yes, Mr. Alexander, yes, Mr. Nichols, yes and Mr. Bennett, yes.

Item 769 Approved

770 *Resolution electing and appointing officers of the Trust and authorizing its officers to act for and on behalf of the Trust*

Ms. Ritz moved the approval of the Resolution, and upon second by **Mr. Nichols**, the votes were as follows:

Upon a vote of the Trustees, the motion carried unanimously, to wit: Mr. Ritz, yes, Mr. Alexander, yes, Mr. Nichols, yes and Mr. Bennett, yes.

Resolution Approved

771 ***Report of General Manager***

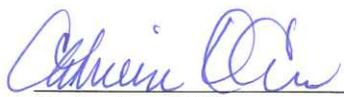
Discussion: Ms. O'Connor stated the biggest change coming this new fiscal year will be the principal payments on the City loan. A meeting in the near future may be needed concerning ideas and options for economic development programs with the revenues received from the Journal Record Building.

772 ***Adjournment***

Mr. Alexander moved and **Ms. Ritz** seconded a motion to adjourn the meeting at 1:18 p.m., and the votes were as follows:

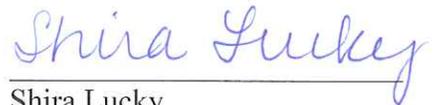
Upon a vote of the Trustees, the motion carried unanimously, to wit: Mr. Ritz, yes, Mr. Alexander, yes, Mr. Nichols, yes and Mr. Bennett, yes.

ATTEST:



Catherine O'Connor
General Manager

RECORDED:



Shira Lucky
Convening & Outreach Specialist

**OKLAHOMA CITY INDUSTRIAL AND CULTURAL FACILITIES TRUST
A COMPONENT UNIT OF THE CITY OF OKLAHOMA CITY, OKLAHOMA**

FINANCIAL STATEMENTS

**AS OF AND FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020**

**TOGETHER WITH
INDEPENDENT AUDITOR'S REPORTS**



Oklahoma City Industrial and Cultural Facilities Trust
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 Industrial and Cultural Facilities Trust
Oklahoma City, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the Oklahoma City Industrial and Cultural Facilities Trust (the Trust), a component unit of the City of Oklahoma City, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the basic financial statements, which collectively comprise the Trust'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 an opinion on these financial statements based on our audit. We conducted our audit 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 Trust'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 Trust'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of June 30, 2021, and the changes in its financial position and its cash flows for the year 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 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.

Prior Period Financial Statements

The financial statements of the Trust as of June 30, 2020, were audited by other auditors whose report dated October 9, 2020, expressed an unmodified opinion on those statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2021, on our consideration of the Trust's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust'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 Trust's internal control over financial reporting and compliance.

HSPG & Associates, P.C.

Oklahoma City, Oklahoma
October 1, 2021

Oklahoma City Industrial and Cultural Facilities Trust
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 Oklahoma City Industrial and Cultural Facilities Trust (the Trust), a discretely presented component unit of the City of Oklahoma City, Oklahoma (the City), provides an overview of the Trust'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 Trust.

FINANCIAL HIGHLIGHTS

- Cash and cash equivalents increased by \$343,492 and \$124,894 in 2021 and 2020, respectively.
- Investments decreased by \$308,691 and \$92,273 in 2021 and 2020, respectively.
- The Trust's net position increased by \$29,540 and \$46,228 in 2021 and 2020, respectively.

USING THIS ANNUAL REPORT

The Trust's financial statements consist of three statements—a statement of net position; a statement of revenues, expenses and changes in net position; and a statement of cash flows. These statements provide information about the activities of the Trust. The Trust accounts for its operations as an enterprise fund. Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting, similar to private business enterprises.

STATEMENTS OF NET POSITION

The statements of net position present the assets, deferred outflows, liabilities, deferred inflows and net position. The purpose of the statements of net position is to present to the readers of the financial statements a fiscal snapshot of the Trust.

From the data presented, readers of the statements of net position are able to determine the assets available to continue the operations of the Trust. They are also able to determine how much the Trust owes vendors and lenders.

Total assets of the Trust increased by \$29,330 in 2021 and \$33,764 in 2020.

Total liabilities decreased by \$210 and \$12,464 in 2021 and 2020, respectively.

TABLE 1: CONDENSED STATEMENTS OF NET POSITIONS

	2021	2020	Change	% Change	2019	Change	% Change
Current assets	\$ 1,316,487	\$ 1,116,951	\$ 199,536	18%	\$ 1,083,187	\$ 33,764	3%
Note receivable, net	4,084,965	4,255,171	(170,206)	-4%	4,255,171	-	0%
Capital assets	953,266	953,266	-	0%	953,266	-	0%
Total assets	6,354,718	6,325,388	29,330	0%	6,291,624	33,764	1%
Current liabilities	173,866	3,870	169,996	4393%	16,334	(12,464)	-76%
Note payable, net	4,084,965	4,255,171	(170,206)	-4%	4,255,171	-	0%
Total liabilities	4,258,831	4,259,041	(210)	0%	4,271,505	(12,464)	0%
Net investment in capital assets	953,266	953,266	-	0%	953,266	-	0%
Unrestricted (deficit)	1,142,621	1,113,081	29,540	3%	1,066,853	46,228	4%
Net position	\$ 2,095,887	\$ 2,066,347	\$ 29,540	1%	\$ 2,020,119	\$ 46,228	2%

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statements of revenues, expenses and changes in net position report how the Trust's net position changed during the fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. For the years ended June 30, 2021 and 2020, the change in net position was a positive \$29,540 and \$46,228, respectively.

TABLE 2: CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	2021	2020	Change	% Change	2019	Change	% Change
Rental income	\$ 60,563	\$ 60,563	\$ -	0%	\$ 60,563	\$ -	0%
Other	1,000	1,031	(31)	-3%	16,031	(15,000)	-94%
Total revenues	61,563	61,594	(31)	0%	76,594	(15,000)	-20%
Professional and trust fees	18,922	27,022	(8,100)	-30%	29,840	(2,818)	-9%
Parking lot expense	2,858	3,216	(358)	-11%	2,922	294	10%
Management fees	28,000	28,000	-	0%	26,250	1,750	7%
Administrative and general expense	5,806	5,803	3	0%	7,427	(1,624)	-22%
Total operating expenses	55,586	64,041	(8,455)	-13%	66,439	(2,398)	-4%
Nonoperating revenues	23,563	48,675	(25,112)	-52%	47,905	770	2%
Change in net position	\$ 29,540	\$ 46,228	\$ (16,688)	-36%	\$ 58,060	\$ (11,832)	-20%

ECONOMIC FACTORS

The Trust owns and leases land adjacent to the Journal Record Building. The Trust sold the commercial unit and initiated a lease for the land (with an option to purchase) on July 9, 2015. Future principal payments of the note will be used to reduce the debt owed to the City. Interest received on the note will capitalize a revolving loan fund for use in future economic development projects.

CONTACTING THE TRUST'S MANAGEMENT

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

Oklahoma City Industrial and Cultural Facilities Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Statements of Net Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 771,065	\$ 427,573
Investments	351,832	660,523
Interest receivable	23,384	25,049
Prepaid and other	-	3,806
Current portion, note receivable	170,206	-
Total current assets	1,316,487	1,116,951
Note receivable, less current portion	4,084,965	4,255,171
Capital assets	953,266	953,266
Total assets	6,354,718	6,325,388
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	3,660	3,870
Current portion, note payable	170,206	-
Total current liabilities	173,866	3,870
Note payable, less current portion	4,084,965	4,255,171
Total liabilities	4,258,831	4,259,041
Net Position		
Net investment in capital assets	953,266	953,266
Unrestricted	1,142,621	1,113,081
Total net position	\$ 2,095,887	\$ 2,066,347

See accompanying notes to financial statements.

Oklahoma City Industrial and Cultural Facilities Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Rental income	\$ 60,563	\$ 60,563
Administrative fees	1,000	1,000
Oil and gas revenue	-	31
	<u>61,563</u>	<u>61,594</u>
Operating Expenses		
Professional and trust fees	18,922	27,022
Management fees to the Alliance for Economic Development of Oklahoma City	28,000	28,000
Parking lot expense	2,858	3,216
Administrative and general expense	5,806	5,803
	<u>55,586</u>	<u>64,041</u>
Operating Income (Loss)	<u>5,977</u>	<u>(2,447)</u>
Nonoperating Revenues		
Interest income on note receivable	21,276	21,276
Investment income	2,287	27,399
	<u>23,563</u>	<u>48,675</u>
Change in Net Position	29,540	46,228
Net Position, Beginning of Year	<u>2,066,347</u>	<u>2,020,119</u>
Net Position, End of Year	<u>\$ 2,095,887</u>	<u>\$ 2,066,347</u>

See accompanying notes to financial statements.

Oklahoma City Industrial and Cultural Facilities Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Rental income	\$ 60,563	\$ 60,563
Administrative fees and others	1,000	1,031
Payments to vendors and suppliers	<u>(51,990)</u>	<u>(76,506)</u>
Net cash provided by (used in) operating activities	<u>9,573</u>	<u>(14,912)</u>
Cash Flows From Investing Activities		
Purchase of investments	(149,940)	(410,998)
Proceeds on investment maturities	458,631	503,271
Interest income received on note receivable	22,941	20,134
Investment interest received	<u>2,287</u>	<u>27,399</u>
Net cash provided by investing activities	<u>333,919</u>	<u>139,806</u>
Increase in Cash and Cash Equivalents	343,492	124,894
Cash and Cash Equivalents, Beginning of Year	<u>427,573</u>	<u>302,679</u>
	<u>\$ 771,065</u>	<u>\$ 427,573</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	\$ 5,977	\$ (2,447)
(Increase) decrease in prepaid and other	3,806	(1)
Net change in accounts payable and accrued liabilities	<u>(210)</u>	<u>(12,464)</u>
Net cash provided by (used in) operating activities	<u>\$ 9,573</u>	<u>\$ (14,912)</u>

See accompanying notes to financial statements.

Oklahoma City Industrial and Cultural Facilities Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
Years Ended June 30, 2021 and 2020

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of activities – The Oklahoma City Industrial and Cultural Facilities Trust (the Trust) is an Oklahoma public trust and an agency of the State of Oklahoma. The Trust was created on December 15, 1962, to promote the development of industrial, manufacturing, medical, civic, cultural and educational activities of the City of Oklahoma City, Oklahoma (the City) and the State of Oklahoma. The Trust was created under the provisions of Title 60, Oklahoma Statutes and other applicable statutes and laws. The City is the beneficiary of the Trust and will receive all residual trust funds and assets upon termination of the Trust.

Operations – The Trust arranges bond and loan financing through trustee banks to industrial, manufacturing, medical, civic, cultural and educational enterprises located principally in Oklahoma City for the purpose of constructing, purchasing, expanding or otherwise improving the facilities required by such enterprises. In March 1998, the Trust acquired the Journal Record Building, which was damaged in the Alfred P. Murrah Federal Building bombing on April 19, 1995, to rehabilitate and restore the building. The building was sold in July 2015. The Trust maintains ownership of the adjacent parking lot which is currently leased to the new building owner.

Basis of accounting – The Trust accounts for its operations as an enterprise fund. Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting, similar to private business enterprises. Revenues, expenses, gains, losses, assets, and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from nonexchange transactions are recognized when all applicable eligibility requirements are met. The Trust first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

Cash and cash equivalents – The Trust 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, cash equivalents consisted primarily of money market mutual funds.

Investments 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.

Note receivable – The note receivable is recorded at the amount management expects to collect from outstanding balances. The Trust provides an allowance for doubtful accounts based on its assessment of the current status of individual accounts. Based on the assessment, no allowance for doubtful accounts was required at June 30, 2021 or 2020.

Capital Assets – Capital assets are recorded at cost at the date of purchase or acquisition value at the date of donation if acquired by gift. Depreciation, if any, is computed using a straight-line method over the estimated useful life of the asset. At June 30, 2021 and 2020, capital assets consisted of land, which was not being depreciated.

Long-lived asset impairment – The Trust evaluates capital assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital asset has occurred. If a capital asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, the capital asset historical cost and related accumulated depreciation are decreased proportionately such that the net decrease equals the impairment loss.

Net position – The net position of a governmental entity is classified in four components. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the Trust, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings, or through constitutional provisions or enabling legislation. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

There were no restricted net positions at June 30, 2021 and 2020.

Classification of revenues – The Trust has classified its revenues as either operating or nonoperating according to the characteristics of exchange versus nonexchange transactions.

Administrative fees – The Trust receives administrative fees from certain projects. Such fees are based on a percentage of the project's bonds outstanding (1/12th to 1/8th of 1%) or are fixed amounts as determined by the bond document. The Trust received \$1,000 in administrative fees during both 2021 and 2020.

Income taxes – The Trust is exempt from federal income taxes under Section 115 of the Internal Revenue Code; accordingly, no provision has been made for income taxes.

2. DEPOSITS AND INVESTMENTS

Deposits – Custodial credit risk is the risk that in the event of the failure of a counterparty the Trust 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 Trust or are held by a counterparty or the counterparty's trust department but not in the name of the Trust.

The policy of the Trust is to require all deposits to be maintained in accounts which are fully insured or collateralized. As of June 30, 2021 and 2020, the Trust had no uninsured or uncollateralized deposits. The Trust requires that investment collateral be held by a third-party custodian with whom the Trust has a current custodial agreement in the Trust's name.

Deposits of the Trust at June 30, 2021 and 2020, were approximately \$245,000 and \$223,000, respectively.

Investments – The Trust has adopted Investment Policy Statements (the IPS) to govern the administration of the Trust’s investment portfolio assets. Under the IPS, the Trust is limited to investment vehicles specifically authorized under Oklahoma State Statute Title 62. Investments permitted include direct obligations of the U.S. federal government, collateralized, or insured certificates of deposit, savings accounts or certificates and other limited investment vehicles as permitted by state law.

The Trust’s investments at June 30, 2021, consisted of negotiable certificates of deposit.

Investments in the Goldman Sachs Financial Square Government Fund, included in cash equivalents, totaled approximately \$526,000 and \$205,000 at June 30, 2021 and 2020, respectively. The investment has ratings of AAA by Standard & Poor’s Ratings Group, and a weighted-average duration of less than one year at June 30, 2021 and 2020, respectively.

Investments in negotiable certificates of deposit consisted of two certificates of deposit at June 30, 2021: one with a par value of \$200,000 and one with a par value of \$150,000. At June 30, 2021, the fair value of the certificates of deposit was \$351,832 and current maturities of the certificates of deposit were \$351,832.

Investments in negotiable certificates of deposit consisted of four certificates of deposit at June 30, 2020: two with a par value of \$125,000 and two with a par value of \$200,000. At June 30, 2020, the fair value of the certificates of deposit was \$660,523 and current maturities of the certificates of deposit were \$455,763, while the remaining certificates mature in fiscal years 2021 and 2022.

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

The Trust’s recurring fair value measurements as of June 30, 2021 and 2020, are its cash equivalents included in the Goldman Sachs Financial Square Government Fund, which are valued using Level 1 inputs, and its certificates of deposit, which are valued using Level 2 inputs. The fair values are estimated by using quoted prices of investments with similar characteristics, or independent asset pricing services, and pricing models, the inputs of which are market-based or independently sourced prepayments, defaults, cumulative loss projections, and cash flows.

3. CAPITAL ASSETS AND RELATED NOTE PAYABLE

On March 17, 1998, the Trust entered into an agreement with the City to undertake the acquisition and improvement of the Journal Record Building, which was damaged in the bombing of the Alfred P. Murrah Federal Building on April 19, 1995. The Trust managed the operations of the building, which consisted primarily of housing a memorial museum and renting space to other parties, from that time until the sale of the building on July 9, 2015.

The required funding for this project was provided by the City through a United States Department of Housing and Urban Development (HUD) Community Development Block Grant. This funding was made in the form of a nonrecourse loan to the Trust and in the form of a grant, which does not require repayment.

The proceeds from the loan were designated to provide for improvement to and ongoing operation, maintenance, and leasing of the Journal Record Building and ancillary facilities. Subsequent to the

original agreement, this loan has been amended multiple times. During fiscal year 2015, the loan was not amended as negotiations to sell the Journal Record Building were underway. Instead, the Trust received a cash inflow of \$400,000 from the City of Oklahoma City to continue operations during the sale negotiations.

During July 2015, the Trust sold the Journal Record Building for approximately \$4,400,000 through multiple transactions. In addition, the loan agreement between the Trust and the City was amended to forgive the debt over and above the sales price in addition to any unpaid and accrued interest. As part of the sale, the Trust established a note receivable of approximately \$4,255,000 from the buyer, which bears interest at rates established in the note agreement and matures in 2045. Future principal payments on the note receivable will be used to pay the principal due on the note payable to the City. Interest earned on the note receivable will remain with the Trust and is required to be used for future economic development.

Capital assets consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Nondepreciable capital assets		
Land	<u>\$ 953,266</u>	<u>\$ 953,266</u>

Future principal payments on the note payable and future receipts on the note receivable consist of the following at June 30, 2021:

<u>Year Ending June 30,</u>	<u>Long-Term Debt</u>	<u>Note Receivable</u>		
		<u>Principal</u>	<u>Interest *</u>	<u>Total</u>
2022	\$ 170,206	\$ 170,206	\$ 21,000	\$ 191,206
2023	170,206	170,206	20,000	190,206
2024	170,206	170,206	20,000	190,206
2025	170,206	170,206	19,000	189,206
2026	170,206	170,206	18,000	188,206
2027-2031	851,030	851,030	460,000	1,311,030
2032-2036	851,030	851,030	332,000	1,183,030
2037-2041	851,030	851,030	204,000	1,055,030
2042-2046	851,051	851,051	76,000	927,051
	<u>4,255,171</u>	<u>4,255,171</u>	<u>\$ 1,170,000</u>	<u>\$ 5,425,171</u>
Less current maturities	<u>170,206</u>	<u>170,206</u>		
	<u>\$ 4,084,965</u>	<u>\$ 4,084,965</u>		

*Rate of interest on note receivable is set at 0.5% for years 1–10. Beginning in fiscal year 2025, the rate of interest will be recalculated yearly to equal 50% of the prime rate published in the Wall Street Journal on July 9 of each year through the maturity of the loan, with a floor of 3.0% and a ceiling of 5.0%.

4. CONDUIT DEBT OBLIGATIONS

From time to time, the Trust has issued industrial revenue bonds and leasing obligations to provide financial assistance to private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds and leasing obligations are secured by the property financed and are payable solely from payments received on underlying mortgage loans or leasing agreements. Upon repayment of the bonds and leasing obligations, ownership of the acquired facilities transfers to the private-sector entity. The Trust is not obligated in any manner for repayment of the bonds or leasing obligations; accordingly, the bonds and leasing obligations are not reported as liabilities in the accompanying financial statements.

As of June 30, 2021, there were no outstanding revenue bonds or leasing obligations. As of June 30, 2020, there was one bond series of industrial revenue bonds and leasing obligations outstanding with an aggregate principal amount payable of \$131,196. The bond series at June 30, 2020, was outstanding to Oklahoma Christian University. It matured in December 2020 and was paid off.

5. LEASES

As part of the purchase agreement described in *Note 3*, the buyer of the Journal Record Building agreed to lease the Journal Record Building's adjacent land at \$60,563 per year for a lease term of 99 years commencing on the possession date. The buyer has the option to purchase the land at the appraised value of \$1,275,000 through 2026, and at amounts specified in the ground lease agreement after that. The buyer has constructed a multi-story parking garage on the land, as allowed in the purchase agreement.



**Independent Auditor'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**

Board of Trustees
Oklahoma City Industrial and Cultural Facilities Trust
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 basic financial statements of the Oklahoma City Industrial and Cultural Facilities Trust (the Trust), a component unit of the City of Oklahoma City, Oklahoma, which comprise the statement of net position as of June 30, 2021, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the basic financial statements, and have issued our report thereon dated October 1, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust'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 Trust'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust'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 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 Trust'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 Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HSPG & Associates, P.C.

Oklahoma City, Oklahoma
October 1, 2021

Oklahoma City Industrial and Cultural Facilities Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Schedule of Findings and Responses
Year Ended June 30, 2021

Reference Number	Finding
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No matters are reportable.



October 1, 2021

Board of Trustees
Oklahoma City Industrial and Cultural Facilities Trust
Oklahoma City, Oklahoma

We have audited the basic financial statements of the Oklahoma City Industrial and Cultural Facilities Trust (the “Trust”), a component unit of the City of Oklahoma City, Oklahoma, which comprise the statement of net position as of June 30, 2021, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 4, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Trust are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Trust during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Trust’s financial statements was:

Management’s estimate of the allowance for doubtful accounts related to the note receivable is based on collections and current credit conditions. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of future cash flows relating to the Trust’s note receivable and related debt service requirements described in Note 3 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

HSPG & ASSOCIATES, PC

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We did not identify any misstatements as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 1, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Trust's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Trust's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

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

Sincerely,

HSPG & Associates, P.C.

Oklahoma City Industrial and Cultural Facilities Trust
Financial Statements
For the Period Ended March 31, 2022

Oklahoma City Industrial and Cultural Facilities Trust
Statement of Net Position
March 31, 2022

Assets

Current Assets	
Cash - Admin 1001	\$ 190,498
Cash - Revolving Loan Fund 3319	266,284
Interest Receivable - Investments	1,134
Interest Receivable - JRB	14,899
Prepaid Expenses	961
Total Current Assets	<u>473,776</u>
Investments	<u>699,627</u>
Loan Receivable - JRB Holdings	<u>4,084,964</u>
Parking Lot	<u>953,266</u>
Total Assets	<u>\$ 6,211,633</u>

Liabilities & Net Position

Liabilities	
Accrued Expenses	\$ 2,333
Deferred Income	16,468
Note Payable	4,084,964
Total Liabilities	<u>4,103,765</u>
Net Position	<u>2,107,868</u>
Total Liabilities & Net Position	<u>\$ 6,211,633</u>

Oklahoma City Industrial and Cultural Facilities Trust
Statement of Revenues, Expenses and Change in Net Position
For the Three Months and Nine Months Ending March 31, 2022

Revenues	Current	Year to Date
Interest Income-JRB Loan	\$ 5,106	\$ 15,390
Interest Income	609	2,859
Admin Fee Income	-	-
Rental Income - Parking Lot	<u>15,141</u>	<u>45,422</u>
 Total Revenues	 <u>20,856</u>	 <u>63,671</u>
 Expenses		
Management Fees	7,000	21,000
Professional Fees	90	20,661
Parking Lot Expenses	-	2,537
Office Expense	961	2,884
Change in Value of Investments	<u>2,447</u>	<u>4,607</u>
 Total Expenses	 <u>10,499</u>	 <u>51,689</u>
 Change in Net Position	 <u>10,358</u>	 <u>11,982</u>
 Net Position, beginning balance	 <u>2,097,511</u>	 <u>2,095,886</u>
 Net Position	 <u><u>\$ 2,107,868</u></u>	 <u><u>\$ 2,107,868</u></u>

**Oklahoma City Industrial and
General Ledger
For the Period From Jan 1, 2022 to Mar 31, 2022**

Account Description	Date	Trans Description	Debit Amt	Credit Amt	Balance
Admin Cash-021291001	1/1/22	Beginning Balance			498,032.27
Admin Cash-021291001	1/3/22	The Alliance for Econ Dev of O		2,333.33	
Admin Cash-021291001	1/3/22	Interest income	7.83		
Admin Cash-021291001	1/10/22	Goldman Sachs Bank CD	1,783.56		
Admin Cash-021291001	1/10/22	Goldman Sachs Bank CD	200,000.00		
Admin Cash-021291001	1/31/22	Bankers Bk of KS	19.11		
Admin Cash-021291001	2/1/22	The Alliance for Econ Dev of O		2,333.33	
Admin Cash-021291001	2/1/22	Interest Income	14.17		
Admin Cash-021291001	2/28/22	Bankers Bk of KS	17.88		
Admin Cash-021291001	3/1/22	The Alliance for Econ Dev of O		2,333.33	
Admin Cash-021291001	3/1/22	Interest Income	13.96		
Admin Cash-021291001	3/3/22	Williams, Box, Forshee & Bulla		90.00	
Admin Cash-021291001	3/25/22	US Treasury Notes		125,517.63	
Admin Cash-021291001	3/25/22	US Treasury Notes		126,845.63	
Admin Cash-021291001	3/25/22	US Treasury Notes		125,024.50	
Admin Cash-021291001	3/25/22	US Treasury Notes		125,014.63	
Admin Cash-021291001	3/25/22	Accrued int on purchase of #9128285D8 2.875% 9/30/23		1,737.64	
Admin Cash-021291001	3/25/22	Accrued int on purchase of #912828Q29 1.5% 3/31/23		906.59	
Admin Cash-021291001	3/25/22	Accrued int on purchase of #912828W71 2.125% 3/31/24		1,284.34	
Admin Cash-021291001	3/25/22	Accrued int on purchase of #912828YF1 1.5% 9/15/22		50.95	
Admin Cash-021291001	3/30/22	Bankers Bk of KS	18.49		
Admin Cash-021291001	3/31/22	US Treasury Notes	937.50		
Admin Cash-021291001	3/31/22	US Treasury Notes	1,328.13		
Admin Cash-021291001	3/31/22	US Treasury Notes	1,796.88		
Admin Cash-021291001		Change	205,937.51	513,471.90	-307,534.39
	3/31/22	Ending Balance			190,497.88
Midfirst Bank 3319 - Rv Ln Fnd	1/1/22	Beginning Balance			266,185.53
Midfirst Bank 3319 - Rv Ln Fnd	1/31/22	Interest Income	33.91		
Midfirst Bank 3319 - Rv Ln Fnd	2/28/22	Interest Income	30.64		
Midfirst Bank 3319 - Rv Ln Fnd	3/31/22	Interest Income	33.92		
Midfirst Bank 3319 - Rv Ln Fnd		Change	98.47		98.47
	3/31/22	Ending Balance			266,284.00
Interest Receiv. - Investments	1/1/22	Beginning Balance			2,581.20
Interest Receiv. - Investments	1/10/22	Interest Earned on Goldman Sachs Bk CD 1.750% 1/10/22; \$0.008918 on 200,000 due 1/10/22		1,783.56	
Interest Receiv. - Investments	1/31/22	Bankers Bk of KS - Int earned Bankers Bk of KS CD 0.15% 1/30/23 150,000 Due 1/31/22		19.11	

**Oklahoma City Industrial and
General Ledger
For the Period From Jan 1, 2022 to Mar 31, 2022**

Account Description	Date	Trans Description	Debit Amt	Credit Amt	Balance
Interest Receiv. - Investments	1/31/22	Accrue monthly interest due on CDs	310.42		
Interest Receiv. - Investments	2/28/22	Bankers Bk of KS - Int earned Bankers Bk of KS CD 0.15% 1/30/23 150,000 Due 2/28/22		17.88	
Interest Receiv. - Investments	2/28/22	Accrue monthly interest due on CDs	18.75		
Interest Receiv. - Investments	3/30/22	Bankers Bk of KS - Int earned Bankers Bk of KS CD 0.15% 1/30/23 150,000 Due 3/30/22		18.49	
Interest Receiv. - Investments	3/31/22	Accrue monthly interest due on CDs	62.52		
Interest Receiv. - Investments		Change	391.69	1,839.04	-1,447.35
	3/31/22	Ending Balance			1,133.85
Investments	1/1/22	Beginning Balance			399,672.00
Investments	1/10/22	Goldman Sachs Bank CD - Invoice: CUSIP #38149MMS9		200,000.00	
Investments	1/31/22	Record unrealized gain/loss on investment securities		211.00	
Investments	2/28/22	Record unrealized gain/loss on investment securities		439.50	
Investments	3/25/22	US Treasury Notes - US Treasury Notes #912828YF1, par \$125,000, 1.5%, maturity 9/15/22	125,517.63		
Investments	3/25/22	US Treasury Notes - US Treasury Notes #9128285D8, par \$125,000, 2.875%, maturity 9/30/23	126,845.63		
Investments	3/25/22	US Treasury Notes - US Treasury Notes #912828Q29, par \$125,000,1.5%, maturity 3/31/23	125,024.50		
Investments	3/25/22	US Treasury Notes - US Treasury Notes #912828W71, par \$125,000, 2.125%, maturity 3/31/24	125,014.63		
Investments	3/31/22	Record unrealized gain/loss on investment securities		1,796.64	
Investments		Change	502,402.39	202,447.14	299,955.25
	3/31/22	Ending Balance			699,627.25
Pre-paid expenses	1/1/22	Beginning Balance			1,922.86
Pre-paid expenses	1/31/22	Recognize monthly portion of Insurica D&O insurance (7/1-7/1)		320.47	
Pre-paid expenses	2/28/22	Recognize monthly portion of Insurica D&O insurance (7/1-7/1)		320.47	
Pre-paid expenses	3/31/22	Recognize monthly portion of Insurica D&O insurance (7/1-7/1)		320.47	
Pre-paid expenses		Change		961.41	-961.41
	3/31/22	Ending Balance			961.45
Interest Receivable - JRB Loan	1/1/22	Beginning Balance			9,792.49
Interest Receivable - JRB Loan	1/31/22	Accrue monthly interest due on Note Receivable for JRB loan	1,702.07		
Interest Receivable - JRB Loan	2/28/22	Accrue monthly interest due on Note Receivable for JRB loan	1,702.07		
Interest Receivable - JRB Loan	3/31/22	Accrue monthly interest due on Note Receivable for JRB loan	1,702.07		
Interest Receivable - JRB Loan		Change	5,106.21		5,106.21
	3/31/22	Ending Balance			14,898.70
Loan Receivable - JRB Holdings	1/1/22	Beginning Balance			4,084,964.35
	3/31/22	Ending Balance			4,084,964.35
Parking Lot	1/1/22	Beginning Balance			953,265.80
	3/31/22	Ending Balance			953,265.80
Accrued Expenses	1/1/22	Beginning Balance			-2,333.32

**Oklahoma City Industrial and
General Ledger
For the Period From Jan 1, 2022 to Mar 31, 2022**

Account Description	Date	Trans Description	Debit Amt	Credit Amt	Balance
	3/31/22	Ending Balance			-2,333.32
Deferred Income - Parking Lot	1/1/22	Beginning Balance			-31,608.28
Deferred Income - Parking Lot	1/31/22	Recognize monthly rent-parking lot	5,046.92		
Deferred Income - Parking Lot	2/28/22	Recognize monthly rent-parking lot	5,046.92		
Deferred Income - Parking Lot	3/31/22	Recognize monthly rent-parking lot	5,046.92		
Deferred Income - Parking Lot		Change	15,140.76		15,140.76
	3/31/22	Ending Balance			-16,467.52
Note Payable	1/1/22	Beginning Balance			-4,084,964.35
	3/31/22	Ending Balance			-4,084,964.35
Fund Balance	1/1/22	Beginning Balance			-2,095,885.95
	3/31/22	Ending Balance			-2,095,885.95
Interest Income	1/1/22	Beginning Balance			-324.78
Interest Income	1/3/22	Interest income		7.83	
Interest Income	1/31/22	Interest Income		33.91	
Interest Income	2/1/22	Interest Income		14.17	
Interest Income	2/28/22	Interest Income		30.64	
Interest Income	3/1/22	Interest Income		13.96	
Interest Income	3/31/22	Interest Income		33.92	
Interest Income		Change		134.43	-134.43
	3/31/22	Ending Balance			-459.21
Interest Income-JRB Loan	1/1/22	Beginning Balance			-10,283.34
Interest Income-JRB Loan	1/31/22	Accrue monthly interest due on Note Receivable for JRB loan		1,702.07	
Interest Income-JRB Loan	2/28/22	Accrue monthly interest due on Note Receivable for JRB loan		1,702.07	
Interest Income-JRB Loan	3/31/22	Accrue monthly interest due on Note Receivable for JRB loan		1,702.07	
Interest Income-JRB Loan		Change		5,106.21	-5,106.21
	3/31/22	Ending Balance			-15,389.55
Interest Income - inv	1/1/22	Beginning Balance			-1,925.02
Interest Income - inv	1/31/22	Accrue monthly interest due on CDs		310.42	
Interest Income - inv	2/28/22	Accrue monthly interest due on CDs		18.75	
Interest Income - inv	3/25/22	Accrued int on purchase of #9128285D8 2.875% 9/30/23	1,737.64		
Interest Income - inv	3/25/22	Accrued int on purchase of #912828Q29 1.5% 3/31/23	906.59		
Interest Income - inv	3/25/22	Accrued int on purchase of #912828W71 2.125% 3/31/24	1,284.34		
Interest Income - inv	3/25/22	Accrued int on purchase of #912828YF1 1.5% 9/15/22	50.95		
Interest Income - inv	3/31/22	Accrue monthly interest due on CDs		62.52	
Interest Income - inv	3/31/22	US Treasury Notes - Int on Cusip 912828Q29 1.5% 3/31/23 due 3/31/22		937.50	

**Oklahoma City Industrial and
General Ledger
For the Period From Jan 1, 2022 to Mar 31, 2022**

Account Description	Date	Trans Description	Debit Amt	Credit Amt	Balance
Interest Income - inv	3/31/22	US Treasury Notes - Int on Cusip #912828W71 2.125% 3/31/24 due 3/31/22		1,328.13	
Interest Income - inv	3/31/22	US Treasury Notes - Int on Cusip #9128285D8 2.875% 9/30/23 due 3/31/22		1,796.88	
Interest Income - inv		Change	3,979.52	4,454.20	-474.68
	3/31/22	Ending Balance			-2,399.70
Rent Income - Parking Lot	1/1/22	Beginning Balance			-30,281.52
Rent Income - Parking Lot	1/31/22	Recognize monthly rent-parking lot		5,046.92	
Rent Income - Parking Lot	2/28/22	Recognize monthly rent-parking lot		5,046.92	
Rent Income - Parking Lot	3/31/22	Recognize monthly rent-parking lot		5,046.92	
Rent Income - Parking Lot		Change		15,140.76	-15,140.76
	3/31/22	Ending Balance			-45,422.28
Management Fees	1/1/22	Beginning Balance			14,000.02
Management Fees	1/3/22	The Alliance for Econ Dev of O - Management Fees	2,333.33		
Management Fees	2/1/22	The Alliance for Econ Dev of O - Management Fees	2,333.33		
Management Fees	3/1/22	The Alliance for Econ Dev of O - Management Fees	2,333.33		
Management Fees		Change	6,999.99		6,999.99
	3/31/22	Ending Balance			21,000.01
Professional Fees	1/1/22	Beginning Balance			20,570.50
Professional Fees	3/3/22	Williams, Box, Forshee & Bulla - Professional Fees	90.00		
Professional Fees		Change	90.00		90.00
	3/31/22	Ending Balance			20,660.50
Parking Lot Expenses	1/1/22	Beginning Balance			2,537.22
	3/31/22	Ending Balance			2,537.22
Office Expense	1/1/22	Beginning Balance			1,922.82
Office Expense	1/31/22	Recognize monthly portion of Insurica D&O insurance (7/1-7/1)	320.47		
Office Expense	2/28/22	Recognize monthly portion of Insurica D&O insurance (7/1-7/1)	320.47		
Office Expense	3/31/22	Recognize monthly portion of Insurica D&O insurance (7/1-7/1)	320.47		
Office Expense		Change	961.41		961.41
	3/31/22	Ending Balance			2,884.23
Unrealized Gain/Loss - Inv	1/1/22	Beginning Balance			2,159.50
Unrealized Gain/Loss - Inv	1/31/22	Record unrealized gain/loss on investment securities	211.00		
Unrealized Gain/Loss - Inv	2/28/22	Record unrealized gain/loss on investment securities	439.50		
Unrealized Gain/Loss - Inv	3/31/22	Record unrealized gain/loss on investment securities	1,796.64		
Unrealized Gain/Loss - Inv		Change	2,447.14		2,447.14
	3/31/22	Ending Balance			4,606.64

Oklahoma City Industrial and Cultural Facilities Trust
Budgeted Statement of Revenues and Expenses
For the Annual Period Ending June 30, 2023

	2022-23 Proposed Budget	2021-22 Approved Budget	Difference
Revenues			
Interest	12,000	2,000	10,000
Administrative Fees	-	1,000	(1,000)
Interest - JRB Note Receivable	19,574	20,424	(850)
Lease - Parking Lot	60,563	60,563	-
Total Revenues	<u>92,137</u>	<u>83,987</u>	<u>8,150</u>
Expenses			
Professional Fees	25,000	30,000	(5,000)
Management Fees - Alliance	28,000	28,000	-
Parking Lot	3,000	3,000	-
Office	5,000	4,000	1,000
Total Expenses	<u>61,000</u>	<u>65,000</u>	<u>(4,000)</u>
Net Income	<u><u>31,137</u></u>	<u><u>18,987</u></u>	<u><u>12,150</u></u>

Assumptions:

Interest - increases based on rising interest rates and investment balances

Administrative Fees - no current conduit debt arrangements generating fees

Interest - JRB Note Receivable - decreases slightly due to amortization of loan

Professional Fees - includes audit and legal fees based on prior activity. Legal fees related to proposed

Management fees - Alliance - proposed management fee remains unchanged from prior year

Unrealized gain/loss on investments is not budgeted

Proposed project related financial activity is unknown at this time



March 17, 2022

To the Board of Trustees and Management
Oklahoma City Industrial and Cultural Facilities Trust

We are pleased to confirm our understanding of the services we are to provide the Oklahoma City Industrial and Cultural Facilities Trust (the “Trust”) for the year ended June 30, 2022.

Audit Scope and Objectives

We will audit the financial statements of the Trust, which comprise the statement of net position as of June 30, 2022, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the basic financial statements. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management’s discussion and analysis (MD&A), to supplement the Trust’s basic financial statements. Such information, although not a 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. As part of our engagement, we will apply certain limited procedures to the Trust’s RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1. Management’s Discussion and Analysis

Auditor’s Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records of the Trust and other procedures we consider necessary to enable us to express an opinion. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Trust or to acts by

HSPG & ASSOCIATES, PC

management or employees acting on behalf of the Trust. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We have identified the following significant risk(s) of material misstatement as part of our audit planning:

- Management override of controls
- Revenue recognition

Audit Procedures—Internal Control

We will obtain an understanding of the Trust and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Trust's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of the Trust in conformity with accounting principles generally accepted in the United States of America based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the Trust from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Trust involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Trust received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Trust complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, or contracts or grant agreements that we report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Trust; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of HSPG & Associates and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a federal agency providing direct or indirect funding or the U.S. Government Accountability Office for the purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of HSPG & Associates personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by an outside regulator. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the

audit finding for guidance prior to destroying the audit documentation.

Patrick Hollingsworth is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for services will be \$15,500. This includes any miscellaneous charges, such as travel, meals, and postage. Our invoices for these fees will be rendered as work progresses and are payable on presentation. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Reporting

We will issue a written report upon completion of our audit of the Trust's financial statements. Our report will be addressed to the Board of Trustees of the Trust. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or issue reports, or we may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of 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 on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Trust is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

We appreciate the opportunity to be of service to the Trust and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign a copy of this letter and return it to us.

Sincerely,

HSPG & Associates, P.C.

RESPONSE:

This letter correctly sets forth the understanding of the Oklahoma City Industrial and Cultural Facilities Trust.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____

RESOLUTION

WHEREAS, the Trustees of the Oklahoma City Industrial and Cultural Facilities Trust (“Trust”) desire to elect and appoint officers of the Trust and to authorize its officers to act for and on behalf of the Trust.

NOW, THEREFORE, BE IT RESOLVED by the Trust that:

1. The following are hereby appointed and elected as officers of the Trust, to serve until their successors are duly elected and appointed:

Robert H. Alexander, Jr – Chair
J. Larry Nichols – Vice-chair and Secretary
Clayton I. Bennett – Vice-chair
Lindy Ritz – Vice-chair
David Rainbolt – Vice-chair
Kenton Tsoodle – General Manager and Assistant Secretary
John Michael Williams – General Counsel and Assistant Secretary

2. To facilitate operations of the Trust:

A. The Chair, the Vice-chairs in the absence of the Chair, and General Manager, or any one of them, are authorized to take actions for and on behalf of the Trust as necessary to conduct the operations and management of the Trust, all to be in accordance with best practices and laws applicable to Oklahoma public trusts, including but not limited to (i) authorization of expenditure of Trust funds and approval of contracts, (ii) designation, engagement and determination of compensation of persons and firms to conduct the affairs of the Trust, (iii) matters related to the Journal Record Building and related land, (iv) pursuit, advancement and implementation of economic development projects, and (v) actions with respect to Trust banking relationships and services, including the determination of authorized banking signatories; provided that such authorizations shall not be apply to those decisions and actions that the Trust has reserved unto itself; and

B. The General Counsel is authorized to conduct the legal affairs of the Trust; and

C. The Secretary and Assistant Secretaries are authorized to act on behalf of the Trust consistent with their offices.

ADOPTED April 11, 2022.

OKLAHOMA CITY INDUSTRIAL AND
CULTURAL FACILITIES TRUST

Chair

ATTEST:

Secretary

RESOLUTION

WHEREAS, the Oklahoma City Industrial and Cultural Facilities Trust (“Trust”) is the owner of property located at the northeast corner of Robinson Ave. and NW 5th St. in Oklahoma City, Oklahoma (“Leased Land”); and, the Trust has entered into a 99-year Ground Lease Agreement (as amended, the “Ground Lease”) with JRB Parking, LLC (“Tenant”).

WHEREAS, the following requests regarding development of the Leased Land have been submitted to the Trust by means of the following letters, each dated April 7, 2022 and each incorporated as parts hereof (collectively, the “Letters”):

Request for authorizations and approvals related to financing and construction of The Citizen project from JRB Citizen LLC (“The Citizen Request”); and

Request for authorizations and approvals related to financing and construction of parking garage expansion for The Citizen project from JRB Parking LLC, which is the Tenant (“Parking Request”).

WHEREAS, the Letters describe the proposed development of The Citizen project and expansion of the existing adjacent multi-story parking facility.

NOW, THEREFORE, BE IT RESOLVED by the Trustees of the Oklahoma City Industrial and Cultural Facilities Trust as follows:

A. With respect to the individual requests included in The Citizen Request, the Trust makes the determinations and grants or defers its approvals as follows:

1. Request for Trust’s Approval of Conceptual Plans for The Citizen

Approved by Trust, subject to final approval by General Manager of Trust

2. Acquisition of Project Site; Request for Trust’s Consent to Partial Assignment of Ground Lease

Approved by Trust

3. Request for Trust to be Applicant on Project-Related Applications Prior to Closing

Approved by Trust, subject to payment by JRB Citizen LLC of the reasonable costs thereof incurred by Trust

4. Request for Trust’s Assistance with Project Financing

See Section B. 4 of this Resolution

B. With respect to the individual requests included in the Parking Request, the Trust makes the determinations and grants or defers its approvals as follows:

1. Request for Trust’s Approval of Conceptual Plans for Parking Garage Expansion

Approved by Trust, subject to final approval by General Manager of Trust

2. Request for Trust’s Consent to Partial Assignment of Ground Lease

Approved by Trust

3. Request for Trust as Applicant on Project-Related Applications Prior to Closing

Approved by Trust, subject to payment by JRB Parking LLC of the reasonable costs thereof incurred by Trust

4. Request for Trust’s Assistance with Project Financing

A loan from the Trust to JRB Parking, LLC is approved (“Loan”), to be in accordance with the attached and incorporated Exhibit A, PARTIAL TERMS OF LOAN FROM I&C TRUST, but subject to approval of all transaction documents by the Chair or General Manager, and subject to the following supplemental terms and provisions:

- a. The Loan must be repaid, which shall not be subject to forgiveness.
 - b. A guaranty or guaranties of repayment of the Loan from credit worthy sources is required (“Guaranty”), to be effective until issuance of Certificates of Occupancy by The City of Oklahoma City for both the parking garage expansion project and The Citizen project.
 - c. The Loan shall be due and payable upon sale of the parking garage expansion project or upon a material change of identity of the owners of the Borrower.
 - d. The interest rate, times for payment of principal and interest, maturity, terms of the guaranty, and terms of the due on sale provisions of the Loan shall be determined for and on behalf of the Trust by a committee (“Trust Loan Committee”) composed of Trustees Rainbolt and Nichols, and other members as may be appointed by the Chair, which as necessary may likewise determine and finalize other provisions of the Loan. The Trust Loan Committee shall determine its date of termination.
- C. The Chair, a Vice-chair, General Manager, and General Counsel, or any one of them, are authorized to take necessary actions in furtherance of this Resolution, including but not limited to effectuation of the sale, the Loan and other matters authorized by this Resolution, all for and on behalf of the Trust.

ADOPTED and APPROVED May 9, 2022.

OKLAHOMA CITY INDUSTRIAL AND
CULTURAL FACILITIES TRUST

ATTEST:

Chair

Secretary

Exhibit A

PARTIAL TERMS OF LOAN FROM I&C TRUST

Borrower	JRB Parking LLC
Lender	Oklahoma City Industrial and Cultural Facilities Trust (“ <u>I&C Trust</u> ”)
Loan Amount	One or more loans in total principal amount of \$1,275,000 (the “ <u>I&C Trust Loan</u> ”).
Purpose	Construction of Parking Garage expansion
Collateral	I&C Trust Loan will be secured by a mortgage on Parking Garage, which will be subordinated to (i) mortgage to Borrower’s construction lender (“ <u>Construction Loan Mortgage</u> ”), and (ii) second mortgage to City for Murrah Loan (the “ <u>Murrah Loan Mortgage</u> ”).
Loan Documentation	I&C Trust Loan will be evidenced by loan agreement between Borrower and I&C Trust, and promissory note from Borrower to I&C Trust. In addition to essential terms set forth in this term sheet, loan agreement will contain other customary provisions agreed to by Borrower and I&C Trust, subject to such approvals as may be required from Borrower’s construction lender under terms of Borrower’s construction loan (the “ <u>Construction Loan</u> ”) and the City under terms of Murrah Loan.
Disbursement of Loan Proceeds	Unless otherwise required by Borrower’s other lenders, proceeds of I&C Trust Loan will be disbursed after proceeds of Construction Loan and Murrah Loan have been fully advanced. With each draw request, Borrower will submit documentation of construction costs incurred. Borrower will submit draw requests no more frequently than monthly, and payment of a draw request will be made within 15 days after Borrower’s submittal of all required documentation to I&C Trust’s General Manager.
Conditions to Disbursement of Loan Proceeds	Loan agreement will include the following conditions for disbursement of I&C Trust Loan proceeds: <ul style="list-style-type: none">• I&C Trust’s General Manager must approve conceptual plans for Parking Garage expansion and The Citizen Project.• Borrower must submit executed construction contract(s) for Parking Garage expansion and The Citizen Project to I&C Trust.• Borrower must secure commercial financing in approximate amount of \$4,450,000 on terms reasonably acceptable to Borrower for construction of Parking Garage expansion.• Borrower must secure commercial financing in approximate amount of \$51,500,000 on terms reasonably acceptable to Borrower for construction of The Citizen Project.• The Guaranty must be delivered to the I&C Trust.

	<ul style="list-style-type: none"> • Borrower must submit any tax forms required by I&C Trust for issuance of payment (e.g., Vendor Registration/Substitute Form W-9).
Maturity Date	To be determined by Trust Loan Committee.
Interest Rate	To be determined by Trust Loan Committee.
Interest Payments	Interest accruing on I&C Trust Loan will be calculated on basis of a 360-day year for actual number of days elapsed. Accrued interest will be payable annually, commencing on December 31, 2022, and on December 31 st of each year thereafter until Maturity Date. <u>Subject to change by Trust Loan Committee.</u>
Required Approvals	Proposed terms and conditions of I&C Trust Loan are subject to approval of the Trust Loan Committee; terms of I&C Trust Loan also may be subject to the approval of Borrower's construction lender.
Subordination	I&C Trust Loan will be subject to a Subordination Agreement in form and substance approved by Borrower's construction lender whereby I&C Trust will subordinate I&C Trust Loan and all rights and remedies of I&C Trust to Construction Loan Mortgage and Murrah Loan Mortgage.



621 N ROBINSON AVENUE, SUITE 100
OKLAHOMA CITY, OKLAHOMA 73102

April 7, 2022

Oklahoma City Industrial and Cultural Facilities Trust
Attn: Robert H. Alexander, Jr., Chairman
105 N. Hudson, Suite 101
Oklahoma City OK 73102

Re: Request for authorizations and approvals related to
financing and construction of The Citizen project

Dear Trustees:

We appreciate the opportunity to share with you our plans for The Citizen – an exciting new project that will continue to revitalize the portion of downtown Oklahoma City that was forever changed by the tragedy of the 1995 bombing of the Murrah Building.

The purpose of this letter is to provide an overview of The Citizen project, and to request the Trust to support, authorize, or consent to various matters related to the acquisition of the project site, and the financing and construction of the project.

Overview of The Citizen Project

The Citizen building will be constructed on the remaining undeveloped portion of the land at the northeast corner of the intersection of Robinson Avenue and N.W. 5th Street that JRB Parking LLC (“JRB Parking”) leased from the Trust in 2015 pursuant to the terms of a 99-year ground lease (the “Ground Lease”). As shown in the enclosed conceptual plans and drawings, The Citizen will be located immediately west of, and will be connected to, the multi-story parking structure (“Parking Garage”) that JRB Parking constructed on the east portion of the land leased from the Trust (the “Leased Land”). JRB Parking will continue to own and operate the Parking Garage. A separate entity, JRB Citizen LLC (“JRB Citizen”) – which includes many of the same investors as the previous project, along with additional new investors – will construct, own, and operate The Citizen.

The Citizen will be a commercial mixed-used office building. Space in the building will be leased to high-quality local and regional tenants that have a vested interest in Oklahoma City. We are contemplating a variety of non-office uses for the space, including retail, restaurant and hospitality, and will announce those plans when they are finalized. Project sponsorship is led by Polis Investments, a Payne family entity that invests in high-quality, generational assets that positively impact the community.

In order to provide adequate parking for The Citizen, we anticipate it will be necessary to expand the Parking Garage by adding 1.5 levels with approximately 125 additional parking spaces. We plan to begin construction of The Citizen before JRB Parking commences construction of the Parking Garage expansion; however, because the projects will be connected and interrelated, portions of the Parking Garage expansion will be constructed simultaneously with construction of The Citizen, so it will be necessary to coordinate the projects.

In a separate letter, JRB Parking is requesting the Trust to support, authorize, or consent to various matters related to the financing and construction of the Parking Garage expansion, which is vital to the future use and success of The Citizen project.

Request for Trust's Approval of Conceptual Plans for The Citizen

The Ground Lease provides for the Trust's review and approval of conceptual plans for development of the Leased Land. In January 2017, the Ground Lease was amended to confirm the Trust's approval of the conceptual plans for the Parking Garage, and to include the following requirements for development of the remainder of the Leased Land:

“Tenant shall submit to Landlord conceptual plans for the Second Phase of Development for Landlord's review and approval that incorporates the following design requirements:

(a) A building (the “Building”) designed for commercial or residential use that provides for active uses on the ground floor on both the Robinson Avenue and the NW 5th Street frontages; and

(b) The Building shall have a footprint that occupies, to the extent allowed by the City's zoning and building regulations, essentially all of the Land not otherwise occupied by the Parking Garage; and

(c) The Building shall be multi-storied.”

We request the Trust to review and confirm that the conceptual plans for The Citizen enclosed with this letter satisfy these requirements.

Acquisition of Project Site; Request for Trust's Consent to Partial Assignment of Ground Lease

Under the terms of the Ground Lease, JRB Parking has an option to purchase the Leased Land from the Trust. We request the Trust's consent and approval for JRB Parking to partially assign its rights and obligations under the Ground Lease (including a partial assignment of its option to purchase) to JRB Citizen, so that JRB Citizen can exercise the purchase option with respect to the the portion of the Leased Land on which The Citizen will be constructed (the “Citizen Site”) and purchase the Citizen Site when JRB Citizen obtains and closes its financing for the project.

As specified in the Ground Lease, if the purchase option is exercised within ten years after the date JRB Parking took possession of the Leased Land (i.e., by July 9, 2025), the purchase price

for the Leased Land will be \$1,275,000. The total square footage of the Leased Land is 49,000 square feet, so the purchase price is equivalent to \$26.00 per square foot. We anticipate that the purchase price for the Leased Land will be allocated between JRB Parking and JRB Citizen on square footage basis, and that JRB Citizen will purchase the Citizen Site (which is approximately 14,000 square feet) from the Trust for a purchase price of approximately \$700,000.

It is possible that JRB Citizen and JRB Parking will exercise their respective purchase options simultaneously. If not, JRB Parking's ground lease for the remainder of the Leased Land would remain in place until JRB Parking is ready to proceed with refinancing the Parking Garage and exercising its option to purchase the land on which the Parking Garage is located (for which JRB Parking would pay the remainder of the purchase price specified in the Ground Lease).

Request for Trust to be Applicant on Project-Related Applications Prior to Closing

So that we'll be ready to commence construction when we close our project financing and purchase the Citizen Site, we would like to proceed with applying for a building permit and other development-related approvals from the City or other third parties (such as utility companies) prior to closing. We request the Trust to authorize our submission of such applications with the Trust as the applicant, and to designate an authorized representative of the Trust to review, approve, and execute such applications. The applications, which will be prepared and submitted at our sole expense, may include the following:

- Application for a building permit consistent with the conceptual plans approved by the Trust;
- Application for a certificate of approval from the Oklahoma City Downtown Design Review Committee;
- Application for a "lot split" or replat of the Leased Land (for example, if the property line between the Citizen Site and the Parking Garage is not an existing platted lot line);
- Applications for any revocable permits as deemed necessary by the City's building permitting office during plan review (for example, for sitework completed in the right of way, such as trees, landscaping, sidewalk paving, street lights, benches, signs etc.)
- Requests for commencement of engineering work by utility companies related to utility connections;
- Applications for other construction-related permits, which may include overhead swing agreements for tower cranes, temporary lane closures during construction, etc.; and
- Applications for approval of commercial and/or passenger loading zones and valet areas.

If an application is denied, we also request the Trust's authorization to appeal such denial or to request a variance.

As part of the application and permitting process, we also would appreciate the Trust's assistance in supporting our request for the City to assign or designate the address of The Citizen to be 600 N. Robinson Avenue.

Request for Trust's Assistance with Project Financing

The total cost of The Citizen project cost currently is estimated to be \$65,000,000 (including the purchase price for the Citizen Site). In addition to private equity of up to

\$20,000,000.00 from our investor group, we also will obtain a construction loan from a local or national lender for The Citizen project. In addition, we are exploring the possibility that part of the financing for The Citizen project may be in the form of C-PACE (Commercial Property Assessed Clean Energy) financing through Oklahoma County's C-PACE program, which is administered by Oklahoma Industries Authority. The C-PACE funding mechanism would enable us to receive low-cost, long-term funding for expenditures related to energy efficiency, including lighting, HVAC systems, and energy efficient building materials.

As outlined in a separate letter, in addition to obtaining a construction loan from a local or national lender for construction of the Parking Garage expansion, JRB Parking also is seeking financial support in the form of economic development incentives and loans.

Because expansion of the Parking Garage is essential to the future use and success of The Citizen, we would appreciate your consideration of JRB Parking's requests for financing from the Trust for the Parking Garage expansion, and your cooperation and support of JRB Parking's requests for economic development incentives and financing from other sources.

Those of us who have invested in both projects are grateful for the encouragement and support that the Trust provided in connection with the acquisition and redevelopment of the Commercial Unit of the former Journal Record Building and construction of the Parking Garage, and we appreciate the opportunity to continue working with the Trust in connection with the development of The Citizen.

We look forward to attending the trustees' meeting on April 11, 2022 at 10:00 a.m. and answering any questions that you may have about The Citizen project. If there is any additional information that you would like for us to provide prior to that meeting, please let us know.

Thank you for your consideration.

Sincerely,

JRB CITIZEN LLC



S. Bond Payne

Enclosure – Conceptual plans for The Citizen and parking garage expansion

Front Door

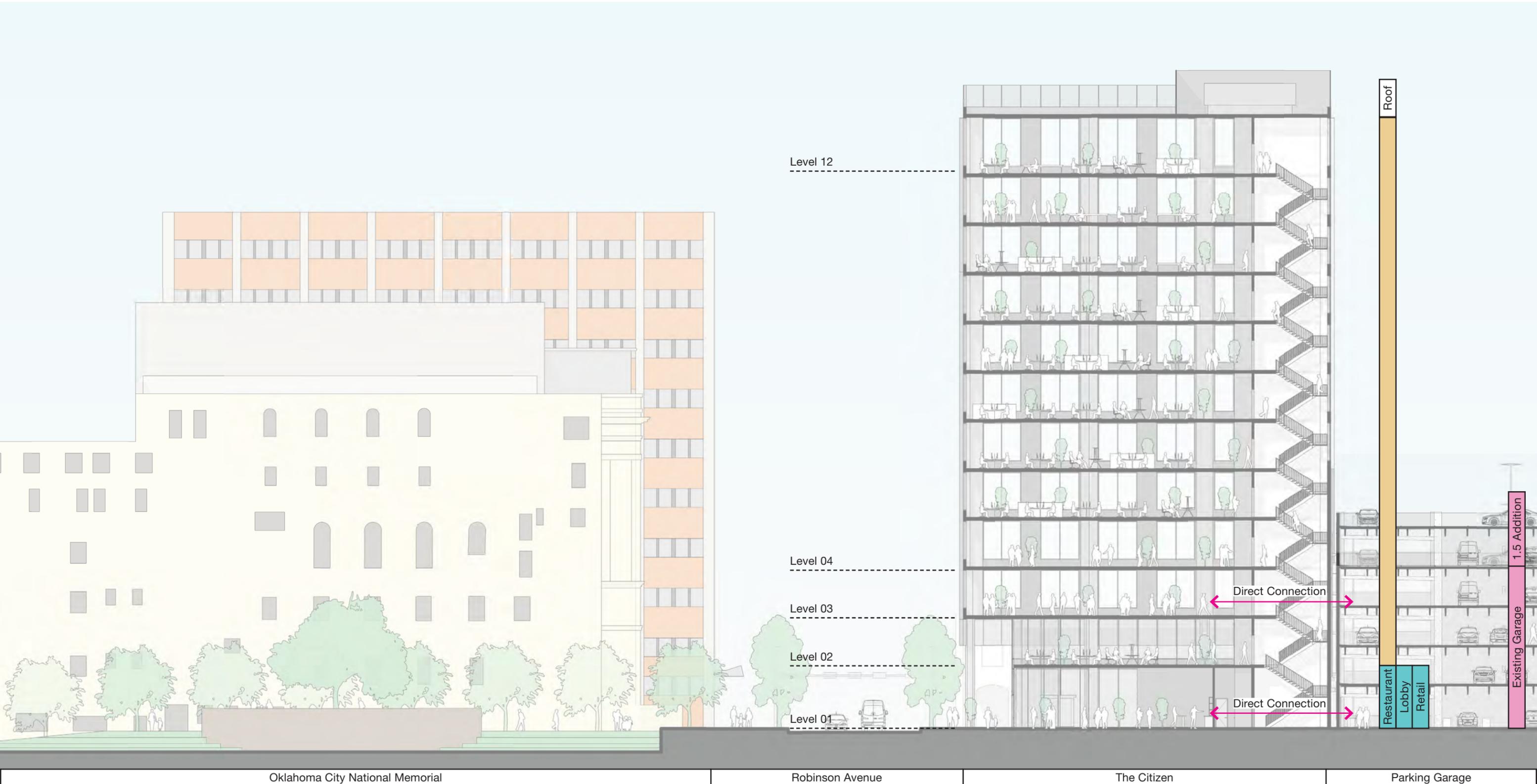
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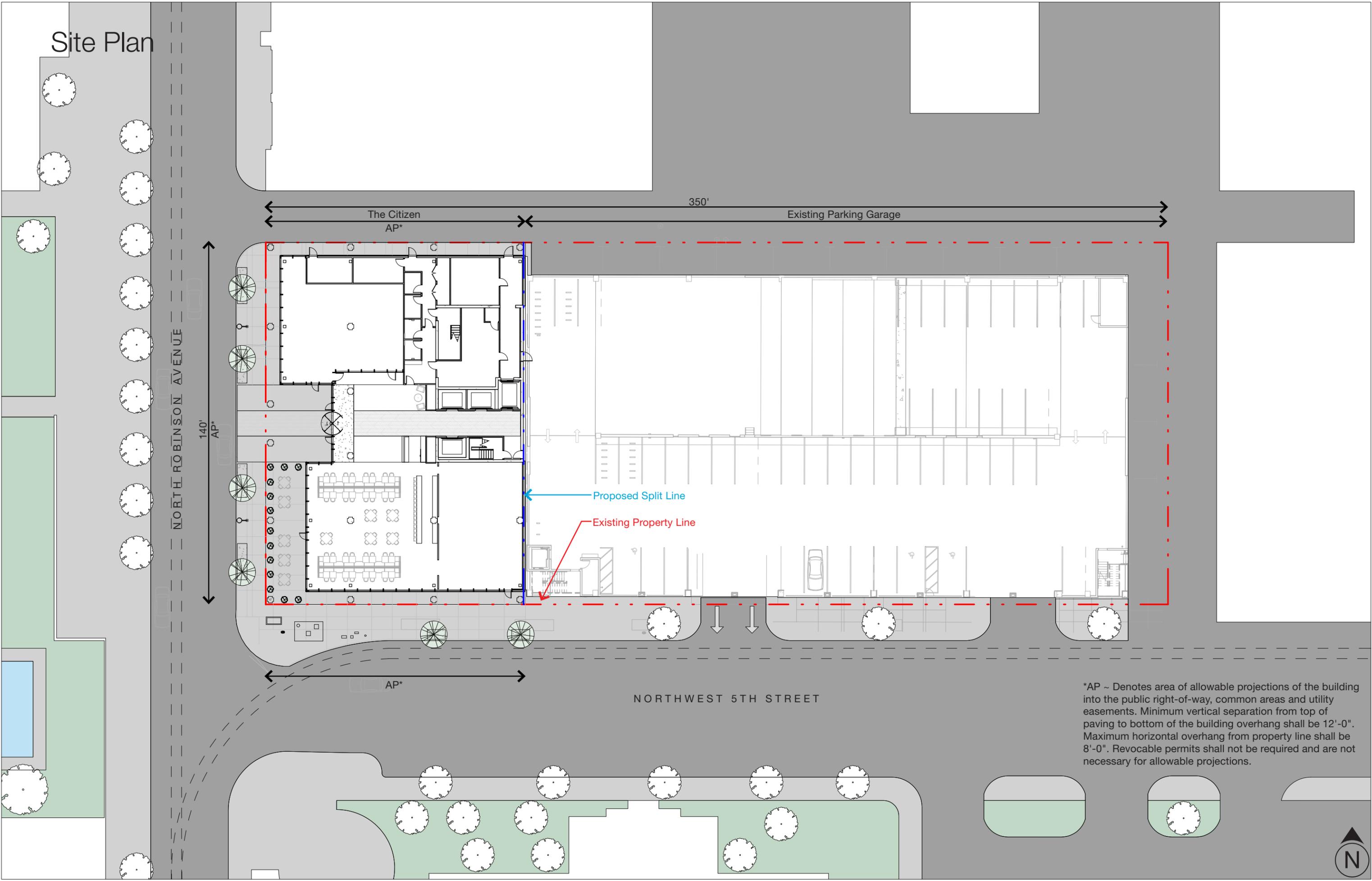
East Elevation



Section Looking North



Site Plan



NORTH ROBINSON AVENUE

140' AP*

The Citizen AP*

350'

Existing Parking Garage

Proposed Split Line

Existing Property Line

AP*

NORTHWEST 5TH STREET

*AP ~ Denotes area of allowable projections of the building into the public right-of-way, common areas and utility easements. Minimum vertical separation from top of paving to bottom of the building overhang shall be 12'-0". Maximum horizontal overhang from property line shall be 8'-0". Revocable permits shall not be required and are not necessary for allowable projections.





621 N ROBINSON AVENUE, SUITE 100
OKLAHOMA CITY, OKLAHOMA 73102

April 7, 2022

Oklahoma City Industrial and Cultural Facilities Trust
Attn: Robert H. Alexander, Jr., Chairman
105 N. Hudson, Suite 101
Oklahoma City OK 73102

Re: Request for authorizations and approvals related to financing and construction of parking garage expansion for The Citizen project

Dear Trustees:

In a separate letter, we shared with you our plans for The Citizen – an exciting new project that will continue to revitalize the portion of downtown Oklahoma City that was forever changed by the tragedy of the 1995 bombing of the Murrah Building.

The purpose of this letter is to request the Trust to support, authorize, or consent to various matters related to the financing and construction of an expansion to the existing multi-story parking structure that JRB Parking LLC (“JRB Parking”) owns and operates (the “Parking Garage”), which will provide parking for tenants and others to enjoy the unique space and amenities of The Citizen.

Overview of The Citizen Project

The Citizen building will be constructed on the remaining undeveloped portion of the land at the northeast corner of the intersection of Robinson Avenue and N.W. 5th Street that JRB Parking leased from the Trust in 2015 pursuant to the terms of a 99-year ground lease (the “Ground Lease”). The Citizen will be located immediately west of, and will be connected to, the Parking Garage that JRB Parking constructed on the east portion of the land leased from the Trust (the “Leased Land”). JRB Parking will continue to own and operate the Parking Garage. A separate entity, JRB Citizen LLC (“JRB Citizen”), will construct, own, and operate The Citizen.

The Citizen will be a commercial mixed-used office building (which may include retail, restaurant, and hotel space). In order to provide adequate parking for The Citizen, it will be necessary to expand the Parking Garage by adding 1.5 levels with approximately 125 additional parking spaces. Construction of The Citizen is expected to begin before JRB Parking commences construction of the Parking Garage expansion; however, because the projects will be connected

and interrelated, portions of the Parking Garage expansion will be constructed simultaneously with construction of The Citizen, so it will be necessary to coordinate the projects.

Request for Trust's Approval of Conceptual Plans for Parking Garage Expansion

The Ground Lease provides for the Trust's review and approval of conceptual plans for development of the Leased Land. In January 2017, the Ground Lease was amended to confirm the Trust's approval of the conceptual plans for the Parking Garage.

We request the Trust to review and confirm its approval of the conceptual plans for the Parking Garage expansion, which are enclosed with this letter.

Request for Trust's Consent to Partial Assignment of Ground Lease

Under the terms of the Ground Lease, JRB Parking has an option to purchase the Leased Land from the Trust. We request the Trust's consent and approval for JRB Parking to partially assign its rights and obligations under the Ground Lease (including a partial assignment of its option to purchase) to JRB Citizen, so that JRB Citizen can exercise the purchase option with respect to the portion of the Leased Land on which The Citizen will be constructed (the "Citizen Site") and purchase the Citizen Site when JRB Citizen obtains and closes its financing for the project.

As specified in the Ground Lease, if the purchase option is exercised within ten years after the date JRB Parking took possession of the Leased Land (i.e., by July 9, 2025), the purchase price for the Leased Land will be \$1,275,000. The total square footage of the Leased Land is 49,000 square feet, so the purchase price is equivalent to \$26.00 per square foot. We anticipate that the purchase price for the Leased Land will be allocated between JRB Parking and JRB Citizen on square footage basis, and that JRB Citizen will purchase the Citizen Site (which is approximately 14,000 square feet) from the Trust for a purchase price of approximately \$700,000.

It is possible that JRB Citizen and JRB Parking will exercise their respective purchase options simultaneously. If not, JRB Parking's ground lease for the remainder of the Leased Land would remain in place until JRB Parking is ready to proceed with refinancing the Parking Garage and exercising its option to purchase the land on which the Parking Garage is located (for which JRB Parking would pay the remainder of the purchase price specified in the Ground Lease).

Request for Trust as Applicant on Project-Related Applications Prior to Closing

So that we'll be ready to commence construction of the Parking Garage expansion when we close our project financing and purchase the land on which the Parking Garage is located, we would like to proceed with applying for a building permit and other development-related approvals from the City prior to closing. We request the Trust to authorize our submission of such applications with the Trust as the applicant, and to designate an authorized representative of the Trust to review, approve, and execute such applications. The applications, which will be prepared and submitted at our sole expense, may include the following:

- Application for a building permit consistent with the conceptual plans approved by the Trust;

- Application for a certificate of approval from the Oklahoma City Downtown Design Review Committee;
- Application for a “lot split” or replat of the Leased Land (for example, if the property line between the Citizen Site and the Parking Garage is not an existing platted lot line);
- Applications for any revocable permits as deemed necessary by the City’s building permitting office during plan review (for example, for sitework completed in the right of way, such as trees, landscaping, sidewalk paving, street lights, benches, signs etc.); and
- Applications for other construction-related permits, which may include overhead swing agreements for tower cranes, temporary lane closures during construction, etc.

If an application is denied, we also request the Trust’s authorization to appeal such denial or to request a variance.

Request for Trust’s Assistance with Project Financing

The total cost of the Parking Garage expansion to serve the Citizen currently is estimated to be \$5,100,000 (including the purchase price for the portion of the Leased Land on which the Parking Garage is located). In addition to a construction loan from a local or national lender, we also are seeking additional financial support for the Parking Garage expansion in the form of economic development incentives and loans, including the following:

- Murrah Loan. The Murrah District Revitalization Program was developed through a supplemental allocation of Community Development Block Grant funding designated for use in support of economic revitalization activities in the Murrah recovery area (Robert S. Kerr Ave. to NW 13th St. from Oklahoma Ave. to Shartel Ave.). Funding in the amount of \$4,255,171.20 for the purchase of the Commercial Unit of the former Journal Record Building by JRB Office, LLC (“JRB Office”) came in the form of “Murrah Loan.”

The Parking Garage is located on a portion of the property where the former YMCA complex (which was severely damaged by the 1995 bombing of the Murrah Building) was located. We would appreciate the Trust’s assistance in obtaining and supporting our request for a Murrah Loan for the construction of the Parking Garage expansion.

Consistent with the terms of the Murrah Loan to JRB Office, the proposed term of the Murrah Loan to JRB Parking would be 30 years (with payments amortized over 30 years), could be prepaid in whole or in part at any time without any premium or penalty, and would be secured by a second mortgage on the Parking Garage (junior to a mortgage securing the refinance of JRB Parking’s existing loan). Payment of principal and interest on the Murrah Loan to JRB Parking would be as follows: (a) during Years 1-10, the interest rate on the Murrah Loan would be 0.5%, (b) JRB Parking would pay interest only during Years 1-5 and would make payments of principal and interest during Years 6-10, and (c) the interest rate on the Murrah Loan would adjust beginning in year 11, with the rate being 50% of the published prime rate at such time, with a floor of not less than 3% per annum and a ceiling not to exceed 5% per annum.

- Loan from I&C Trust. We request the Trust to consider reinvesting the proceeds it will receive from the sale of the Leased Land by loaning those funds back to JRB Parking. If such funds have not been expended or invested for other purposes, we also request the

Trust to consider reinvesting the proceeds received from the 2015 sale of the Journal Record Building Commercial Unit to JRB Office by loaning those funds to JRB Parking.

- Development Incentive from Tax Increment Financing (TIF) District No. 2. Pursuant to the terms of an economic development agreement, the Oklahoma City Economic Development Trust provided \$4,750,000 in assistance in development financing for the redevelopment of the JRB Commercial Unit and the construction of the Parking Garage. The developers elected to receive \$2.875 million of development incentive (\$1.375 million for Commercial Unit, and \$1.5 million for parking garage) outright, with no repayment obligation, and elected to structure the remaining \$1,875,000 of the development incentive (\$375,000 for Commercial Unit and \$1.5 million for the Parking Garage) as a forgivable loan. We are working with Joanna McSpadden (Economic Development Program Manager with the City of Oklahoma City) and others in determining whether additional funds are available from TIF #2 for the Parking Garage expansion.
- PACE Financing. We also are exploring the possibility that part of the financing for the Parking Garage expansion may be in the form of C-PACE (Commercial Property Assessed Clean Energy) financing through Oklahoma County's C-PACE program, which is administered by Oklahoma Industries Authority. The C-PACE funding mechanism will enable us to receive low-cost, long-term funding for expenditures related to energy efficiency, including lighting and energy efficient building materials.

We appreciate your consideration of our requests for financing from the Trust for the Parking Garage expansion that will to serve The Citizen project, and we also request your cooperation and support of our requests for economic development incentives and financing from other sources.

We're grateful for the encouragement and support that the Trust provided in connection with the acquisition and redevelopment of the Commercial Unit of the former Journal Record Building and construction of the Parking Garage, and we appreciate the opportunity to continue working with the Trust in connection with the proposed Parking Garage expansion for The Citizen project.

We look forward to attending the trustees' meeting on April 11, 2022 at 10:00 a.m. and answering any questions that you may have about the Parking Garage expansion for The Citizen project. If there is any additional information that you would like for us to provide prior to that meeting, please let us know.

Thank you for your consideration.

Sincerely,

JRB PARKING LLC



S. Bond Payne

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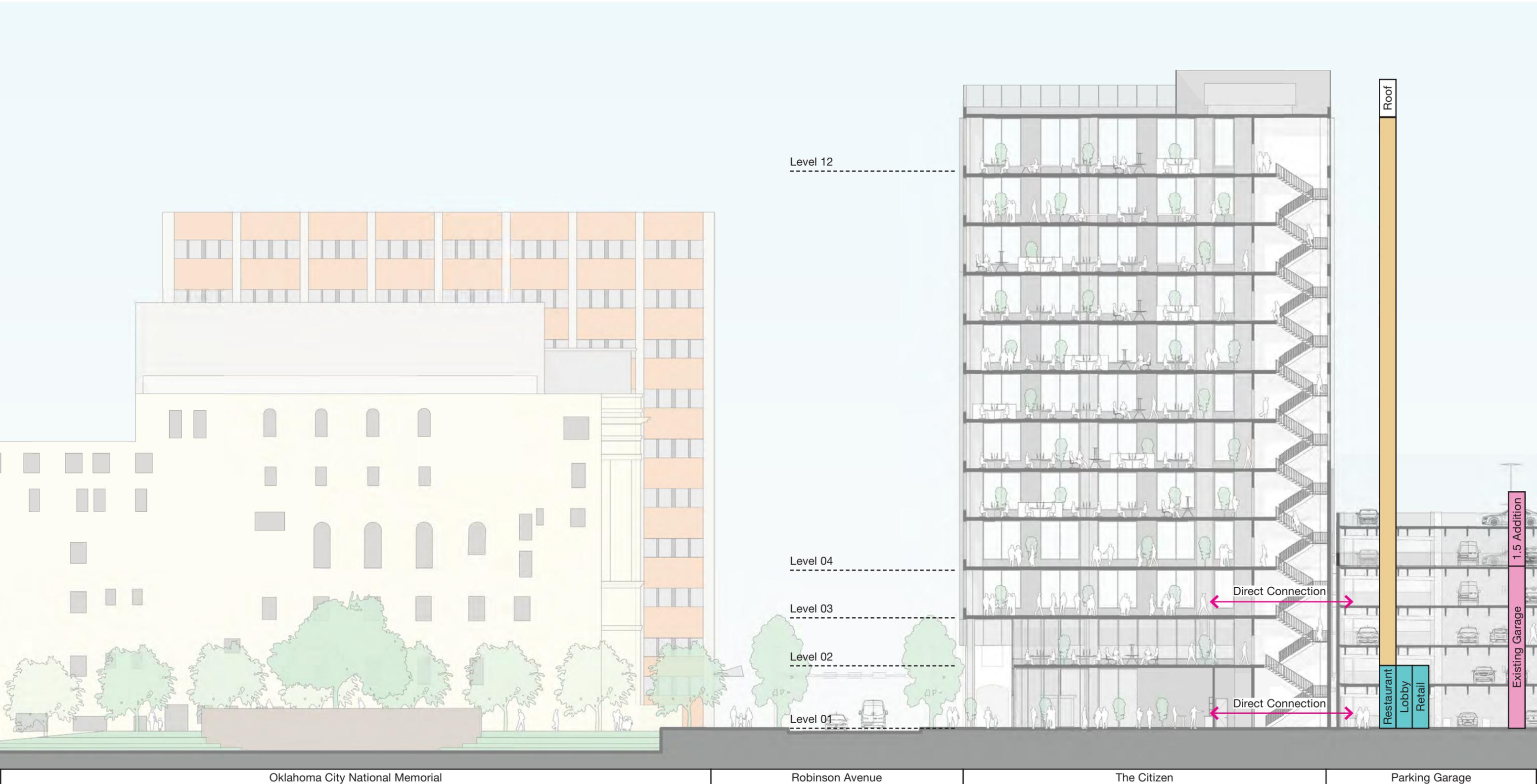
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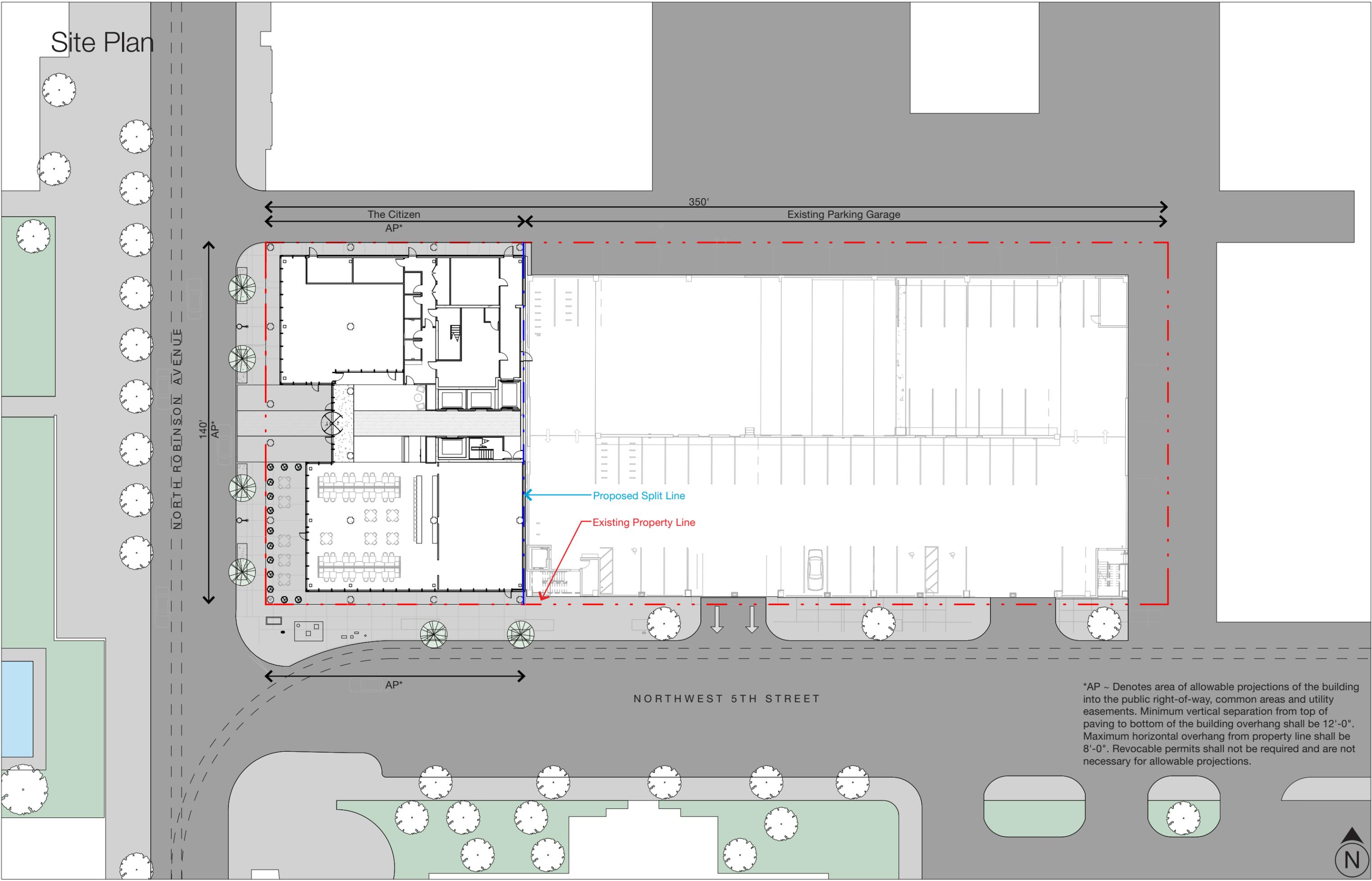
East Elevation



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