

AGENDA
OKLAHOMA CITY INDUSTRIAL & CULTURAL
FACILITIES TRUST
SPECIAL MEETING & PUBLIC HEARING OF THE TRUSTEES
WEDNESDAY, AUGUST 24, 2016 – 10:00 A.M.
ALLIANCE CONFERENCE ROOM
105 N. HUDSON AVENUE, SUITE 101
OKLAHOMA CITY, OK 73102

Presiding: David Rainbolt, Chair

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

- 728 Determination of Quorum
- 729 Consider and Approve Minutes of Special Meeting held Monday, June 15, 2015
- 730 Report and Receive Oklahoma City & Cultural Facilities Trust, a Component Unit of the City of Oklahoma City, Oklahoma Auditor’s Reports and Financial Statements June 30, 2014 and 2015
- 731 Report and Receive Quarterly Financial Statements for the Oklahoma City Industrial & Cultural Facilities Trust for Period Ended June 30, 2016
- 732 Approve Trust Budget for FY 2016-2017
- 733 Resolution Authorizing, Approving, Ratifying and Extending Agreement for Economic Development Services with The Alliance for Economic Development of Oklahoma City, Inc. and authorizing the Chair, Vice-chair and General Manager, or any one of them, to take actions necessary to effectuate the provisions of this Resolution, and to approve and authorize other actions regarding the operation and management of the Trust, including the pursuit of economic development prospects, and to authorize necessary funding for same
- 734 Accepting and Approving Proposal of BKD, LLP to provide an audit of accounts of the Trust for the fiscal year ending June 30, 2016, approving the related Engagement Letter of BKD, LLP dated May 18, 2016, and authorizing the Chair (or in the absence of the Chair, a Vice-chair) and General Manager to execute the Engagement Letter for and on behalf of the Trust.

- 735 Designating and Approving BKD, LLP to provide an audit of accounts of the Trust for the fiscal year ending June 30, 2017, and authorizing the Chair (or in the absence of the Chair, a Vice-chair) and General Manager to execute an Engagement Letter incident thereto for and on behalf of the Trust.
- 736 Resolution electing and appointing officers of the Trust and authorizing its officers to act for and on behalf of the Trust.
- 737 Report from General Manager
- 738 Adjournment

**MINUTES OF A SPECIAL MEETING
OF THE
OKLAHOMA CITY INDUSTRIAL & CULTURAL FACILITIES TRUST
MONDAY, JUNE 15, 2015, 2:00 P.m.
ALLIANCE CONFERENCE ROOM
105 N. HUDSON, #101
OKLAHOMA CITY, OK 73102**

TRUSTEES PRESENT: David Rainbolt, Chairman
 Robert H. Alexander, Jr., Trustee
 Lindy Ritz, Trustee
 J. Larry Nichols, Trustee

TRUSTEES ABSENT: Clay I. Bennett, Trustee

OTHER PRESENT: Catherine O'Connor, The Alliance
 Geri Kenfield, The Alliance
 Denise Balkas, The Alliance
 Pam Lunnon, The Alliance
 John Williams, Williams, Box, Forshee & Bullard
 Paul Lefebvre, Williams, Box, Forshee & Bullard
 Wiley Williams, City of Oklahoma City
 Bond Payne, Heritage Trust
 Myrna Latham, McAfee & Taft
 Chad Moore, BKD

PRESIDING: David Rainbolt, Chairman

Oklahoma City Industrial and Cultural Facilities Trust met in the Conference Room of The Alliance for Economic Development of OKC, Oklahoma City, Oklahoma pursuant to public notice thereof in writing, delivered to the City Clerk. Notice of the meeting and agenda were posted at 105 N. Hudson, #101, Oklahoma City, OK; notice of meeting was filed/posted at the City of Oklahoma City Municipal Building bulletin board by June 11, 2015.

720 *Chairman Rainbolt called meeting to order at 2:00 p.m. and declared a quorum of Trustees were present*

721 *Chairman Rainbolt asked for approval of minutes for meeting held September 8, 2014*

Mr. Nichols moved the approval of the minutes, and upon second by Ms. Ritz , the votes was as follows:

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

Minutes Approved.

722 ***Report and Receive Quarterly Financial Statements for Oklahoma City Industrial & Cultural Facilities Trust for the Period ended March 31, 2015***

Ms. Kenfield presented the quarterly financial report through March 31, 2015

Ms. Ritz moved to receive quarterly financial statements, and upon second by Mr. Nichols the vote was as follows:

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

Financials Received.

723 ***Report and Receive Oklahoma City & Cultural Facilities Trust A Component Unit of the City of Oklahoma City, Oklahoma Auditor's Reports and Financial Statements June 30, 2014 and 2013***

Presentation was given by Chad Moore, BKD on the above project.

Mr. Nichols moved to receive audit, and upon second by Mr. Alexander the vote was as follows:

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

Audit Received.

724 ***Resolution Authorizing and Approving Agreement for Economic Development Services with The Alliance for Economic Development of Oklahoma City, Inc. and authorizing the Chair, Vice-Chair and General Manager, or any one of them, to take actions necessary to effectuate the provisions of this Resolution, and to approve and authorize other actions regarding the operation and management of the Trust, including the pursuit of economic development prospects, and to authorize necessary funding for same***

Ms. O'Connor stated the Alliance Agreement is basically the same from previous years; the amount for Alliance services has increased to \$26,250.00 for the coming year.

Mr. Williams explained there is some additional language in section 2 of the resolution that authorizes the Chair, Vice-Chair and General Manager to take all

necessary action regarding operation and management of the Trust including pursuit of economic development prospects and necessary funding for same. They can handle the affairs of the Trust without the necessity of having a Trust meeting.

Ms. Ritz moved the adoption of the resolution and upon second by Mr. Alexander, the vote was as follows:

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

Resolution Adopted.

- 725 *Resolution authorizing and approving Second Amended Real Estate Purchase and Redevelopment Agreement for sale of the Commercial Unit of the Journal Record Building and a ground lease of the related parking lot, sale and transfer of portions of the Commercial Unit of the Journal Record Building to the Oklahoma City National Memorial Foundation and adjustment of the square footage of common elements associated with the Unit Ownership Estate for Journal Record Building Condominiums, Oklahoma City, Oklahoma, providing for ongoing operation and redevelopment of the Commercial Unit and the Parking Lot, and authorization of actions in furtherance of the foregoing*

Mr. Williams explained this resolution covers several different aspects of the Journal Record Building. The resolution authorizes the transfer of property in the basement and a few common elements elsewhere in the building between the Trust and the Oklahoma City National Memorial; it also authorizes the closing of this transaction. The second portion of the resolution deals with the transfer of the final approval to the agreement to sell the Commercial Unit of the JRB and also to lease the parking lot across the street to the Bond Payne's entity. The closing is currently set for July 1st. Some price adjustments were made along with economic incentives enhanced on the part of the Trust and the City of Oklahoma City. Furthermore, Mr. Payne has agreed to deliver certain conditions to closing one of which was that he obtained financing before it was necessary to close the transaction and that has been waived. It was concluded by both parties that pursuing the Historic Preservation Tax Credits were not going to bear fruit and the delay associated with it was not advised. It is highly questionable that this building will even qualify for Historic Preservation Tax Credits. There was limited discussion on tax credits.

Mr. Williams reported the Economic Development Agreement was handled by the City of Oklahoma that provides TIF incentives. The Trust currently is the obligator on a Murrah loan payable to the City of Oklahoma City. That loan will either be assigned or other provisions will be effectuated so that Mr. Payne's group will get the benefit of that loan. The entire purchase price of the building is to be financed with the Murrah loan. The Trust is still working through the provisions of that Murrah loan with the City. This resolution authorizes the

Chair, Vice-Chair or General Manager to modify and finalize the real estate purchase agreement and to do anything needed to close this transaction.

Mr. Nichols moved the adoption of the resolution and upon second by Mr. Alexander, the vote was as follows:

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

Resolution Adopted.

726 ***Report of General Manager***

727 Ms. Ritz moved and Mr. Alexander seconded a motion to adjourn the meeting at 2:25 p.m.

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

ATTEST:

RECORDED:



Catherine O'Connor
General Manager



Pam Lunnon
Executive Assistant

Oklahoma City Industrial and Cultural Facilities Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Independent Auditor's Reports and Financial Statements
June 30, 2015 and 2014



Oklahoma City Industrial and Cultural Facilities Trust
A Component Unit of the City of Oklahoma City, Oklahoma
June 30, 2015 and 2014

Contents

Independent Auditor's Report	1
Management's Discussion and Analysis	3
Financial Statements	
Statements of Net Position	6
Statements of Revenues, Expenses and Changes in Net Position	7
Statements of Cash Flows	8
Notes to Financial Statements	9
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15
Schedule of Findings and Responses	17

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Oklahoma City Industrial and Cultural Facilities Trust (the Trust), a component unit of the City of Oklahoma City, Oklahoma, which comprise the statements of net position as of June 30, 2015 and 2014, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of June 30, 2015 and 2014, and the changes in its financial position and its cash flows 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 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2015, on our consideration of the Trust's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control over financial reporting and compliance.

BKD, LLP

Oklahoma City, Oklahoma
October 22, 2015

Oklahoma City Industrial and Cultural Facilities Trust

A Component Unit of the City of Oklahoma City, Oklahoma

Management's Discussion and Analysis

June 30, 2015 and 2014

Introduction

This management's discussion and analysis of the financial performance of Oklahoma City Industrial and Cultural Facilities Trust (the Trust), a discretely presented component unit of the City of Oklahoma City, Oklahoma (the City), provides an overview of the Trust's financial activities for the years ended June 30, 2015 and 2014. It should be read in conjunction with the accompanying financial statements of the Trust.

Financial Highlights

- Cash and cash equivalents decreased in 2015 by \$15,427 and increased in 2014 by \$99,909.
- The Trust was advanced \$500,000 on its note payable in 2014.
- The City provided \$400,000 in 2015 to help fund the operations of the Journal Record Building. The Trust will return the unused portion of \$160,779 to the City in 2016.
- The Trust's net position increased in 2015 by \$1,656,614 and decreased in 2014 by \$5,876,743.

Using This Annual Report

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

Statements of Net Position

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

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

Total assets of the Trust decreased by \$219,681 in 2015 and \$5,266,722 in 2014. The decrease in 2015 was a result of an additional impairment loss recorded in connection with the July 9, 2015, sale of the Journal Record Building. The 2014 decrease was primarily a result of an impairment loss of \$5,143,599, recorded to reflect the Journal Record Building's net realizable value, or estimated selling price, on the statements of net position.

Capital assets decreased by \$210,966 in 2015 and \$5,380,397 in 2014. Both decreases were due to impairment losses on the Journal Record Building. Debt related to the building increased in 2014 by \$500,000 and decreased in 2015 by \$1,168,962. In 2014, the City advanced \$500,000 to fund building operations. The 2015 decrease was the result of debt forgiveness by the City.

Total liabilities decreased in 2015 by \$1,876,295 and increased in 2014 by \$610,021, respectively. In 2015, the decrease was a result of the City's forgiveness of \$879,500 in accrued interest and a portion of the note payable relating to the Journal Record Building of \$1,168,962. The 2014 increase was primarily the result of the advance of \$500,000 on the note payable used to fund expenses associated with the operation of the Journal Record Building.

Table 1: Condensed Statements of Net Position

	2015	2014	Change	% Change	2013	Change	% Change
Current and other assets	\$ 996,217	\$ 1,004,932	\$ (8,715)	-1%	\$ 891,257	\$ 113,675	13%
Capital assets	5,342,300	5,553,266	(210,966)	-4%	10,933,663	(5,380,397)	-49%
Total assets	6,338,517	6,558,198	(219,681)	-3%	11,824,920	(5,266,722)	-45%
Note payable	4,255,171	5,424,133	(1,168,962)	-22%	4,924,133	500,000	10%
Accrued interest	-	879,500	(879,500)	-100%	774,300	105,200	14%
Other liabilities	221,225	49,058	172,167	351%	44,237	4,821	11%
Total liabilities	\$ 4,476,396	\$ 6,352,691	\$ (1,876,295)	-30%	\$ 5,742,670	\$ 610,021	11%
Net investment in capital assets	\$ 1,087,129	\$ 1,229,133	\$ (142,004)	-12%	\$ 6,609,530	\$ (5,380,397)	-81%
Unrestricted (deficit)	774,992	(1,023,626)	1,798,618	-176%	(527,280)	(496,346)	94%
Net position	\$ 1,862,121	\$ 205,507	\$ 1,656,614	806%	\$ 6,082,250	\$ (5,876,743)	-97%

Statements of Revenues, Expenses and Changes in Net Position

The statements of revenues, expenses and changes in net position report how the Trust's net position changed during the fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. For the years ended June 30, 2015 and 2014, the change in net position was a gain of \$1,656,614 and a loss of \$5,876,743, respectively. The 2015 gain was primarily driven by the debt forgiveness by the City offset by an additional impairment loss.

Table 2: Condensed Statements of Revenues, Expenses and Changes in Net Position

	2015	2014	Change	% Change	2013	Change	% Change
Rental income	\$ 65,272	\$ 132,766	\$ (67,494)	-51%	\$ 173,379	\$ (40,613)	-23%
Other	18,231	21,734	(3,503)	-16%	11,010	10,724	97%
Total revenues	83,503	154,500	(70,997)	-46%	184,389	(29,889)	-16%
Professional and trust fees	77,011	81,444	(4,433)	-5%	45,960	35,484	77%
Journal Record Building	362,155	360,545	1,610	0%	379,735	(19,190)	-5%
Parking lot expense	33,796	34,527	(731)	-2%	35,374	(847)	-2%
Depreciation expense	-	236,798	(236,798)	-100%	236,798	-	0%
Management fees	25,000	50,000	(25,000)	-50%	25,000	25,000	100%
Administrative and general expense	5,644	19,130	(13,486)	-70%	18,681	449	2%
Total operating expenses	503,606	782,444	(278,838)	-36%	741,548	40,896	6%
Nonoperating income (expense)	2,076,717	(5,248,799)	7,325,516	-140%	(95,483)	(5,153,316)	5397%
Change in net position	\$ 1,656,614	\$ (5,876,743)	\$ 7,533,357	-128%	\$ (652,642)	\$ (5,224,101)	800%

Economic Factors

The Trust owns and operates the Journal Record Building's commercial unit and adjacent parking lot. A Request for Proposals to purchase and redevelop the properties was issued in December 2012. A Purchase and Development Agreement was signed in March 2013 and the Trust sold the commercial unit and leased the parking lot (with an option to purchase) on July 9, 2015. The sale resulted in an impairment loss to the Trust, which was recorded in the accompanying 2015 and 2014 financial statements.

Contacting the Trust's Management

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

Oklahoma City Industrial and Cultural Facilities Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Statements of Net Position
June 30, 2015 and 2014

Assets

	2015	2014
Current Assets		
Cash and cash equivalents	\$ 960,492	\$ 975,919
Due from trust funds administered	-	15,000
Accounts receivable	14,167	12,265
Prepaid and other	21,558	1,748
	<u>996,217</u>	<u>1,004,932</u>
Capital Assets	<u>5,342,300</u>	<u>5,553,266</u>
Total assets	<u>6,338,517</u>	<u>6,558,198</u>

Liabilities and Net Position

Current Liabilities		
Current portion of note payable	-	769,000
Accounts payable and accrued liabilities	60,446	49,058
Due to the City of Oklahoma City	160,779	-
Accrued interest	-	879,500
	<u>221,225</u>	<u>1,697,558</u>
Note Payable	<u>4,255,171</u>	<u>4,655,133</u>
Total liabilities	<u>4,476,396</u>	<u>6,352,691</u>
Net Position		
Net investment in capital assets	1,087,129	1,229,133
Unrestricted (deficit)	774,992	(1,023,626)
Total net position	<u>\$ 1,862,121</u>	<u>\$ 205,507</u>

Oklahoma City Industrial and Cultural Facilities Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Revenues		
Rental income	\$ 65,272	\$ 132,766
Administrative fees	16,000	16,000
Oil and gas revenue	2,183	5,684
Interest income	48	50
	<u>83,503</u>	<u>154,500</u>
Operating Expenses		
Expenses related to the operation of the Journal Record Building	362,155	360,545
Professional and trust fees	77,011	81,444
Management fees to the Alliance for Economic Development of Oklahoma City	25,000	50,000
Parking lot expense	33,796	34,527
Office expense	5,644	11,069
Utility expense	-	8,061
Depreciation expense	-	236,798
	<u>503,606</u>	<u>782,444</u>
	<u>(420,103)</u>	<u>(627,944)</u>
Operating Loss		
Nonoperating Income (Expenses)		
Contribution from the City of Oklahoma City	239,221	-
Interest expense	-	(105,200)
Gain on forgiveness of debt	2,048,462	-
Impairment loss on the Journal Record Building	(210,966)	(5,143,599)
	<u>2,076,717</u>	<u>(5,248,799)</u>
Change in Net Position	1,656,614	(5,876,743)
Net Position, Beginning of Year	<u>205,507</u>	<u>6,082,250</u>
Net Position, End of Year	<u><u>\$ 1,862,121</u></u>	<u><u>\$ 205,507</u></u>

Oklahoma City Industrial and Cultural Facilities Trust
A Component Unit of the City of Oklahoma City, Oklahoma

Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Activities		
Rental income	\$ 65,272	\$ 132,766
Oil and gas revenue	2,183	5,684
Administrative fees and others	29,098	3,735
Interest received	48	50
Payments to vendors and suppliers	<u>(512,028)</u>	<u>(542,326)</u>
Net cash used in operating activities	<u>(415,427)</u>	<u>(400,091)</u>
Noncapital Financing Activities		
Proceeds from note payable	-	500,000
Contribution from the City of Oklahoma City	<u>400,000</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(15,427)</u>	<u>99,909</u>
Cash and Cash Equivalents, Beginning of Year	<u>975,919</u>	<u>876,010</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 960,492</u></u>	<u><u>\$ 975,919</u></u>
Reconciliation of Change in Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (420,103)	\$ (627,944)
Adjustments to reconcile excess of change in net assets to net cash used in operating activities		
Depreciation expense	-	236,798
(Increase) decrease in accounts receivable	13,098	(12,265)
Decrease in prepaid and other	(19,810)	(1,501)
Increase in accounts payable and accrued liabilities	<u>11,388</u>	<u>4,821</u>
Net cash used in operating activities	<u><u>\$ (415,427)</u></u>	<u><u>\$ (400,091)</u></u>

Oklahoma City Industrial and Cultural Facilities Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2015 and 2014

Note 1: Nature of Operations and Summary of Significant Accounting Policies

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

Operations

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

Basis of Accounting

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Trust considers all highly liquid debt instruments purchased with a maturity of three months or less and money market mutual funds to be cash equivalents.

Oklahoma City Industrial and Cultural Facilities Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2015 and 2014

Accounts Receivable

Accounts receivable are recorded at the amount management expects to collect from outstanding balances. The Trust provides an allowance for doubtful accounts based on its assessment of the current status of individual accounts. Based on this assessment, no allowance for doubtful accounts was required at June 30, 2015 or 2014.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair value at the date of donation if acquired by gift. Depreciation, if any, is computed using a straight-line method over the estimated useful life of the asset. At June 30, 2015 and 2014, capital assets consisted of assets held for sale or land and were not being depreciated.

Long-Lived Asset Impairment

The Trust accounts for the impairment of capital assets using the guidance provided in Governmental Accounting Standards Board (GASB) Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. Statement No. 42 is a two-step process of identifying potential impairments and testing for impairment. Asset impairment, as defined by Statement No. 42, is a significant, unexpected decline in the service utility of a capital asset. Governments generally hold capital assets because of the services the capital assets provide; consequently, capital asset impairments affect the service utility of the assets. Governments may also acquire assets to redevelop economically depressed areas and are often willing to sell those properties at a price below the carrying value of the assets which includes both acquisition and improvement costs. The Journal Record Building is a property acquired by the Trust in part because of its historical significance and in part as a plan to redevelop the area in which the building was located. The Journal Record Building was improved and operated by the Trust as rental property for several years. In fiscal year 2014, the Trust made the decision to sell the Journal Record Building. As a result of this decision, the Trust has reclassified this capital asset as an asset held for sale and recorded an impairment loss of \$5,143,599 in the year ended June 30, 2014, and an additional impairment loss of \$210,966 for the year ended June 30, 2015. The building was sold on July 9, 2015 (see *Notes 4 and 6* for details).

Oklahoma City Industrial and Cultural Facilities Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2015 and 2014

Net Position

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

There were no restricted net positions at June 30, 2015 and 2014.

Administrative Fees

The Trust receives administrative fees from certain projects. Such fees are based on a percentage of the project's bonds outstanding (1/12th to 1/8th of 1%) or are fixed amounts as determined by the trust indenture.

Income Taxes

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

Note 2: Deposits and Investments

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

The policy of the Trust is to require all deposits to be maintained in accounts which are fully insured or collateralized. As of June 30, 2015 and 2014, the Trust had no uninsured or uncollateralized deposits. The Trust requires that investment collateral be held by a third-party custodian with whom the Trust has a current custodial agreement in the Trust's name.

Investments in the Goldman Sachs Financial Government Obligations Fund, included in cash equivalents, totaled \$916,012 and \$946,568 at June 30, 2015 and 2014, respectively. The investment has ratings of AAAm and Aaa-mf by Standard & Poor's Ratings Group and Moody's Investors Service, Inc., respectively, and a weighted-average duration of 51 days.

Oklahoma City Industrial and Cultural Facilities Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2015 and 2014

Note 3: Due from Trust Funds Administered

The Trust was due \$0 and \$15,000 at June 30, 2015 and 2014, respectively, from trust funds administered for administrative fees earned.

Note 4: Capital Assets and Related Note Payable

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

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

The proceeds from the loan were designated to provide for improvement to, and ongoing operation, maintenance and leasing of the Journal Record Building and ancillary facilities. Subsequent to the original agreement, this loan has been amended multiple times. At June 30, 2014, the loan amount was \$5,424,133. Of this amount, \$4,324,133 was attributed to the acquisition and improvements to the building. The nonrecourse loan is in the form of a 20-year promissory note, which bears interest at 2% and is secured by a mortgage on the building and is repayable solely from cash flows from the project. During fiscal year 2015, the loan was not amended as negotiations to sell the Journal Record Building were underway. Instead, the Trust received a cash inflow of \$400,000 from the City of Oklahoma City to continue operations during the sales negotiations. All principal and interest amounts owed under the agreement and its amendments were deferred until after December 31, 2014. A new amendment was signed July 9, 2015, the day of the sale. As a result of the settlement terms agreed to prior to June 30, 2015, the note payable was written down to the amount of principal required to be paid to the City, which resulted in a gain on forgiveness of debt of \$2,048,462 being recognized in 2015. See *Note 6* for more detail.

In the event of default under this loan agreement, the primary remedies of the City are to terminate further advances and declare the loan immediately due and commence collection/foreclosure proceedings. Furthermore, the City has agreed to look solely to the Trust's interest in the project as the source of security for payment and will not seek a deficiency or other monetary judgment against the Trust.

Oklahoma City Industrial and Cultural Facilities Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2015 and 2014

The Trust signed a purchase agreement on March 5, 2014, to sell the Journal Record Building. The buyer had a 120-day contingency/review period, which ended August 5, 2014, with a 30-day extension option, which they exercised on August 5, 2014, extending the contingency/review period to September 4, 2014. A second extension was agreed upon on September 4, 2014, moving the end of the review period to October 6, 2014. The closing date shall be no later than 30 days after the expiration of the contingency/review period or such other time as may be mutually agreed in writing by the parties. On June 22, 2015, a second amendment was signed to set the closing date of the sale to no later than July 8, 2015 (See *Note 6*).

As part of the purchase agreement, the buyer agreed to lease the Journal Record Building parking lot at \$60,563 per year for a lease term of 99 years commencing on the possession date. The buyer has the option to purchase the parking lot at the appraised value of \$1,275,000 for the first 10 years and at amounts specified in the ground lease agreement after that. The buyer will be allowed to construct a multi-story parking garage on the parking lot and make other improvements, such as retail, office and/or residential space.

As a result of the pending sale of the Journal Record Building, the Trust recognized an impairment loss of \$5,143,599 in 2014 as a result of adjusting the value of the building to the expected net realizable value of \$4,600,000, which was the non-contingent portion of the purchase price per the purchase agreement between the Trust and the buyer in 2014. The adjustment consisted of the write off of \$6,921,918 of the cost of the building and \$1,778,319 of the accompanying accumulated depreciation as the Journal Record Building will be considered an asset held for sale as of June 30, 2014, and will no longer be a depreciable asset. The second amendment also adjusted the selling price of the building to account for the sale of part of the basement to the Oklahoma City National Memorial Foundation. This sale resulted in an additional loss impairment of \$210,966 in 2015.

Capital assets consist of the following at June 30:

	2015	2014
Nondepreciable capital assets		
Held for sale	\$ 4,389,034	\$ 4,600,000
Land	<u>953,266</u>	<u>953,266</u>
Total nondepreciable capital assets	<u>\$ 5,342,300</u>	<u>\$ 5,553,266</u>

Oklahoma City Industrial and Cultural Facilities Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2015 and 2014

Note 5: Conduit Debt Obligations

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

As of June 30, 2015 and 2014, there were three series of industrial revenue bonds and leasing obligations outstanding with an aggregate principal amount payable of approximately \$33,667,398 and \$36,803,155, respectively.

Note 6: Subsequent Event

During July 2015, the Trust sold the Journal Record Building for approximately \$4,400,000 through multiple transactions. In addition, the loan agreement between the Trust and the City was amended to forgive the debt over and above the sales price in addition to any unpaid and accrued interest. The loan has an approximate balance of \$4,300,000 and is interest free, maturing in 2045. As part of the sale, the Trust established a note receivable of approximately \$4,300,000 from one of the buyers, which bears interest at rates established in the note agreement and matures in 2045. Interest earned from the note receivable is required to be used for future economic development.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the Oklahoma City Industrial and Cultural Facilities Trust (the Trust), which comprise the statement of net position as of June 30, 2015, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the basic financial statements, and have issued our report thereon dated October 22, 2015.

Internal Control over Financial Reporting

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

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

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

Board of Trustees
Oklahoma City Industrial and Cultural Facilities Trust

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

BKD, LLP

Oklahoma City, Oklahoma
October 22, 2015

Oklahoma City Industrial and Cultural Facilities Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Schedule of Findings and Responses
Year Ended June 30, 2015

Reference Number	Finding
	No matters are reportable.

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

As part of our audit of the financial statements of the Oklahoma City Industrial and Cultural Facilities Trust (the Trust), a component unit of the City of Oklahoma City (the City), as of and for the year ended June 30, 2015, 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 and compliance audits 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.

Audits of the financial statements do 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 Trust'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 area involves significant estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of the estimate:

- Impairment loss

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:

- Impairment loss on the Journal Record Building
- Partial loan forgiveness from the City

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

- No matters are reportable.

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 Trust's Accounting Principles

No matters are reportable.

Significant Issue Discussed with Management

During the Audit Process

During the audit process, the following issue was discussed or was the subject of correspondence with management:

- Sale of the Journal Record Building

Other Material Written Communication

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

- Management representation letter (attached)

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

BKD, LLP

October 22, 2015



October 22, 2015

BKD, LLP

Certified Public Accountants
211 North Robinson, Suite 600
Oklahoma City, OK 73102

TRUSTEES

David E. Rainbolt
Chairman

Robert H. Alexander, Jr.

Clayton I. Bennett

J. Larry Nichols

Lindy Ritz

We are providing this letter in connection with your audits of the Oklahoma City Industrial and Cultural Facilities Trust (the Trust), a component of the City of Oklahoma City, Oklahoma, financial statements as of and for the years ended June 30, 2015 and 2014. 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 12, 2015, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.

5. We have provided you with:
 - (a) Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.
 - (b) Additional information that you have requested from us for the purpose of the audit.
 - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - (d) All minutes of meetings of the governing body held through the date of this letter.
 - (e) All significant contracts and grants.
6. All transactions have been recorded in the accounting records and are reflected in the financial statements.
7. We have informed you of all current risks of a material amount that are not adequately prevented or detected by entity procedures with respect to:
 - (a) Misappropriation of assets.
 - (b) Misrepresented or misstated assets, liabilities or net position.
8. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
9. We have no knowledge of any known or suspected:
 - (a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.
 - (b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.
10. We have no knowledge of any allegations of fraud or suspected fraud affecting the Trust received in communications from employees, customers, regulators, suppliers or others.

11. We have disclosed to you the identity of the Trust'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 remediation obligations.
 - (d) Events occurring subsequent to the statement of net position 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 Trust 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 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) Leasing commitments, including those unable to be fulfilled.
 - (c) Purchase commitments in excess of normal requirements or above prevailing market prices.
16. Except as disclosed in the financial statements, we have:
 - (a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.
 - (b) Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.
17. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.
18. With regard to deposit and investment activities:
 - (a) All deposit, repurchase and reverse repurchase agreements and investment transactions have been made in accordance with legal and contractual requirements.
 - (b) Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
 - (c) We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
19. With respect to any nonattest services you have provided us during the year, including drafting financial statement and related notes:
 - (a) We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
 - (b) We have established and monitored the performance of the nonattest services to ensure that they meet our objectives.

- (c) We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
 - (d) We have evaluated the adequacy of the services performed and any findings that resulted.
- 20. We acknowledge that we are responsible for compliance with applicable laws, regulations and provisions of contracts and grant agreements.
- 21. We have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
- 22. We have identified and disclosed to you any violations or possible violations of laws, regulations and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
- 23. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts or violations of provisions of contracts or grant agreements that you or other auditors report.
- 24. We have 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.
- 25. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the statement of net position 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.
- 26. 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.



Catherine O'Connor – General Manager



Geri Kenfield – Chief Financial Officer

OKC Industrial and Cultural Facilities Trust

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.

OCICF

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	996,217		996,217	
Non-Current Assets	5,342,300		5,342,300	
Current Liabilities	(221,225)		(221,225)	
Non-Current Liabilities	(4,255,171)		(4,255,171)	
Current Ratio	4.503		4.503	
Total Assets	6,338,517		6,338,517	
Total Liabilities	(4,476,396)		(4,476,396)	
Total Net Position	(1,862,121)		(1,862,121)	
Operating Revenues	(83,503)		(83,503)	
Operating Expenses	503,606	14,605	518,211	2.90%
Nonoperating Revenues (Exp)	(2,076,717)		(2,076,717)	
Change in Net Position	2,496,820	14,605	2,511,425	0.58%

				Assets				Liabilities								Net Effect on Following Year							
		Factual (F)																					
		AWP	Judgmental (J)	Current		Non-Current		Current		Non-Current		Operating Revenues	Operating Expenses	Nonoperating Revenues (Exp)	Net Position	Change in Net Position	Net Position						
Description	Financial Statement Line Item	REF	Projected (P)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)						
Reverse effect of PY omission to record a Prepaid Expense for insurance premium . Insurance premium has been expensed when billed instead of recorded for the period of service.		350	F		0		0		0		0		0		14,605		0		(14,605)		0		0
	Prepaid insurnace																						
	Fund balance														14,605				(14,605)				
					0		0		0		0		0		0		0		0		0		0
					0		0		0		0		0		0		0		0		0		0
					0		0		0		0		0		0		0		0		0		0
					0		0		0		0		0		0		0		0		0		0
					0		0		0		0		0		0		0		0		0		0
					0		0		0		0		0		0		0		0		0		0
															</								

Oklahoma City Industrial and Cultural Facilities Trust
Financial Statements
For the Period Ended June 30, 2016

Oklahoma City Industrial and Cultural Facilities Trust
Statement of Net Position
June 30, 2016

Assets

Current Assets

Cash - Admin 75-1004-01-1	\$	807,753
Cash - JRB 75-1005-01-8		91,141
Cash - Revolving Loan Fund 3319		134,165
Interest Receivable - JRB		20,785
Accounts Receivable		18,830
Total Current Assets		<u>1,072,674</u>

Loan Receivable - JRB Holdings		<u>4,255,171</u>
--------------------------------	--	------------------

Parking Lot		<u>953,266</u>
-------------	--	----------------

Total Assets	\$	<u><u>6,281,111</u></u>
--------------	----	-------------------------

Liabilities & Net Position

Liabilities

Accrued Expenses	\$	2,363
Deferred Income		1,327
City of Oklahoma City - JRB		122,882
Note Payable		4,255,171
Total Liabilities		<u>4,381,743</u>

Net Position		<u>1,899,369</u>
--------------	--	------------------

Total Liabilites & Net Position	\$	<u><u>6,281,111</u></u>
---------------------------------	----	-------------------------

Oklahoma City Industrial and Cultural Facilities Trust
Statement of Revenues, Expenses and Change in Net Position
For the Three Months and Twelve Months Ending June 30, 2016

	3 Months Ended June 30, 2016	12 Months Ended June 30, 2016
Revenues		
Interest Income-JRB Loan	\$ 6,601	\$ 20,785
Interest Income	129	390
Admin Fees Income	15,000	16,000
Rental Income - Parking Lot	(1,327)	61,813
City of Oklahoma City - JRB	(3,655)	37,897
	<hr/>	<hr/>
Total Revenues	16,748	136,885
	<hr/>	<hr/>
Expenses		
Management Fees	8,750	26,250
Professional Fees	175	40,334
Parking Lot Expenses	-	6,565
Office Expense	(2,533)	8,017
JRB Expenses	659	18,471
	<hr/>	<hr/>
Total Expenses	7,051	99,637
	<hr/>	<hr/>
Change in Net Position	9,698	37,248
	<hr/>	<hr/>
Net Position, beginning balance	1,889,671	1,862,121
	<hr/>	<hr/>
Net Position	\$ 1,899,369	\$ 1,899,369
	<hr/>	<hr/>

**Oklahoma City Industrial and
General Ledger
For the Period From Apr 1, 2016 to Jun 30, 2016**

Account Description	Date	Trans Description	Debit Amt	Credit Amt	Balance
Admin Cash-75-1004-01-1	4/1/16	Beginning Balance			814,275.07
Admin Cash-75-1004-01-1	4/1/16	The Alliance for Econ Dev of O		2,187.50	
Admin Cash-75-1004-01-1	4/30/16	Interest Income	5.55		
Admin Cash-75-1004-01-1	5/2/16	The Alliance for Econ Dev of O		2,187.50	
Admin Cash-75-1004-01-1	5/31/16	Interest Income	15.39		
Admin Cash-75-1004-01-1	6/1/16	The Alliance for Econ Dev of O		2,187.50	
Admin Cash-75-1004-01-1	6/30/16	Interest Income	19.92		
Admin Cash-75-1004-01-1		Change	40.86	6,562.50	-6,521.64
	6/30/16	Ending Balance			807,753.43
Cash - JRB 75-1005-01-8	4/1/16	Beginning Balance			91,136.32
Cash - JRB 75-1005-01-8	4/30/16	Interest Income	0.61		
Cash - JRB 75-1005-01-8	5/31/16	Interest Income	1.73		
Cash - JRB 75-1005-01-8	6/30/16	Interest Income	2.25		
Cash - JRB 75-1005-01-8	6/30/16	Williams, Box, Forshee & Bulla		175.00	
Cash - JRB 75-1005-01-8	6/30/16	Move legal bill 22088 to Deferred Expense account	175.00		
Cash - JRB 75-1005-01-8		Change	179.59	175.00	4.59
	6/30/16	Ending Balance			91,140.91
Midfirst Bank 3319 - Rv Ln Fnd	4/1/16	Beginning Balance			134,081.27
Midfirst Bank 3319 - Rv Ln Fnd	4/30/16	Interest Income	27.56		
Midfirst Bank 3319 - Rv Ln Fnd	5/31/16	Interest Income	28.47		
Midfirst Bank 3319 - Rv Ln Fnd	6/30/16	Interest Income	27.57		
Midfirst Bank 3319 - Rv Ln Fnd		Change	83.60		83.60
	6/30/16	Ending Balance			134,164.87
Accounts Receivable	4/1/16	Beginning Balance			
Accounts Receivable	6/1/16	SSM Health Care	15,000.00		
Accounts Receivable	6/30/16	Move expenses to correct account/adjust receivable/prepays	3,830.00		
Accounts Receivable		Change	18,830.00		18,830.00
	6/30/16	Ending Balance			18,830.00
Pre-paid expenses	4/1/16	Beginning Balance			1,955.74
Pre-paid expenses	4/30/16	Recognize monthly portion of Insurica D&O insurance (7/1/15-7/1/16		542.58	
Pre-paid expenses	4/30/16	Expense monthly portion of pre-paid Chamber dues		125.00	
Pre-paid expenses	4/30/16	Recognize portion of prepaid other insurance	47.00		
Pre-paid expenses	5/31/16	Recognize monthly portion of Insurica D&O insurance (7/1/15-7/1/16		542.58	
Pre-paid expenses	5/31/16	Expense monthly portion of pre-paid Chamber dues		125.00	
Pre-paid expenses	6/30/16	Recognize monthly portion of Insurica D&O insurance (7/1/15-7/1/16		542.58	
Pre-paid expenses	6/30/16	Expense monthly portion of pre-paid Chamber dues		125.00	
Pre-paid expenses	6/30/16	Move expenses to correct account/adjust receivable/prepays		659.00	
Pre-paid expenses	6/30/16	Move expenses to correct account/adjust receivable/prepays	4,489.00		
Pre-paid expenses	6/30/16	Move expenses to correct account/adjust receivable/prepays		3,830.00	
Pre-paid expenses		Change	4,536.00	6,491.74	-1,955.74

**Oklahoma City Industrial and
General Ledger
For the Period From Apr 1, 2016 to Jun 30, 2016**

Account Description	Date	Trans Description	Debit Amt	Credit Amt	Balance
Interest Receivable - JRB Loan	4/1/16	Beginning Balance			14,183.84
Interest Receivable - JRB Loan	4/30/16	Accrue monthly interest due on Note Receivable for JRB loan	1,772.98		
Interest Receivable - JRB Loan	5/31/16	Accrue monthly interest due on Note Receivable for JRB loan	1,772.98		
Interest Receivable - JRB Loan	6/30/16	Accrue monthly interest due on Note Receivable for JRB loan	1,772.98		
Interest Receivable - JRB Loan	6/30/16	Accrue monthly interest due on Note Receivable for JRB loan	1,282.47		
Interest Receivable - JRB Loan		Change	6,601.41		6,601.41
	6/30/16	Ending Balance			20,785.25
Loan Receivable - JRB Holdings	4/1/16	Beginning Balance			4,255,171.20
	6/30/16	Ending Balance			4,255,171.20
Parking Lot	4/1/16	Beginning Balance			953,265.80
	6/30/16	Ending Balance			953,265.80
Accrued Expenses	4/1/16	Beginning Balance			
Accrued Expenses	6/30/16	Move legal bill 22088 to Deferred Expense account		175.00	
Accrued Expenses	6/30/16	The Alliance for Econ Dev of O		2,187.50	
Accrued Expenses		Change		2,362.50	-2,362.50
	6/30/16	Ending Balance			-2,362.50
City of OKC - JRB	4/1/16	Beginning Balance			-119,227.09
City of OKC - JRB	6/30/16	Record OKC funds used for JRB expenses	175.00		
City of OKC - JRB	6/30/16	Increase amount due to City for expected refund		5,681.00	
City of OKC - JRB	6/30/16	Adjust amount due from JRB Holdings for insurance refund	1,851.00		
City of OKC - JRB		Change	2,026.00	5,681.00	-3,655.00
	6/30/16	Ending Balance			-122,882.09
Deferred Income - Parking Lot	4/1/16	Beginning Balance			
Deferred Income - Parking Lot	6/30/16	Defer parking lot rent for 7/1-7/8		1,327.00	
Deferred Income - Parking Lot		Change		1,327.00	-1,327.00
	6/30/16	Ending Balance			-1,327.00
Note Payable	4/1/16	Beginning Balance			-4,255,171.20
	6/30/16	Ending Balance			-4,255,171.20
Fund Balance	4/1/16	Beginning Balance			-1,862,120.50
	6/30/16	Ending Balance			-1,862,120.50
Interest Income	4/1/16	Beginning Balance			-260.99
Interest Income	4/30/16	Interest Income		5.55	
Interest Income	4/30/16	Interest Income		0.61	
Interest Income	4/30/16	Interest Income		27.56	
Interest Income	5/31/16	Interest Income		15.39	
Interest Income	5/31/16	Interest Income		1.73	
Interest Income	5/31/16	Interest Income		28.47	
Interest Income	6/30/16	Interest Income		19.92	
Interest Income	6/30/16	Interest Income		2.25	
Interest Income	6/30/16	Interest Income		27.57	

**Oklahoma City Industrial and
General Ledger
For the Period From Apr 1, 2016 to Jun 30, 2016**

Account Description	Date	Trans Description	Debit Amt	Credit Amt	Balance
Interest Income		Change		129.05	-129.05
	6/30/16	Ending Balance			-390.04
Interest Income-JRB Loan	4/1/16	Beginning Balance			-14,183.84
Interest Income-JRB Loan	4/30/16	Accrue monthly interest due on Note Receivable for JRB loan		1,772.98	
Interest Income-JRB Loan	5/31/16	Accrue monthly interest due on Note Receivable for JRB loan		1,772.98	
Interest Income-JRB Loan	6/30/16	Accrue monthly interest due on Note Receivable for JRB loan		1,772.98	
Interest Income-JRB Loan	6/30/16	Accrue monthly interest due on Note Receivable for JRB loan		1,282.47	
Interest Income-JRB Loan		Change		6,601.41	-6,601.41
	6/30/16	Ending Balance			-20,785.25
Admin Fees Income	4/1/16	Beginning Balance			-1,000.00
Admin Fees Income	6/1/16	SSM Health Care - \$73,430,000 Series 1998B (SSM Health Care)		15,000.00	
Admin Fees Income		Change		15,000.00	-15,000.00
	6/30/16	Ending Balance			-16,000.00
Rent Income - Parking Lot	4/1/16	Beginning Balance			-63,140.33
Rent Income - Parking Lot	6/30/16	Defer parking lot rent for 7/1-7/8	1,327.00		
Rent Income - Parking Lot		Change	1,327.00		1,327.00
	6/30/16	Ending Balance			-61,813.33
City of OKC - JRB	4/1/16	Beginning Balance			-41,551.59
City of OKC - JRB	6/30/16	Record OKC funds used for JRB expenses		175.00	
City of OKC - JRB	6/30/16	Increase amount due to City of OKC for expected refund	5,681.00		
City of OKC - JRB	6/30/16	Adjust amount due from JRB Office for insurance refund		1,851.00	
City of OKC - JRB		Change	5,681.00	2,026.00	3,655.00
	6/30/16	Ending Balance			-37,896.59
Management Fees	4/1/16	Beginning Balance			17,500.00
Management Fees	4/1/16	The Alliance for Econ Dev of O - Management Fees	2,187.50		
Management Fees	5/2/16	The Alliance for Econ Dev of O - Management Fees	2,187.50		
Management Fees	6/1/16	The Alliance for Econ Dev of O - Management Fees	2,187.50		
Management Fees	6/30/16	The Alliance for Econ Dev of O - Management Fees, June accrual	2,187.50		
Management Fees		Change	8,750.00		8,750.00
	6/30/16	Ending Balance			26,250.00
Professional Fees	4/1/16	Beginning Balance			40,158.90
Professional Fees	6/30/16	Williams, Box, Forshee & Bulla - Legal services in connection with JRB	175.00		
Professional Fees		Change	175.00		175.00
	6/30/16	Ending Balance			40,333.90
Parking Lot Expenses	4/1/16	Beginning Balance			6,564.85
	6/30/16	Ending Balance			6,564.85
Office Expense	4/1/16	Beginning Balance			10,550.26
Office Expense	4/30/16	Recognize monthly portion of Insurica D&O insurance (7/1/15-7/1/16)	542.58		
Office Expense	4/30/16	Expense monthly portion of pre-paid Chamber dues	125.00		
Office Expense	4/30/16	Recognize portion of prepaid other insurance		47.00	

**Oklahoma City Industrial and
General Ledger
For the Period From Apr 1, 2016 to Jun 30, 2016**

Account Description	Date	Trans Description	Debit Amt	Credit Amt	Balance
Office Expense	5/31/16	Recognize monthly portion of Insurica D&O insurance (7/1/15-7/1/16	542.58		
Office Expense	5/31/16	Expense monthly portion of pre-paid Chamber dues	125.00		
Office Expense	6/30/16	Recognize monthly portion of Insurica D&O insurance (7/1/15-7/1/16	542.58		
Office Expense	6/30/16	Expense monthly portion of pre-paid Chamber dues	125.00		
Office Expense	6/30/16	Move expenses to correct account/adjust receivable/prepays		4,489.00	
Office Expense		Change	2,002.74	4,536.00	-2,533.26
	6/30/16	Ending Balance			8,017.00
JRB Expenses	4/1/16	Beginning Balance			17,812.29
JRB Expenses	6/30/16	Move expenses to correct account/adjust receivable/prepays	659.00		
JRB Expenses		Change	659.00		659.00
	6/30/16	Ending Balance			18,471.29

Oklahoma City Industrial and Cultural Facilities Trust
Budgeted Statement of Revenues and Expenses
For the Annual Period Ending June 30, 2017

	2016-17 Budget	2015-16 Actual	Difference
Revenues			
Interest	600	390	210
Administrative Fees	16,000	16,000	-
Interest - JRB Note Receivable	21,276	20,785	491
Lease - Parking Lot	60,563	61,813	(1,250)
Contributions from the City of OKC	-	37,897	(37,897)
Total Revenues	98,439	136,885	(38,446)
Expenses			
Professional Fees	30,000	40,334	(10,334)
Management Fees - Alliance	26,250	26,250	-
Parking Lot	-	6,565	(6,565)
Office	10,000	8,017	1,983
Journal Record building expenses	-	18,471	(18,471)
Total Expenses	66,250	99,637	(33,387)
Net Income	32,189	37,248	(5,059)

RESOLUTION

WHEREAS, Oklahoma City Industrial and Cultural Facilities Trust (the “Trust”) has been duly created and is existing and operating as a public body corporate and politic under Title 60, Oklahoma Statutes 2011, Section 176 et seq. (the “Act”), for the purpose of promoting the development of industry and culture and industrial manufacturing, cultural, and educational activities within and without the territorial limits of the City of Oklahoma City and to thereby provide cultural facilities and additional employment and activities which will benefit and strengthen culture and the economy of the City of Oklahoma City and the State of Oklahoma (“Trust Purpose”); and

WHEREAS, as a means to accomplish the Trust Purpose, the Trust and The Alliance for Economic Development of Oklahoma City, Inc. (the “Alliance”) entered into an Agreement for Economic Development Services (the “Agreement”) as of July 1, 2011, which provides for a five (5) year primary term beginning July 1, 2011, subject to renewal, which Agreement provides that the compensation to be paid to the Alliance for fiscal years beginning July 1, 2013 shall be adjusted by mutual agreement of the Trust and the Alliance; and, the Trust now desires to ratify and extend the Agreement in accordance with the terms hereof.

NOW, THEREFORE, IN FURTHERANCE THEREOF, BE IT RESOLVED BY THE TRUST:

Section 1. The Trust hereby approves, authorizes, ratifies, renews and extends the Agreement, as amended, from and after its original effective date of July 1, 2011 through June 30, 2021, with base compensation paid to the Alliance to be as follows:

(a) for the fiscal year ending June 30, 2017, \$26,250; and

(b) for subsequent fiscal years, compensation shall be in such amount as determined by the Trust or its Chairman.

The Chair (or a Vice-Chair) is authorized to finalize and execute documentation associated therewith for and on behalf of the Trust.

Section 2. The Chair, Vice-Chair and General Manager, or any one of them, is authorized to take actions necessary to effectuate the provisions of this Resolution, and is further authorized to approve and authorize other actions regarding the operation and management of the Trust, including the pursuit of economic development prospects, and to authorize necessary funding for same.

ADOPTED THIS 24th DAY OF August 2016.

OKLAHOMA CITY INDUSTRIAL AND
CULTURAL FACILITIES TRUST

Chair

ATTEST:

Secretary



May 18, 2016

Board of Trustees
Catherine O'Connor, Chief Executive Officer
Geri Kenfield, Chief Financial Officer
Oklahoma City Industrial and Cultural Facilities Trust
405 N. Hudson Avenue, Suite 101
Oklahoma City, OK 73102

We are pleased to confirm the arrangements of our engagement and the nature of the services we will provide to OKLAHOMA CITY INDUSTRIAL AND CULTURAL FACILITIES TRUST (the Trust).

Engagement Objectives and Scope

We will audit the basic financial statements of the Trust as of and for the year ended June 30, 2016, and the related notes to the financial statements.

Our audit will be conducted with the objectives of:

- Expressing an opinion on the financial statements
- Issuing a report on your compliance based on the audit of your financial statements
- Issuing a report on your internal control over financial reporting based on the audit of your financial statements

Our Responsibilities

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error. 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. 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.

Board of Trustees
Catherine O'Connor, Chief Executive Officer
Geri Kenfield, Chief Financial Officer
Oklahoma City Industrial and Cultural Facilities Trust
Page 2

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

In making our risk assessments, we consider internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements we have identified during the audit. Also, in the future, procedures could become inadequate because of changes in conditions or deterioration in design or operation. Two or more people may also circumvent controls, or management may override the system.

We are available to perform additional procedures with regard to fraud detection and prevention at your request, subject to completion of our normal engagement acceptance procedures. The actual terms and fees of such an engagement would be documented in a separate letter to be signed by you and **BKD, LLP** (BKD).

Chad Moore, Partner, is responsible for supervising the engagement and authorizing the signing of the report or reports.

We will issue a written report upon completion of our audit of the Trust's financial statements. Our report will be addressed to the Board of Trustees of the Trust. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis of matter or other matter paragraph(s) or withdraw from the engagement. If we discover conditions that may prohibit us from issuing a standard report, we will notify you as well. In such circumstances, further arrangements may be necessary to continue our engagement.

Your Responsibilities

Our audit will be conducted on the basis that management and, where appropriate, those charged with governance acknowledge and understand that they have responsibility for the following:

1. The preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America
2. 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

Board of Trustees
Catherine O'Connor, Chief Executive Officer
Geri Kenfield, Chief Financial Officer
Oklahoma City Industrial and Cultural Facilities Trust
Page 3

3. To provide us with the following:
 - a. Access to all information of which management is 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 we may request from management for the purpose of the audit
 - c. Unrestricted access to persons within the Trust from whom we determine it necessary to obtain audit evidence

As part of our audit process, we will request from management and, where appropriate, those charged with governance, written confirmation acknowledging certain responsibilities outlined in this engagement letter and confirming:

- The availability of this information
- Certain representations made during the audit for all periods presented
- The effects of any uncorrected misstatements, if any, resulting from errors or fraud aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

The results of our tests of compliance and internal control over financial reporting performed in connection with our audit of the financial statements may not fully meet the reasonable needs of report users. Management is responsible for obtaining audits, examinations, agreed-upon procedures or other engagements that satisfy relevant legal, regulatory or contractual requirements or fully meet other reasonable user needs.

Other Services

We will provide you with the following nonattest service:

- Preparing a draft of the financial statements and related notes

In addition, we may perform other services for you not covered by this engagement letter. You agree to assume full responsibility for the substantive outcomes of the services described above and for any other services that we may provide, including any findings that may result. You also acknowledge those services are adequate for your purposes and that you will establish and monitor the performance of those services to ensure they meet management's objectives. Any and all decisions involving management responsibilities related to those services will be made by you, and you accept full responsibility for such decisions. We understand you will designate a management-level individual to be responsible and accountable for overseeing the performance of those services, and you will have determined this individual is qualified to conduct such oversight.

Engagement Fees

The fees for our services will be \$14,625. Our fees are based upon the understanding your personnel will be available to assist us and our work can be performed within the period June 15, 2016 to August 31, 2016. Assistance from your personnel is expected to include:

- Preparing audit schedules to support all significant balance sheet and certain other accounts
- Responding to auditor inquiries
- Preparing confirmations and other letters
- Pulling selected invoices and other documents from files
- Helping to resolve any differences or exceptions noted

We will provide you with a detail list of assistance and schedules required and the date such assistance and schedules are to be provided before the audit begins. All schedules should be provided in electronic form unless indicated otherwise.

Our timely completion of the audit depends on your timely and accurate schedule and analyses preparation and on the availability of your personnel to provide other assistance. If there are inaccuracies or delays in preparing this material, or if we experience other assistance difficulties that add a significant amount of time to our work, our fees will increase. If these circumstances occur, we will promptly notify you to discuss alternative solutions and impact on our fees.

Our pricing for this engagement and our fee structure are based upon the expectation that our invoices will be paid promptly. We will issue progress billings during the course of our engagement, and payment of our invoices is due upon receipt. Interest will be charged on any unpaid balance after 30 days at the rate of 10% per annum.

Our engagement fees do not include any time for postengagement consultation with your personnel or third parties, consent letters and related procedures for the use of our reports in offering documents, inquiries from regulators or testimony or deposition regarding any subpoena. Charges for such services will be billed separately.

Our fees may also increase if our duties or responsibilities are increased by rulemaking of any regulatory body or any additional new accounting or auditing standards.

If our invoices for this or any other engagement you may have with BKD are not paid within 30 days, we may suspend or terminate our services for this or any other engagement. In the event our work is suspended or terminated as a result of nonpayment, you agree we will not be responsible for any consequences to you.

Board of Trustees
Catherine O'Connor, Chief Executive Officer
Geri Kenfield, Chief Financial Officer
Oklahoma City Industrial and Cultural Facilities Trust
Page 5

Other Engagement Matters and Limitations

BKD is not acting as your municipal advisor under Section 15B of the *Securities Exchange Act of 1934*, as amended. As such, BKD is not recommending any action to you and does not owe you a fiduciary duty with respect to any information or communications regarding municipal financial products or the issuance of municipal securities. You should discuss such information or communications with any and all internal or external advisors and experts you deem appropriate before acting on any such information or material provided by BKD.

Our workpapers and documentation retained in any form of media for this engagement are the property of BKD. We can be compelled to provide information under legal process. In addition, we may be requested by regulatory or enforcement bodies to make certain workpapers available to them pursuant to authority granted by law or regulation. You agree we have no legal responsibility to you in the event we provide such documents or information.

You agree to indemnify and hold harmless BKD and its personnel from any claims, liabilities, costs and expenses relating to our services under this agreement attributable to false or incomplete representations by management, except to the extent determined to have resulted from the intentional or deliberate misconduct of BKD personnel.

You agree that any dispute regarding this engagement will, prior to resorting to litigation, be submitted to mediation upon written request by either party. Both parties agree to try in good faith to settle the dispute in mediation. The American Arbitration Association will administer any such mediation in accordance with its *Commercial Mediation Rules*. The results of the mediation proceeding shall be binding only if each of us agrees to be bound. We will share any costs of mediation proceedings equally.

Either of us may terminate these services at any time. Both of us must agree, in writing, to any future modifications or extensions. If services are terminated, you agree to pay us for time expended to date. In addition, you will be billed travel costs and fees for services from other professionals, if any, as well as an administrative fee of 4% to cover items, such as copies; postage and other delivery charges; supplies; technology-related costs, such as computer processing, software licensing, research and library databases; and similar expense items.

If any provision of this agreement is declared invalid or unenforceable, no other provision of this agreement is affected and all other provisions remain in full force and effect.

Board of Trustees
Catherine O'Connor, Chief Executive Officer
Geri Kenfield, Chief Financial Officer
Oklahoma City Industrial and Cultural Facilities Trust
Page 6

We may from time to time utilize third-party service providers, *e.g.*, domestic software processors or legal counsel, or disclose confidential information about you to third-party service providers in serving your account. We remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information. In the event we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider.

We will, at our discretion or upon your request, deliver financial or other confidential information to you electronically via email or other mechanism. You recognize and accept the risk involved, particularly in email delivery as the Internet is not necessarily a secure medium of communication as messages can be intercepted and read by those determined to do so.

You agree you will not modify these documents for internal use or for distribution to third parties. You also understand we may on occasion send you documents marked as draft and understand those are for your review purpose only, should not be distributed in any way and should be destroyed as soon as possible.

This engagement letter represents the entire agreement regarding the services described herein and supersedes all prior negotiations, proposals, representations or agreements, written or oral, regarding these services. It shall be binding on heirs, successors and assigns of you and BKD.

If you intend to include these financial statements and our report in an offering document at some future date, you agree to seek our permission to do so at that time. You agree to provide reasonable notice to allow sufficient time for us to perform certain additional procedures. Any time you intend to publish or otherwise reproduce these financial statements and our report and make reference to our firm name in any manner in connection therewith, you agree to provide us with printers' proofs or masters for our review and approval before printing or other reproduction. You will also provide us with a copy of the final reproduced material for our approval before it is distributed. Our fees for such services are in addition to those discussed elsewhere in this letter.

You agree to notify us if you desire to place these financial statements or our report thereon along with other information, such as a report by management or those charged with governance on operations, financial summaries or highlights, financial ratios, etc., on an electronic site. You recognize that we have no responsibility as auditors to review information contained in electronic sites.

Board of Trustees
Catherine O'Connor, Chief Executive Officer
Geri Kenfield, Chief Financial Officer
Oklahoma City Industrial and Cultural Facilities Trust
Page 7

Any time you intend to reference our firm name in any manner in any published materials, including on an electronic site, you agree to provide us with draft materials for our review and approval before publishing or posting such information.

BKD is a registered limited liability partnership under Missouri law. Under applicable professional standards, partners of BKD have the same responsibilities as do partners in a general accounting and consulting partnership with respect to conformance by themselves and other professionals in BKD with their professional and ethical obligations. However, unlike the partners in a general partnership, the partners in a registered limited liability partnership do not have individual civil liability, directly or indirectly, including by way of indemnification, contribution, assessment or otherwise, for any debts, obligations or liabilities of or chargeable to the registered limited liability partnership or each other, whether arising in tort, contract or otherwise.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2014 peer review report accompanies this letter.

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities. If the signed copy you return to us is in electronic form, you agree that such copy shall be legally treated as a "duplicate original" of this agreement.

BKD, LLP

BKD, LLP

Board of Trustees
Catherine O'Connor, Chief Executive Officer
Geri Kenfield, Chief Financial Officer
Oklahoma City Industrial and Cultural Facilities Trust
Page 8

Acknowledged and agreed to on behalf of:

OKLAHOMA CITY INDUSTRIAL AND CULTURAL FACILITIES TRUST

By: _____
Name and Title – Member of Those
Charged with Governance

Date: _____

By: _____
Name and Title – Member of Management

Date: _____

CMM/TJL/kac

GFR: 1145022

System Review Report

To the Partners of BKD, LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of BKD, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, audits of carrying broker-dealers, and examinations of service organizations (SOC 1).

In our opinion, the system of quality control for the accounting and auditing practice of BKD, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. BKD, LLP has received a peer review rating of *pass*.

Postlethwaite & Netterville

Baton Rouge, Louisiana
September 19, 2014

RESOLUTION

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

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

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

David Rainbolt – Chair
Clayton I. Bennett – Vice-chair
Lindy Ritz – Vice-chair
J. Larry Nichols – Vice-chair and Secretary
Robert H. Alexander, Jr. – Vice-chair
Catherine R. O'Connor – General Manager and Assistant Secretary
Gary Bush – Assistant Secretary
John Michael Williams – General Counsel and Assistant Secretary

2. To facilitate trust operations between meeting of the Trustees, the Chair, the Vice-Chairs in the absence of the Chair, and General Manager, or any one of them, are authorized to take actions for and on behalf of the Trust as necessary to conduct the operations and management of the Trust, to include matters related to the Journal Record Building, pursuit of economic development prospects, and to authorize necessary funding for same; the General Counsel is authorized to conduct the legal affairs of the Trust; and, the Secretary and Assistant Secretaries are authorized to act on behalf of the Trust consistent with their offices; all to be in accordance with best practices and laws applicable to Oklahoma public trusts.

ADOPTED THIS 24th day of August 2016.

OKLAHOMA CITY INDUSTRIAL AND
CULTURAL FACILITIES TRUST

Chair

(SEAL)

ATTEST:

Secretary