

AGENDA FOR
SPECIAL MEETING OF
OKLAHOMA CITY REDEVELOPMENT AUTHORITY
CONFERENCE ROOM
431 WEST MAIN, SUITE B
WEDNESDAY, NOVEMBER 20, 2019
10:30 A.M.

- I. Call to Order
- II. Statement of Compliance with the Oklahoma Open Meeting Law
- III. Roll Call
- IV. Reading and Approval of Minutes of a Special Meeting held on Wednesday, September 18, 2019
- V. Resolution No. _____ of the Oklahoma City Redevelopment Authority Receiving and Accepting an Audit of Accounts by BKD, LLP, for Fiscal Year ending June 30, 2019
- VI. Resolution No. _____ Authorizing an Invitation for Proposals for the Renovation, Preservation, Rehabilitation, and Redevelopment of Property located at 1440 North Everest Avenue and Commonly Known as The Brockway Center
- VII. Presentation of Interim Financial Report for the Period Ending September 30, 2019
- VIII. New Business
- IX. Comments from Trustees
- X. Comments from Citizens
- XI. Adjournment

POSTED at the offices of the Oklahoma City Redevelopment Authority and the City Clerk's Office by 10:30 a.m. Monday, November 18, 2019 by Pam Lunnon, Executive Assistant

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

A Special Meeting of the Trustees of the Oklahoma City Redevelopment Authority (“Redevelopment Authority”) was held on Wednesday, September 18, 2019, at 10:30 p.m. in the Conference Room at 431 West Main, Suite B; Oklahoma City, OK.

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

Mr. James R. Tolbert, III
Mr. Russell M. Perry
Mr. Mark Beffort
Councilman Larry McAtee

Trustee Absent:

Councilman David Greenwell
Ms. Mary Mélon
Mr. J. Larry Nichols

Staff Present:

Catherine O’Connor, Executive Director
Leslie Batchelor, OCURA Associate General Counsel, CEDL
Dan Batchelor, OCURA General Counsel, CEDL
Emily Pomeroy, The Center for Economic Development of Oklahoma
Elizabeth Larios, Maurianna Adams, Joseph, Laws, Cassi Poor, Pam Lunnon and Geri Harlan, The Alliance for Economic Dev. of OKC

Others Present:

Steve Lackmeyer, The Oklahoman
David Friedland, Carpathia
Matt Newman, Carpathia
Matthew Raddiffe, Mass Architects
Duane Mases, Mass Architects
Elliot Nelson, McNellie Group
Chistine Brightwell-Thompson, MPNA Leadership Team
Ali Fazaneh, Fanzaneh Downtown Development

The Vice-Chairman asked for a motion to approve, as circulated, the minutes of a Regular and Annual Meeting held on Wednesday, July 17, 2019.

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

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

Minutes Adopted.

The Vice-Chairman introduced the following resolution:

Resolution No. 202 entitled:

“Approving Procurement Policies and Procedures to Ensure Compliance with Applicable Law and Regulations Related to the Purchases of Goods, Contracts for Services, and Contracts for Professional Services”

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

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

Resolution Adopted

Resolution No. 203 entitled:

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

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

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

Resolution Adopted

Resolution No. 204 entitled:

“Joint Resolution of the Board of Commissioners of the Oklahoma City Urban Renewal Authority and the Trustees of the Oklahoma City Redevelopment Authority Relating to Common Area Maintenance of Land Owned by OCURA and Leased To Bass Pro Outdoor World, L.L.C.”

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

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

Resolution Adopted

Resolution No. 205 entitled:

“Conditionally Designating a Redeveloper for Property Located at and Near 900 N. Klein Avenue”

Presentation was made by Matt Newman and Elliott Nelson.

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

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

Resolution Adopted

Presentation of Interim Financial Reports for the Period Ending July 31, 2019

Ms. Kenfield-Harlan presented the financial statements for the period ending July 31, 2019

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

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

Financial Received

There being no further business to come before the Board, meeting was adjourned at 10:52 a.m.

SECRETARY

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

TRUSTEES

J. Larry Nichols
Chairman

James R. Tolbert III
Vice Chairman

Mark Beffort

David Greenwell

Larry McAtee, Jr.

Mary Melon

Russell M. Perry

EXECUTIVE DIRECTOR

Catherine O'Connor

To: Board of Trustees of the Oklahoma City Redevelopment Authority

From: Catherine O'Connor, Executive Director

Date: November 20, 2019

Ref: Resolution of the Oklahoma City Redevelopment Authority Receiving and Accepting an Audit of Accounts by BKD, LLP, for Fiscal Year Ending June 30, 2019

Background: BKD, LLP has completed its audit of the financial activities of OCRA for the fiscal year ending June 30, 2019. BKD, LLP presented the audit to the OCRA audit committee on November 20, 2019. The Executive Director, as well as the Chief Financial Officer of The Alliance have reviewed the audit and recommend approval.

Summary of Agenda Item: The resolution for consideration receives and accepts the audit by BKD, LLP for the fiscal year ending June 30, 2019.

Recommendation: Approval of Resolution.

RESOLUTION NO. _____

**RESOLUTION OF THE OKLAHOMA CITY REDEVELOPMENT AUTHORITY
RECEIVING AND ACCEPTING AN AUDIT OF ACCOUNTS BY BKD, LLP, FOR
FISCAL YEAR ENDING JUNE 30, 2019**

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

WHEREAS, pursuant to 60 O.S. §§ 180.1–180.3, in July 2019, OCRA accepted a proposal from BKD, LLP to audit OCRA’s financial activities; and

WHEREAS, BKD, LLP has submitted an audit of accounts to OCRA for the fiscal year ending June 30, 2019 (“FYE 2019 OCRA Audit”); and

WHEREAS, OCRA’s Audit Committee has met to review the FYE 2019 OCRA Audit submitted by BKD, LLP, and recommends acceptance by the Board of Trustees; and

WHEREAS, the Board of Trustees of the OCRA deems it appropriate and desirable to accept the FYE 2019 OCRA Audit.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Trustees of OCRA that the audit of accounts submitted by BKD, LLP, for the fiscal year ending June 30, 2019, is hereby accepted.

I, _____, Secretary of the Oklahoma City Redevelopment Authority, a public trust, certify that the foregoing Resolution No. ____ was duly adopted at a **special** meeting of the Oklahoma City Redevelopment Authority held at the Arts District Garage Conference Room, 431 West Main, Suite B, Oklahoma City, Oklahoma, on the **20th** day of **November, 2019**; that any notice required to be given of such meeting was properly given; that a quorum was present at all times during such meeting; and that said Resolution was adopted by a majority of those present.

SECRETARY

(SEAL)

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Independent Auditor's Reports and Financial Statements
June 30, 2019 and 2018



Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
June 30, 2019 and 2018

Contents

| | |
|--|-----------|
| Independent Auditor’s Report | 1 |
| Management’s Discussion and Analysis | 4 |
| Government-Wide Financial Statements | |
| Statements of Net Position | 8 |
| Statements of Activities..... | 9 |
| Fund Financial Statements | |
| Balance Sheets – Governmental Funds | 10 |
| Reconciliation of the Balance Sheets – Governmental Funds to the Statements of Net Position..... | 11 |
| Statements of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 12 |
| Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statements of Activities..... | 13 |
| Notes to Financial Statements | 14 |
| Supplementary Information | |
| Budget-to-Actual Expenditure Comparison (Project Life-to-Date) | 28 |
| Notes to Budget-to-Actual Expenditure Comparison (Project Life-to-Date)..... | 29 |
| Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards – Independent Auditor’s Report | 31 |
| Schedule of Findings and Responses | 33 |

Independent Auditor's Report

Board of Trustees
Oklahoma City Redevelopment Authority
Oklahoma City, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major funds of the Oklahoma City Redevelopment Authority (the Authority), a component unit of the City of Oklahoma City, Oklahoma, as of and for the years ended June 30, 2019 and 2018, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of the Authority as of June 30, 2019 and 2018, and the respective changes in financial position thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The budget-to-actual expenditure comparison (project life-to-date) and related notes, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The information for the fiscal years 2012 and prior was audited by other auditors, who issued an unmodified opinion on the information on November 30, 2012. The information for the fiscal years 2013 onward was subjected by BKD to the procedures noted above. In our opinion, the information for 2013 through 2019 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated October 28, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the

Board of Trustees
Oklahoma City Redevelopment Authority
Page 3

effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BKD, LLP

Tulsa, Oklahoma
October 28, 2019

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Management's Discussion and Analysis
Years Ended June 30, 2019 and 2018

Introduction

This management's discussion and analysis of the financial performance of the Oklahoma City Redevelopment Authority (the Authority), a discretely presented component unit of the City of Oklahoma City, Oklahoma (the City), provides an overview of the Authority's financial activities for the years ended June 30, 2019 and 2018. It should be read in conjunction with the accompanying financial statements of the Authority.

Financial Highlights

- Cash and cash equivalents decreased in 2019 and 2018 by \$549,490 and \$5,574,924, respectively.
- The Authority's capital assets decreased in 2019 and 2018 by \$57,608 and \$310,307, respectively.
- Long-term debt decreased in 2019 and 2018 by \$812,796 and \$797,312, respectively.
- The Authority's net position increased in 2019 and 2018 by \$1,625,308 and \$3,765,709, respectively.

Using This Annual Report

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

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

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

Statement of Net Position

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

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

Total assets of the Authority increased by \$1,471,963 and \$3,140,774 in 2019 and 2018, respectively. In 2019 and 2018, decreases in cash and cash equivalents and capital assets were offset by increases in investments and rent. In 2018, the increase was also due to increases in notes receivable.

Total liabilities decreased in 2019 and 2018 by \$153,345 and \$624,935, respectively. For 2019 and 2018, regular debt service was offset by increases in accounts payable.

In 2019 and 2018, no significant changes occurred in capital assets and debt other than depreciation and payment of principal.

Table 1: Condensed Statements of Net Position

| | 2019 | 2018 | Change | % Change | 2017 | Change | % Change |
|----------------------------------|----------------------|----------------------|---------------------|----------|----------------------|---------------------|----------|
| Current and other assets | \$ 31,389,087 | \$ 29,859,516 | \$ 1,529,571 | 5% | \$26,408,435 | \$ 3,451,081 | 13% |
| Capital assets | <u>5,337,862</u> | <u>5,395,470</u> | <u>(57,608)</u> | -1% | <u>5,705,777</u> | <u>(310,307)</u> | -5% |
| Total assets | <u>36,726,949</u> | <u>35,254,986</u> | <u>1,471,963</u> | 4% | <u>32,114,212</u> | <u>3,140,774</u> | 10% |
| Long-term liabilities | 1,797,656 | 2,610,452 | (812,796) | -31% | 3,407,764 | (797,312) | -23% |
| Other liabilities | <u>1,780,828</u> | <u>1,121,377</u> | <u>659,451</u> | 59% | <u>949,000</u> | <u>172,377</u> | 18% |
| Total liabilities | <u>3,578,484</u> | <u>3,731,829</u> | <u>(153,345)</u> | -4% | <u>4,356,764</u> | <u>(624,935)</u> | -14% |
| Net investment in capital assets | 3,545,132 | 3,056,193 | 488,939 | 16% | 2,824,366 | 231,827 | 8% |
| Restricted | <u>29,603,333</u> | <u>28,466,964</u> | <u>1,136,369</u> | 4% | <u>24,933,082</u> | <u>3,533,882</u> | 14% |
| Net position | <u>\$ 33,148,465</u> | <u>\$ 31,523,157</u> | <u>\$ 1,625,308</u> | 5% | <u>\$ 27,757,448</u> | <u>\$ 3,765,709</u> | 14% |

Statement of Activities

The statement of activities reports how the Authority's net position changed during the fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. For the years ended June 30, 2019 and 2018, net position increased by \$1,625,308 and \$3,765,709, respectively. The increase in 2019 was primarily due to increases in charges for services and operating grants, contributions and restricted interest of \$191,598 and \$750,710, respectively, offset by decreases in apportioned ad valorem taxes and payments in lieu of taxes totaling \$506,944 with economic development expenses increasing by \$2,566,781. The 2018 increase was primarily a result of increases in apportioned ad valorem taxes and payments in lieu of taxes totaling \$398,786 and charges for services of \$206,843 offset by decreases in grant revenues of approximately \$175,000.

Table 2: Condensed Statements of Activities

| | 2019 | 2018 | Change | % Change | 2017 | Change | % Change |
|---|---------------------|---------------------|-----------------------|----------|---------------------|-------------------|----------|
| Charges for services | \$ 398,441 | \$ 206,843 | \$ 191,598 | 93% | \$ - | \$ 206,843 | 100% |
| Operating grants, contributions and restricted interest | 1,369,761 | 608,797 | 760,964 | 125% | 784,148 | (175,351) | -22% |
| General revenues | <u>3,458,539</u> | <u>3,975,737</u> | <u>(517,198)</u> | -13% | <u>3,576,951</u> | <u>398,786</u> | 11% |
| Total revenues | <u>5,226,741</u> | <u>4,791,377</u> | <u>435,364</u> | 9% | <u>4,361,099</u> | <u>430,278</u> | 10% |
| Economic development expenses | 3,509,515 | 942,734 | 2,566,781 | 272% | 1,074,618 | (131,884) | -12% |
| Interest expense | <u>91,918</u> | <u>82,934</u> | <u>8,984</u> | 11% | <u>66,837</u> | <u>16,097</u> | 24% |
| Total operating expenses | <u>3,601,433</u> | <u>1,025,668</u> | <u>2,575,765</u> | 251% | <u>1,141,455</u> | <u>(115,787)</u> | -10% |
| Change in net position | <u>\$ 1,625,308</u> | <u>\$ 3,765,709</u> | <u>\$ (2,140,401)</u> | -57% | <u>\$ 3,219,644</u> | <u>\$ 546,065</u> | 17% |

Fund Financial Statements

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

Table 3: Condensed Fund Financial Statements for TIF 1 Fund

| | 2019 | 2018 | Change | % Change | 2017 | Change | % Change |
|--|----------------------|-----------------------|---------------------|----------|----------------------|-----------------------|----------|
| TIF 1 | | | | | | | |
| Total assets | \$ 15,645,081 | \$ 13,103,706 | \$ 2,541,375 | 19% | \$ 15,688,909 | \$ (2,585,203) | -16% |
| Total liabilities | (958,342) | (312,887) | (645,455) | 206% | (23,832) | (289,055) | 1213% |
| Deferred inflows of resources | (712,275) | (722,698) | 10,423 | -1% | (145,988) | (576,710) | 395% |
| Fund balance | <u>\$ 13,974,464</u> | <u>\$ 12,068,121</u> | <u>\$ 1,906,343</u> | 16% | <u>\$ 15,519,089</u> | <u>\$ (3,450,968)</u> | -22% |
| Taxes | \$ 3,466,702 | \$ 3,386,680 | \$ 80,022 | 2% | \$ 3,433,124 | \$ (46,444) | -1% |
| Intergovernmental revenue | 850,358 | 118,126 | 732,232 | 620% | 1,067,349 | (949,223) | -89% |
| Other income | 231,908 | 201,939 | 29,969 | 15% | 97,174 | 104,765 | 108% |
| Total revenues | <u>4,548,968</u> | <u>3,706,745</u> | <u>842,223</u> | 23% | <u>4,597,647</u> | <u>(890,902)</u> | -19% |
| Research park-related expenditures | 1,031,331 | 266,123 | 765,208 | 288% | 480,637 | (214,514) | -45% |
| Administration | 259,176 | 167,016 | 92,160 | 55% | 77,735 | 89,281 | 115% |
| Other | 174,400 | 164,987 | 9,413 | 6% | 50,000 | 114,987 | 230% |
| Capital outlay | 287,000 | 34,301 | 252,699 | 737% | - | 34,301 | 100% |
| Debt service | | | | | | | |
| Principal | 798,800 | 792,352 | 6,448 | 1% | 792,755 | (403) | 0% |
| Interest | 91,918 | 82,934 | 8,984 | 11% | 66,837 | 16,097 | 24% |
| Total expenditures | <u>2,642,625</u> | <u>1,507,713</u> | <u>1,134,912</u> | 75% | <u>1,467,964</u> | <u>39,749</u> | 3% |
| Issuance of long-term note receivable | - | (5,650,000) | 5,650,000 | -100% | - | (5,650,000) | 100% |
| Total transfers and other financing sources (uses) | <u>-</u> | <u>(5,650,000)</u> | <u>5,650,000</u> | -100% | <u>-</u> | <u>(5,650,000)</u> | 100% |
| Change in fund balance | <u>\$ 1,906,343</u> | <u>\$ (3,450,968)</u> | <u>\$ 5,357,311</u> | -155% | <u>\$ 3,129,683</u> | <u>\$ (6,580,651)</u> | -210% |

The change in fund balance for TIF 1 was an increase of \$1,906,343 in 2019 and a decrease of \$3,450,968 in 2018. The 2019 revenues increased by \$842,223 due to increases in intergovernmental revenues while total expenditures increased \$1,134,912 related to research park-related expenditures and capital outlays. In 2018, revenues decreased by \$890,902 primarily due to a decrease in intergovernmental revenue. The 2018 expenditures and transfers and other financing sources (uses) increased by \$5,689,749, primarily from the issuance of a long-term note receivable of \$5,650,000.

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

| | 2019 | 2018 | Change | % Change | 2017 | Change | % Change |
|--------------------------------------|---------------------|---------------------|-----------------------|----------|-------------------|-------------------|----------|
| Skirvin Hotel Project | | | | | | | |
| Total assets | \$ 737,021 | \$ 1,515,814 | \$ (778,793) | -51% | \$ 903,531 | \$ 612,283 | 68% |
| Total liabilities | - | - | - | 0% | (121,638) | 121,638 | -100% |
| Deferred inflows of resources | (23,392) | (23,975) | 583 | -2% | (24,540) | 565 | -2% |
| Fund balance | <u>\$ 713,629</u> | <u>\$ 1,491,839</u> | <u>\$ (778,210)</u> | -52% | <u>\$ 757,353</u> | <u>\$ 734,486</u> | 97% |
| Rental income | \$ 398,441 | \$ 206,843 | \$ 191,598 | 93% | - | \$ 206,843 | 100% |
| Principal payment on note receivable | 233,011 | 225,999 | 7,012 | 3% | 219,199 | 6,800 | 3% |
| Interest income on loan | 284,206 | 291,090 | (6,884) | -2% | 297,766 | (6,676) | -2% |
| Investment income | 6,132 | 10,554 | (4,422) | -42% | 13,724 | (3,170) | -23% |
| Total revenues | <u>921,790</u> | <u>734,486</u> | <u>187,304</u> | 26% | <u>530,689</u> | <u>203,797</u> | 38% |
| Expenditures | <u>1,700,000</u> | <u>-</u> | <u>1,700,000</u> | 100% | <u>121,638</u> | <u>(121,638)</u> | -100% |
| Change in fund balance | <u>\$ (778,210)</u> | <u>\$ 734,486</u> | <u>\$ (1,512,696)</u> | -206% | <u>\$ 409,051</u> | <u>\$ 325,435</u> | 80% |

The change in fund balance for the Skirvin Hotel Project was a decrease of \$778,210 in 2019 compared to an increase of \$734,486 in 2018 due primarily to a \$1,700,000 payment made to the City offset by increases in rental income of \$191,598.

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

Economic Factors

The Authority is designated to receive tax apportionment revenues for TIF Districts 1, 7 and 11. To date, the Authority has collected approximately \$31,016,000, \$894,000 and \$683,000 for TIF 1, TIF 7 and TIF 11, respectively. Revenues will be collected throughout the life of the TIF Districts and used for economic development projects within the project areas. The Authority leases the land under the Skirvin Hotel in downtown Oklahoma City and administers a note receivable from the owner of the hotel, Skirvin Partners, LLC. Lease payments are expected monthly through December 2104, the expiration date of the 99-year ground lease. Ground lease and debt service payments collected will be retained for use in future economic development activities approved by the City.

Contacting the Authority's Management

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

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Statements of Net Position
June 30, 2019 and 2018

Assets

| | 2019 | 2018 |
|--|--------------|--------------|
| Current Assets | | |
| Cash and cash equivalents | \$ 3,439,528 | \$ 3,989,018 |
| Investments, at fair value | 8,485,000 | 1,440,000 |
| Accounts receivable | - | 78,745 |
| Due from other governments | 925,214 | 751,769 |
| Rent receivable | 205,902 | 157,567 |
| Interest receivable | 41,389 | 27,845 |
| Investment income receivable | 45,069 | 34,576 |
| Current portion of notes receivable | 240,240 | 233,011 |
| | <hr/> | <hr/> |
| Total current assets | 13,382,342 | 6,712,531 |
| | <hr/> | <hr/> |
| Capital Assets | | |
| Land | 828,192 | 541,192 |
| Building, parking garages and undivided ownership interest in buildings, net | 4,509,670 | 4,854,278 |
| | <hr/> | <hr/> |
| Total capital assets | 5,337,862 | 5,395,470 |
| | <hr/> | <hr/> |
| Other Noncurrent Assets | | |
| Investments, at fair value | 2,940,000 | 7,840,000 |
| Notes receivable | 14,766,745 | 15,006,985 |
| Other assets – deposits | 300,000 | 300,000 |
| | <hr/> | <hr/> |
| Total other noncurrent assets | 18,006,745 | 23,146,985 |
| | <hr/> | <hr/> |
| Total assets | 36,726,949 | 35,254,986 |
| | <hr/> | <hr/> |

Liabilities and Net Position

| | 2019 | 2018 |
|--|---------------|---------------|
| Current Liabilities | | |
| Current portion of long-term debt | \$ 822,486 | \$ 808,490 |
| Accounts payable | 351,166 | 249,699 |
| Due to Urban Renewal | 607,176 | 27,564 |
| Unearned revenue | - | 35,624 |
| Total current liabilities | 1,780,828 | 1,121,377 |
| Noncurrent Liabilities | | |
| Long-term debt, less current maturities | 1,797,656 | 2,610,452 |
| Total liabilities | 3,578,484 | 3,731,829 |
| Net Position | | |
| Net investment in capital assets | 3,545,132 | 3,056,193 |
| Restricted for debt service | 1,114,847 | 1,095,354 |
| Restricted for economic development activities | 28,488,486 | 27,371,610 |
| Total net position | \$ 33,148,465 | \$ 31,523,157 |

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Statements of Activities
June 30, 2019 and 2018

| | Revenues | | | | |
|--|---------------------|-----------------------------|---|--|--------------------------------|
| | | | | Operating Grants, Contributions and Restricted Interest | |
| | Expenses | Charges for Services | Capital Grants and Contributions | | Net Revenues (Expenses) |
| 2019 | | | | | |
| Governmental Activities | | | | | |
| Economic development | \$ 3,509,515 | \$ 398,441 | \$ - | \$ 1,369,761 | \$ (1,741,313) |
| Interest expense | 91,918 | - | - | - | (91,918) |
| Total governmental activities | <u>\$ 3,601,433</u> | <u>\$ 398,441</u> | <u>\$ -</u> | <u>\$ 1,369,761</u> | <u>(1,833,231)</u> |
| General Revenues | | | | | |
| Apportioned ad valorem taxes | | | | | 2,321,670 |
| Payments in lieu of taxes | | | | | <u>1,136,869</u> |
| Total general revenues | | | | | <u>3,458,539</u> |
| Change in Net Position | | | | | 1,625,308 |
| Net Position, Beginning of Year | | | | | <u>31,523,157</u> |
| Net Position, End of Year | | | | | <u>\$ 33,148,465</u> |
| 2018 | | | | | |
| Governmental Activities | | | | | |
| Economic development | \$ 942,734 | \$ 206,843 | \$ - | \$ 608,797 | \$ (127,094) |
| Interest expense | 82,934 | - | - | - | (82,934) |
| Total governmental activities | <u>\$ 1,025,668</u> | <u>\$ 206,843</u> | <u>\$ -</u> | <u>\$ 608,797</u> | <u>(210,028)</u> |
| General Revenues | | | | | |
| Apportioned ad valorem taxes | | | | | 2,704,436 |
| Payments in lieu of taxes | | | | | <u>1,271,301</u> |
| Total general revenues | | | | | <u>3,975,737</u> |
| Change in Net Position | | | | | 3,765,709 |
| Net Position, Beginning of Year | | | | | <u>27,757,448</u> |
| Net Position, End of Year | | | | | <u>\$ 31,523,157</u> |

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Balance Sheets – Governmental Funds
June 30, 2019 and 2018

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

| | 2018 | | |
|---|----------------------|-----------------------|--------------------------|
| | TIF 1 | Skirvin Hotel Project | Total Governmental Funds |
| Assets | | | |
| Cash and cash equivalents | \$ 2,654,747 | \$ 1,334,271 | \$ 3,989,018 |
| Investments, at fair value | 9,280,000 | - | 9,280,000 |
| Payments in lieu of taxes receivable | 78,745 | - | 78,745 |
| Rent receivable | - | 157,567 | 157,567 |
| Interest receivable | 3,869 | 23,976 | 27,845 |
| Investment income receivable | 34,576 | - | 34,576 |
| Ad valorem taxes receivable | 720,569 | - | 720,569 |
| Receivables from other governments | 31,200 | - | 31,200 |
| Other assets | 300,000 | - | 300,000 |
| Total assets | <u>\$ 13,103,706</u> | <u>\$ 1,515,814</u> | <u>\$ 14,619,520</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | |
| Liabilities | | | |
| Accounts payable | \$ 249,698 | \$ - | \$ 249,698 |
| Unearned revenue | 35,625 | - | 35,625 |
| Due to Urban Renewal | 27,564 | - | 27,564 |
| Total liabilities | <u>312,887</u> | <u>-</u> | <u>312,887</u> |
| Deferred Inflows of Resources | <u>722,698</u> | <u>23,975</u> | <u>746,673</u> |
| Fund Balances | | | |
| Restricted for | | | |
| Debt service | 1,095,354 | - | 1,095,354 |
| Economic development activities | - | 1,491,839 | 1,491,839 |
| Other TIF activities | 10,972,767 | - | 10,972,767 |
| Total fund balances | <u>12,068,121</u> | <u>1,491,839</u> | <u>13,559,960</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 13,103,706</u> | <u>\$ 1,515,814</u> | <u>\$ 14,619,520</u> |

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Reconciliation of the Balance Sheets – Governmental Funds to
the Statements of Net Position
June 30, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|--|----------------------|----------------------|
| Total fund balances | \$ 14,688,093 | \$ 13,559,960 |
| Amounts reported in the statements of net position are different because | | |
| Capital assets, notes receivable and certain other assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund | | |
| Land | 828,192 | 541,192 |
| Building, net of accumulated depreciation; 2019 – \$3,566,127, 2018 – \$3,275,015 | 3,711,686 | 4,002,798 |
| Undivided ownership interest in buildings, net of accumulated depreciation; 2019 – \$539,419, 2018 – \$485,923 | 797,984 | 851,480 |
| Notes receivable | 15,006,985 | 15,239,996 |
| Earned but unavailable revenue | 735,667 | 746,673 |
| Certain liabilities are not due and payable in the current period and, therefore, are not reported in the fund | | |
| Long-term debt | <u>(2,620,142)</u> | <u>(3,418,942)</u> |
| Net position, per the statements of net position | <u>\$ 33,148,465</u> | <u>\$ 31,523,157</u> |

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Statements of Revenues, Expenditures and Changes in
Fund Balances – Governmental Funds
Years Ended June 30, 2019 and 2018

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

See Notes to Financial Statements

| | 2018 | | |
|---|----------------------|-----------------------|--------------------------|
| | TIF 1 | Skirvin Hotel Project | Total Governmental Funds |
| Revenues | | | |
| Apportioned ad valorem taxes | \$ 2,115,379 | \$ - | \$ 2,115,379 |
| Payments in lieu of taxes | 1,271,301 | - | 1,271,301 |
| Intergovernmental revenue | 118,126 | - | 118,126 |
| Rental income | - | 206,843 | 206,843 |
| Interest income paid on tax deposits held by the Oklahoma County Treasurer | 8,796 | - | 8,796 |
| Interest income on loans | 3,870 | 291,090 | 294,960 |
| Investment income | 189,273 | 10,554 | 199,827 |
| Principal payment on notes receivable | - | 225,999 | 225,999 |
| Total revenues | <u>3,706,745</u> | <u>734,486</u> | <u>4,441,231</u> |
| Expenditures | | | |
| Biomedical, biopharmaceutical and technological research and development facilities and other public research park improvements | 266,123 | - | 266,123 |
| Economic development and redevelopment activities with the Harrison-Walnut Urban Renewal Plan | 164,987 | - | 164,987 |
| Administration | 167,016 | - | 167,016 |
| Capital outlay | 34,301 | - | 34,301 |
| Debt service | | | |
| Principal | 792,352 | - | 792,352 |
| Interest | 82,934 | - | 82,934 |
| Total expenditures | <u>1,507,713</u> | <u>-</u> | <u>1,507,713</u> |
| Excess of Revenues over Expenditures | 2,199,032 | 734,486 | 2,933,518 |
| Transfers and Other Financing Sources (Uses) | | | |
| Issuance of long-term note receivable | <u>(5,650,000)</u> | <u>-</u> | <u>(5,650,000)</u> |
| Change in Fund Balances | (3,450,968) | 734,486 | (2,716,482) |
| Fund Balances, Beginning of Year | <u>15,519,089</u> | <u>757,353</u> | <u>16,276,442</u> |
| Fund Balances, End of Year | <u>\$ 12,068,121</u> | <u>\$ 1,491,839</u> | <u>\$ 13,559,960</u> |

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Reconciliation of the Statements of Revenues, Expenditures and Changes
in Fund Balances – Governmental Funds to the Statements of Activities
Years Ended June 30, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| Change in fund balances – governmental funds | \$ 1,128,133 | \$ (2,716,482) |
| Amounts reported for governmental activities in the statements of activities are different because | | |
| Governmental funds report capital outlays as expenditures while government-wide activities report depreciation expense to allocate those expenditures over the lives of the assets | | |
| Depreciation expense | (344,608) | (344,608) |
| Capital outlay | 287,000 | 34,301 |
| Certain income is not derived from current financial resources and, therefore, not reported as income in governmental funds | | |
| Apportioned ad valorem taxes | (22,238) | 580,261 |
| Interest income | (583) | (565) |
| Investment income receivable | 11,815 | (3,551) |
| Issuance of note receivable is recorded as other financing activity in governmental funds | - | 5,650,000 |
| Principal payment on notes receivable is recorded as revenue in governmental funds | (233,011) | (225,999) |
| Advances from debt agreements, principal repayments and changes in certain other assets are not reflected as revenues and expenses in the statements of activities | | |
| Principal payments on debt agreements and notes payable | <u>798,800</u> | <u>792,352</u> |
| Change in net position, per the statements of activities | <u>\$ 1,625,308</u> | <u>\$ 3,765,709</u> |

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2019 and 2018

Note 1: Summary of Significant Accounting Policies

Organization

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

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

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

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

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

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

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

Reporting Entity

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

Basis of Presentation

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

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2019 and 2018

Government-Wide Financial Statements

The accompanying government-wide statements of net position and statements of activities display information about the Authority as a whole. The Authority's activities are all governmental in nature and generally are financed primarily through ad valorem taxes. The Authority has no business-type activities as defined by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

Fund Financial Statements

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

- TIF 1 – Accounts for the activities of the TIFs
- Skirvin Hotel Project – The Authority, Urban Renewal and the City have assisted in the renovation of the historic Skirvin Hotel. Activities include collection of lease revenue and ongoing debt service. The renovation involved both public and private funds

Measurement Focus

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

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

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

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

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2019 and 2018

Basis of Accounting

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

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

Accounting Policies

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

Capital Assets

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

Use of Estimates

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

Income Taxes

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

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2019 and 2018

Net Position Classifications

Government-Wide Statements

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

- **Net Investments in Capital Assets** – Represents the net investment in capital assets less the debt associated with the capital assets.
- **Restricted** – Represents net position that has been restricted by outside sources, including the City and relevant Oklahoma Statutes. The net position has been restricted for debt service and economic development.
- **Unrestricted** – Represents the remaining net position, if any.

Fund Financial Statements

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

- **Nonspendable** – Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This would include items not expected to be converted to cash.
- **Restricted** – Consists of fund balance amounts with constraints placed on the use of the resources either by (a) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
- **Committed** – Reflects specific purposes pursuant to constraints imposed by formal action of the Authority's highest level of decision-making authority (the Board of Trustees). Also, such constraints can only be removed or changed by the same form or formal action.
- **Assigned** – Reflects fund balance amounts that are constrained by the Authority's intent to be used for specific purposes but meet neither the restricted nor committed forms of constraint.
- **Unassigned** – Represents fund balance amounts that have not been assigned to other funds and have not been restricted, committed or assigned to specific purposes.

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

- **Restricted** – The Skirvin Hotel Project activities in TIF 2 are reflected as restricted due to conditions imposed by either financing documents or the City's approvals. TIF 2 is now being administered by the City. As more fully described in *Note 9*, certain notes require a reserve fund as well as encumbered revenues to be maintained. The restricted fund balance for debt service in TIF 1 was \$1,114,847 and \$1,095,354 as of June 30, 2019 and 2018,

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2019 and 2018

respectively. The remaining fund balance in TIF 1 is reflected as restricted for other TIF activities.

Program Revenues

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

Annual Budget-to-Actual Comparison

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

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

Note 2: Deposits and Investments

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

The policy of the Authority is to require all deposits be maintained in accounts that are fully insured or collateralized. As of June 30, 2019 and 2018, the Authority had no uninsured or uncollateralized deposits. The Authority requires investment collateral be held by a third-party custodian with whom the Authority has a current custodial agreement in the Authority’s name.

Deposits of the Authority at June 30, 2019 and 2018, were \$3,439,528 and \$3,989,018, respectively.

Investments

The Authority’s investments at June 30, 2019 and 2018, consist entirely of negotiable certificates of deposit of \$11,425,000 and \$9,280,000, respectively.

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

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2019 and 2018

The Authority's recurring fair value measurements as of June 30, 2019 and 2018, are its negotiable certificates of deposit, which are valued using Level 2 inputs. At June 30, 2019, current maturities of the certificates of deposit are \$8,485,000 with the balance maturing in fiscal year 2021. At June 30, 2018, current maturities were \$1,440,000 with the balance maturing in fiscal year 2020.

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

Note 3: Due from Other Governments

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

| | 2019 | 2018 |
|---|--------------------------|--------------------------|
| TIF 1 funds held by the Oklahoma County Treasurer | \$ 698,331 | \$ 720,569 |
| <i>Economic Development Act</i> grant receivable | <u>226,883</u> | <u>31,200</u> |
| | <u><u>\$ 925,214</u></u> | <u><u>\$ 751,769</u></u> |

Note 4: Rent Receivable

A rent receivable at June 30, 2019 and 2018, of \$205,902 and \$157,567, respectively, is related to the Skirvin Hotel ground lease (see *Note 12*). The Authority reviews outstanding receivables and, based on historical collection information and existing economic conditions, may provide for an allowance for doubtful accounts. There was no allowance recorded or considered necessary for the years ended June 30, 2019 and 2018.

Note 5: Notes Receivable

Skirvin Investment Fund, LLC

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

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2019 and 2018

Skirvin Partners, LLC

The Authority loaned Skirvin Partners, LLC \$4,000,000. The loan is secured with the Authority's Subordinated Mortgage and bears interest at the rate of 3% with interest payable monthly. The note matured December 31, 2012, and was refinanced as of that date for \$10,654,000 at an interest rate of 3%. The refinanced note included the assigned loan to the Fund. Under the new terms, accrued interest shall be paid semiannually on June 1 and December 1, starting June 1, 2013, with a prorated payment for five months of interest with the final payment due on December 1, 2042. Principal payments shall be payable annually on December 1. Principal payments were \$233,011 and \$225,999 as of June 30, 2019 and 2018, respectively. Interest income of \$284,206 and \$291,090 was recognized during the years ended June 30, 2019 and 2018, respectively, in the accompanying government-wide statements of activities.

Page Woodson Development, LLC

In March 2016, the Authority agreed to loan Page Woodson Development, LLC up to \$9,150,000. The loan is secured with the Authority's Subordinated Mortgage and bears interest at the rate of 0.25% with interest payable annually. The note matures March 18, 2051, at which time all principal and accrued unpaid interest is due. At June 30, 2019 and 2018, \$5,650,000 was advanced under this loan agreement. Interest income of \$14,124 was recognized during the years ended June 30, 2019 and 2018, in the accompanying government-wide statements of activities.

Note 6: Capital Assets

Capital assets at June 30 consisted of the following:

| | 2019 | | | |
|--|------------------------------|------------------|------------------|---------------------------|
| | Beginning Balance | Additions | Disposals | Ending Balance |
| Land | \$ 541,192 | \$ 287,000 | \$ - | \$ 828,192 |
| Building | 7,277,811 | - | - | 7,277,811 |
| University of Oklahoma Undivided ownership interest in buildings | 1,337,403 | - | - | 1,337,403 |
| | 8,615,214 | - | - | 8,615,214 |
| Less accumulated depreciation | (3,760,936) | (344,608) | - | (4,105,544) |
| Building, parking garages and undivided ownership interest in buildings, net | 4,854,278 | (344,608) | - | 4,509,670 |
| Total capital assets, net | \$ 5,395,470 | \$ (57,608) | \$ - | \$ 5,337,862 |

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2019 and 2018

| | 2018 | | | |
|--|------------------------------|---------------------|------------------|---------------------------|
| | Beginning Balance | Additions | Disposals | Ending Balance |
| Land | \$ 506,891 | \$ 34,301 | \$ - | \$ 541,192 |
| Building | 7,277,811 | - | - | 7,277,811 |
| University of Oklahoma Undivided ownership interest in buildings | 1,337,403 | - | - | 1,337,403 |
| | 8,615,214 | - | - | 8,615,214 |
| Less accumulated depreciation | (3,416,328) | (344,608) | - | (3,760,936) |
| Building, parking garages and undivided ownership interest in buildings, net | 5,198,886 | (344,608) | - | 4,854,278 |
| Total capital assets, net | <u>\$ 5,705,777</u> | <u>\$ (310,307)</u> | <u>\$ -</u> | <u>\$ 5,395,470</u> |

Building

The building relates to the Cytovance project, of which the Authority funded a portion of the construction. The building was completed during the year ended June 30, 2007, and depreciation commenced at that time. The building is being depreciated over a 25-year life using the straight-line method of depreciation. Depreciation expense was \$291,112 for each of the years ended June 30, 2019 and 2018.

Land

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

In support of the City's efforts to further develop the Boathouse District near the Oklahoma River, the Authority purchased excess right-of-way in the district from the Oklahoma Department of Transportation in June 2019. The property was transferred to the Oklahoma City Public Property Authority in September 2019 in exchange for the purchase price of \$287,000.

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2019 and 2018

Undivided Interest

The undivided interest represents a 1.89423% ownership interest in the University of Oklahoma (OU) Research Park Mobile Incubator buildings. The ownership interest was originally acquired in May 2009 for a total cost of \$1,337,403. The cost included \$200,000 as an allowance for tenant improvements. The undivided interest is being depreciated over a 25-year life using the straight-line method of depreciation. Depreciation expense was \$53,496 for each of the years ended June 30, 2019 and 2018.

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

The ownership interest also provides for the Authority to receive rent of \$1 per year plus net cash flow derived from the sublease of OU to the tenant. During the years ended June 30, 2019 and 2018, there were no tenants.

Note 7: Other Assets

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

| | <u>2019</u> | <u>2018</u> |
|----------------------|-------------------|-------------------|
| Deposits held by PHF | <u>\$ 300,000</u> | <u>\$ 300,000</u> |

Note 8: Payments in Lieu of Taxes

In October 2011, a Supplemental Redevelopment Agreement was entered into by and among Urban Renewal, Presbyterian Health Foundation (PHF) and the Toby Keith Foundation (TKF) for the development of OK Kids Korral. As part of the sale of the research park by PHF to OU in October 2013, PHF assigned the OK Kids Korral Supplemental Redevelopment Agreement and the OK Kids Korral Ground Lease Agreement to OU. As part of the Supplemental Redevelopment Agreement and the Ground Lease Agreement, TKF is subject to payments in lieu of ad valorem taxes (PILOT). These payments are payable to the Authority on December 31 beginning in the year of completion of the improvements and each year thereafter. The OK Kids Korral was completed in November 2013 and the Authority recognized \$50,000 and \$185,294 in PILOT on behalf of OK Kids Korral for the years ended June 30, 2019 and 2018, respectively.

As a result of the sales transaction between PHF and OU, the Authority started receiving PILOT from OU, as OU is considered a component unit of the State of Oklahoma. The Authority received \$1,086,869 and \$1,086,007 in PILOT in the years ended June 30, 2019 and 2018, respectively.

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2019 and 2018

Note 9: Long-Term Debt

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

| | Beginning Balance | Advances | Payments | Ending Balance |
|---|------------------------------|--------------------|----------------------------|----------------------------|
| 2019 | | | | |
| Dean A. McGee Note A-1 | \$ 1,079,665 | \$ - | \$ (252,253) | \$ 827,412 |
| Biopharmaceutical Manufacturing Facility Note A-2 | <u>2,339,277</u> | <u>-</u> | <u>(546,547)</u> | <u>1,792,730</u> |
| | <u><u>\$ 3,418,942</u></u> | <u><u>\$ -</u></u> | <u><u>\$ (798,800)</u></u> | <u><u>\$ 2,620,142</u></u> |
| 2018 | | | | |
| Dean A. McGee Note A-1 | \$ 1,329,882 | \$ - | \$ (250,217) | \$ 1,079,665 |
| Biopharmaceutical Manufacturing Facility Note A-2 | <u>2,881,412</u> | <u>-</u> | <u>(542,135)</u> | <u>2,339,277</u> |
| | <u><u>\$ 4,211,294</u></u> | <u><u>\$ -</u></u> | <u><u>\$ (792,352)</u></u> | <u><u>\$ 3,418,942</u></u> |

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

Dean A. McGee Note A-1

The Authority issued a \$3,000,000 parity tax apportionment revenue note on August 3, 2007 (Dean A. McGee Note A-1). The note matures on July 1, 2022, and interest on the note is calculated as either the London InterBank Offered Rate (LIBOR) plus 1% or the prime rate minus 1%, whichever is less, adjusted annually on July 1 of each year. From the issue date to July 1, 2010, only interest was due on the note; commencing August 1, 2010, both interest and principal are due on the note. The amount of interest paid for the years ended June 30, 2019 and 2018, was \$29,027 and \$26,179, respectively, and the interest rate as of June 30, 2019 and 2018, was 3.0925% and 2.22389%, respectively.

The note requires a reserve fund be maintained. The reserve fund is calculated as equaling 25% of the annual debt service determined to be due by the next recalculation date, July 1, of each year the note is outstanding. The amount of reserve fund required at June 30, 2019 and 2018, was \$70,421 and \$69,180, respectively. The note also requires encumbered revenues be maintained. Encumbered revenues are the amount of funds necessary to service the debt obligation during a given year. The amount of encumbered funds required at June 30, 2019 and 2018, was \$281,683 and \$276,722, respectively.

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2019 and 2018

Biopharmaceutical Manufacturing Facility Note A-2

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

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

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

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

The note was refinanced on August 31, 2007, as the Biopharmaceutical Manufacturing Facility Note A-2. The amount refinanced, after advancing \$27,668 for closing costs, was \$6,500,000. The note bears interest at the lesser of LIBOR plus 1% or prime rate minus 1% (3.09025% and 2.22389% at June 30, 2019 and 2018, respectively). The rate changes annually on July 1. The note matures July 1, 2022, and required interest only to be paid monthly until August 1, 2010, at which time interest and principal payments commenced. For the years ended June 30, 2019 and 2018, interest of \$62,891 and \$56,755, respectively, was paid on the note.

The note requires a reserve fund be maintained. The reserve fund is calculated as equaling 25% of the annual debt service determined to be due by the next recalculation date, July 1, of each year the note is outstanding. The amount of reserve fund required at June 30, 2019 and 2018, was \$152,549 and \$149,890, respectively. The note also requires encumbered revenues be maintained. Encumbered revenues are the amount of funds necessary to service the debt obligation during a given year. The amount of encumbered funds required at June 30, 2019 and 2018, was \$610,194 and \$599,562, respectively.

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2019 and 2018

Future principal and interest payments on the notes as of June 30, 2019, are as follows:

| Year Ended June 30, | Dean A. McGee Note A-1 | | Biopharmaceutical Manufacturing Facility Note A-2 | |
|---------------------|---------------------------|------------------|---|------------------|
| | Principal | Interest | Principal | Interest |
| 2020 | \$ 259,774 | \$ 21,909 | \$ 562,712 | \$ 47,482 |
| 2021 | 267,921 | 13,762 | 580,363 | 29,832 |
| 2022 | 276,324 | 5,359 | 598,567 | 11,627 |
| 2023 | 23,393 | 59 | 51,088 | 129 |
| | <u>\$ 827,412</u> | <u>\$ 41,089</u> | <u>\$ 1,792,730</u> | <u>\$ 89,070</u> |

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

| | 2019 | 2018 |
|---|---------------------|---------------------|
| Dean A. McGee Note A-1 | \$ 827,412 | \$ 1,079,665 |
| Biopharmaceutical Manufacturing Facility Note A-2 | 1,792,730 | 2,339,277 |
| | <u>2,620,142</u> | <u>3,418,942</u> |
| Less current maturities | (822,486) | (808,490) |
| | <u>\$ 1,797,656</u> | <u>\$ 2,610,452</u> |

Note 10: Net Position

The accompanying government-wide statements of net position reflect the following types of net position as of June 30, 2019 and 2018:

- **Net Investment in Capital Assets** – Represents a balance of \$3,545,132 and \$3,056,193 at June 30, 2019 and 2018, respectively. The debt associated with capital assets had a balance of \$1,792,730 and \$2,339,277 at June 30, 2019 and 2018, respectively.
- **Restricted** – Represents net position that has been restricted by outside sources. The net position restricted for debt service was \$1,114,847 and \$1,095,354 at June 30, 2019 and 2018, respectively. The net position restricted for economic development activities was \$28,488,486 and \$27,371,610 at June 30, 2019 and 2018, respectively.

Note 11: Ad Valorem Tax Revenue

Revenue is generated through apportionment of ad valorem tax increments collected within TIFs. The increment of ad valorem taxes, as defined by the *Oklahoma Local Development and Enterprise*

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2019 and 2018

Zone Incentive Leverage Act, in excess of ad valorem taxes generated by the base assessed value of the increment district may be apportioned and used to pay project costs authorized by the project plan. The taxes are collected and distributed by the Oklahoma County Treasurer. Monies not distributed to the Authority are maintained for the benefit of the Authority by the Oklahoma County Treasurer. Interest income is paid by the Oklahoma County Treasurer on monies collected and held for apportionment and distribution.

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

| | TIF 1 | TIF 7 | TIF 11 | Total |
|--|---------------------|-------------------|-------------------|---------------------|
| 2019 | | | | |
| Tax year | | | | |
| 2016 | \$ - | \$ 597 | \$ - | \$ 597 |
| 2017 | 30,784 | 1,235 | 683,633 | 715,652 |
| 2018 | 1,244,321 | 369,263 | | 1,613,584 |
| | <u>1,275,105</u> | <u>371,095</u> | <u>683,633</u> | <u>2,329,833</u> |
| Interest received | 7,703 | 2,242 | 4,130 | 14,075 |
| Net change in tax receivable from Oklahoma County Treasurer | <u>(22,238)</u> | <u>-</u> | <u>-</u> | <u>(22,238)</u> |
| | <u>\$ 1,260,570</u> | <u>\$ 373,337</u> | <u>\$ 687,763</u> | <u>\$ 2,321,670</u> |
| 2018 | | | | |
| Tax year | | | | |
| 2015 | \$ 52 | \$ - | \$ - | \$ 52 |
| 2016 | 182,510 | 7,136 | - | 189,646 |
| 2017 | 1,679,282 | 246,399 | - | 1,925,681 |
| | <u>1,861,844</u> | <u>253,535</u> | <u>-</u> | <u>2,115,379</u> |
| Interest received | 7,742 | 1,054 | - | 8,796 |
| Net change in tax receivable from Oklahoma County Treasurer | <u>580,261</u> | <u>-</u> | <u>-</u> | <u>580,261</u> |
| | <u>\$ 2,449,847</u> | <u>\$ 254,589</u> | <u>\$ -</u> | <u>\$ 2,704,436</u> |

Note 12: Lease Agreement

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

All rents collected under the lease agreement are to be used to repay Urban Renewal for funds loaned to the Authority, not to exceed \$1,500,000. The balance of rents collected will be retained

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2019 and 2018

by the Authority pending authorization and direction for the use of the revenue by the City Council or its designee. Rent payment is due annually from the Skirvin Hotel, which is based on cash flows of the entity for the fiscal year.

During 2019, a joint resolution was passed by the City Council and the Authority designating all annual receipts associated with this agreement to be paid to the City, through the Oklahoma City Economic Development Trust (OCEDT), for the purpose of servicing debt issued for the purpose of the Omni Hotel Funding Plan. Under this joint resolution, the Authority is directed to transfer the accumulated balance of any monies collected by the Authority to OCEDT, net of any contractually required retainage as invoiced by the City. During the year ended June 30, 2019, \$1.7 million was transferred to OCEDT under this joint resolution.

Rent revenues recognized under the lease agreement were \$398,441 and \$206,843 for the years ended June 30, 2019 and 2018, respectively.

Note 13: Related-Party Transactions

Urban Renewal

At June 30, 2019 and 2018, the Authority owed \$61,876 and \$27,564, respectively, of TIF 1 funds to Urban Renewal for administrative costs. At June 30, 2019, the Authority also owed approximately \$545,000 relating to the acquisition of land that was paid for by Urban Renewal but purchased by the Authority.

Note 14: Subsequent Events

Subsequent to year-end, the Authority closed on a purchase of land of approximately \$4.3 million. The land is located at the southeast corner of North E.K. Gaylord Boulevard and Northwest 4th Street. After the purchase, the property was transferred to Urban Renewal, a related party. The Authority will be repaid upon sale of the property by Urban Renewal. A request for proposal has been issued, and proposals are due to the Authority in December 2019.

In September 2019, the Authority transferred ownership of the land purchased in the current year to the Oklahoma City Public Property Authority in exchange for \$287,000.

Supplementary Information

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Budget-to-Actual Expenditure Comparison (Project Life-to-Date)
June 30, 2019

| TIF 1 | Category A | Category B | Category C |
|-----------------------------|---------------------|---------------------|--------------------|
| Total budget | \$ 22,000,000 | \$ 23,000,000 | \$ 2,000,000 |
| Expenditures | | | |
| For years 2013 through 2019 | (3,903,237) | (6,153) | (577,751) |
| For years 2012 and prior | <u>(9,719,370)</u> | <u>(14,516,056)</u> | <u>(1,422,249)</u> |
| Budget amount remaining | <u>\$ 8,377,393</u> | <u>\$ 8,477,791</u> | <u>\$ -</u> |

| TIF 7 | Category A | Category B | Category C | Category D |
|-----------------------------|---------------------|---------------------|-------------------|----------------------|
| Total budget | \$ 4,000,000 | \$ 5,000,000 | \$ 1,000,000 | \$ 11,000,000 |
| Expenditures | | | | |
| For years 2013 through 2019 | (249,352) | - | (49,237) | (305,636) |
| For years 2012 and prior | <u>-</u> | <u>-</u> | <u>-</u> | <u>(504,816)</u> |
| Budget amount remaining | <u>\$ 3,750,648</u> | <u>\$ 5,000,000</u> | <u>\$ 950,763</u> | <u>\$ 10,189,548</u> |

| TIF 11 | Category A | Category B | Category C | Category D | Category E |
|-------------------------|----------------------|---------------------|---------------------|---------------------|----------------------|
| Total budget | \$ 17,000,000 | \$ 9,000,000 | \$ 3,000,000 | \$ 5,000,000 | \$ 18,000,000 |
| Expenditures | | | | | |
| 2019 | - | - | - | - | - |
| 2018 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,110)</u> |
| Budget amount remaining | <u>\$ 17,000,000</u> | <u>\$ 9,000,000</u> | <u>\$ 3,000,000</u> | <u>\$ 5,000,000</u> | <u>\$ 17,997,890</u> |

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

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Budget-to-Actual Expenditure Comparison (Project Life-to-Date)
June 30, 2019

Note 1: Basis of Preparation

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

Note 2: Expenditures

TIF 1

TIF 1 expenses incurred by the Authority are classified into three basic categories. The categories defined by the project plan, as amended May 16, 2001, November 30, 2002, August 1, 2006 and December 20, 2016, are as follows:

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

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

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

TIF 7

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

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

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Budget-to-Actual Expenditure Comparison (Project Life-to-Date)
June 30, 2019

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

TIF 11

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

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

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

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

Independent Auditor's Report

Board of Trustees
Oklahoma City Redevelopment Authority
Oklahoma City, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major funds of the Oklahoma City Redevelopment Authority (the Authority), a component unit of the City of Oklahoma City, Oklahoma (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 28, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Trustees
Oklahoma City Redevelopment Authority

Compliance and Other Matters

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

Purpose of This Report

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

BKD, LLP

Tulsa, Oklahoma
October 28, 2019

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Schedule of Findings and Responses
Year Ended June 30, 2019

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

Board of Trustees
Oklahoma City Redevelopment Authority
Oklahoma City, Oklahoma

As part of our audit of the financial statements of the Oklahoma City Redevelopment Authority (the Authority), a component unit of the City of Oklahoma City, Oklahoma (the City), as of and for the year ended June 30, 2019, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

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

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

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

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

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

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

Alternative Accounting Treatments

No matters are reportable.

Management Judgments and Accounting Estimates

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

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

Financial Statement Disclosures

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

- Revenue recognition
- Lease transactions

Audit Adjustments

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

Areas in which adjustments were proposed include:

Proposed Audit Adjustments Recorded

- Accrued liability for services rendered during fiscal year 2019

Proposed Audit Adjustments Not Recorded

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

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

No matters are reportable.

Other Material Communication

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

- Management representation letter (attached)

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements of the Authority as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

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

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

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

Deficiency

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

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

NEW ACCOUNTING PRONOUNCEMENT

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, provides a new framework for accounting for leases under the principle that leases are financings. No longer will leases be classified between capital and operating. Lessees will recognize an intangible asset and a corresponding liability. The liability will be based on the payments expected to be paid over the lease term, which includes an evaluation of the likelihood of exercising renewal or termination options in the lease. Lessors will recognize a lease receivable and related deferred inflow of resources. Lessors will not derecognize the underlying asset. An exception to the general model is provided for short-term leases that cannot last more than 12 months. Contracts that contain lease and nonlease components will need to be separated so each component is accounted for accordingly.

GASB 87 is effective for financial statements for fiscal years beginning after December 15, 2019. Earlier application is encouraged. Governments will be allowed to transition using the facts and circumstances in place at the time of adoption rather than retroactive to the time each lease was begun.

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

BKD, LLP

October 28, 2019

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

October 28, 2019

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Vice Chairman

Mark Beffort

David Greenwell

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Mary Melon

Russell M. Perry

EXECUTIVE DIRECTOR

Catherine O'Connor

BKD, LLP

Certified Public Accountants

Two Leadership Square

211 N. Robinson Avenue, Ste. 600

Oklahoma City, OK 73102

We are providing this letter in connection with your audits of the Oklahoma City Redevelopment Authority's (the Authority), a component unit of the City of Oklahoma City, Oklahoma, financial statements as of and for the years ended June 30, 2019 and 2018. We confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

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

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

1. We have fulfilled our responsibilities, as set out in the terms of our engagement letter dated June 20, 2019 for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.
5. We have provided you with:
 - (a) Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.
 - (b) Additional information that you have requested from us for the purpose of the audit.
 - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - (d) All minutes of meetings of the governing body held through the date of this letter and all unapproved minutes are accurate and complete with respect to activities covered.
 - (e) All significant contracts and grants.
6. All transactions have been recorded in the accounting records and are reflected in the financial statements.
7. We have informed you of all current risks of a material amount that are not adequately prevented or detected by entity procedures with respect to:
 - (a) Misappropriation of assets.
 - (b) Misrepresented or misstated assets, liabilities or net position.

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8. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
9. We have no knowledge of any known or suspected:
 - (a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.
 - (b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.
10. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority received in communications from employees, customers, regulators, suppliers or others.
11. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America. We understand that the term related party refers to an affiliate; management, and members of their immediate families, component units; and any other party with which the entity may deal if it can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with us.
12. Except as reflected in the financial statements, there are no:
 - (a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.
 - (b) Material transactions omitted or improperly recorded in the financial statements.
 - (c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental

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remediation obligations.

(d) Events occurring subsequent to the statement of net position/balance sheet date through the date of this letter requiring adjustment or disclosure in the financial statements.

(e) Agreements to purchase assets previously sold.

(f) Restrictions on cash balances or compensating balance agreements.

(g) Guarantees, whether written or oral, under which the Authority is contingently liable.

13. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

14. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the consolidated financial statements. We have not sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.

15. Adequate provisions and allowances have been accrued for any material losses from:

(a) Uncollectible receivables.

(b) Sales commitments, including those unable to be fulfilled.

(c) Purchase commitments in excess of normal requirements or above prevailing market prices.

16. Except as disclosed in the financial statements, we have:

(a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.

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- (b) Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.
- 17. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.
- 18. With regard to deposit and investment activities:
 - (a) All deposit, repurchase and investment transactions have been made in accordance with legal and contractual requirements.
 - (b) Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
 - (c) We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
- 19. With respect to any nonattest services you have provided us during the year, including assistance in financial statement preparation:
 - (a) We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
 - (b) We have established and monitored the performance of the nonattest services to ensure that they meet our objectives.
 - (c) We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
 - (d) We have evaluated the adequacy of the services performed and any findings that resulted.

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20. We acknowledge that we are responsible for compliance with applicable laws, regulations and provisions of contracts and grant agreements.
21. We have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
22. We have identified and disclosed to you any violations or possible violations of laws, regulations and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
23. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts or violations of provisions of contracts or grant agreements that you or other auditors report.
24. We have a process to track the status of audit findings and recommendations.
25. We have identified to you any previous financial audits, attestation engagements, performance audits or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements or other studies.
26. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the statement of net position/balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
27. The fair values of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the

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notes thereto are reasonable estimates based on the methods and assumptions used. The methods and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period, taking into account any changes in circumstances. The significant assumptions appropriately reflect market participant assumptions.

28. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.
29. With regard to supplementary information:
 - (a) We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
 - (b) We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
 - (c) The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period.
 - (d) We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.
 - (e) If the supplementary information is not presented with the audited financial statements, we acknowledge we will make

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the audited financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor's report are issued.



Catherine O'Connor, Executive Director



Geri Harlan, Chief Financial Officer

Oklahoma City Redevelopment Authority

ATTACHMENT

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

Governmental Activities (Government-Wide Statements)

QUANTITATIVE ANALYSIS

| | Before Misstatements | Misstatements | Subsequent to Misstatements | % Change |
|--|-------------------------|---------------|--------------------------------|----------|
| Current Assets | 13,382,342 | | 13,382,342 | |
| Non-Current Assets & Deferred Outflows | 23,344,607 | 23,158 | 23,367,765 | 0.10% |
| Current Liabilities | (1,780,828) | | (1,780,828) | |
| Non-Current Liabilities & Deferred Inflows | (1,797,656) | | (1,797,656) | |
| Current Ratio | 7.52 | | 7.52 | |
| Total Assets & Deferred Outflows | 36,726,949 | 23,158 | 36,750,107 | 0.06% |
| Total Liabilities & Deferred Inflows | (3,578,484) | | (3,578,484) | |
| Total Net Position | (33,148,465) | (23,158) | (33,171,623) | 0.07% |
| General Revenues & Transfers | (3,458,539) | (100,321) | (3,558,860) | 2.90% |
| Net Program Revenues/ Expenses | 1,833,231 | | 1,833,231 | |
| Change in Net Position | (1,625,308) | (100,321) | (1,725,629) | 6.17% |

| | | Factual (F), Judgmental (J), Projected (P) | Assets & Deferred Outflows | | Liabilities & Deferred Inflows | | General Revenues & Transfers | | | net Program Revenues/ Expenses | Net Position | Net Effect on Following Year | |
|--|-------------------------------|--|----------------------------------|-------------|--------------------------------|-------------|------------------------------|---------|---------|-----------------------------------|------------------------|------------------------------|--|
| Description | Financial Statement Line Item | | Current | Non-Current | Current | Non-Current | | | | | Change in Net Position | Net Position | |
| | | | DR (CR) | DR (CR) | DR (CR) | DR (CR) | DR (CR) | DR (CR) | DR (CR) | DR (CR) | DR (CR) | DR (CR) | |
| Turnaround effect of PY PAJE for FV adjustment of investments. | | F | 0 | 0 | 0 | 0 | (77,163) | 0 | 77,163 | 0 | 0 | | |
| | Unrealized Holding Gain/Loss | | | | | (77,163) | | | | | | | |
| | Net Position | | | | | | | 77,163 | | | | | |
| To adjust CD securities to their Fair Value at year-end. | | F | 0 | 23,158 | 0 | 0 | (23,158) | 0 | 0 | 23,158 | (23,158) | | |
| | Investments | | | 23,158 | | | | | | 23,158 | | | |
| | Unrealized Holding Gain/Loss | | | | | (23,158) | | | | | (23,158) | | |
| Total passed adjustments | | | 0 | 23,158 | 0 | 0 | (100,321) | 0 | 77,163 | 23,158 | (23,158) | | |
| | | | Impact on Change in Net Position | | | | | | | | | (100,321) | |
| | | | Impact on Net Position | | | | | | | | | (23,158) | |

Oklahoma City Redevelopment Authority

ATTACHMENT

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

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QUANTITATIVE ANALYSIS

| | Before Misstatements | Misstatements | Subsequent to Misstatements | % Change |
|--------------------------------------|-------------------------|---------------|--------------------------------|----------|
| Total Assets & Deferred Outflows | 15,645,081 | 22,920 | 15,668,001 | 0.15% |
| Total Liabilities & Deferred Inflows | (1,670,617) | | (1,670,617) | |
| Total Fund Balance | (13,974,464) | (22,920) | (13,997,384) | 0.16% |
| Revenues | (4,548,968) | 54,243 | (4,494,725) | -1.19% |
| Expenditures | 2,642,625 | | 2,642,625 | |
| Change in Fund Balance | (1,906,343) | 54,243 | (1,852,100) | -2.85% |

| | | | | | | | | | | | | Net Effect on Following Year | | | | |
|--|-------------------------------|--|-------------------|--------|------------------|------|----------|----------|--------------|------|--------------|------------------------------|----------------|--------|---------|----------|
| Description | Financial Statement Line Item | Factual (F), Judgmental (J), Projected (P) | Assets & Deferred | | Liabilities & | | Revenues | | Expenditures | | Fund Balance | | Change in Fund | | Fund | |
| | | | Outflows | | Deferred Inflows | | | | | | | | Balance | | Balance | |
| | | | DR | (CR) | DR | (CR) | DR | (CR) | DR | (CR) | DR | (CR) | DR | (CR) | DR | (CR) |
| Turnaround effect of PY PAJE for FV adjustment of investments. | | F | | 0 | | 0 | | 77,163 | | 0 | | (77,163) | | 0 | | 0 |
| | Investment Income | | | | | | | 77,163 | | | | | | | | |
| | Fund Balance | | | | | | | | | | | (77,163) | | | | |
| To adjust CD securities to their Fair Value at year-end. | | F | | 22,920 | | 0 | | (22,920) | | 0 | | 0 | | 22,920 | | (22,920) |
| | Investments | | | 22,920 | | | | | | | | | | 22,920 | | |
| | Unrealized gain on holdings | | | | | | | (22,920) | | | | | | | | (22,920) |
| Total passed adjustments | | | | 22,920 | | 0 | | 54,243 | | 0 | | (77,163) | | 22,920 | | (22,920) |
| Impact on Change in Fund Balance: | | | | | | | | | | | | 54,243 | | | | |
| Impact on Fund Balance | | | | | | | | | | | | (22,920) | | | | |

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

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**EXECUTIVE
DIRECTOR**

Catherine O'Connor

To: Board of Commissioners

From: Catherine O'Connor, Executive Director

Date: November 20, 2019

Ref: Resolution Authorizing an Invitation for Proposals for the Renovation, Preservation, Rehabilitation, and Redevelopment of Property Located at 1440 North Everest Avenue and Commonly Known as The Brockway Center

Background: The Brockway Center was built in 1915 and housed the Oklahoma City Chapter of the National Association of Colored Women's Clubs, an organization that provided support, education, and training for women and children, opposed segregated transportation and was a strong and visible supporter of the antilynching movement.

In order to prevent demolition of the Brockway Center by the previous owner, OCRA purchased the property and now seeks to preserve it by soliciting proposals for the renovation, preservation, rehabilitation, and redevelopment.

Recommendation: Approval of Resolution

RESOLUTION NO. _____

**RESOLUTION AUTHORIZING AN INVITATION FOR PROPOSALS FOR THE
RENOVATION, PRESERVATION, REHABILITATION, AND REDEVELOPMENT OF
PROPERTY LOCATED AT 1440 NORTH EVEREST AVENUE AND COMMONLY
KNOWN AS THE BROCKWAY CENTER**

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

WHEREAS, the Project Plan authorizes the Oklahoma City Redevelopment Authority, a public trust (“OCRA”), and the Oklahoma City Urban Renewal Authority, a public body corporate (“OCURA”), to carry out and administer the provisions of the Project Plan; and

WHEREAS, pursuant to the Oklahoma Urban Redevelopment Law, 11 O.S. §38-101, *et seq.*, the City previously approved the Harrison-Walnut Urban Renewal Plan, the John F. Kennedy Urban Renewal Plan, Project Okla. R-35, the University Medical Center Urban Renewal Plan, and other urban renewal plans (the “Urban Renewal Plans”), and authorized OCURA to carry out the Urban Renewal Plans; and

WHEREAS, a key objective of the Urban Renewal Plans is the rehabilitation of existing structures; and

WHEREAS, OCRA is a public trust created pursuant to the Oklahoma Public Trust Law, 60 O.S. § 176, *et seq.*, by a Trust Indenture dated May 7, 1985 (“Trust Indenture”) that is engaged in the promotion, stimulation, development, and redevelopment of its beneficiary, the City of Oklahoma City; and

WHEREAS, the residential structure located at 1440 North Everest Avenue (also known as the “Brockway Center”) was built in 1915 and is significant in the history of Oklahoma City, as it housed the Oklahoma City Chapter of the National Association of Colored Women’s Clubs, an organization that provided support, education, and training for women and children and that opposed segregated transportation and was a strong and visible supporter of the antilynching movement; and

WHEREAS, in order to prevent the demolition of the Brockway Center by its previous owner, and pursuant to the authorizations contained in Resolution No. 196, OCRA purchased it and now seeks to preserve it; and

WHEREAS, the preservation and renovation of the historic Brockway Center is an appropriate and important public benefit and is supportive of the objectives of the Urban Renewal Plans and the Project Plan; and

WHEREAS, OCRA wishes to solicit proposals for the renovation, preservation, rehabilitation, and redevelopment of the Brockway Center; and

WHEREAS, it is appropriate and desirable to authorize an invitation of proposals for the renovation, preservation, rehabilitation, and redevelopment of the Brockway Center in support of the achievement of the objectives of the Urban Renewal Plans and Project Plan.

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

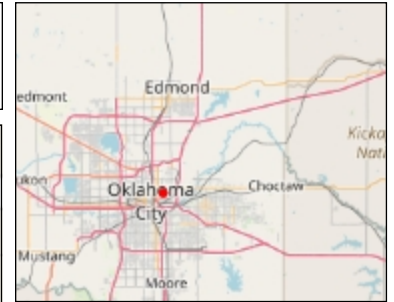
1. The invitation of proposals for the renovation, preservation, rehabilitation, and redevelopment of the property located at 1440 North Everest Avenue, known as the Brockway Center, is hereby authorized.
2. A public notice of invitation for proposals is hereby authorized to be published and a period of no less than ninety (90) days from the date of first publication is to be established for submission of proposals.
3. The Executive Director, OCRA staff, and legal counsel are authorized to prepare appropriate documents for inviting and submitting proposals and are directed to proceed with the issuance of the public invitation for proposals in a timely manner.
4. All proposals shall be evaluated, and if acceptable, a redeveloper may be conditionally designated by the Board of Trustees. The conditional redeveloper designation shall be based on the determination of the proposal or proposals deemed to be most acceptable to OCRA
5. The evaluation of proposals shall be based on the principal criteria outlined in the invitation, including but not limited to:
 - a. Responsiveness of the proposal to meet the primary goal and objective of preserving and rehabilitating the Brockway Center, along with the goals and objectives of the Project Plan, the Urban Renewal Plans, PlanOKC, and applicable requirements and guidelines contained in the City's zoning and municipal codes.
 - b. Market feasibility and likelihood of the proposal to succeed.
 - c. Redeveloper team qualifications relevant to the proposal and demonstrated experience in completing similar projects.
 - d. Sufficient evidence of financial capacity to carry out the proposal.
 - e. Capability of the redeveloper team to initiate and complete the project within a reasonable timeline.
6. OCRA shall enter into direct negotiations with the prospective redeveloper receiving conditional redeveloper designation in order to achieve the best and most desirable project for the area and obtain agreement as to price and other terms and conditions satisfactory to OCRA.

7. The invitation for proposals shall not create any legal obligation for OCRA to enter into a contract except on terms and conditions it deems in the Board's discretion to be acceptable and desirable.
8. The Executive Director, legal counsel, officers, and staff of OCRA are authorized and directed to prepare and execute such documents, letters, and authorizations as may be appropriate or desirable to implement this resolution.

I, _____, Secretary of the Oklahoma City Redevelopment Authority, a public trust, certify that the foregoing Resolution No. _____ was duly adopted at a **special** meeting of the Oklahoma City Redevelopment Authority, held at the Arts District Garage Conference Room, 431 West Main, Suite B, Oklahoma City, Oklahoma 73102, on the **20th** day of **November, 2019**; that said meeting was held in accordance with the By-Laws of the Oklahoma City Redevelopment Authority and the Oklahoma Open Meetings Act; that any notice required to be given of such meeting was properly given; that a quorum was present at all times during said meeting; and that the Resolution was duly adopted by a majority of the Board Members present.

SECRETARY

(SEAL)



Legend



1: 1,128



0.0 0 0.02 0.0 Miles

Notes

Enter Map Description

Oklahoma City Redevelopment Authority
Statement of Net Position
and Reconciliation of Net Position to Fund Balance
as of September 30, 2019

Assets

| | |
|---|-------------------|
| Current Assets | |
| Cash & Cash Equivalents - Reserved (1) | 942,233 |
| Investments | 8,240,000 |
| Accounts Receivable | 292,100 |
| Rent Receivable | 205,902 |
| Interest Receivable | 115,095 |
| Investment Income Receivable | 6,089 |
| Due from Other Governments | 925,214 |
| Total Current Assets | 10,726,634 |
| Capital Assets | |
| Land | 4,949,373 |
| Building & Undivided Ownership | 8,615,214 |
| Accumulated Depreciation | (4,191,702) |
| Total Capital Assets | 9,372,885 |
| Other Noncurrent Assets | |
| Notes Receivable | 15,006,985 |
| Other Assets | 300,000 |
| Total Other Noncurrent Assets | 15,306,985 |
| Total Assets | 35,406,504 |
| Liabilities | |
| Current Liabilities | |
| Current Portion of Long-term Debt | 825,717 |
| Accounts Payable | 12,223 |
| Due to Urban Renewal | 431,243 |
| Total Current Liabilities | 1,269,184 |
| Noncurrent Liabilities | |
| Long-term Debt, less current portion | 1,591,744 |
| Total Noncurrent Liabilities | 1,591,744 |
| Total Liabilities | 2,860,928 |
| Net Position | 32,545,576 |
| Reconciliation of Net Position to Fund Balance | |
| <i>Not Reported in Governmental Funds Balance Sheet</i> | |
| Land | (4,949,373) |
| Building & Undivided Ownership | (8,615,214) |
| Accumulated Depreciation | 4,191,702 |
| Notes Receivable | (15,006,985) |
| Long-term Debt | 2,417,461 |
| Total Fund Balance | 10,583,167 |

Oklahoma City Redevelopment Authority
Governmental Funds Balance Sheet and Statement of Revenues
as of and for the Month ending September 30, 2019

| | <u>TIF 1</u> | <u>Skirvin</u> | <u>Total</u> |
|---|--------------------|----------------|--------------------|
| Assets | | | |
| Cash & Cash Equivalents - Reserved (1) | 834,375 | 107,859 | 942,233 |
| Investments - Reserved (2) | 7,840,000 | 400,000 | 8,240,000 |
| Accounts Receivable | 292,100 | - | 292,100 |
| Rent Receivable | - | 205,902 | 205,902 |
| Interest Receivable | 21,525 | 93,570 | 115,095 |
| Investment Income Receivable | 6,089 | - | 6,089 |
| Due From Other Governments | 925,214 | - | 925,214 |
| Other Assets | 300,000 | - | 300,000 |
| Total Assets | 10,219,303 | 807,331 | 11,026,634 |
| Liabilities | | | |
| Accounts Payable | 12,223 | - | 12,223 |
| Due to Urban Renewal | 431,243 | - | 431,243 |
| Total Liabilities | 443,467 | - | 443,467 |
| Fund Balance | 9,775,836 | 807,331 | 10,583,167 |
| Total Liabilities & Fund Balance | 10,219,303 | 807,331 | 11,026,634 |
| Revenues | | | |
| Apportioned Ad Valorem Taxes/PILOT - TIF | - | - | - |
| Rental Income | - | - | - |
| Interest Income | 3,531 | 70,178 | 73,709 |
| Investment Income | 27,862 | 134 | 27,996 |
| Other Income | 5,100 | - | 5,100 |
| Total Revenues | 36,493 | 70,312 | 106,804 |
| Expenditures | | | |
| Commercialization of Research & Technology | 348,029 | - | 348,029 |
| Placemaking | - | - | - |
| Implementation & Administration of Project Plan | 92,902 | - | 92,902 |
| Other Project Redevelopment Activity Costs | 4,282,772 | - | 4,282,772 |
| Debt Service - Principal | 202,681 | - | 202,681 |
| Debt Service - Interest | 21,012 | - | 21,012 |
| Total Expenditures | 4,947,396 | - | 4,947,396 |
| Changes in Fund Balance | (4,910,903) | 70,312 | (4,840,591) |
| Fund Balance, Beginning of Year | 14,686,739 | 737,019 | 15,423,758 |
| Fund Balance, Current | 9,775,836 | 807,331 | 10,583,167 |

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

(2) Skirvin Investments are reserved for City approved expenditures.

Oklahoma City Redevelopment Authority
Schedule of Investments
September 30, 2019

| <u>Investments</u> | <u>Interest</u> <u>Rate</u> | <u>Maturity</u> <u>Date</u> | <u>Settlement</u> <u>Date</u> | <u>Amount</u> |
|------------------------------------|--------------------------------|--------------------------------|----------------------------------|---------------|
| Merrick Bank Corp | 1.65% | 10/11/19 | 10/11/17 | 245,000 |
| BMW Bank of North America | 1.65% | 10/21/19 | 10/20/17 | 245,000 |
| Sallie Mae Bank | 1.70% | 10/25/19 | 10/25/17 | 245,000 |
| Morgan Stanley | 1.75% | 10/30/19 | 10/30/17 | 245,000 |
| Goldman Sachs USA | 1.75% | 11/08/19 | 11/08/17 | 245,000 |
| Berkshire Bank | 1.60% | 11/12/19 | 11/09/17 | 245,000 |
| First Priority Bank | 1.65% | 11/12/19 | 11/10/17 | 245,000 |
| Lakeside Bank | 1.70% | 11/18/19 | 11/17/17 | 245,000 |
| Morgan Stanley Private Bank | 1.75% | 11/18/19 | 11/16/17 | 245,000 |
| Wex Bank | 1.75% | 11/22/19 | 11/22/17 | 245,000 |
| Rockford Bank & Trust Co | 1.75% | 11/27/19 | 12/04/17 | 245,000 |
| Farmers & Merchants Bancshares Inc | 1.90% | 12/16/19 | 12/15/17 | 245,000 |
| Synchrony Bank | 2.10% | 01/13/20 | 01/12/18 | 245,000 |
| Unity Bank | 2.05% | 01/31/20 | 01/31/18 | 245,000 |
| Stearn's Bank | 2.20% | 02/10/20 | 02/09/18 | 245,000 |
| Bank United NA | 2.20% | 02/10/20 | 02/09/18 | 245,000 |
| Eagle Bank | 2.40% | 03/01/20 | 03/16/18 | 245,000 |
| Investor's Bank | 2.35% | 03/05/20 | 03/05/18 | 245,000 |
| Commerce State Bank | 2.65% | 06/12/20 | 06/20/18 | 245,000 |
| Bank of Hope | 2.70% | 07/13/20 | 07/13/18 | 245,000 |
| Bank of America | 2.65% | 08/10/20 | 08/08/18 | 245,000 |
| Stifel Bank & Trust | 2.70% | 08/27/20 | 08/27/18 | 245,000 |
| UBS Bank USA | 2.80% | 09/14/20 | 09/14/18 | 245,000 |
| Wells Fargo Bank NA | 2.90% | 09/28/20 | 09/28/18 | 245,000 |
| Crossfirst Bank | 2.85% | 10/16/20 | 10/16/18 | 245,000 |
| York Traditions Bank | 2.95% | 10/26/20 | 10/25/18 | 245,000 |
| Compass Bank | 3.00% | 10/26/20 | 10/26/18 | 245,000 |
| CitiBank NA | 2.90% | 01/11/21 | 01/09/19 | 245,000 |
| First Federal Savings & Loan | 2.60% | 01/29/21 | 01/30/19 | 245,000 |
| MutualBank | 2.55% | 02/16/21 | 02/15/19 | 245,000 |
| Penn Community Bank | 2.60% | 02/23/21 | 02/20/19 | 245,000 |
| Bank of China New York City | 2.25% | 12/19/19 | 06/19/19 | 200,000 |
| Customer's Bank | 2.35% | 01/27/20 | 06/26/19 | 200,000 |
| Synovus Bank | 2.40% | 04/16/20 | 04/17/19 | 245,000 |
| Total TIF 1 Investments | 2.26% | | | 8,240,000 |