

AGENDA FOR
REGULAR MEETING OF
OKLAHOMA CITY REDEVELOPMENT AUTHORITY
CONFERENCE ROOM
431 WEST MAIN, SUITE B
WEDNESDAY, JANUARY 18, 2017
10:00 A.M.

- I. Call to Order
- II. Statement of Compliance with the Oklahoma Open Meeting Law
- III. Roll Call
- IV. Reading and Approval of Minutes of a Regular Meeting held on Wednesday, October 19, 2016
- V. Resolution No. _____ of the Oklahoma City Redevelopment Authority Receiving and Accepting an Audit of Accounts by BKD, LLP, for Fiscal Year Ending June 30, 2016
- VI. Resolution No. _____ Approving Evidence of Costs Incurred by General Electric Company in Constructing a Parking Facility and Approving Assistance in Development Financing in the Amount of \$3,193,921.30 Pursuant to the Development Assistance Financing Agreement and as Authorized by The Oklahoma Regional Innovation District Project Plan
- VII. Report on Innovation District
- VIII. Presentation of Interim Financial Report for the Period Ending November 30, 2016
- IX. New Business
- X. Comments from Trustees
- XI. Comments from Citizens
- XII. Adjournment

POSTED at the offices of the Oklahoma City Redevelopment Authority and the City Clerk's Office by 10:00 a.m., Tuesday, January 17, 2017 by Pam Lunnon, Executive Assistant

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

A Regular Meeting of the Trustees of the Oklahoma City Redevelopment Authority (“Redevelopment Authority”) was held on Wednesday, October 19, 2016, at 10:01 a.m. in the Offices of the Authority, 431 West Main, Suite B, Oklahoma City, OK.

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

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

Trustee Absent:

Councilman David Greenwell
Ms. Mary Mélon

Staff Present:

Catherine O’Connor, Executive Director
Dan Batchelor, OCURA General Counsel
Leslie Batchelor, OCURA Associate General Council
Cassi Poor, The Alliance for Economic Development of Oklahoma City
Pam Lunnon, The Alliance for Economic Development of Oklahoma City

Others Present:

Steve Lackmeyer, The Oklahoman
Andy Patel, Anish Hotel Group
Amish Patel, Anish Hotel Group

The Chairman asked for a motion to approve, as circulated, the minutes of a Regular and Annual Meeting held on Wednesday, July 20, 2016.

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

Trustee J. Larry Nichols	Aye
Trustee James R. Tolbert, III	Aye
Trustee Mary Mélon	Absent
Trustee Russell M. Perry	Aye

OCRA Board of Trustees, Wednesday, October 19, 2016

Trustee Mark Beffort	Aye
Councilman Larry McAtee	Aye
Councilman David Greenwell	Absent

Minutes Adopted.

The Chairman introduced the following resolution:

Resolution No. 166 entitled:

“Adding Certain Acquisition and Relocation Services Providers and Land Title Examination and Title Insurance Services Providers to the Approved Vendors List for Professional Services Providers”

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

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

Resolution Adopted

Presentation of Interim Financial Reports for the Period Ending August 31, 2016.

Ms. O'Connor presented the financial statements for the period ending August 31, 2016.

There being no further business to come before the Board, meeting was adjourned at 10:05 a.m.

SECRETARY

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

TRUSTEES

J. Larry Nichols
Chairman

James R. Tolbert III
Vice Chairman

Mark Beffort

David Greenwell

Larry McAtee, Jr.

Mary Melon

Russell M. Perry

EXECUTIVE DIRECTOR

Catherine O'Connor

To: Board of Trustees of the Oklahoma City Redevelopment Authority

From: Catherine O'Connor, Executive Director

Date: January 18, 2017

Ref: Resolution of the Oklahoma City Redevelopment Authority Receiving and
Accepting an Audit of Accounts by BKD, LLP, for Fiscal Year Ending June
30, 2016

Background: BKD, LLP has completed its audit of the financial activities of OCRA for the fiscal year ending June 30, 2016. Chad Moore, partner with BKD, LLP, presented the audit to the OCRA audit committee on January 12, 2017. The Executive Director, as well as the Chief Financial Officer of The Alliance have reviewed the audit and recommend approval.

Summary of Agenda Item: The resolution for consideration receives and accepts the audit by BKD, LLP for the fiscal year ending June 30, 2016.

Recommendation: Approval of Resolution.

RESOLUTION NO. _____

**RESOLUTION OF THE OKLAHOMA CITY REDEVELOPMENT AUTHORITY
RECEIVING AND ACCEPTING AN AUDIT OF ACCOUNTS BY BKD, LLP, FOR
FISCAL YEAR ENDING JUNE 30, 2016**

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

WHEREAS, pursuant to 60 O.S. §§ 180.1–180.3, in July 2016, OCRA accepted a proposal from BKD, LLP to audit OCRA’s financial activities; and

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

WHEREAS, OCRA’s Audit Committee has met to review the FYE 2016 OCRA Audit submitted by BKD, LLP, and recommends acceptance by the Board of Trustees; and

WHEREAS, the Board of Trustees of the OCRA deems it appropriate and desirable to accept the FYE 2016 OCRA Audit.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Trustees of OCRA that the audit of accounts submitted by BKD, LLP, for the fiscal year ending June 30, 2016, is hereby accepted.

I, _____, Secretary of the Oklahoma City Redevelopment Authority, a public trust, certify that the foregoing Resolution No. ____ was duly adopted at a **special** meeting of the Oklahoma City Redevelopment Authority held at the Arts District Garage Conference Room, 431 West Main, Suite B, Oklahoma City, Oklahoma, on the **18th** day of **January, 2017**; that any notice required to be given of such meeting was properly given; that a quorum was present at all times during such meeting; and that said Resolution was adopted by a majority of those present.

SECRETARY

(SEAL)

Board of Trustees
Oklahoma City Redevelopment Authority
Oklahoma City, Oklahoma

As part of our audits of the financial statements of the Oklahoma City Redevelopment Authority (the Authority), a component unit of the City of Oklahoma City (the City), as of and for the year ended June 30, 2016, 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 Authority's significant accounting policies are described in Note 1 of the audited financial statements.

Alternative Accounting Treatments

No matters are reportable.

Management Judgments and Accounting Estimates

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

- Depreciation
- Notes receivable valuation

Financial Statement Disclosures

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

- Revenue recognition
- Lease transactions

Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated.

Areas in which adjustments were proposed include:

Proposed Audit Adjustments Recorded

- Entries for deferred inflow
- Obligation to Oklahoma City Urban Renewal Authority

Proposed Audit Adjustments Not Recorded

- No matters are reportable

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

No matters are reportable.

Other Material Written Communication

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

- Management representation letter (attached)

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements of the Authority as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

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

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

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

Significant Deficiency

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

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

BKD, LLP

November 11, 2016

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

November 11, 2016

TRUSTEES

J. Larry Nichols
Chairman

James R. Tolbert III
Vice Chairman

Mark Beffort

David Greenwell

Larry McAtee, Jr.

Mary Melon

Russell M. Perry

**EXECUTIVE
DIRECTOR**

Catherine O'Connor

BKD, LLP

Certified Public Accountants

211 N. Robinson Avenue, Suite 600
Oklahoma City, OK 73102

We are providing this letter in connection with your audits of the Oklahoma City Redevelopment Authority's (the Authority), a component unit of the City of Oklahoma City, Oklahoma, financial statements as of and for the years ended June 30, 2015 and 2016. We confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

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

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

1. We have fulfilled our responsibilities, as set out in the terms of our engagement letter dated May 18, 2016, 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.

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4. We have provided you with:
 - (a) Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.
 - (b) Additional information that you have requested from us for the purpose of the audit.
 - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - (d) All minutes of meetings of the governing body held through the date of this letter.
 - (e) All significant contracts and grants.
5. All transactions have been recorded in the accounting records and are reflected in the financial statements.
6. We have informed you of all current risks of a material amount that are not adequately prevented or detected by entity procedures with respect to:
 - (a) Misappropriation of assets.
 - (b) Misrepresented or misstated assets, liabilities or net position.
7. We 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.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority received in communications from employees, customers, regulators, suppliers or others.

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9. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America. We understand that the term related party refers to an affiliate; management, and members of their immediate families, component units; and any other party with which the 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.
10. Except as reflected in the financial statements, there are no:
 - (a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.
 - (b) Material transactions omitted or improperly recorded in the financial statements.
 - (c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
 - (d) Events occurring subsequent to the balance sheet date through the date of this letter requiring adjustment or disclosure in the financial statements.
 - (e) Agreements to purchase assets previously sold.
 - (f) Restrictions on cash balances or compensating balance agreements.
 - (g) Guarantees, whether written or oral, under which the Authority is contingently liable.
11. 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.

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12. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.
13. Adequate provisions and allowances have been accrued for any material losses from:
 - (a) Uncollectible receivables.
 - (b) Reducing obsolete or excess inventories to estimated net realizable value.
 - (c) Sales commitments, including those unable to be fulfilled.
 - (d) Purchase commitments in excess of normal requirements or above prevailing market prices.
14. 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.
15. 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.
16. 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

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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.

17. With respect to any nonattest services you have provided us during the year, including assistance in financial statement preparation:

- (a) We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
- (b) We have established and monitored the performance of the nonattest services to ensure that they meet our objectives.
- (c) We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
- (d) We have evaluated the adequacy of the services performed and any findings that resulted.

18. We acknowledge that we are responsible for compliance with applicable laws, regulations and provisions of contracts and grant agreements.

19. 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.

20. 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.

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21. 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.
22. We have a process to track the status of audit findings and recommendations.
23. 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.
24. We have provided our views on any findings, conclusions and recommendations, as well as our planned corrective actions with respect thereto, to you for inclusion in the findings and recommendations referred to in your report on internal control over financial reporting and on compliance and other matters based on your audit of the financial statements performed in accordance with *Government Auditing Standards*.
25. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
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.

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There has been no change from the preceding period in the methods of measurement and presentation.

27. With regard to supplementary information:

- (a) We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
- (b) We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
- (c) The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period.
- (d) We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.
- (e) If the supplementary information is not presented with the audited financial statements, we acknowledge we will make the audited financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor's report are issued.



Catherine O'Connor, Executive Director



Geri Harlan, CFO

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Independent Auditor's Reports and Financial Statements
June 30, 2016 and 2015



Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
June 30, 2016 and 2015

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Independent Auditor's Report

Board of Trustees
Oklahoma City Redevelopment Authority
Oklahoma City, Oklahoma

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities and the major funds of the Oklahoma City Redevelopment Authority (the Authority), a component unit of the City of Oklahoma City, Oklahoma, as of and for the years ended June 30, 2016 and 2015, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of the Authority as of June 30, 2016 and 2015, and the respective changes in financial position thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The budget-to-actual expenditure comparison (project life-to-date), and related notes listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The information for the fiscal years 2012 and prior was audited by other auditors, who issued an unmodified opinion on the information on November 30, 2012. The information for the fiscal years 2013 onward was subjected by BKD to the procedures noted above. In our opinion, the information as of and from the years ended June 30, 2016 and 2015, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2016, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BKD, LLP

Oklahoma City, Oklahoma
November 11, 2016

Oklahoma City Redevelopment Authority

A Component Unit of the City of Oklahoma City, Oklahoma

Management's Discussion and Analysis

Years Ended June 30, 2016 and 2015

Introduction

This management's discussion and analysis of the financial performance of the Oklahoma City Redevelopment Authority (the Authority), a discretely presented component unit of the City of Oklahoma City, Oklahoma (the City), provides an overview of the Authority's financial activities for the years ended June 30, 2016 and 2015. It should be read in conjunction with the accompanying financial statements of the Authority.

Financial Highlights

- Cash and cash equivalents increased in 2016 and 2015 by \$1,660,037 and \$2,264,278, respectively.
- The Authority's capital assets decreased in 2016 and 2015 by \$344,608 and \$344,609, respectively.
- Long-term debt decreased in 2016 and 2015 by \$788,480 and \$777,754, respectively.
- The Authority's net position decreased in 2016 by \$4,188,710 and increased in 2015 by \$2,059,795.

Using This Annual Report

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

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

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

Statement of Net Position

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

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

Total assets of the Authority increased by \$64,730 and 1,406,092 in 2016 and 2015, respectively. In 2016, increases in cash and cash equivalents and amounts due from other governments were offset by reductions in investments, rent and note receivables and capital assets. Similarly, the 2015 increase was primarily due to an increase in cash and cash equivalents and amounts due from other governments (grant receivable from the Economic Development Administration), offset by reductions in investments, capital assets and notes receivable.

Total liabilities increased in 2016 by \$4,253,440 and decreased in 2015 by \$653,703. For 2016, regular debt service and reductions in accounts payable and deferred revenue were offset by the increase in the amount due from the Oklahoma City Urban Renewal Authority (Urban Renewal). The 2015 decrease was due to regular annual debt service payments.

In 2016 and 2015, no significant changes occurred in capital assets and debt other than depreciation and payment of principal.

Table 1: Condensed Statements of Net Position

	2016	2015	Change	% Change	2014	Change	% Change
Current and other assets	\$ 28,945,228	\$ 28,535,890	\$ 409,338	1%	\$ 26,785,189	\$ 1,750,701	7%
Capital assets	6,050,385	6,394,993	(344,608)	-5%	6,739,602	(344,609)	-5%
Total assets	34,995,613	34,930,883	64,730	0%	33,524,791	1,406,092	4%
Long-term liabilities	4,211,634	5,004,065	(792,431)	-16%	5,792,528	(788,463)	-14%
Other liabilities	6,246,175	1,200,304	5,045,871	420%	1,065,544	134,760	13%
Total liabilities	10,457,809	6,204,369	4,253,440	69%	6,858,072	(653,703)	-10%
Net investment in capital assets	2,626,563	2,431,684	194,879	8%	2,244,146	187,538	8%
Restricted	21,911,241	26,294,830	(4,383,589)	-17%	24,422,573	1,872,257	8%
Net position	\$ 24,537,804	\$ 28,726,514	\$ (4,188,710)	-15%	\$ 26,666,719	\$ 2,059,795	8%

Statement of Activities

The statement of activities reports how the Authority's net position changed during the fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. For the years ended June 30, 2016 and 2015, net position decreased by \$4,188,710 and increased by \$2,059,795, respectively. The 2016 decrease was primarily a result of decreases in rental income of \$122,493 and grant revenue of \$330,605 offset by increases in apportioned ad valorem taxes and payments in lieu of taxes totaling \$210,819. Other changes include a decrease in project costs of approximately \$700,000 and an increase in Skirvin expenditures resulting from a decrease in payments to the City and an increase in payments to Urban Renewal. In 2015, the change in net position was \$580,015 less than the previous year. The change was due to a decrease in rental revenue of \$190,000, an increase in project costs of \$621,000 and the \$693,000 payment to the City to retire debt associated with the Skirvin Hotel Project, offset by a \$505,000 increase in grant revenues, \$180,000 increase in Tax Increment Financing (TIF) related revenues and decreases in interest and depreciation expenses.

Table 2: Condensed Statements of Activities

	2016	2015	Change	% Change	2014	Change	% Change
Charges for services	\$ 487,789	\$ 643,365	\$ (155,576)	-24%	\$ 824,335	\$ (180,970)	-22%
Operating grants, contributions and restricted interest	573,766	882,588	(308,822)	-35%	368,733	513,855	139%
General revenues	3,141,934	2,929,469	212,465	7%	2,750,385	179,084	7%
Total revenues	4,203,489	4,455,422	(251,933)	-6%	3,943,453	511,969	13%
Economic development expenses	8,327,535	2,318,911	6,008,624	259%	1,172,889	1,146,022	98%
Interest expense	64,664	76,716	(12,052)	-16%	130,754	(54,038)	-41%
Total operating expenses	8,392,199	2,395,627	5,996,572	250%	1,303,643	1,091,984	84%
Change in net position	\$ (4,188,710)	\$ 2,059,795	\$ (6,248,505)	-303%	\$ 2,639,810	\$ (580,015)	-22%

Fund Financial Statements

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

Table 3: Condensed Fund Financial Statements for TIF 1 Fund

	2016	2015	Change	% Change	2014	Change	% Change
TIF 1							
Total assets	\$ 13,136,645	\$ 11,531,376	\$ 1,605,269	14%	\$ 10,060,174	\$ 1,471,202	15%
Total liabilities	(53,761)	(411,841)	358,080	-87%	(287,790)	(124,051)	43%
Deferred inflows of resources	(693,478)	(537,808)	(155,670)	29%	(18,760)	(519,048)	2767%
Fund balance	\$ 12,389,406	\$ 10,581,727	\$ 1,807,679	17%	\$ 9,753,624	\$ 828,103	8%

The TIF 1 fund balance increased \$1,807,679 and \$828,103 in 2016 and 2015, respectively. Revenues were slightly higher in 2016 primarily due to a \$210,819 increase in apportioned ad valorem taxes and payments in lieu of taxes and an increase in interest income of \$36,196, offset by a decrease in grant revenue of \$330,605. The 2016 expenditures decreased by \$710,514 due to decreases in project expenditures of approximately \$730,000, an interest expense of \$12,000 and an increase in administrative costs of \$32,000. Revenues remained steady in 2015 while total expenditures increased by approximately \$305,000, the result of a \$675,000 increase in project expenditures, offset by a \$361,000 decrease in debt service. Primary differences included a decrease in rental revenue from the garages sold to Presbyterian Health Foundation (PHF) of \$418,352, an increase in TIF category expenditures of \$436,689 and a decrease in total debt service of \$1,089,768, mainly due to the cancelation of the two notes associated with the parking garages sold to PHF.

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

	2016	2015	Change	% Change	2014	Change	% Change
Skirvin Hotel Project							
Rental income	\$ 505,199	\$ 642,496	\$ (137,297)	-21%	\$ 633,220	\$ 9,276	1%
Principal payment on note receivable	212,602	206,205	6,397	3%	200,000	6,205	3%
Interest income on loan	304,245	310,528	(6,283)	-2%	316,620	(6,092)	-2%
Investment income	12,566	19,952	(7,386)	-37%	26,152	(6,200)	-24%
Total revenues	1,034,612	1,179,181	(144,569)	-12%	1,175,992	3,189	0%
Expenditures	7,400,000	692,911	6,707,089	968%	830	692,081	83383%
Change infund balance	\$ (6,365,388)	\$ 486,270	\$ (6,851,658)	-1409%	\$ 1,175,162	\$ (688,892)	-59%

The Skirvin Hotel Project fund balance decreased \$6,365,388 in 2016 compared to an increase of \$486,270 in 2015. The decrease in the fund balance was the result of a decrease in payments to the City of \$692,911 to retire debt associated with the project and a \$7,400,000 increase in expenditures to Urban Renewal. The fund balances for both TIF 1 and the Skirvin Hotel Project are restricted for debt service and economic development activities.

Economic Factors

The Authority is designated to receive tax apportionment revenues for TIF Districts 1 and 7. To date, the Authority has collected \$26 million for TIF 1. There have been no revenues collected for TIF 7; however, the Authority expects they will begin in fiscal year 2017. Revenues will be collected throughout the life of the TIF Districts and used for economic development projects within the project areas. The Authority leases the land under the Skirvin Hotel in downtown Oklahoma City and also administers a note receivable from the owner of the hotel, Skirvin Partners, LLC. Lease payments are expected monthly through December 2104, the expiration date of the 99-year ground lease. Ground lease and debt service payments collected will be retained for use in future economic development activities approved by the City.

Contacting the Authority's Management

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

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Government-Wide Statements of Net Position
June 30, 2016 and 2015

Assets

	2016	2015
Current Assets		
Cash and cash equivalents	\$ 9,242,154	\$ 7,582,117
Investments, at fair value	3,948,000	5,145,000
Due from other governments	684,944	530,067
Rent receivable	24,019	252,906
Interest receivable	25,088	25,620
Investment income receivable	15,830	14,385
Current portion of notes receivable	219,198	212,602
	<hr/>	<hr/>
Total current assets	14,159,233	13,762,697
	<hr/>	<hr/>
Capital Assets		
Land	506,891	506,891
Building, parking garages and undivided ownership interest in buildings, net	5,543,494	5,888,102
	<hr/>	<hr/>
Total capital assets	6,050,385	6,394,993
	<hr/>	<hr/>
Other Noncurrent Assets		
Investments, at fair value	4,670,000	4,438,000
Notes receivable	9,815,995	10,035,193
Other assets – deposits	300,000	300,000
	<hr/>	<hr/>
Total other noncurrent assets	14,785,995	14,773,193
	<hr/>	<hr/>
Total assets	\$ 34,995,613	\$ 34,930,883
	<hr/>	<hr/>

Liabilities and Net Position

	2016	2015
Current Liabilities		
Current portion of long-term debt	\$ 792,414	\$ 788,463
Accounts payable	7,248	266,644
Due to Urban Renewal	5,424,337	8,261
Advance PILOT payment	22,176	136,936
	<u>6,246,175</u>	<u>1,200,304</u>
Total current liabilities	6,246,175	1,200,304
Noncurrent Liabilities		
Long-term debt, less current maturities	<u>4,211,634</u>	<u>5,004,065</u>
	<u>10,457,809</u>	<u>6,204,369</u>
Total liabilities	10,457,809	6,204,369
Net Position		
Net investment in capital assets	2,626,563	2,431,684
Restricted for debt service	1,074,031	1,066,129
Restricted for economic development activities	<u>20,837,210</u>	<u>25,228,701</u>
	<u>\$ 24,537,804</u>	<u>\$ 28,726,514</u>
Total net position	\$ 24,537,804	\$ 28,726,514

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Government-Wide Statements of Activities
Years Ended June 30, 2016 and 2015

	Revenues				
				Operating Grants, Contributions and Restricted Interest	Net Revenues (Expenses)
	Expenses	Charges for Services	Capital Grants and Contributions		
2016					
Governmental Activities					
Economic development	\$ 8,327,535	\$ 487,789	\$ -	\$ 573,766	\$ (7,265,980)
Interest expense	64,664	-	-	-	(64,664)
Total governmental activities	<u>\$ 8,392,199</u>	<u>\$ 487,789</u>	<u>\$ -</u>	<u>\$ 573,766</u>	<u>(7,330,644)</u>
General Revenues					
Apportioned TIF 1 ad valorem taxes					1,930,149
Payment in lieu of taxes					<u>1,211,785</u>
Total general revenues					<u>3,141,934</u>
Change in Net Position					(4,188,710)
Net Position, Beginning of Year					<u>28,726,514</u>
Net Position, End of Year					<u>\$ 24,537,804</u>
2015					
Governmental Activities					
Economic development	\$ 2,318,911	\$ 643,365	\$ -	\$ 882,588	\$ (792,958)
Interest expense	76,716	-	-	-	(76,716)
Total governmental activities	<u>\$ 2,395,627</u>	<u>\$ 643,365</u>	<u>\$ -</u>	<u>\$ 882,588</u>	<u>(869,674)</u>
General Revenues					
Apportioned TIF 1 ad valorem taxes					1,727,667
Payment in lieu of taxes					<u>1,201,802</u>
Total general revenues					<u>2,929,469</u>
Change in Net Position					2,059,795
Net Position, Beginning of Year					<u>26,666,719</u>
Net Position, End of Year					<u>\$ 28,726,514</u>

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Balance Sheets – Governmental Funds
June 30, 2016 and 2015

	2016		
	TIF 1	Skirvin Hotel Project	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 3,517,871	\$ 5,724,283	\$ 9,242,154
Investments, at fair value	8,618,000	-	8,618,000
Rent receivable	-	24,019	24,019
Interest receivable	-	25,088	25,088
Investment income receivable	15,830	-	15,830
Ad valorem taxes receivable	5,061	-	5,061
Federal grant receivable	679,883	-	679,883
Other assets	300,000	-	300,000
Total assets	<u>\$ 13,136,645</u>	<u>\$ 5,773,390</u>	<u>\$ 18,910,035</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 7,248	\$ -	\$ 7,248
Due to PHF	-	-	-
Due to TIF 1 fund	-	-	-
Due to Urban Renewal	24,337	5,400,000	5,424,337
Advance PILOT payment	22,176	-	22,176
Total liabilities	<u>53,761</u>	<u>5,400,000</u>	<u>5,453,761</u>
Deferred Inflows of Resources	<u>693,478</u>	<u>25,088</u>	<u>718,566</u>
Fund Balances			
Restricted for			
Debt service	1,074,031	-	1,074,031
Economic development activities	-	348,302	348,302
Other TIF activities	11,315,375	-	11,315,375
Total fund balances	<u>12,389,406</u>	<u>348,302</u>	<u>12,737,708</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,136,645</u>	<u>\$ 5,773,390</u>	<u>\$ 18,910,035</u>

	2015		
	TIF 1	Skirvin Hotel Project	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 2,577,045	\$ 5,005,072	\$ 7,582,117
Investments, at fair value	8,113,000	1,470,000	9,583,000
Rent receivable	-	252,906	252,906
Interest receivable	-	25,620	25,620
Investment income receivable	11,264	3,121	14,385
Ad valorem taxes receivable	24,823	-	24,823
Federal grant receivable	505,244	-	505,244
Other assets	300,000	-	300,000
Total assets	\$ 11,531,376	\$ 6,756,719	\$ 18,288,095

Liabilities, Deferred Inflows of Resources and Fund Balances

Liabilities			
Accounts payable	\$ 266,644	\$ -	\$ 266,644
Due to Urban Renewal	8,261	-	8,261
Advance PILOT payment	<u>136,936</u>	<u>-</u>	<u>136,936</u>
Total liabilities	<u>411,841</u>	<u>-</u>	<u>411,841</u>
Deferred Inflows of Resources	<u>537,808</u>	<u>43,029</u>	<u>580,837</u>
Fund Balances			
Restricted for			
Debt service	1,066,129	-	1,066,129
Economic development activities	-	6,713,690	6,713,690
Other TIF activities	<u>9,515,598</u>	<u>-</u>	<u>9,515,598</u>
Total fund balances	<u>10,581,727</u>	<u>6,713,690</u>	<u>17,295,417</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,531,376</u>	<u>\$ 6,756,719</u>	<u>\$ 18,288,095</u>

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Reconciliation of the Balance Sheets – Governmental Funds to
the Statements of Net Position
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Total fund balances	\$ 12,737,708	\$ 17,295,417
Amounts reported in the statements of net position are different because		
Capital assets, notes receivable and certain other assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund		
Land	506,891	506,891
Building, net of accumulated depreciation of \$2,692,790 as of June 30, 2016, and \$2,401,677 as of June 30, 2015	4,585,022	4,876,134
Undivided ownership interest in buildings, net of accumulated depreciation of \$378,932 as of June 30, 2016, and \$325,436 as of June 30, 2015	958,472	1,011,967
Notes receivable	10,035,193	10,247,795
Earned but unavailable revenue	718,566	580,838
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the fund		
Long-term debt	<u>(5,004,048)</u>	<u>(5,792,528)</u>
Net position, per the statements of net position	<u>\$ 24,537,804</u>	<u>\$ 28,726,514</u>

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Statements of Revenues, Expenditures and Changes in
Fund Balances – Governmental Funds
Years Ended June 30, 2016 and 2015

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

	2015		
	TIF 1	Skirvin Hotel Project	Total Governmental Funds
Revenues			
Apportioned ad valorem taxes – TIF 1	\$ 1,717,051	\$ -	\$ 1,717,051
Payment in lieu of taxes	1,201,802	-	1,201,802
Rental income	-	642,496	642,496
Interest income paid on tax deposits held by the Oklahoma County Treasurer	143	-	143
Interest income on loans	-	310,528	310,528
Investment income	44,967	19,952	64,919
Principal payment on note receivable	-	206,205	206,205
Total revenues	<u>2,963,963</u>	<u>1,179,181</u>	<u>4,143,144</u>
Expenditures			
Biomedical, biopharmaceutical and technological research and development facilities and other public research park improvements	1,160,780	-	1,160,780
Parking facilities and other public improvements	34,698	-	34,698
Administration	85,912	-	85,912
Payment to the City	-	692,911	692,911
Debt service			
Principal	777,754	-	777,754
Interest	76,716	-	76,716
Total expenditures	<u>2,135,860</u>	<u>692,911</u>	<u>2,828,771</u>
Change in Fund Balances	828,103	486,270	1,314,373
Fund Balances, Beginning of Year	<u>9,753,624</u>	<u>6,227,420</u>	<u>15,981,044</u>
Fund Balances, End of Year	<u>\$ 10,581,727</u>	<u>\$ 6,713,690</u>	<u>\$ 17,295,417</u>

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Reconciliation of the Statements of Revenues, Expenditures and Changes
in Fund Balances – Governmental Funds to the Statements of Activities
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Change in fund balances – governmental funds	\$ (4,557,709)	\$ 1,314,373
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures while government-wide activities report depreciation expense to allocate those expenditures over the lives of the assets		
Depreciation expense	(344,609)	(344,609)
Certain income is not derived from current financial resources and, therefore, not reported as income in governmental funds		
Apportioned TIF 1 ad valorem taxes	(19,762)	10,473
Rental income on Skirvin Hotel Project	(17,410)	869
Federal grant receivable	174,641	505,244
Interest income	(532)	(517)
Investment income receivable	793	2,413
Principal payment on note receivable is recorded as revenue in governmental funds	(212,602)	(206,205)
Advances from debt agreements, principal repayments and changes in certain other assets are not reflected as revenues and expenditures in the statements of activities		
Principal payments on debt agreements and notes payable	<u>788,480</u>	<u>777,754</u>
Change in net position, per the statements of activities	<u>\$ (4,188,710)</u>	<u>\$ 2,059,795</u>

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2016 and 2015

Note 1: Summary of Significant Accounting Policies

Organization

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

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

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

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

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

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

Reporting Entity

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

Basis of Presentation

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

Government-Wide Financial Statements

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

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2016 and 2015

Fund Financial Statements

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

- TIF 1
- Skirvin Hotel Project

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

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

Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

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

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2016 and 2015

Basis of Accounting

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

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

Accounting Policies

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

Capital Assets

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

Use of Estimates

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

Income Taxes

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

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2016 and 2015

Net Position Classifications

Government-Wide Statements

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

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

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

Unrestricted – Represents the remaining net position, if any.

Fund Financial Statements

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

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

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

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

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

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

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

Restricted – The Skirvin Hotel Project activities in TIF 2 are reflected as restricted due to conditions imposed by either financing documents or the City's approvals. TIF 2 is now being administered by the City. As more fully described in *Note 9*, certain notes require a reserve fund as well as encumbered revenues to be maintained. The restricted fund balance for debt service in TIF 1 was \$1,074,031 and \$1,066,129 as of June 30, 2016 and 2015, respectively. The remaining fund balance in TIF 1 is reflected as restricted for other TIF activities.

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Program Revenues

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

Annual Budget-to-Actual Comparison

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

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

Note 2: Deposits and Investments

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

The policy of the Authority is to require all deposits be maintained in accounts which are fully insured or collateralized. As of June 30, 2016 and 2015, the Authority had no uninsured or uncollateralized deposits. The Authority requires investment collateral be held by a third-party custodian with whom the Authority has a current custodial agreement in the Authority’s name.

Deposits of the Authority at June 30, 2016 and 2015, are \$9,242,154 and \$7,582,117, respectively.

Investments

The Authority’s investments at June 30, 2016 and 2015, consist entirely of negotiable certificates of deposit of \$8,618,000 and \$9,583,000, respectively.

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

The Authority’s recurring fair value measurements as of June 30, 2016 and 2015, are its certificates of deposit, which are valued using Level 2 inputs.

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

Note 3: Due from Other Governments

Amounts due to the Authority from other governments at June 30, 2016 and 2015, consisted of the following:

	<u>2016</u>	<u>2015</u>
TIF 1 funds held by the Oklahoma County Treasurer	\$ 5,061	\$ 24,823
<i>Economic Development Act</i> grant receivable	<u>679,883</u>	<u>505,244</u>
	<u>\$ 684,944</u>	<u>\$ 530,067</u>

Note 4: Rent Receivable

Rent receivable at June 30, 2016 and 2015, of \$24,019 and \$252,906, respectively, is related to the Skirvin ground lease (see *Note 12*).

Note 5: Notes Receivable

Skirvin Investment Fund, LLC

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

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Skirvin Partners, LLC

The Authority loaned Skirvin Partners, LLC \$4,000,000. The loan is secured with the Authority's Subordinated Mortgage and bears interest at the rate of 3%, with interest payable monthly. The note matured December 31, 2012, and was refinanced as of that date in the amount of \$10,654,000 at an interest rate of 3%. The refinanced note included the assigned loan to the Fund. Under the new terms, accrued interest shall be paid semiannually on June 1 and December 1, starting June 1, 2013, with a prorated payment for five months of interest. Principal payments shall be payable annually on December 1. Principal payments were \$212,602 and \$206,205 as of June 30, 2016 and 2015, respectively. Interest income of \$304,245 and \$310,528 was recognized during the years ended June 30, 2016 and 2015, respectively, in the accompanying government-wide statements of activities.

Page Woodson Development, LLC

In March 2016, the Authority agreed in principal to loan Page Woodson Development, LLC up to \$9,150,000. The loan is secured with the Authority's Subordinated Mortgage and bears interest at the rate of .25%, with interest payable annually. The note matures March 18, 2051, at which time all principle and accrued unpaid interest is due. No funds were advanced under this loan agreement as of June 30, 2016.

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Note 6: Capital Assets

Capital assets at June 30, 2016 and 2015, consisted of the following:

	Beginning Balance	Additions	Disposals	Ending Balance
2016				
Land	\$ 506,891	\$ -	\$ -	\$ 506,891
Building	7,277,811	-	-	7,277,811
University of Oklahoma				
Undivided ownership				
interest in buildings	1,337,403	-	-	1,337,403
	8,615,214	-	-	8,615,214
Less accumulated depreciation	(2,727,112)	(344,608)	-	(3,071,720)
Building, parking garages and				
undivided ownership interest				
in buildings, net	5,888,102	(344,608)	-	5,543,494
Total capital assets, net	<u>\$ 6,394,993</u>	<u>\$ (344,608)</u>	<u>\$ -</u>	<u>\$ 6,050,385</u>
2015				
Land	\$ 506,891	\$ -	\$ -	\$ 506,891
Building	7,277,811	-	-	7,277,811
Presbyterian Health				
Foundation (PHF)				
PHF parking garage #1	9,621,463	-	(9,621,463)	-
PHF parking garage #2	6,283,556	-	(6,283,556)	-
Undivided ownership				
interest in buildings	1,337,403	-	-	1,337,403
	24,520,233	-	(15,905,019)	8,615,214
Less accumulated depreciation	(2,382,503)	(344,609)	-	(2,727,112)
Building, parking garages and				
undivided ownership interest				
in buildings, net	22,137,730	(344,609)	(15,905,019)	5,888,102
Total capital assets, net	<u>\$ 22,644,621</u>	<u>\$ (344,609)</u>	<u>\$ (15,905,019)</u>	<u>\$ 6,394,993</u>

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Building

The building relates to the Cytovance project, of which the Authority funded a portion of the construction. The building was completed during the year ended June 30, 2007, and depreciation commenced at that time. The building is being depreciated over a 25-year life using the straight-line method of depreciation. Depreciation expense was \$291,112 for each of the years ended June 30, 2016 and 2015.

Land

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

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

Undivided Interest

The undivided interest represents a 1.89423% ownership interest in the University of Oklahoma (OU) Research Park Mobile Incubator buildings. The ownership interest was originally acquired in May 2009 for a total cost of \$1,337,403. The cost included \$200,000 as an allowance for tenant improvements. The undivided interest is being depreciated over a 25-year life using the straight-line method of depreciation. Depreciation expense was \$53,496 for each of the years ended June 30, 2016 and 2015.

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

The ownership interest also provides for the Authority to receive rental of \$1 per year plus net cash flow derived from the sublease of OU to the tenant. During the years ended June 30, 2016 and 2015, there were no tenants.

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Note 7: Other Assets

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

	<u>2016</u>	<u>2015</u>
Deposits held by PHF	\$ 300,000	\$ 300,000

Note 8: Advance Payment in Lieu of Taxes (PILOT) Payment

In October 2011, a Supplemental Redevelopment Agreement was entered into by and among Urban Renewal, PHF and The Toby Keith Foundation (TKF) for the development of OK Kids Korral. As part of the sale of the Research Park by PHF to OU in October 2013, PHF assigned the OK Kids Korral Supplemental Redevelopment Agreement and the OK Kids Korral Ground Lease Agreement to OU. As part of the Supplemental Redevelopment Agreement and the Ground Lease Agreement, TKF is subject to payments in lieu of ad valorem taxes (PILOT). These payments are payable to the Authority on December 31 beginning in the year of the completion of the improvements and each year thereafter. TKF has made a \$250,000 prepayment for payments in lieu of ad valorem taxes. The OK Kids Korral was completed in November 2013 and the Authority recognized \$114,760 and \$111,111 in PILOT on behalf of OK Kids Korral for the years ended June 30, 2016 and 2015, respectively. The balance of the prepayment was \$22,176 and \$136,936 as of June 30, 2016 and 2015, respectively.

As a result of the sales transaction between PHF and OU, the Authority started receiving payments in lieu of ad valorem taxes from OU, as OU is considered a component unit of the State of Oklahoma. The Authority received \$1,097,025 and \$1,090,691 in payments in lieu of ad valorem taxes in the years ended June 30, 2016 and 2015, respectively.

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Note 9: Long-Term Debt

The following is a summary of long-term obligations for the Authority for the years ended June 30, 2016 and 2015:

	Beginning Balance	Advances	Payments	Ending Balance
2016				
Dean A. McGee Note A-1	\$ 1,829,219	\$ -	\$ (248,994)	\$ 1,580,225
Biopharmaceutical Manufacturing Facility Note A-2	3,963,309	-	(539,486)	3,423,823
	<u>\$ 5,792,528</u>	<u>\$ -</u>	<u>\$ (788,480)</u>	<u>\$ 5,004,048</u>
2015				
Dean A. McGee Note A-1	\$ 2,074,826	\$ -	\$ (245,607)	\$ 1,829,219
Biopharmaceutical Manufacturing Facility Note A-2	4,495,456	-	(532,147)	3,963,309
	<u>\$ 6,570,282</u>	<u>\$ -</u>	<u>\$ (777,754)</u>	<u>\$ 5,792,528</u>

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

Dean A. McGee Note A-1

The Authority issued a \$3,000,000 parity tax apportionment revenue note on August 3, 2007 (Dean A. McGee Note A-1). The note matures on July 1, 2022, and interest on the note is calculated as either the London InterBank Offered Rate (LIBOR) plus 1% or the prime rate minus 1%, whichever is less, adjusted annually on July 1 of each year. From the issue date to July 1, 2010, only interest was due on the note; commencing on August 1, 2010, both interest and principal are due on the note. The amount of interest paid for the years ended June 30, 2016 and 2015, was \$20,420 and \$24,226, respectively, and the interest rate as of June 30, 2016 and 2015, was 1.46505% and 1.1865%, respectively.

The note requires a reserve fund be maintained. The reserve fund is calculated as equaling 25% of the annual debt service determined to be due by the next recalculation date, July 1, of each year the note is outstanding. The amount of reserve fund required at June 30, 2016 and 2015, was \$67,834 and \$67,315, respectively. The note also requires encumbered revenues be maintained. Encumbered revenues are the amount of funds necessary to service the debt obligation during a given year. The amount of encumbered funds required at June 30, 2016 and 2015, was \$271,334 and \$269,259, respectively.

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

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

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

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

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

The note was refinanced on August 31, 2007, as the Biopharmaceutical Manufacturing Facility Note A-2. The amount refinanced, after advancing \$27,668 for closing costs, was \$6,500,000. The note bears interest at the lesser of LIBOR plus 1% or prime rate minus 1% (1.46505% and 1.1865% at June 30, 2016 and 2015, respectively). The rate changes annually on July 1. The note matures July 1, 2022, and required interest only to be paid monthly until August 1, 2010, at which time interest and principal payments commenced. For the years ended June 30, 2016 and 2015, \$44,244 and \$52,490, respectively, of interest was paid on the note.

The note requires a reserve fund be maintained. The reserve fund is calculated as equaling 25% of the annual debt service determined to be due by the next recalculation date, July 1, of each year the note is outstanding. The amount of reserve fund required at June 30, 2016 and 2015, was \$146,973 and \$145,911, respectively. The note also requires encumbered revenues be maintained. Encumbered revenues are the amount of funds necessary to service the debt obligation during a given year. The amount of encumbered funds required at June 30, 2016 and 2015, was \$587,890 and \$583,644, respectively.

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June 30, 2016 and 2015

Future principal and interest payments on the notes for the year ended July 1, 2016, are as follows:

Year Ended June 30,	Dean A McGee Note A-1		Biopharmaceutical Manufacturing Facility Note A-2	
	Principal	Interest	Principal	Interest
2017	\$ 250,236	\$ 21,098	\$ 542,178	\$ 45,713
2018	253,747	17,776	549,783	38,514
2019	257,489	14,033	557,892	30,405
2020	261,287	10,235	566,121	22,177
2021	265,141	6,382	574,470	13,827
	<u>1,287,900</u>	<u>69,524</u>	<u>2,790,444</u>	<u>150,636</u>
2021–2023	<u>292,325</u>	<u>2,499</u>	<u>633,379</u>	<u>5,413</u>
	<u>\$ 1,580,225</u>	<u>\$ 72,023</u>	<u>\$ 3,423,823</u>	<u>\$ 156,049</u>

The following is a summary of the notes as of June 30, 2016 and 2015:

	2016	2015
Dean A. McGee Note A-1	\$ 1,580,225	\$ 1,829,219
Biopharmaceutical Manufacturing Facility Note A-2	<u>3,423,823</u>	<u>3,963,309</u>
	5,004,048	5,792,528
Less current maturities	<u>(792,414)</u>	<u>(788,463)</u>
Long-term debt, less current maturities	<u>\$ 4,211,634</u>	<u>\$ 5,004,065</u>

Note 10: Net Position

The accompanying government-wide statements of net position reflect the following types of net position as of June 30, 2016 and 2015:

Net Investment in Capital Assets – Represents a balance of \$2,626,563 and \$2,431,684 at June 30, 2016 and 2015, respectively. The debt associated with capital assets had a balance of \$3,423,823 and \$3,963,309 at June 30, 2016 and 2015, respectively.

Restricted – Represents net position which has been restricted by outside sources. The net position restricted for debt service was \$1,074,031 and \$1,066,129 at June 30, 2016 and 2015, respectively. The net position restricted for economic development activities was \$26,237,210 and \$25,228,701 at June 30, 2016 and 2015, respectively.

Oklahoma City Redevelopment Authority
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Notes to Financial Statements
June 30, 2016 and 2015

Note 11: Ad Valorem Tax Revenue

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

A summary of the ad valorem tax revenue as of June 30, 2016 and 2015, is as follows:

2016	
Tax year	
2009	\$ 169
2014	104,344
2015	1,843,609
	<hr/> 1,948,122
Interest received	1,790
Net change in tax receivable from Oklahoma County Treasurer	<hr/> (19,762)
	<hr/> <hr/> \$ 1,930,150
2015	
Tax year	
2012	\$ 57
2013	137,572
2014	1,579,422
	<hr/> 1,717,051
Interest received	143
Net change in tax receivable from Oklahoma County Treasurer	<hr/> 10,473
	<hr/> <hr/> \$ 1,727,667

Note 12: Lease Agreement

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

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

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

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

Rent revenues recognized under the lease agreement were \$505,199 and \$642,496 for the years ended June 30, 2016 and 2015, respectively.

Note 13: Related-Party Transactions

Urban Renewal

At June 30, 2016 and 2015, the Authority owed \$24,337 and \$8,261, respectively, of TIF 1 funds to Urban Renewal for administrative costs.

Supplementary Information

Oklahoma City Redevelopment Authority
A Component Unit of the City of Oklahoma City, Oklahoma
Budget-to-Actual Expenditure Comparison (Project Life-to-Date)
June 30, 2016

TIF 1	Category A	Category B	Category C
Total budget	\$ 22,000,000	\$ 23,000,000	\$ 2,000,000
Expenditures			
For years 2013 through 2016	(2,125,147)	(830)	(198,749)
For years 2012 and prior	<u>(9,719,370)</u>	<u>(14,516,056)</u>	<u>(1,422,249)</u>
Budget amount remaining	<u>\$ 10,155,483</u>	<u>\$ 8,483,114</u>	<u>\$ 379,002</u>

TIF 7	Category A	Category B	Category C	Category D
Total budget	\$ 4,000,000	\$ 5,000,000	\$ 1,000,000	\$ 11,000,000
Expenditures				
For years 2013 through 2016	(249,352)	-	-	(85,912)
For years 2012 and prior	<u>-</u>	<u>-</u>	<u>-</u>	<u>(504,816)</u>
Budget amount remaining	<u>\$ 3,750,648</u>	<u>\$ 5,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 10,409,272</u>

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

Oklahoma City Redevelopment Authority
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Notes to Budget-to-Actual Expenditure Comparison (Project Life-to-Date)
June 30, 2016 and 2015

Note 1: Basis of Preparation

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

Note 2: Expenditures

TIF 1

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

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

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

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

TIF 7

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

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

During the years ended June 30, 2008 through 2011, TIF 1 paid TIF 7 Category D costs. The project plan allows TIF 1 to advance funds for TIF 7 expenditures and TIF 7 to reimburse those amounts when funding is received. As of June 30, 2016, no TIF 7 funding has been received. As these funds will be repaid once funding is received, they have been included in the TIF 7 budget-to-actual schedule.

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

Board of Trustees
Oklahoma City Redevelopment Authority
Oklahoma City, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major funds of the Oklahoma City Redevelopment Authority (the Authority), a component unit of the City of Oklahoma City, Oklahoma (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 11, 2016.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control described in the accompanying schedule of findings and responses as item 2016-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Authority's Response to Finding

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

Purpose of this Report

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

BKD, LLP

Oklahoma City, Oklahoma
November 11, 2016

Oklahoma City Redevelopment Authority
(A Component Unit of the City of Oklahoma City)
Schedule of Findings and Responses
Year Ended June 30, 2016

Findings Required to be Reported by *Governmental Auditing Standards*

Reference Number	Finding
2016-001	<p>Criteria or Specific Requirement – Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – The Council of the City approved \$7.4 million in Skirvin lease revenue to be transferred from the Authority to Urban Renewal to be used for the purchase of property to build the future Convention Center Hotel. Only \$2.0 million was transferred in fiscal year 2016 and the remaining \$5.4 million should have been recorded as a liability, but was omitted.</p> <p>Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – Misstatement in the financial statements resulted from the omission noted above and was not detected and/or corrected in a timely manner, resulting in a material adjustment to the current year financial statements.</p> <p>Cause – The review process failed to identify the proper accrual of expenditures and posting of liabilities to the general ledger.</p> <p>Recommendation – We recommend management review their procedures for ensuring expenditures are recognized and posted in the proper period.</p> <p>Views of Responsible Officials and Planned Corrective Actions – Management agrees with the finding and will review and implement procedures to ensure accruals are properly recognized.</p>

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

TRUSTEES

J. Larry Nichols
Chairman

James R. Tolbert III
Vice Chairman

Mark Beffort

David Greenwell

Larry McAtee, Jr.

Mary Melon

Russell M. Perry

EXECUTIVE DIRECTOR

Catherine O'Connor

To: Board of Trustees of the Oklahoma City Redevelopment Authority

From: Catherine O'Connor, Executive Director

Date: January 18, 2017

Ref: Resolution Approving Evidence of Costs Incurred by General Electric Company in Constructing a Parking Facility and Approving Assistance in Development Financing in the Amount of \$3,193,921.30 Pursuant to the Development Assistance Financing Agreement and as Authorized by the Oklahoma Regional Innovation District Project Plan

Background: The Oklahoma City Urban Renewal Authority ("OCURA") entered into a redevelopment agreement with General Electric Company ("Redeveloper") for land near N.E. 10th Street and N. Central Avenue to construct a state-of-the-art oil and gas research facility and parking facility. To support the OCURA Redevelopment Project, OCRA entered into a Development Financing Assistance Agreement for one-half of the actual costs for constructing a parking facility (not to exceed \$3,425,000).

The project and parking structure were completed in October 2016. The Redeveloper has submitted evidence of incurred cost in constructing the Parking Facility in the amount of \$6,387,842.59. In accordance with the Financing Agreement, the Redeveloper is eligible for assistance in development financing for \$3,193,921.30, one-half of the costs for the construction of the Parking Facility.

Approval of assistance in development financing to the Redeveloper in the amount of \$3,193,921.30 is appropriate.

Summary of Agenda Item: The resolution approved assistance in development financing in the amount of \$3,193,921.30 to General Electric Company for the construction of a parking facility in accordance to the Development Assistance Financing Agreement

Recommendation: Approval of Resolution.

Attachments: Certification of Costs for Assistance in Development Financing

RESOLUTION NO. _____

RESOLUTION APPROVING EVIDENCE OF COSTS INCURRED BY GENERAL ELECTRIC COMPANY IN CONSTRUCTING A PARKING FACILITY AND APPROVING ASSISTANCE IN DEVELOPMENT FINANCING IN THE AMOUNT OF \$3,193,921.30 PURSUANT TO THE DEVELOPMENT ASSISTANCE FINANCING AGREEMENT AND AS AUTHORIZED BY THE OKLAHOMA REGIONAL INNOVATION DISTRICT PROJECT PLAN

WHEREAS, The City of Oklahoma City has approved the Oklahoma Regional Innovation District Project Plan, an amended Oklahoma Health Center Economic Development Project Plan (“Project Plan”) in accordance with the provisions of the Oklahoma Local Development Act, 62 Okla. Stat. § 850, *et seq.*, approving the establishment of an innovation district and tax increment districts to support innovation district activities; and

WHEREAS, the Project Plan is intended to provide support for implementing innovation district objectives and strategies, including specifically to assist in the financing and construction of parking facilities in support of economic development activities and related development objectives in the Project Area (as described in the Project Plan), and the implementation of development and redevelopment activities pursuant to the Harrison-Walnut Urban Renewal Plan, as amended (“Urban Renewal Plan”); and

WHEREAS, the Oklahoma City Urban Renewal Authority (“OCURA”), in furtherance of its responsibilities to carry out the Urban Renewal Plan, has previously approved a Contract for Sale of Land and Redevelopment Agreement (“Redevelopment Agreement”) with General Electric Company (“Redeveloper”) for the development of an approximately 90,000 square foot multi-level state-of-the art oil and gas research and technology facility (the “Project”), which significantly expands the research and technology sector of Oklahoma’s economy and will create approximately 125 new full-time equivalent positions; and

WHEREAS, the Project includes a multi-level parking garage structure to provide approximately four hundred parking spaces (the “Parking Facility”), located in the Project Area as defined in the Project Plan; and

WHEREAS, the financing and construction of the Parking Facility will promote the achievement of the objectives of the Project Plan and the Urban Renewal Plan and stimulate additional economic development in the area; and

WHEREAS, the Oklahoma City Redevelopment Authority, a public trust (“Redevelopment Authority”) is authorized in accordance with the Project Plan to assist and support the achievement of the objectives of Project Plan; and

WHEREAS, the Redevelopment Authority and Redeveloper have executed a Development Financing Assistance Agreement, pursuant to which assistance in development financing will be made available to the Redeveloper for one-half of the actual and reasonable costs

incurred by Redeveloper in constructing the Parking Facility, in an amount not to exceed \$3,425,000, subject to the terms and conditions of the Development Financing Assistance Agreement; and

WHEREAS, in accordance with the Development Financing Assistance Agreement, the Redeveloper has submitted evidence that it incurred costs in constructing the Parking Facility in the total amount of Six Million Three Hundred Eighty-Seven Thousand Eight Hundred Forty-Two Dollars and Fifty-Nine Cents (\$6,387,842.59) (“Certified Costs”); and

WHEREAS, the Board of Trustees of the Redevelopment Authority hereby approves the Redeveloper’s evidence of costs incurred in constructing the Parking Facility, finds that these costs were actual and reasonable, and authorizes the Executive Director to execute a certification reflecting this approval, in accordance with the Development Financing Assistance Agreement; and

WHEREAS, the Redeveloper has completed the Project, including the Parking Facility, pursuant to the terms and conditions of the Redevelopment Agreement, including the approved Construction Documents, as evidenced by a Certificate of Completion executed by OCURA on October 11, 2016; and

WHEREAS, in accordance with the Development Financing Assistance Agreement, the Redeveloper is eligible for assistance in development financing in the amount of Three Million One Hundred Ninety-Three Thousand Nine Hundred Twenty-One Dollars and Thirty Cents (\$3,193,921.30), subject to the terms and conditions of the Development Financing Assistance Agreement; and

WHEREAS, pursuant to the Development Financing Assistance Agreement, the Redevelopment Authority is obligated to make annual payments of development financing assistance to the Redeveloper in an amount equal to one-half the ad valorem taxes paid by the Redeveloper to the County Treasurer of Oklahoma County for the prior year until such payments equal one-half of the Certified Costs, commencing no later than July 30 of the year following completion of the Project; and

WHEREAS, approval of assistance in development financing to the Redeveloper in the amount of Three Million One Hundred Ninety-Three Thousand Nine Hundred Twenty-One Dollars and Thirty Cents (\$3,193,921.30) for eligible project costs for development in the Project Area is appropriate, desirable and in the public interest.

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

1. The evidence of costs in the total amount of Six Million Three Hundred Eighty-Seven Thousand Eight Hundred Forty-Two Dollars and Fifty-Nine Cents (\$6,387,842.59) (“Certified Costs”) for the construction of the Parking Facility as part of the Project completed by General Electric Company (“Redeveloper”) submitted pursuant to the terms of the Development Financing Assistance Agreement is hereby approved.

2. The Executive Director of the Redevelopment Authority, with the advice of Legal Counsel, is authorized to execute such documents as are necessary and appropriate to evidence the Redevelopment Authority's approval of the Certified Costs submitted by the Redeveloper.
3. Assistance in development financing to Redeveloper is approved in an amount not to exceed Three Million One Hundred Ninety-Three Thousand Nine Hundred Twenty-One Dollars and Thirty Cents (\$3,193,921.30), subject to the terms and conditions of the Development Financing Assistance Agreement, and as authorized by the Oklahoma Regional Innovation District Project Plan, an Amended Oklahoma Health Center Economic Development Project Plan.
4. The officers of the Oklahoma City Redevelopment Authority and its Executive Director, with the advice of its Legal Counsel, are authorized to approve and execute such documents and take such actions as may be necessary or appropriate to implement the authorizations herein and to provide assistance in development financing pursuant to the terms of the Development Financing Assistance Agreement.

I, _____, Secretary of the Oklahoma City Redevelopment Authority, a public trust, certify that the foregoing Resolution No. _____ was duly adopted at a **regular** meeting of the Board of Trustees of the Oklahoma City Redevelopment Authority held at the Arts District Garage Conference Room, 431 West Main, Suite B, Oklahoma City, Oklahoma, on the **18th** day of **January, 2017**; that said meeting was held in accordance with the By-Laws of the Authority and the Oklahoma Open Meetings Act; that any notice required to be given of such meeting was properly given; that a quorum was present at all times during such meeting; and that said Resolution was adopted by a majority of the Trustees present.

SECRETARY

(SEAL)

CERTIFICATION OF COSTS
FOR ASSISTANCE IN DEVELOPMENT FINANCING

WHEREAS, this Certification of Costs for Assistance in Development Financing (“Certification of Costs”) is executed by the **OKLAHOMA CITY REDEVELOPMENT AUTHORITY**, an Oklahoma public trust (“Redevelopment Authority”) acting for the benefit of The City of Oklahoma City (“City”), pursuant to a Development Financing Assistance Agreement (“Financing Assistance Agreement”) dated March 6, 2014 between the Redevelopment Authority, and **GENERAL ELECTRIC COMPANY**, a New York corporation (“Redeveloper”); and

WHEREAS, in furtherance of the objectives of the Urban Renewal Act, the Oklahoma City Urban Renewal Authority, an Oklahoma public body corporate (“OCURA”) has undertaken a program for the clearance and reconstruction or rehabilitation of slum and blighted areas in the City, and in this connection is engaged in carrying out an urban renewal project plan designated the Harrison-Walnut Urban Renewal Plan, as amended (“Urban Renewal Plan”); and

WHEREAS, the City has adopted the Oklahoma Regional Innovation District Project Plan, an amended Oklahoma Health Center Economic Development Project Plan (“Project Plan”), approving the establishment of an Innovation District and tax increment districts to support the Innovation District objectives and strategies, including, without limitation, financing the construction of parking facilities in support of development activities and economic growth in the Project Area (as described in the Project Plan), and the continued implementation of development and redevelopment activities pursuant to the Urban Renewal Plan; and

WHEREAS, OCURA and the Redeveloper entered into a Contract for Sale of Land and Redevelopment, made effective as of January 1, 2014 (the “Redevelopment Agreement”), for development of an approximately 90,000 square foot multi-level state-of-the art oil and gas research and technology facility (the “Project”), which significantly expands the research and technology sector of Oklahoma’s economy and will create approximately 125 new full-time equivalent positions; and

WHEREAS, the Project includes a multi-level parking garage structure to provide approximately four hundred parking spaces (the “Parking Facility”), located in the Project Area as defined in the Project Plan; and

WHEREAS, the financing and construction of the Parking Facility will promote the achievement of the objectives of the Urban Renewal Plan and stimulate additional economic development in the area; and

WHEREAS, the Redevelopment Authority is authorized in accordance with the Project Plan to assist and support the achievement of the objectives of the Urban Renewal Plan; and

WHEREAS, the Redevelopment Authority and the Redeveloper entered into the Financing Assistance Agreement in aid of the implementation of the Project Plan, under which the Redevelopment Authority will provide public assistance to support a portion of the costs of developing the Parking Facility as part of the Project; and

WHEREAS, unless otherwise defined herein, all capitalized terms used in this Certification of Costs shall have the meanings given them in the Financing Assistance Agreement; and

WHEREAS, in accordance with the Financing Assistance Agreement, the Redeveloper has submitted Evidence of Total Costs, which demonstrate that the Redeveloper incurred costs in constructing the Parking Facility in the total amount of Six Million Three Hundred Eighty-Seven Thousand Eight Hundred Forty-Two Dollars and Fifty-Nine Cents (\$6,387,842.59); and

WHEREAS, the Board of Trustees of the Redevelopment Authority has determined that these costs were actually and reasonably incurred by the Redeveloper in constructing the Parking Facility and that, therefore, in accordance with the Financing Assistance Agreement, the Redeveloper is eligible for assistance in development financing in the amount of Three Million One Hundred Ninety-Three Thousand Nine Hundred Twenty-One Dollars and Thirty Cents (\$3,193,921.30), subject to the terms and conditions of the Financing Assistance Agreement.

NOW, THEREFORE, in consideration of the completion of construction of the Parking Facility as part of the Project, and in accordance with the Financing Assistance Agreement, the Oklahoma City Redevelopment Authority does hereby approve the Redeveloper's Evidence of Total Costs and certifies the actual and reasonable costs incurred by the Redeveloper in constructing the Parking Facility, in the amount of Six Million Three Hundred Eighty-Seven Thousand Eight Hundred Forty-Two Dollars and Fifty-Nine Cents (\$6,387,842.59), as the Certified Costs.

IN WITNESS WHEREOF, this Certification of Costs is executed by the Executive Director of the Oklahoma City Redevelopment Authority, an Oklahoma public trust, this _____ day of _____, 2017.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY,
an Oklahoma public trust

By: _____
Catherine O'Connor, Executive Director



CENTER FOR ECONOMIC
DEVELOPMENT LAW

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MEMORANDUM

TO: Trustees of the Oklahoma City Redevelopment Authority

FROM: Dan Batchelor, General Counsel

DATE: January 12, 2017

RE: Oklahoma Regional Innovation District Project Plan

The Oklahoma City business community, led by the Greater Oklahoma City Chamber of Commerce, acting jointly with the Oklahoma Health Center Foundation, the Presbyterian Health Foundation, the Oklahoma Medical Research Foundation, and the Oklahoma City Redevelopment Authority, and working under the guidance of the Brookings Institution, is developing a program to build on the success of the Oklahoma Health Center Economic Development Project by adopting an Innovation District strategy. In support of this strategy, the City Council has approved a project plan to provide legal empowerment and financial backing.

APPROVAL OF PROJECT PLAN. In accordance with the Local Development Act (“Act”), 62 O.S. § 850, *et seq.*, the City Council of The City of Oklahoma City unanimously voted to adopt Ordinance No. 25,531 on December 20, 2016, approving the Oklahoma Regional Innovation District Project Plan (“Project Plan”), which Project Plan amends and replaces the Oklahoma Health Center Economic Development Project Plan. The Project Plan amends the boundaries of Increment District No. 1, City of Oklahoma City and Increment District No. 7, City of Oklahoma City. The Project Plan also establishes Increment District No. 11, City of Oklahoma City, and creates Tax Increment Districts temporarily identified as Increment District No. “M,” and Increment District No. “N.” The official numbering and activation of Increment Districts No. “M” and No. “N” has been deferred until such time as determined by the City Council, provided that such determination shall be made within 10 years of the effective date of the Ordinance

An Innovation District is an intentional economic development strategy based on the premise that economic growth, job creation, and innovation can be fostered through the clustering of businesses, institutions, and people, and the creation of new partnerships. Thus, the Project Plan authorizes agreements with public entities to implement and fund plan objectives such as enhanced education programs, skills training programs, intern programs, and workforce development. A summary of the Innovation District strategy follows.

PROJECT PLAN OBJECTIVES. Specific objectives of the Project Plan include (a) creating an innovation ecosystem that is designed to promote a high level of interaction and

connectivity, to facilitate idea generation, and to advance commercialization; (b) recruiting and retaining new business, particularly in the fields of biotechnology, technology, life sciences, pharmaceuticals, energy, aerospace, and engineering; (c) supporting the continued growth of business incubators, bioscience companies, and entrepreneurs; (d) promoting enhanced education and skills training programs, internships, workforce development, and entrepreneurial support, especially in science, technology, engineering, and math; (e) developing and enhancing public-private partnerships with universities, technology-related businesses, cutting-edge companies, research centers, schools, and the community; (f) improving adjacent neighborhoods; (g) creating community connections and opportunities; and (h) providing for public improvements and amenities that are necessary and appropriate for the Innovation District.

Accordingly, the Project Plan will make possible partnership agreements, such as a ten (10) year agreement with the Oklahoma City Public School District to provide an enhanced education program supporting the Innovation District. Similar partnerships (with different responsibilities) are contemplated with Metro Technology Centers (“MetroTech”) for skills training, with the Oklahoma School of Science and Mathematics (OSSM) for operation of internship programs, and with i2E for entrepreneurial support.

PROJECT AREA AND INCREMENT DISTRICT CHANGES. See Exhibit A attached indicating the project area and increment district boundaries.

- **Enlarged Project Area.** The enlarged project area will be directly served by the Project.
- **Reduce size of Increment District Nos. 1 and 7.**
 - Portions of District No. 1 are made a part of new District No. “N.”
 - Portions of District No. 7 are made a part of new District No. “M.”
- **New Increment Districts.**
 - District No. 11 created effective December 20, 2016.
 - Create new District No. “M”, to be effective in the future.
The boundaries of District No. “M” are within the existing boundaries of District No. 7.
 - Create new District No. “N”, to be effective in the future.
The boundaries of District No. “N” are within the existing boundaries of District No. 1.
- **Composition.**
 - In District No. 1, the principal remaining developments consist of the hospital complex owned by HCA Health Services of Oklahoma, which will become tax exempt upon completion of the anticipated new partnership with SSM Health Care of Oklahoma.
 - In District No. 7, the Page-Woodson residential development is underway. Embassy Suites and other development opportunities remain in District No. 7.

- District No. 11 is comprised of properties which are undeveloped, tax exempt, or under development, specifically GE Global Oil & Gas Technology Center, which is supported by the project.
- Districts “M” and “N” are locations of future potential development opportunity.
- **Duration.**
 - Increment District No. 1 will terminate as of June 30, 2022.
 - Increment District No. 7 will terminate as of June 30, 2032.
 - Each new increment district will have a duration of a period not to exceed 25 fiscal years from the respective effective dates.

PROVIDES ADDITIONAL FINANCING. The Project Plan authorizes \$52 Million in new revenue from District No. 11 plus increments generated in Districts “M” and “N.”

STRATEGIC CHANGES.

- **Capitalize on Assets:** Build on the success of previous developments in and around the Oklahoma Health Center, including: the University of Oklahoma Health Sciences Center, the Research Park, the GE Global Research Center, the Oklahoma Medical Research Foundation, Cytovance Biologics, Embassy Suites, Page-Woodson residential redevelopment, the Oklahoma School of Science and Mathematics, the Oklahoma State Chamber of Commerce, and numerous other developments.
- **Broaden Objectives:**
 - Create an innovation ecosystem that is designed to promote a high level of interaction and connectivity, to facilitate idea generation, and to advance commercialization.
 - Include technology and biotech businesses, educational institutions, entrepreneurs, business incubators and start-ups, retail, housing, entertainment, green space, public space, and multi-use developments.
- **Stimulate Innovation:** Create and retain new business, investments, and employment.
- **Enhance education and job training:** With an \$18 million authorization, plan and undertake programs to enhance education (especially in the area neighborhoods), skills training programs, internships, and entrepreneurial support under partnership agreements with I-89, MetroTech, OSSM, i2E, and others.
- **Community connections and opportunities:**
 - Create an environment of interconnecting places for work, live, and play.
 - Provide public collaborative space.
 - Improve adjacent neighborhoods, reduce the disparity in income, educational attainment levels and job opportunities.

- Create walkable streets and vibrant public spaces to build connections within the district, where meetings take place, both serendipitously and intentionally.

CREATE NEW PARTNERSHIPS. A primary objective under the Project Plan is to develop new and enhance existing public-private partnerships with universities, technology-related businesses, cutting-edge companies, research centers, schools, and the community facilitates interaction and communication, stimulates investment, and spurs job growth. Potential partners include:

- Entrepreneurial: Bio-tech, energy, aerospace, engineering, information technology (IT), research, entrepreneurs and business
- Education: Oklahoma City Public Schools.
- Skills Training: MetroTech.
- Intern Programs: OSSM.
- Community: N.E. Innovation District Citizens Group, JFK Neighborhood Association, N.E. Renaissance Steering Committee, Douglas Alumni Association, Harrison-Walnut Neighborhood Association.

PROJECT AND INCREMENT DISTRICT AUTHORIZATIONS. J. Larry Nichols, Chairman of the Oklahoma City Urban Renewal Authority, a public body corporate, or his successor in office, or, if authorized by the Chairman, then James R. Tolbert III, Vice-Chairman, or his successor in office, shall be the person in charge of implementation of the Project Plan.

The Oklahoma City Redevelopment Authority and the Oklahoma City Urban Renewal Authority are designated and authorized as public entities to carry out and administer the provisions of the Project Plan, in accordance with their respective responsibilities, and to exercise all powers necessary or appropriate thereto as provided in 62 O.S. § 854.

The Oklahoma City Redevelopment Authority is authorized to: (1) enter into implementation agreements; (2) determine if acquisitions by tax-exempt entities are acquisitions in support of the Project Plan (pursuant to 62 O.S. §861 (G)); (3) issue tax apportionment bonds or notes, or both; (4) incur Project Costs pursuant to this Project Plan; (5) provide funds to or reimburse the Oklahoma City Urban Renewal Authority for the acquisition of property for redevelopment in the Project Area, payment of Project Costs and other costs incurred in support of the implementation of this Project Plan; (6) advance, guaranty, loan and repay funding for Project Costs by and between Increment Districts No. 1, No. 7, No. 11, No. “M” and No. “N”; (7) pledge increments, other revenues, and assets to repay bonds or notes; and (8) incur the cost of issuance of bonds or notes for payment of such costs and to accumulate appropriate reserves, if any, in connection with them.

The Oklahoma City Redevelopment Authority and the Oklahoma City Urban Renewal Authority are respectively authorized to, and may, where appropriate, enter into organizational agreements, participation agreements, implementation agreements, and financing agreements with a governance entity formed under the direction of the founding participants (i.e. the public and private not-for-profit entities funding the Brookings Institution study) and with other entity participants in the Innovation District.

ESTIMATED PROJECT COSTS (Capital costs plus interest and financing expenses).

Increment District:	<u>No. 1</u>	<u>No. 7</u>	<u>No. 11</u>	<u>No. "M"</u>	<u>No. "N"</u>
Category A Costs	\$22,000,000	\$4,000,000	\$17,000,000	\$2,000,000	\$2,000,000
Category B Costs	\$23,000,000	\$5,000,000	\$9,000,000	\$2,000,000	\$2,000,000
Category C Costs & Contingencies	\$2,000,000	\$1,000,000	\$3,000,000	\$1,000,000	\$1,000,000
Category D Costs		\$11,000,000	\$5,000,000	\$2,000,000	\$2,000,000
Category E Costs			<u>\$18,000,000</u>		
Totals	\$47,000,000	\$21,000,000	\$52,000,000	\$7,000,000	\$7,000,000

CATEGORIES OF PROJECT COSTS. Authorized Project Costs include:

A. **COMMERCIALIZATION OF RESEARCH AND TECHNOLOGY.** The cost of planning, financing, assistance in development financing, acquiring, and constructing research, development and technological application facilities, business incubators, business accelerators, complementary commercial facilities, and other public research park improvements by the Oklahoma City Redevelopment Authority and the Oklahoma City Urban Renewal Authority.

B. **PLACE-MAKING.** The cost of planning, financing, assistance in development financing, acquiring, constructing, and developing public spaces (including meeting space, gathering space, work space, community centers, conference facilities, arts and cultural space, entertainment space, open space, and green space), public ways, parks, parking facilities, complementary commercial and retail facilities, and supporting public improvements by the Oklahoma City Redevelopment Authority and the Oklahoma City Urban Renewal Authority.

C. **IMPLEMENTATION.** The cost of implementing and administering the Project Plan incurred or to be incurred by the Oklahoma City Redevelopment Authority and the Oklahoma City Urban Renewal Authority, including, but not limited to payment and/or reimbursement of costs advanced in connection with the preparation and approval of the Project and Project Plan, administrative costs, organizational costs, professional service costs and financing costs and fees.

D. **SUPPORTING DEVELOPMENT.** The costs of implementing the economic development and redevelopment activities of the Oklahoma City Urban Renewal Authority in accordance with the Harrison-Walnut Urban Renewal Plan, and this Project Plan including assistance in development financing, contracts for implementation activities, including relocation and site preparation, and the negotiation, preparation, execution, and implementation of development and redevelopment agreements, including agreements for financing, property acquisition, construction of public improvements, and land disposition, as authorized by the Oklahoma Urban Renewal Law, 11 O.S. § 38-101, *et seq.*

E. **SPECIFIC REVENUE SOURCE FOR PUBLIC ENTITIES FOR ENHANCED EDUCATION, SKILLS TRAINING PROGRAMS, INTERNSHIPS, AND ENTREPRENEURIAL SUPPORT.** The provision of a specific revenue source from apportioned tax increments for other public entities in the area in order to provide enhanced education (including emphasis on science, technology, engineering, arts, and mathematics – sometimes referred to as “STEAM”), skills training programs, intern programs, workforce development, and entrepreneurial support for the new employment to be generated by the Project. Okla. Const. Art. 10, §6C; 62 O.S. §853(9), 14(e), 14(i), and §854(4).

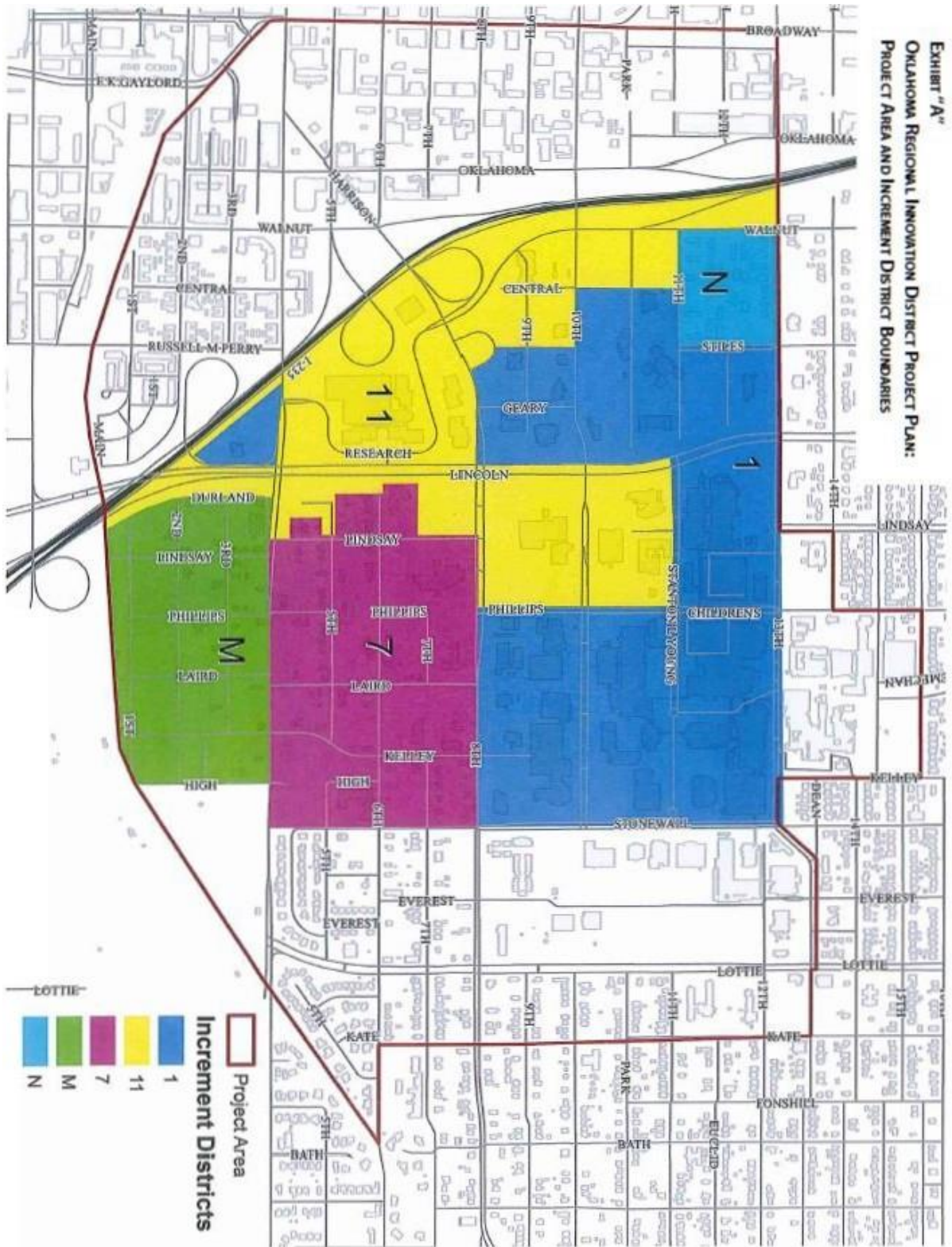
BENEFICIAL IMPACTS.

- **Community / City / Region:** Create revenue that helps improve schools, infrastructure, housing, public safety, and other services.
- **Employment:** The Innovation District will serve as a platform for quality job growth and business expansion and generate a higher multiple of beneficial economic impacts.
- **Taxing Jurisdictions:** Oklahoma City Public Schools, MetroTech, Oklahoma County, Metropolitan Library System, Oklahoma City-County Health Department, and The City of Oklahoma City.

Enclosures:

- Oklahoma Regional Innovation District Project Plan.
- Analysis of Financial Impacts of proposed Oklahoma Regional Innovation District Project Plan and Increment Districts.

EXHIBIT "A"
OKLAHOMA REGIONAL INNOVATION DISTRICT PROJECT PLAN:
PROJECT AREA AND INCREMENT DISTRICT BOUNDARIES



OKLAHOMA REGIONAL INNOVATION DISTRICT PROJECT PLAN

(an Amended Oklahoma Health Center Economic Development Project Plan)



PREPARED BY:

**THE CITY OF OKLAHOMA CITY, OKLAHOMA
MICK CORNETT, MAYOR**

**JAMES GREINER – WARD 1
ED SHADID – WARD 2
LARRY MCATEE – WARD 3
PETE WHITE – WARD 4
DAVID GREENWELL – WARD 5
MEG SALYER – WARD 6
JOHN A. PETTIS, JR. – WARD 7
MARK K. STONECIPHER – WARD 8**

**JAMES M. COUCH, CITY MANAGER
KENNETH D. JORDAN, MUNICIPAL COUNSELOR**

OKLAHOMA REGIONAL INNOVATION DISTRICT PROJECT PLAN (an Amended Oklahoma Health Center Economic Development Project Plan)

I. SUCCESS OF THE OKLAHOMA HEALTH CENTER PROVIDES FOUNDATION FOR INNOVATION DISTRICT STRATEGY.

A. Successful Developments of Oklahoma Health Center. The accomplishments of the Oklahoma Health Center Economic Development Project Plan, in nourishing the growth of the Oklahoma Health Center, led by the continuing development of the University of Oklahoma Health Sciences Center, along with the presence and growth of other significant developments in the project area, now make possible the addition of an innovation district strategy. The announcement of a new partnership with SSM Healthcare of Oklahoma vastly increases the economic, employment, and community significance of these endeavors. The proposal to undertake innovation district strategies is only possible because of the foundation provided by the success of the Oklahoma Health Center project undertakings.

Building on the strength of the previous developments in and around the Oklahoma Health Center, including, the University of Oklahoma Health Sciences Center, OU Medical Center, Children's Hospital, the University Research Park, the Oklahoma Medical Research Foundation, Cytovance Biologics, Dean McGee Eye Institute, Department of Veterans Affairs Medical Center, Oklahoma Blood Institute, Stephenson Cancer Center, Oklahoma Allergy & Asthma Clinic, Oklahoma School of Science and Mathematics, Oklahoma Center for the Advancement of Science and Technology, Oklahoma State Chamber of Commerce, Embassy Suites, and numerous other developments, the Oklahoma Regional Innovation District Project Plan proposes to broaden the original plan objectives to include the creation of an Innovation District.

The Oklahoma Health Center is the epicenter of research, health care, education, technology, and community services organizations which exists nowhere else in the state of Oklahoma. Ground-breaking discoveries made by Oklahoma City-based researchers have helped put Oklahoma City on the map as a contender in the bioscience and technology marketplace. Oklahoma City's bioscience companies boast annual revenues of more than \$6.7 billion and support 51,000 workers with total compensation of \$2.2 billion. Undeniably, one of the most significant factors in this area's biotech boom is the powerful symbiotic relationship between entrepreneurs, clinical researchers, academic investigators, and public and private investors.

This thriving area surrounding the Oklahoma Health Center is ripe for new development and has demonstrated success in incubating startup businesses. University Research Park, a 27-acre, \$100 million site, is currently home to 38 science-based companies including Moleculera Labs, Cytovance Biologics, Accele Biopharma, and other industry leaders. The research park also includes the Presbyterian Health Foundation, which supports a variety of health-related activities, including recruitment of research scientists and provision of research and equipment grants. The city's bioscience sector that has clustered in that area offers a strong anchor point for future development.

The University of Oklahoma Health Sciences Center (OUHSC) is the primary place of instruction for many of Oklahoma's health professions. It is one of only four health centers in the United States with seven professional colleges. The 30 institutions on its campus employ more than 15,000 people with a combined general revenue of more than \$3.5 billion per year, and NIH funding of more than \$53 million.

The Oklahoma Medical Research Foundation (OMRF) is recognized as one of the most respected independent medical research institutes nationwide. Researchers at OMRF make ground-breaking discoveries as they explore the mysteries of human diseases including Alzheimer's, brain diseases, cancers, diabetes and lupus. OMRF is not only one of the nation's premiere biomedical research institutes, but is also an important economic force in the state of Oklahoma, creating over 1,000 jobs in the state, and generating \$46 million in income per year.

Joining the bioscience and biotechnology community at the Oklahoma Health Center is the new 95,000 square-foot GE Global Research Oil and Gas Technology Center, the company's first industry specific research center. The project will add 130 high-tech jobs and is expected to have a direct and indirect economic impact of \$13 million on the state and local economies.

These and other successful developments in and around the Oklahoma Health Center provide the foundation for the proposed innovation district strategy.

B. Objective of Plan. Originally approved as Oklahoma City's first project plan adopted pursuant to the Oklahoma Local Development Act, 62 O.S. §850, *et seq.*, including Oklahoma City's first tax increment financing district, the Oklahoma Health Center Economic Development Project Plan has stimulated the development of the University Research Park, bioscience business incubator facilities, the GE Global Research Center, and other redevelopments in the area, including the creation of more than 2,500 new high-quality jobs. Over the last decade alone, notwithstanding a major recession, at least 1,750 new jobs were created and more than \$200 million in new private investment was stimulated in the project area. Overall, more than \$2 billion in new development in the area has occurred.

The primary objective of this Amended Oklahoma Health Center Economic Development Project Plan ("Project Plan")¹ is to provide a legal and financial framework for implementing and supporting an innovation district, to assist The City of Oklahoma City in achieving the economic development objectives set forth in the original Oklahoma Health Center Economic Development Project Plan, and to assist in the implementation of the Harrison-Walnut Urban Renewal Plan, previously adopted and approved pursuant to the Oklahoma Urban Renewal Law, 11 O.S. §38-101, *et seq.*

C. Integration of an Innovation District. With the prior development of critical assets in and around the Oklahoma Health Center, including the University of Oklahoma Health Sciences

¹ This Project Plan, amending and replacing the Oklahoma Health Center Economic Development Project Plan in its entirety, is a project plan as defined under, and will be adopted pursuant to, the Oklahoma Local Development Act, 62 O.S. § 850, *et seq.*

Center, Oklahoma City now has the opportunity, with the guidance of the Brookings Institution, to create the new synergies which are possible through an innovation district.

As used in this Project Plan, “Project” and “Innovation District” refer to the activities authorized and undertaken pursuant to this Project Plan. An effective innovation district is not exclusively about a specific geographically defined area but rather is about stimulating new relationships, new functions, and new beneficial outcomes for the community, as well as the multi-use redevelopment of an area with a focus on generation and attraction of technology and life sciences businesses. It creates relationship connections that did not previously exist, it connects functions that previously were separate, and it strategically plans and undertakes programs of education, participation, financing, investing, and development that claim the benefits of and nourishing new relationships. It also provides and expands economic opportunities for individuals and families.

An innovation district encourages development of innovation hubs, establishes connections to the hubs, and implements programs that provide the critical elements of the Project. Thus, the district is the principal location of the interconnections. The *network* is the key. The synergy of an innovation district is proportional to the levels of interaction in the work, living, and play activities of those connected to the innovation district.

The Brookings Institution has chronicled the rise of innovation districts in a number of cities around the world. These innovation districts have been successful in multiplying and accelerating investment, quality job creation and the stimulation of multiple interacting land uses. These endeavors have frequently resulted in greater connection to adjacent neighborhoods and enhanced education and skill training, especially in science, technology, engineering, and mathematics. These successes have led to numerous requests for the Brookings Institution to assist various cities in the United States.

In response to these requests, the Brookings Institution has identified two cities to assist in creating innovation districts. Those cities are Philadelphia and Oklahoma City. The Brookings Institution has undertaken a 24-month program, funded by a group of public and private organizations (“Founding Participants”), to assist The City of Oklahoma City in planning and implementing an innovation district.

According to the Brookings Institution:

“A new complementary urban model is now emerging, giving rise to what we and others are calling “innovation districts.” These districts, by our definition, are geographic areas where leading edge anchor institutions and companies cluster and connect with startups, business incubators and accelerators.”

“Our most creative institutions, firms and workers crave proximity so that ideas and knowledge can be transferred more quickly and seamlessly. Our “open innovation” economy rewards collaboration,

transforming how buildings and entire districts are designed and spatially arrayed. Our diverse population demands more and better choices of where to live, work and play, fueling demand for more walkable neighborhoods where housing jobs and amenities intermix.”

“Innovation districts have the unique potential to spur productive, inclusive and sustainable economic development. At a time of sluggish growth, they provide a strong foundation for the creation and expansion of firms and jobs by helping companies, entrepreneurs, universities, researchers, and investors – across sectors and disciplines to co-invent and co-produce new discoveries for the market. At a time of rising social inequality, they offer the prospect of expanding employment and educational opportunities for disadvantaged populations given that many districts are close to low-and-moderate-income neighborhoods. And, at a time of inefficient land use, extensive sprawl and continued environmental degradation, they present the potential for denser residential and employment patterns, the leveraging of mass transit, and the repopulation of urban cores.”

“We have also found that innovation districts uniformly contain a mix of economic, physical, and networking assets. Economic assets are the firms, institutions, and organizations that drive, cultivate, or support an innovation-rich environment. Physical assets are the public and privately owned spaces – buildings, open spaces, streets, and other infrastructure – designed and organized to stimulate new and higher levels of connectivity, collaboration, and innovation. Lastly, networking assets are the relationships between actors – such as between individuals, firms, and institutions – that have the potential to generate, sharpen, and/or accelerate the advancement of ideas. These assets, taken together, create an innovation ecosystem – the synergistic relationship between people, firms, and place that facilitates idea generation and advances commercialization.”

D. Strategy. The actions to be taken to continue achieving the original plan objectives and to support and implement the Innovation District road map under this Project Plan will principally consist of activities focused on innovation, place making, enhanced education and training, and neighborhood making, include:

1. The financing, construction, and long-term leasing of business incubator, accelerator, education, training, and multi-use facilities to promote economic development in the Project Area;

2. Contracting for and financing enhanced education programs, skills training programs, internships, workforce development, and entrepreneurial support activities;
3. The financing, construction, and operation of public places (including meeting room space, work space, conference facilities, gathering space, entertainment space, and arts and cultural space, green space, and open space), and parking facilities in support of Innovation District entrepreneurial and development activities and supporting development objectives for the Project Area;
4. The financing, construction, and development of supporting residential and commercial facilities in the Innovation District;
5. The acquisition of properties and installation of public infrastructure to support further development and redevelopment activities of the Innovation District pursuant to the Harrison-Walnut Urban Renewal Plan to provide for the future growth of the Innovation District and supporting development;
6. The enhancement and provision of pedestrian and vehicular access; and
7. The implementation of redevelopment activities in accordance with the publicly approved objectives of related plans and projects to implement the Innovation District initiatives.

The Project will be financed from a combination of public and private sources, including the apportionment of ad valorem tax increments from Oklahoma City Increment Districts established in connection with the Project.

II. BOUNDARIES OF PROJECT AREA AND THE INCREMENT DISTRICTS.

- A. Project Area and Boundaries. The initially identified Project Area is the principal area in which Innovation District activities will take place. The initial boundaries of the Project Area are generally the area bounded on the north mostly by N.E. 13th Street (and N.E. 14th Street and N.E. 16th Street at certain points), N. Broadway Avenue on the west (embracing Automobile Alley), N. Kate Avenue on the east (and N. Bath Avenue at a certain point), and bounded on the south by the Union Pacific Railroad rights-of-way. Portions of the Project Area are within the Harrison-Walnut Urban Renewal Plan Area. The initial boundaries of the Innovation District Project Area are shown on Exhibit “A” and described on Exhibit “B”, and are subject to change. Where a portion of the Innovation District overlaps another established project area, support may also be requested from such project.
- B. Increment Areas and Boundaries. The ad valorem increment district areas and boundaries of the increment districts designated Increment District No. 1, Increment District No. 7, Increment District No. 11, and two additional increment districts designated as No. “M” and No. “N,” The City of Oklahoma City are shown

on Exhibit “A” and described on Exhibit “B.” Increment Districts No. “M” and No. “N” may be activated at a later date upon resolution of the City Council of The City of Oklahoma City. Increment district areas are subject to exclusion of certain properties as provided in Section VII. F.

III. ELIGIBILITY OF PROJECT AND INCREMENT DISTRICT AREAS.

Both the Project Area and Increment District areas are within a State designated “Enterprise Zone.” A map showing the Enterprise Zone boundaries is attached as Exhibit “C.”

IV. OBJECTIVES.

The purposes of the Project and the authorized Increment Districts are to assist in achieving the original plan objectives and to implement an Innovation District strategy, to achieve the economic development objectives of The City of Oklahoma City contained in this Project Plan, and to continue implementing the objectives of the Harrison-Walnut Urban Renewal Plan, which will collectively:

- A. Create new synergies supporting economic opportunity and economic development;
- B. Promote enhanced education, skills training programs, internships, workforce development, and entrepreneurial support;
- C. Create relationships with adjacent neighborhoods;
- D. Redevelop adjacent neighborhoods in accordance with previously approved urban renewal plans;
- E. Serve as a catalyst for retaining and expanding employment;
- F. Recruit and retain new business in the Project Area with a focus on biotechnology, technology, life sciences, pharmaceuticals, energy, aerospace, and engineering;
- G. Attract major investment in the area;
- H. Preserve and enhance the tax base; and
- I. Make possible interactions, investment, development and economic growth, which would otherwise be difficult without the Project and the apportionment of ad valorem taxes from the Increment Districts.

V. STATEMENT OF PRINCIPAL ACTIONS.

Implementation actions for the Project, including all necessary, appropriate, and supportive steps, will consist of the following:

- A. **INNOVATION**. Planning, financing, acquisition, construction, long-term leasing or disposition, and assistance in development financing of Innovation District facilities, complementary commercial facilities, and supporting public improvements by the Oklahoma City Redevelopment Authority, a public trust, pursuant to agreements (including agreements with the Oklahoma City Urban Renewal Authority, a public body corporate) providing for disposition, acquisition, and operation of education, training programs, internships, entrepreneurial support, business cultivators, business incubators, business accelerators, and supporting commercial, retail, and residential developments financed by the authorized issuance of notes and bonds to be repaid in whole or in part by apportioned ad valorem tax increments from the Increment Districts authorized herein; and
- B. **PLACE-MAKING**. Planning, financing, acquisition, construction, development, disposition, and assistance in development financing of public places (including green space, open space, meeting and gathering space, work space, conference facilities, entertainment space, and arts and cultural space), parking facilities, complementary commercial and retail facilities, and supporting public improvements by the Oklahoma City Redevelopment Authority, a public trust, pursuant to agreements (including agreements with the Oklahoma City Urban Renewal Authority, a public body corporate) by the authorized issuance of notes or bonds to be repaid in whole or in part by apportioned ad valorem tax increments from the Increment Districts authorized herein.
- C. **NEIGHBORHOOD MAKING**. Neighborhood making through neighborhood engagement and through the implementation of economic development and redevelopment activities by the Oklahoma City Urban Renewal Authority, a public body corporate, in accordance with the Harrison-Walnut Urban Renewal Plan, and this Project Plan including the negotiation, preparation, execution, and implementation of development and redevelopment agreements, including agreements for financing, property acquisition, construction, and land disposition, as authorized by the Oklahoma Urban Renewal Law, 11 O.S. § 38-101, *et seq.*
- D. **ENHANCED EDUCATION**. Implementation of agreements for enhanced education, skills training programs, workforce development, internships, and entrepreneurial support through the Oklahoma City Redevelopment Authority, a public trust.

The achievement of this objective with respect to enhanced education, skills training, workforce development, and internships for students (but excluding entrepreneurial support) shall be implemented under agreements subject to the direction and guidance of a committee for Enhanced Education and Skills Training

(“Education Committee”) which shall be established by the Innovation District Governance Entity in a manner which complies with the requirements approved by separate resolution of the City Council (which may be amended from time to time). In addition, the Education Committee shall create education working groups (“Education Working Groups”) with participation by existing and prospective education service providers. The Education Committee shall operate in accordance with the following principles:

1. Membership of the Education Committee will reflect the recommendations of the Brookings Institution Study, but shall not include entities funded to provide education services.
2. Membership of the Education Committee shall include representatives of adjacent neighborhoods, and the Mayor and the Ward 7 City Council person may each appoint a member to the Education Committee.
3. The Education Committee shall determine guidelines for entity participation in funding for services.
4. The Education Committee shall develop the process to evaluate participation proposals. The Education Committee may also make funding recommendations for consideration.
5. The purpose of enhanced education expenditures shall be to substantially increase the number of students, especially from neighboring areas, to become STEM professionals by ensuring their academic readiness and preparedness to enter and complete a STEM degree or certification program at either a college or public career technology center.
6. Any K-12 public school, including public charter schools and public technology centers, especially those servicing neighborhoods in or near the Innovation District, may apply to participate and provide services under agreements in accordance with the Education Committee guidelines.
7. The areas of primary participation shall be recommended by the Education Committee but must include the Project Area, nearby neighborhoods, and contiguous areas northward between I-235 and I-35.
8. Enhanced education funding priorities shall be established pursuant to City Council resolution after receipt of recommendations from the Education Committee.

VI. GOVERNANCE, ORGANIZATION AND PUBLIC ENTITY PARTICIPATION.

- A. **GOVERNANCE.** The Brookings study initiative for the Innovation District has been funded by the Founding Participants, which are the Greater Oklahoma City Chamber of Commerce, the Oklahoma Health Center Foundation, the Presbyterian Health Foundation, the Oklahoma Medical Research Foundation, the University of Oklahoma Health Sciences Center, and the Oklahoma City Redevelopment Authority, a public trust.

A governance organization (“Governance Entity”) shall be created by or under the direction of the Founding Participants. The Governance Entity shall be responsible for development of Innovation District initiatives, support for participation, nourishment of relationships, and coordination of implementation activities.

The Governance Entity shall be organized and operated exclusively for the administration and operation of the Innovation District under the following principles: (1) no single Founding Participant or other individual or organization may exercise voting or operational control over the Governance Entity, (2) the Governance Entity shall not be organized for profit and may not distribute its earnings or profits, if any, to organizers, Founding Participants, or any other individual or organization, and (3) its business, operations, and affairs shall be focused exclusively on the creation, development, expansion, functioning, administration, and operation of the Innovation District, including implementation of the Project Plan.

- B. **ORGANIZATION.** The Governance Entity shall establish the framework and procedures for participation. Participants shall include (a) entity participants, (b) individual participants, and (c) neighborhood/community participants.

Entity participants may include any community, area, or regional entity, public or private, which may contribute to the mission of the Innovation District.

Entity participants shall enter participation agreements with respect to their respective Innovation District participation and obligations. See Section VIII. B.

- C. **INSTITUTIONAL PARTICIPATION.** Public and private entity participation from entities in the region may include, but is not limited to, the Oklahoma City Redevelopment Authority, a public trust, the Oklahoma City Public Schools (“I-89”), Metrotech (“Vo-Tech 22”), the Oklahoma School of Science and Mathematics (“OSSM”), institutions of higher learning, i2E, the entities listed in Section VI. A. above, and any other entities that may desire to participate from time to time in supporting the objectives of this Project Plan. Participation agreements and implementation agreements providing for revenue sources from these and other entities in support of project objectives are specifically authorized by the Project Plan. Participation agreements include both (1) membership agreements, and (2) implementation agreements as provided in Section VIII. B.

VII. ESTABLISHMENT OF OKLAHOMA CITY INCREMENT DISTRICT NO. 1, INCREMENT DISTRICT NO. 7, INCREMENT DISTRICT NO. 11, and INCREMENT DISTRICTS NO. “M” and NO. “N.”

- A. The provisions applicable to Increment Districts No. 1 and No. 7 are amended as provided herein. Increment District No. 11 is established and effective upon the effective date of this Project Plan. Increment Districts No. “M” and No. “N” are hereby established and shall be each effective upon dates established by resolution of the City Council of The City of Oklahoma City within ten (10) years following the effective date of this Project Plan.
- B. The increments of ad valorem taxes from the Oklahoma City Increment Districts authorized herein, in excess of the base assessed values of the Increment Districts, shall be apportioned to pay project costs authorized pursuant to Section IX of this Project Plan (“Project Costs”) for a period not-to-exceed fiscal 25 years from the respective effective dates, calculated as provided by law, or the period required for the payment of the Project Costs authorized pursuant to Section IX of this Project Plan, whichever is less.
- C. In the event of any litigation challenging directly or indirectly the validity of this Project Plan, any Increment District authorized hereunder, or challenging directly or indirectly any apportionment of disbursement, the time period for any such Increment District or any apportionment or disbursement shall be tolled for a period of time equal to the pendency of any such litigation as permitted under 62 O.S. § 861(A).
- D. During the period of apportionment, the apportionment funds shall constitute funds of the Oklahoma City Redevelopment Authority, a public trust, and shall not constitute a part of the general fund to be appropriated annually by the governing body of The City of Oklahoma City.
- E. The Oklahoma City Redevelopment Authority, a public trust, is authorized to issue tax apportionment bonds or notes, or both, and to incur Project Costs, pursuant to Section IX of this Project Plan, and in addition thereto, to incur the cost of issuance of such bonds and to accumulate appropriate reserves, if any, in connection therewith.
- F. On or after January 1, 2017, with respect to Increment District No. 1 herein, upon the acquisition of any non-exempt property therein by a tax-exempt entity (other than Oklahoma City Redevelopment Authority, a public trust, Oklahoma City Urban Redevelopment Authority, a public body corporate, or The City of Oklahoma City) such property shall be deleted from Increment District No. 1 effective on January 1 preceding the fiscal year in which the tax exemption becomes effective, and effective on such date said property shall be added to Increment District No. 11. Effective on January 1 of such preceding fiscal year, the total assessed value and the base assessed value of Increment District No. 1 shall be

reduced by the portion of such values attributable to the removed property, and the property removed from Increment District No. 1 shall added to Increment District No. 11 at its tax-exempt value. Notwithstanding the preceding, nothing herein will require property owners to make, or prohibit property owners from making, payments in lieu of taxes pursuant to written agreements, covenants, or deed restrictions, or otherwise negate any such obligations under agreements, covenants, or deed restrictions, and property owners shall comply with the applicable provisions of the Oklahoma Local Development Act. However, the Board of Regents of the University of Oklahoma, as a constitutionally tax-exempt property owner, making payments in lieu of taxes pursuant to written agreements, covenants, or deed restrictions, or otherwise is only obligated to make those in lieu payments through June 30, 2022 for property located in Increment District No. 1 and through June 30, 2032 for property located in Increment District No. 7. Effective July 1, 2022 for property in Increment District No. 1 and effective July 1, 2032 for property in Increment District No. 7, such property subject to such existing agreements or covenants shall be deleted from Increment Districts No. 1 and No. 7 and any other current or future Increment District amended or created that incorporates the property in Districts No. 1 and No. 7 effective on July 1 of the fiscal year in which the obligation to make such in lieu payments is no longer effective.

VIII. PROJECT AND INCREMENT DISTRICT AUTHORIZATIONS.

- A. The Oklahoma City Redevelopment Authority, a public trust, and the Oklahoma City Urban Renewal Authority, a public body corporate, are designated and authorized as public entities to carry out and administer the provisions of this Project Plan, in accordance with their respective responsibilities, and to exercise all powers necessary or appropriate thereto as provided in 62 O.S. § 854, except for approval of this Project Plan and those powers enumerated in paragraphs 1, 3, 4, 7, 13 and 16 of said statute. As a public entity designated by The City of Oklahoma City, the Oklahoma City Redevelopment Authority, a public trust, is authorized to: (1) enter into implementation agreements; (2) determine if acquisitions by tax-exempt entities are acquisitions in support of this Project Plan (pursuant to 62 O.S. §861 (G)); (3) issue tax apportionment bonds or notes, or both; (4) incur Project Costs pursuant to this Project Plan; (5) provide funds to or reimburse the Oklahoma City Urban Renewal Authority, a public body corporate, for the acquisition of property for redevelopment in the Project Area, payment of Project Costs and other costs incurred in support of the implementation of this Project Plan; (6) advance, guaranty, loan and repay funding for Project Costs by and between Increment Districts No. 1, No. 7, No. 11, No. “M” and No. “N”; (7) pledge increments, other revenues, and assets to repay bonds or notes; and (8) incur the cost of issuance of bonds or notes for payment of such costs and to accumulate appropriate reserves, if any, in connection with them.
- B. The Oklahoma City Redevelopment Authority, a public trust, and the Oklahoma City Urban Renewal Authority, a public body corporate, are respectively authorized to, and may, where appropriate, enter into organizational agreements, participation

agreements, implementation agreements, and financing agreements with a Governance Entity formed under the direction of the Founding Participants (i.e. the public and private not-for-profit entities funding the Brookings Institution study) and with Entity Participants in the Innovation District.

For purposes of this authorization, entity participants in the Innovation District means entities that have entered participation agreements with any one or more of the following: (a) Governance Entity, (b) the Oklahoma City Redevelopment Authority, a public trust, or (c) the Oklahoma City Urban Renewal Authority, a public body corporate.

Participation Agreements (for purposes of this Project Plan) shall mean an agreement that provides for participation and obligations of an Entity Participant in the Innovation District with the Governance Entity or an agreement with Oklahoma City Redevelopment Authority, a public trust, and/or Oklahoma City Urban Renewal Authority, a public body corporate, undertaking one or more actions, obligations, or responsibilities in furtherance of the objectives of the Innovation District.

Participants in the Innovation District include (a) Entity Participants, (b) individual participants, and (c) neighborhood/community participants. Entity Participants may have one or more representatives engaged in the governance/operations/activities of the Innovation District. Individual participants are those invited to participate by reason of their interests and knowledge. Neighborhood/community participants are those invited to participate due to their neighborhood/community relationships.

- C. The Oklahoma City Redevelopment Authority, a public trust, is authorized to enter agreements with I-89, Vo-Tech 22, OSSM, and other public institutions to allocate revenue streams as provided in Section IX. E. and to retain a revenue stream to implement Plan objectives, including specifically to fund agreements for entrepreneurial support to be provided by i2E.
- D. Project Costs shall mean (a) the public costs authorized to be paid by apportioned tax increments pursuant to Section IX of this Project Plan, and (b) costs necessary or appropriate to implement this Project Plan other than costs authorized by Section IX, which may be authorized without amendment to this Project Plan.
- E. J. Larry Nichols, Chairman of the Oklahoma City Urban Renewal Authority, a public body corporate, or his successor in office, or, if authorized by the Chairman, then James R. Tolbert III, Vice-Chairman, or his successor in office, shall be the person in charge of implementation of this Project Plan in accordance with the provisions, authorizations, and respective delegations of responsibilities contained herein. The Chairman (or Vice-Chairman, as the case may be, or their respective successors in office), is authorized to empower one or more designees to exercise responsibilities in connection with Project implementation.

IX. BUDGET OF ESTIMATED PROJECT COSTS AND SPECIFIC REVENUE SOURCE FOR OTHER PUBLIC ENTITIES TO BE FINANCED BY TAXES APPORTIONED FROM INCREMENT DISTRICTS IN THE INNOVATION DISTRICT PROJECT AREA.

Five basic categories of Project Costs will be financed by the apportionment of tax increments from the Increment Districts. These are:

- A. **COMMERCIALIZATION OF RESEARCH AND TECHNOLOGY.** The cost of planning, financing, assistance in development financing, acquiring, and constructing research, development and technological application facilities, business incubators, business accelerators, complementary commercial facilities, and other public research park improvements by the Oklahoma City Redevelopment Authority, a public trust, and the Oklahoma City Urban Renewal Authority, a public body corporate.
- B. **PLACE-MAKING.** The cost of planning, financing, assistance in development financing, acquiring, constructing, and developing public spaces (including meeting space, gathering space, work space, community centers, conference facilities, arts and cultural space, entertainment space, open space, and green space), public ways, parks, parking facilities, complementary commercial and retail facilities, and supporting public improvements by the Oklahoma City Redevelopment Authority, a public trust, and the Oklahoma City Urban Renewal Authority, a public body corporate.
- C. **IMPLEMENTATION.** The cost of implementing and administering the Project Plan incurred or to be incurred by the Oklahoma City Redevelopment Authority, a public trust, and the Oklahoma City Urban Renewal Authority, a public body corporate, including, but not limited to payment and/or reimbursement of costs advanced in connection with the preparation and approval of the Project and Project Plan, administrative costs, organizational costs, professional service costs and financing costs and fees.
- D. **SUPPORTING DEVELOPMENT.** The costs of implementing the economic development and redevelopment activities of the Oklahoma City Urban Renewal Authority, a public body corporate, in accordance with the Harrison-Walnut Urban Renewal Plan, and this Project Plan including assistance in development financing, contracts for implementation activities, including relocation and site preparation, and the negotiation, preparation, execution, and implementation of development and redevelopment agreements, including agreements for financing, property acquisition, construction of public improvements, and land disposition, as authorized by the Oklahoma Urban Renewal Law, 11 O.S. § 38-101, *et seq.*

- E. **SPECIFIC REVENUE SOURCE FOR PUBLIC ENTITIES FOR ENHANCED EDUCATION, SKILLS TRAINING PROGRAMS, INTERNSHIPS, AND ENTREPRENEURIAL SUPPORT.** The provision of a specific revenue source from apportioned tax increments for other public entities in the area in order to provide enhanced education (including emphasis on science, technology, engineering, arts, and mathematics – sometimes referred to as “STEAM”), skills training programs, intern programs, workforce development, and entrepreneurial support for the new employment to be generated by the Project. Okla. Const. Art. 10, §6C; 62 O.S. §853(9), 14(e), 14(i), and §854(4).

Estimated Project Costs

Increment District:	<u>No. 1</u>	<u>No. 7</u>	<u>No. 11</u>	<u>No. “M”</u>	<u>No. “N”</u>
Category A Costs	\$22,000,000	\$4,000,000	\$17,000,000	\$2,000,000	\$2,000,000
Category B Costs	\$23,000,000	\$5,000,000	\$9,000,000	\$2,000,000	\$2,000,000
Category C Costs & Contingencies	\$2,000,000	\$1,000,000	\$3,000,000	\$1,000,000	\$1,000,000
Category D Costs		\$11,000,000	\$5,000,000	\$2,000,000	\$2,000,000
Category E Costs			<u>\$18,000,000</u>		
Totals	\$47,000,000	\$21,000,000	\$52,000,000	\$7,000,000	\$7,000,000

Plus interest and costs of financing in connection with the Project.

Advances, guaranties, loans, and repayments between Increment Districts No. 1, No. 7, No. 11, and Increment Districts No. “M” and No. “N”, provided that the aggregate budgets for the respective Increment Districts are not exceeded, may also be financed by the apportionment of tax increments from the Increment Districts. Project Costs remaining unpaid upon the expiration of an Increment District may be paid from increments of the remaining Increment District(s).

It is estimated that the major developments in the Project Area will continue to occur fifteen years following the date of approval of this Project Plan, and that such costs may be incrementally incurred during such period by both periodic financing notes and bonds and by the payment of some Project Costs directly from apportioned increments.

X. FINANCING REVENUE SOURCES.

The revenue source expected to finance Project Costs authorized by Section IX above is the incremental increase in ad valorem tax revenue generated by the Project within the Increment Districts. It is estimated that between \$2 million annually in the near term, and more than \$4 million annually over the longer term, will be generated by the incremental increases in ad valorem tax revenue.

XI. PUBLIC REVENUE ESTIMATED TO ACCRUE FROM THE PROJECT.

The estimated incremental increases in ad valorem tax revenue, which will serve as the revenue source for financing the Project Costs and providing a revenue source for other public entities in the area as authorized by Section IX, are the public revenues directly attributable to the Project defined by establishment of the Increment Districts.

Separately, it is anticipated that development of the Project as a whole, and the attendant increases in employment, will result in increased sales taxes for The City of Oklahoma City, increased sales taxes for Oklahoma County, increased sales taxes for the State of Oklahoma, increased ad valorem taxes outside of the Increment Districts, and increased income tax revenues to the State of Oklahoma.

XII. PRIVATE AND PUBLIC INVESTMENTS EXPECTED FOR THE PROJECT.

The total estimated public and private investment for the Project ranges from more than \$1 billion over the last decade to more than \$2 billion over the life of the Project.² Proposed improvements to and uses of property in the Increment Districts are shown generally on the attached Exhibit “D.”

XIII. MISCELLANEOUS PROVISIONS.

Existing uses of real property in the proposed Increment Districts are shown on the attached Exhibit “E.” Changes in zoning of the Capitol-Medical Center Improvement and Zoning Commission and of The City of Oklahoma City are to be determined in connection with specific developments, although revisions which accommodate multi-use developments will be necessary. This Project Plan complies with the objectives and priorities of the Comprehensive (Master) Plan of The City of Oklahoma City and the Capitol-Medical Center Improvement and Zoning District.

² Pursuant to *Oklahoma Health Center Selected Project Costs and Employee Numbers 2006-2016*, prepared by Oklahoma Health Center Foundation, August 17, 2016.

ANALYSIS OF FINANCIAL IMPACTS OF THE PROPOSED OKLAHOMA REGIONAL INNOVATION DISTRICT PROJECT PLAN AND INCREMENT DISTRICTS



November 17, 2016

ANALYSIS OF FINANCIAL IMPACTS OF THE PROPOSED OKLAHOMA REGIONAL INNOVATION DISTRICT PROJECT PLAN AND INCREMENT DISTRICTS

I. GENERAL DESCRIPTION OF PROPOSED PROJECT PLAN.

The proposed Oklahoma Regional Innovation District Project Plan (“Project Plan”) amends the existing Oklahoma Health Center Economic Development Project Plan to incorporate an Innovation District strategy. Building on the success of previous developments made possible under the Oklahoma Health Center Economic Development Project Plan and the Harrison-Walnut Urban Renewal Plan, the proposed Project Plan will (a) establish an Innovation District where economic growth, job creation, and innovation are accelerated through the strategic clustering of businesses, institutions, and people, and the creation of new partnerships; (b) create an innovative ecosystem comprised of technology and biotech businesses, educational institutions, entrepreneurs, business incubators and start-ups, retail, housing, entertainment, green space, public space, and multi-use developments, fostering a high level of interaction and connectivity, facilitating idea generation, and advancing commercialization; (c) accelerate high-quality job growth; (d) create and retain new business, investments, and employment; and (e) undertake programs to enhance education (especially in area neighborhoods), skills training programs, internships, and entrepreneurial support.

II. PROJECT AREA AND INCREMENT DISTRICT BOUNDARIES.

The project area (where principal activities occur) for the Project Plan embraces generally the area bounded on the north by N.E. 13th Street (and N.E. 14th Street and N.E. 16th Street at certain points), Broadway Avenue on the west (embracing Automobile Alley), N. Kate Avenue on the east, and bounded on the south by the Union Pacific right-of-way (the “Project Area”), which is shown on the attached Exhibit A. Portions of the Project Area are within the Harrison-Walnut Urban Renewal Plan Area. The boundaries of Increment District No. 1, Increment District No. 7, Increment District No. 11, Increment District No. “M,” and Increment District No. “N” within the project area are also shown on Exhibit A.

III. ELIGIBILITY OF PROJECT AREA AND INCREMENT DISTRICT AREAS.

Both the Project Area and Increment District areas are entirely within a State designated Enterprise Zone. The Increment Districts are projected to generate revenues for project activities.

IV. OBJECTIVES.

The purposes of the proposed Project Plan and the authorized increment districts are to assist in achieving the objectives of the Innovation District, the economic development objectives of The City of Oklahoma City contained in this Project Plan, and the objectives of the Harrison-Walnut Urban Renewal Plan in order to: (a) create new synergies supporting economic opportunity and economic development; (b) promote enhanced education, skills training programs, internships, workforce development, and entrepreneurial support; (c) create relationships with adjacent neighborhoods; (d) redevelop adjacent neighborhoods in accordance with previously approved urban renewal plans; (e) serve as a catalyst for retaining and expanding employment; (f) recruit

and retain new business in the Project Area with a focus on biotechnology, technology, life sciences, pharmaceuticals, energy, aerospace, and engineering; (g) attract major investment in the area; (h) preserve and enhance the tax base; and (i) make possible interactions, investment, development and economic growth, which would otherwise be difficult without the Project and the apportionment of ad valorem taxes from the increment districts. As used herein, “Project” refers to the activities authorized and undertaken pursuant to the Project Plan.

V. STRATEGY.

The implementation and administration of well-conceived economic development strategies will focus on stimulating innovation, enhancing education, providing job training, spurring job growth, and creating new partnerships, including:

A. Stimulating Innovation. Planning, financing, acquisition, construction, long-term leasing or disposition, and assistance in development financing of Innovation District facilities, complementary commercial facilities, and supporting public improvements to stimulate and support continued growth for business cultivators, business incubators, business accelerators, enhanced education and skills training programs, and supporting commercial, retail, and residential developments.

B. Enhancing Education and Job Training. Continuing stimulation of new investment within the boundaries of the Oklahoma City Public School District I-89 is essential to meet the School’s financial needs. Quality education is critical to the City’s ability to attract high-quality jobs. An agreement with the Oklahoma City Public School District (I-89) to enhance education in the area and an agreement with MetroTech to provide skills training programs (both with an emphasis on science, technology, engineering, and mathematics) are key elements under the proposed Project Plan.

C. Accelerating Job Growth. New business enterprises, new economic activities, and new investment in the Innovation District will expand employment opportunities. Recruitment and retention efforts will be focused particularly in the biotechnology, technology, life sciences, pharmaceuticals, energy, aerospace, information technology, and engineering sectors.

D. Place-Making and Neighborhood Development. Planning, financing, acquisition, construction, development, disposition, and assistance in development financing of public places (including green space, open space, meeting and gathering space, work space, conference facilities, entertainment space, and arts and cultural space), parking facilities, complementary commercial and retail facilities, and supporting public improvements, together with improved adjacent neighborhoods, creates an environment of interconnecting places for work, live, and play. Neighborhood development and redevelopment, including new walkable streets and vibrant public spaces, through neighborhood engagement and the implementation of economic development and redevelopment activities in accordance with the Harrison-Walnut Urban Renewal Plan, and the Project Plan.

VI. KEY PARTNERSHIPS.

Developing and enhancing public-private partnerships with universities, technology-related businesses, cutting-edge companies, centers of research, schools, and the community facilitates interaction and communication, stimulates investment, and spurs job growth. Potential partners include: bio-tech, energy, aerospace, engineering, information technology (IT), research, entrepreneurs and business, the Oklahoma City Public School District (I-89), Metro Tech (Vo-Tech 22), the Oklahoma School of Science and Mathematics, the N.E. Innovation District Citizens Group, the JFK Neighborhood Association, the N.E. Renaissance Steering Committee, the Douglas Alumni Association, the Harrison-Walnut Neighborhood Association.

VII. PRIOR RESULTS.

Originally approved as Oklahoma City's first project plan adopted pursuant to the Oklahoma Local Development Act, 62 O.S. §850, *et seq.*, including Oklahoma City's first tax increment financing district, the Oklahoma Health Center Economic Development Project Plan stimulated the development of the Research Park, bioscience business incubator facilities, the GE Global Research Center, and other redevelopments in the area, including the creation of more than 2,500 new high-quality jobs. Over the last decade alone, notwithstanding a major recession, at least 1,750 new jobs were created and more than \$200 million in new taxable private investment was stimulated in the project area. Overall, more than \$2 billion in new development in the area has occurred.

VIII. PROJECTED RESULTS OF PROJECT PLAN ACTIVITIES.

Projects such as those contemplated by this Project Plan have both direct and indirect economic benefits. They have design and construction impacts, which are generally one-time impacts. They also have continued annual impacts after completion. Direct and indirect benefits to the community as a whole and to the taxing jurisdictions can be projected, based on economic models utilized by the Oklahoma Department of Commerce and the Greater Oklahoma City Chamber of Commerce, as well as economic development consultants.

A. Investment. The Project Plan is estimated to stimulate an additional \$400 million in new public and private investment.

B. Employment. The Project Plan is estimated to stimulate the creation of an additional 1,500 high-quality jobs.

C. Ad Valorem and Sales Tax Growth. The revenue source expected to finance Project Costs authorized by the Project Plan is the incremental increase in ad valorem tax revenue generated by the Project within the Increment Districts. It is estimated that between \$2 million annually in the near term and more than \$4 million annually over the longer term will be generated by the incremental increases in ad valorem tax revenue. One assured source of revenue is the new revenues generated by the GE Global Oil and Gas Technology Center.

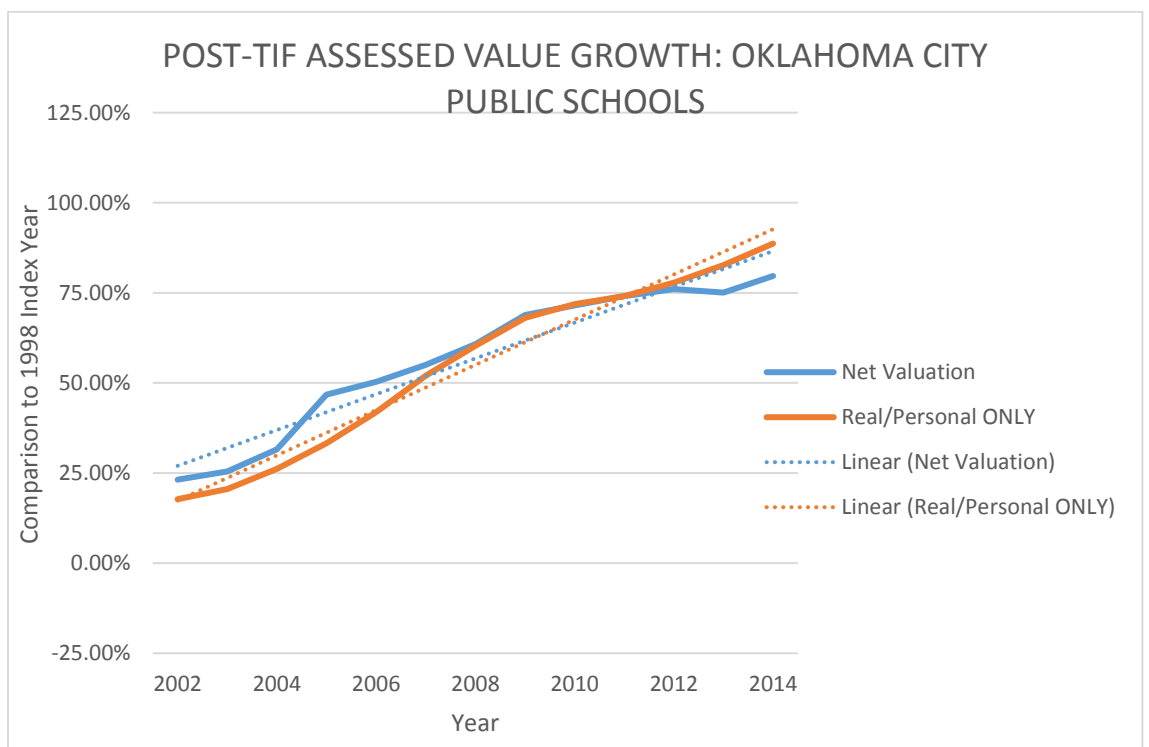
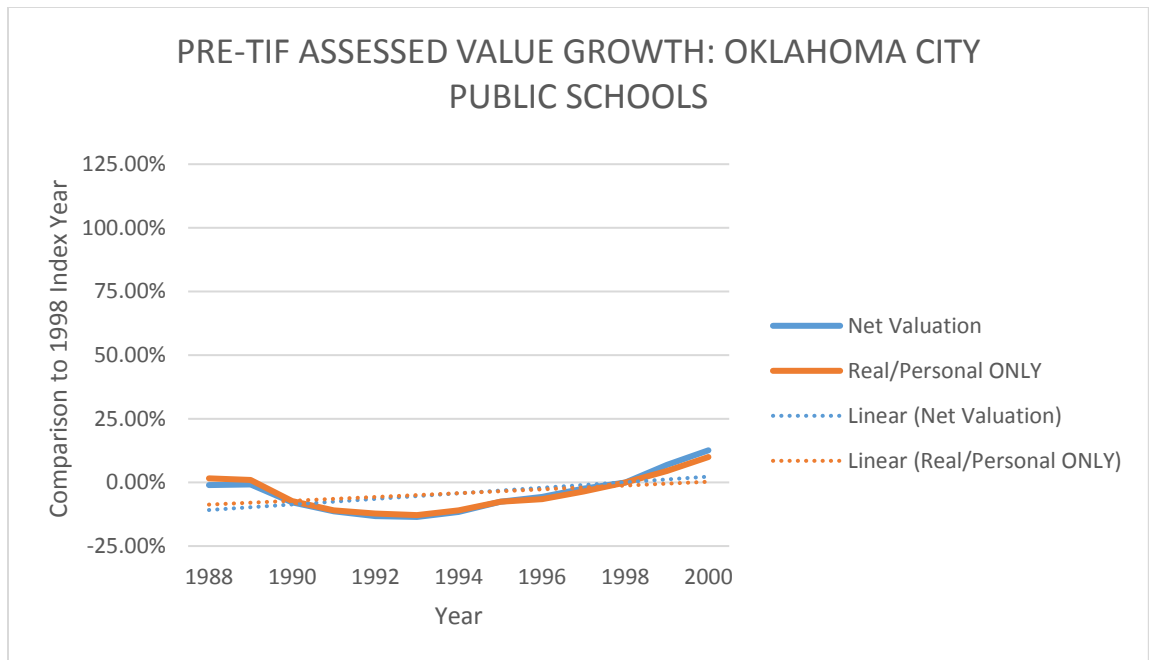
Additionally, it is anticipated that development of the Project as a whole, and the attendant increases in employment, will result in increased sales taxes for The City of Oklahoma City, increased sales taxes for Oklahoma County, increased sales taxes for the State of Oklahoma, increased ad valorem taxes outside of the Increment Districts, and increased income tax revenues to the State of Oklahoma.

IX. IMPACTS AND EFFECT ON TAXING JURISDICTIONS.

The economic development strategies of the Project will enhance public tax revenues from all sources, both inside and outside the project area, much of which will flow directly to the taxing jurisdictions in the area.

1. Oklahoma City Public School District (I-89). New development in the Project Area is likely to result in an increased demand on the public school district. However, a principal benefit of an Innovation District is the accelerated pace of new business enterprise, new investment and new jobs, the kind of activities that are most beneficial to school district revenues. The Oklahoma City economic development strategy has changed flat-line property valuation to an average annual 5% growth and is creating new taxable value in the school district at *two and one-half times the amount of value growth in all increment districts.* See chart and tables below.

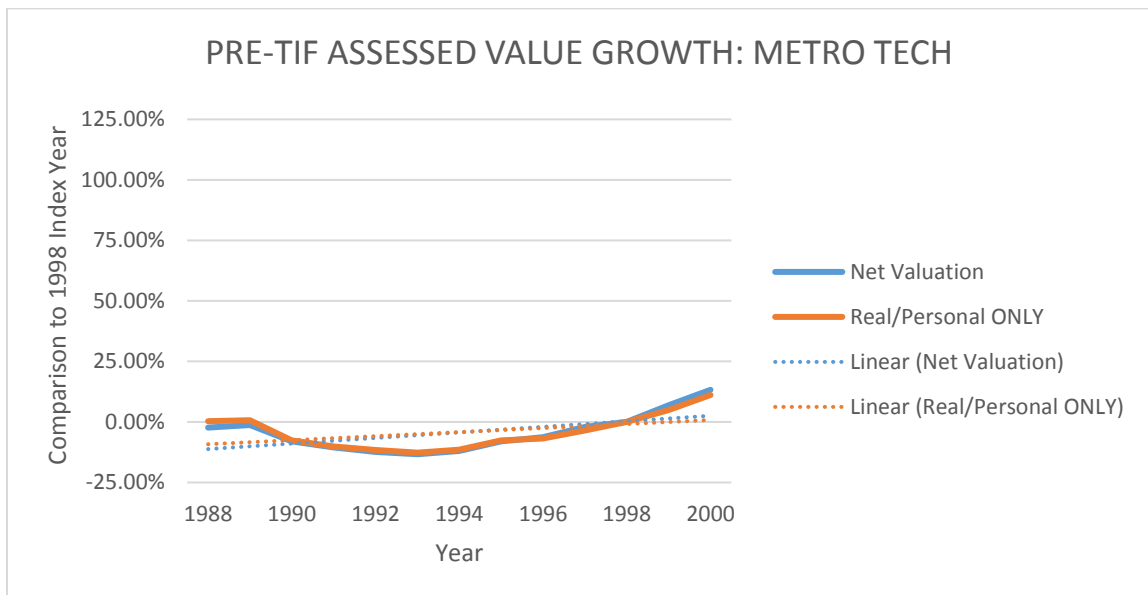
OKLAHOMA CITY PUBLIC SCHOOLS (I-89) VALUATION AND REVENUE GROWTH SINCE 2000								
Tax Year	Total Levy	Operational Levy	Net Valuation (outside TIFs)	Cumulative Valuation Growth	Ad Valorem Revenues	I-89 Revenues	Total Cumulative Revenue Growth	Cumulative Revenue Growth to I-89
2000	114.50	45.24	\$1,215,083,048	n/a	\$139,127,009	\$54,970,357	n/a	n/a
2001	114.50	45.24	\$1,305,085,977	\$90,002,929	\$149,432,344	\$59,042,090	\$10,305,335	\$4,071,733
2002	114.50	45.24	\$1,329,117,034	\$114,033,986	\$152,183,900	\$60,129,255	\$13,056,891	\$5,158,898
2003	114.50	45.24	\$1,354,057,914	\$138,974,866	\$155,039,631	\$61,257,580	\$15,912,622	\$6,287,223
2004	114.50	45.24	\$1,419,420,233	\$204,337,185	\$162,523,617	\$64,214,571	\$23,396,608	\$9,244,214
2005	114.50	45.24	\$1,583,720,703	\$368,637,655	\$181,336,020	\$71,647,525	\$42,209,011	\$16,677,168
2006	114.50	45.24	\$1,621,751,694	\$406,668,646	\$185,690,569	\$73,368,047	\$46,563,560	\$18,397,690
2007	114.50	45.24	\$1,672,540,071	\$457,457,023	\$191,505,838	\$75,665,713	\$52,378,829	\$20,695,356
2008	114.50	45.24	\$1,734,580,222	\$519,497,174	\$198,609,435	\$78,472,409	\$59,482,426	\$23,502,052
2009	114.50	45.24	\$1,822,544,697	\$607,461,649	\$208,681,368	\$82,451,922	\$69,554,359	\$27,481,565
2010	114.50	45.24	\$1,850,936,589	\$635,853,541	\$211,932,239	\$83,736,371	\$72,805,230	\$28,766,014
2011	114.50	45.24	\$1,879,038,468	\$663,955,420	\$215,149,905	\$85,007,700	\$76,022,896	\$30,037,343
2012	114.50	45.24	\$1,900,070,532	\$684,987,484	\$217,558,076	\$85,959,191	\$78,431,067	\$30,988,834
2013	114.50	45.24	\$1,889,170,549	\$674,087,501	\$216,310,028	\$85,466,076	\$77,183,019	\$30,495,719
2014	114.50	45.24	\$1,938,948,641	\$723,865,593	\$222,009,619	\$87,718,037	\$82,882,610	\$32,747,679
2015	114.50	45.24	\$2,008,693,881	\$793,610,833	\$229,995,449	\$90,873,311	\$90,868,440	\$35,902,954

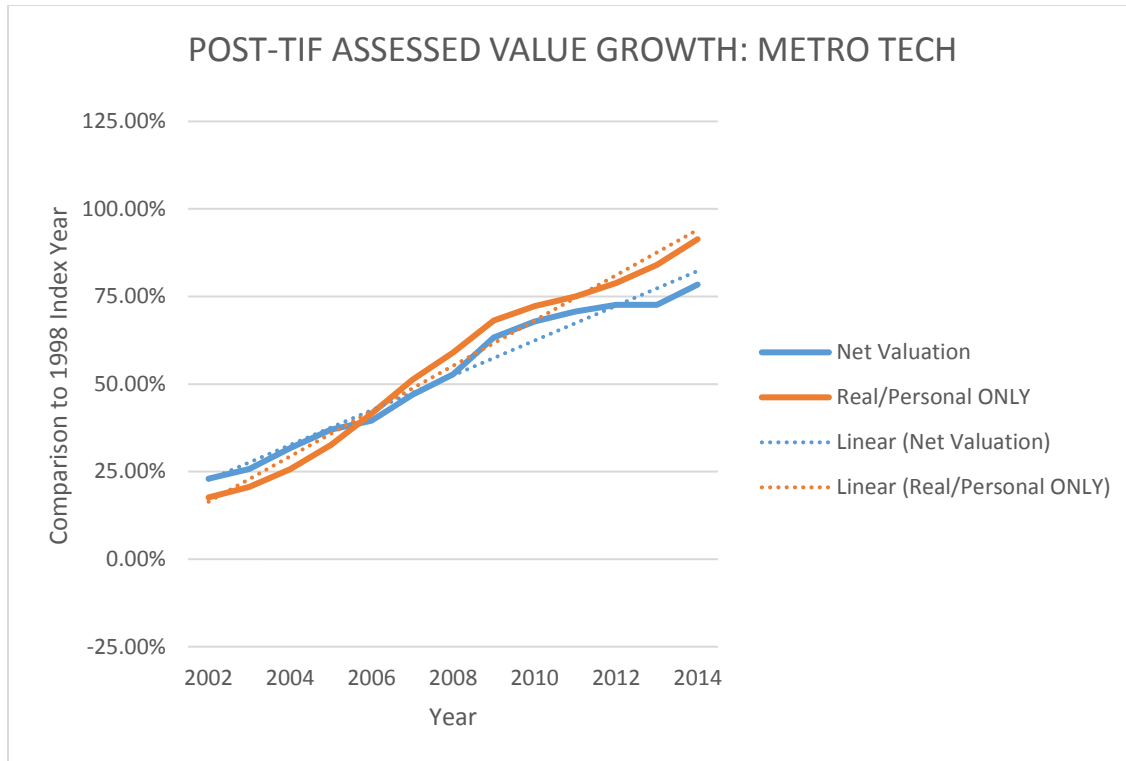


The proposed Oklahoma Regional Innovation District Project Plan will make possible partnership agreements, such as a ten (10) year agreement with the Oklahoma City Public School District to provide an enhanced education program to implement the Innovation District strategy with financial support from the Increment District.

2. MetroTech. Similar partnerships as described above (with different responsibilities and financial provisions) are contemplated with MetroTech for skills training programs supporting the Innovation District. See chart and tables attached. Oklahoma City's economic development strategy, like the Oklahoma City Public School district, has changed flat-line property valuation to an average annual 5% growth and is creating new taxable value in the school district at *two and one-half times the amount of value growth in all increment districts*. See chart and tables below.

METRO TECH (VO-TECH # 22) VALUATION AND REVENUE GROWTH SINCE 2000								
Tax Year	Total Levy	Operational Levy	Net Valuation (outside TIFs)	Cumulative Valuation Growth	Ad Valorem Revenues	Metro Tech Revenues	Total Cumulative Revenue Growth	Cumulative Revenue Growth to Metro Tech
2000	114.50	15.45	\$953,074,649	n/a	\$109,127,047	\$14,725,003	n/a	n/a
2001	114.50	15.45	\$1,025,016,383	\$71,941,734	\$117,364,376	\$15,836,503	\$8,237,329	\$1,111,500
2002	114.50	15.45	\$1,034,625,752	\$81,551,103	\$118,464,649	\$15,984,968	\$9,337,601	\$1,259,965
2003	114.50	15.45	\$1,058,246,877	\$105,172,228	\$121,169,267	\$16,349,914	\$12,042,220	\$1,624,911
2004	114.50	15.45	\$1,107,628,049	\$154,553,400	\$126,823,412	\$17,112,853	\$17,696,364	\$2,387,850
2005	114.50	15.45	\$1,152,842,481	\$199,767,832	\$132,000,464	\$17,811,416	\$22,873,417	\$3,086,413
2006	114.50	15.45	\$1,173,959,394	\$220,884,745	\$134,418,351	\$18,137,673	\$25,291,303	\$3,412,669
2007	114.50	15.45	\$1,236,350,267	\$283,275,618	\$141,562,106	\$19,101,612	\$32,435,058	\$4,376,608
2008	114.50	15.45	\$1,285,298,170	\$332,223,521	\$147,166,640	\$19,857,857	\$38,039,593	\$5,132,853
2009	114.50	15.45	\$1,373,626,356	\$420,551,707	\$157,280,218	\$21,222,527	\$48,153,170	\$6,497,524
2010	114.50	15.45	\$1,412,036,257	\$458,961,608	\$161,678,151	\$21,815,960	\$52,551,104	\$7,090,957
2011	114.50	15.45	\$1,436,250,818	\$483,176,169	\$164,450,719	\$22,190,075	\$55,323,671	\$7,465,072
2012	114.50	15.45	\$1,452,461,369	\$499,386,720	\$166,306,827	\$22,440,528	\$57,179,779	\$7,715,525
2013	114.50	15.45	\$1,451,952,502	\$498,877,853	\$166,248,561	\$22,432,666	\$57,121,514	\$7,707,663
2014	114.50	15.45	\$1,500,960,998	\$547,886,349	\$171,860,034	\$23,189,847	\$62,732,987	\$8,464,844
2015	114.50	15.45	\$1,562,496,347	\$609,421,698	\$178,905,832	\$24,140,569	\$69,778,784	\$9,415,565

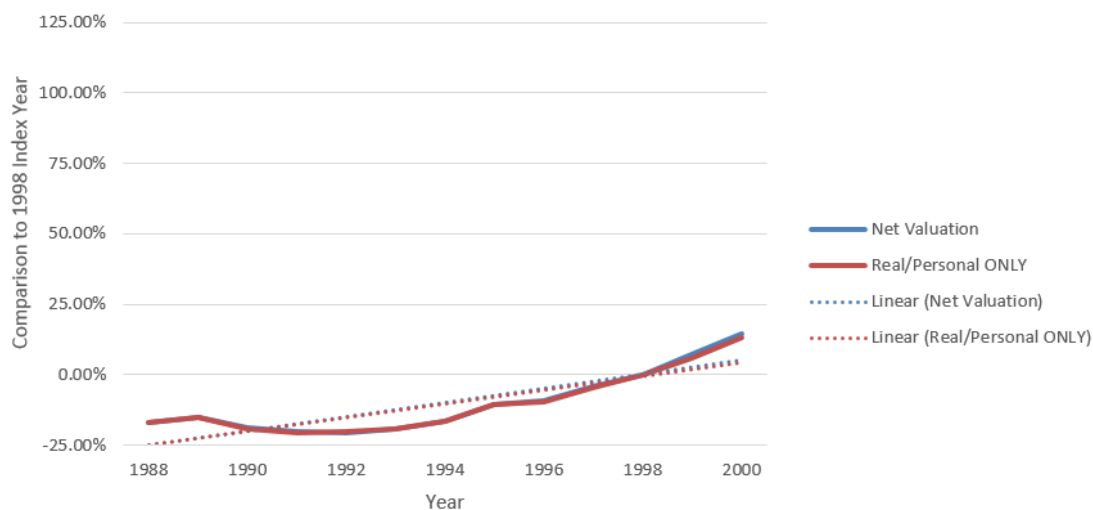




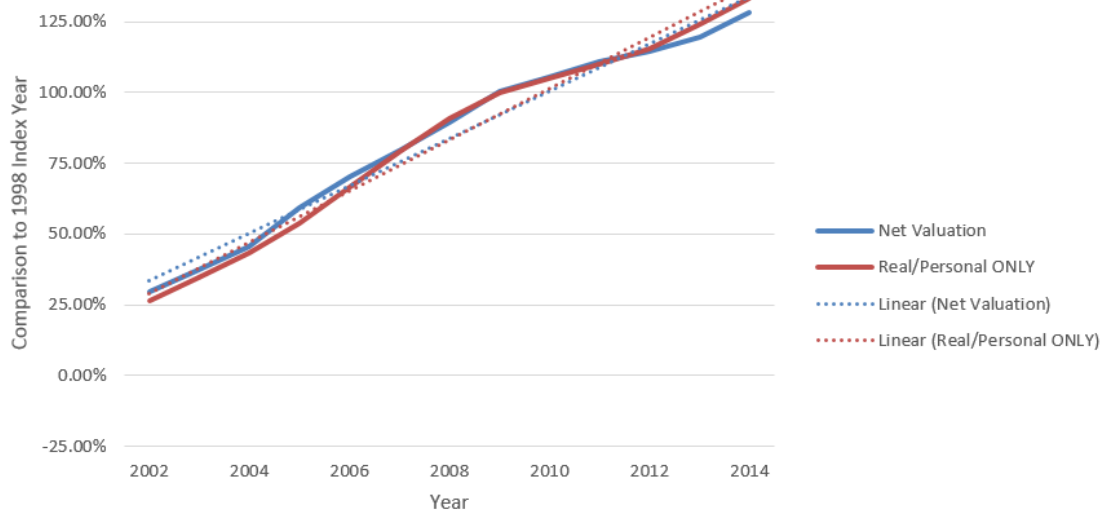
3. Oklahoma County. No specific demand for increased services on Oklahoma County is likely to result from the developments under the Project Plan. Like the Oklahoma City Public School District and MetroTech (both districts are embraced with the County area), the County's property tax base and revenues have been stimulated by the City's economic development policies. County-wide property valuations have improved from a modest 3% annual growth to an average 8% annual growth, *mirroring the growth patterns outside of all increment districts* as seen in the Oklahoma City Public School and MetroTech districts. See chart and tables below.

OKLAHOMA COUNTY VALUATION AND REVENUE GROWTH SINCE 2000								
Tax Year	Total Levy	Operational Levy	Net Valuation (outside TIFs)	Cumulative Valuation Growth	Ad Valorem Revenues	County Revenues	Total Cumulative Revenue Growth	Cumulative Revenue Growth to County
2000	114.50	10.35	\$3,136,891,676	n/a	\$359,174,097	\$32,466,829	n/a	n/a
2001	114.50	10.35	\$3,375,652,383	\$238,760,707	\$386,512,198	\$34,938,002	\$27,338,101	\$2,471,173
2002	114.50	10.35	\$3,542,116,595	\$405,224,919	\$405,572,350	\$36,660,907	\$46,398,253	\$4,194,078
2003	114.50	10.35	\$3,754,623,321	\$617,731,645	\$429,904,370	\$38,860,351	\$70,730,273	\$6,393,523
2004	114.50	10.35	\$3,986,566,594	\$849,674,918	\$456,461,875	\$41,260,964	\$97,287,778	\$8,794,135
2005	114.50	10.35	\$4,365,558,760	\$1,228,667,084	\$499,856,478	\$45,183,533	\$140,682,381	\$12,716,704
2006	114.50	10.35	\$4,657,648,052	\$1,520,756,376	\$533,300,702	\$48,206,657	\$174,126,605	\$15,739,828
2007	114.50	10.35	\$4,913,807,102	\$1,776,915,426	\$562,630,913	\$50,857,904	\$203,456,816	\$18,391,075
2008	114.50	10.35	\$5,191,032,305	\$2,054,140,629	\$594,373,199	\$53,727,184	\$235,199,102	\$21,260,356
2009	114.50	10.35	\$5,491,051,322	\$2,354,159,646	\$628,725,376	\$56,832,381	\$269,551,279	\$24,365,552
2010	114.50	10.35	\$5,620,711,917	\$2,483,820,241	\$643,571,514	\$58,174,368	\$284,397,418	\$25,707,539
2011	114.50	10.35	\$5,767,095,721	\$2,630,204,045	\$660,332,460	\$59,689,441	\$301,158,363	\$27,222,612
2012	114.50	10.35	\$5,877,464,681	\$2,740,573,005	\$672,969,706	\$60,831,759	\$313,795,609	\$28,364,931
2013	114.50	10.35	\$6,011,682,126	\$2,874,790,450	\$688,337,603	\$62,220,910	\$329,163,507	\$29,754,081
2014	114.50	10.35	\$6,243,222,330	\$3,106,330,654	\$714,848,957	\$64,617,351	\$355,674,860	\$32,150,522
2015	114.50	10.35	\$6,543,869,736	\$3,406,978,060	\$749,273,085	\$67,729,052	\$390,098,988	\$35,262,223

PRE-TIF ASSESSED VALUE GROWTH: OKLAHOMA COUNTY



POST-TIF ASSESSED VALUE GROWTH: OKLAHOMA COUNTY



4. Metropolitan Library System. The anticipated developments stimulated by the Project Plan may add to the clientele visiting the Ronald J. Norick Downtown Library, as the closest public library in the metropolitan area. Since its area is the County area, the benefits are proportional to County benefits.

5. Oklahoma City-County Health Department. No demand for increased services by the Oklahoma City-County Health Department is anticipated as a result of the

new developments arising under the Project Plan. Since its area is the County area, the benefits are proportional to County benefits.

6. The City of Oklahoma City. The actual, current, and future projected benefits to Oklahoma City mirror the benefits of the other affected taxing jurisdictions and are therefore overwhelmingly net positive.

X. ECONOMIC IMPACTS ON BUSINESS ACTIVITIES.

Isolating the specific impacts of the increment districts on the greater community is difficult, but the Brookings Institution has documented the positive impacts an innovation district can have on business activities and on communities as a whole. An Innovation District is implemented with an intentional economic development strategy based on the premise that economic growth, job creation, and innovation can be fostered through the clustering of businesses, institutions, and people, and the creation of new partnerships. Proximity and relationships allow people to collaborate and, as a result, spur and stimulate productivity, ideas, education, and innovation. Innovation Districts encourage multiple use developments that include housing, office, retail, green space, and entertainment venues. They foster connections between leading edge anchor institutions and business, cluster research with startups, business incubators and entrepreneurs, and create new partnerships with education, skills training, and the community.

The Innovation District will serve as a platform for quality job growth and business expansion and generate a higher multiple of beneficial economic impacts. As public and private development occurs, construction will result in temporary jobs and the completion of those development projects will result in permanent high-quality jobs and continued economic growth. The development of a multi-use/innovation hub, improvements to adjacent neighborhoods, the provision of enhanced education programs and skills training programs, and the nourishment of public-private partnerships, will collectively spur job growth, investment, and new business, particularly in biotechnology, technology, life sciences, engineering and related fields. The increased presence of individuals living and working in the Project Area will further stimulate demand for development, establishing a well-rounded multi-use area. Further, the increased presence of individuals will increase the opportunity of potential customers for both new and existing businesses in the Project Area.

XI. SUMMARY AND CONCLUSIONS.

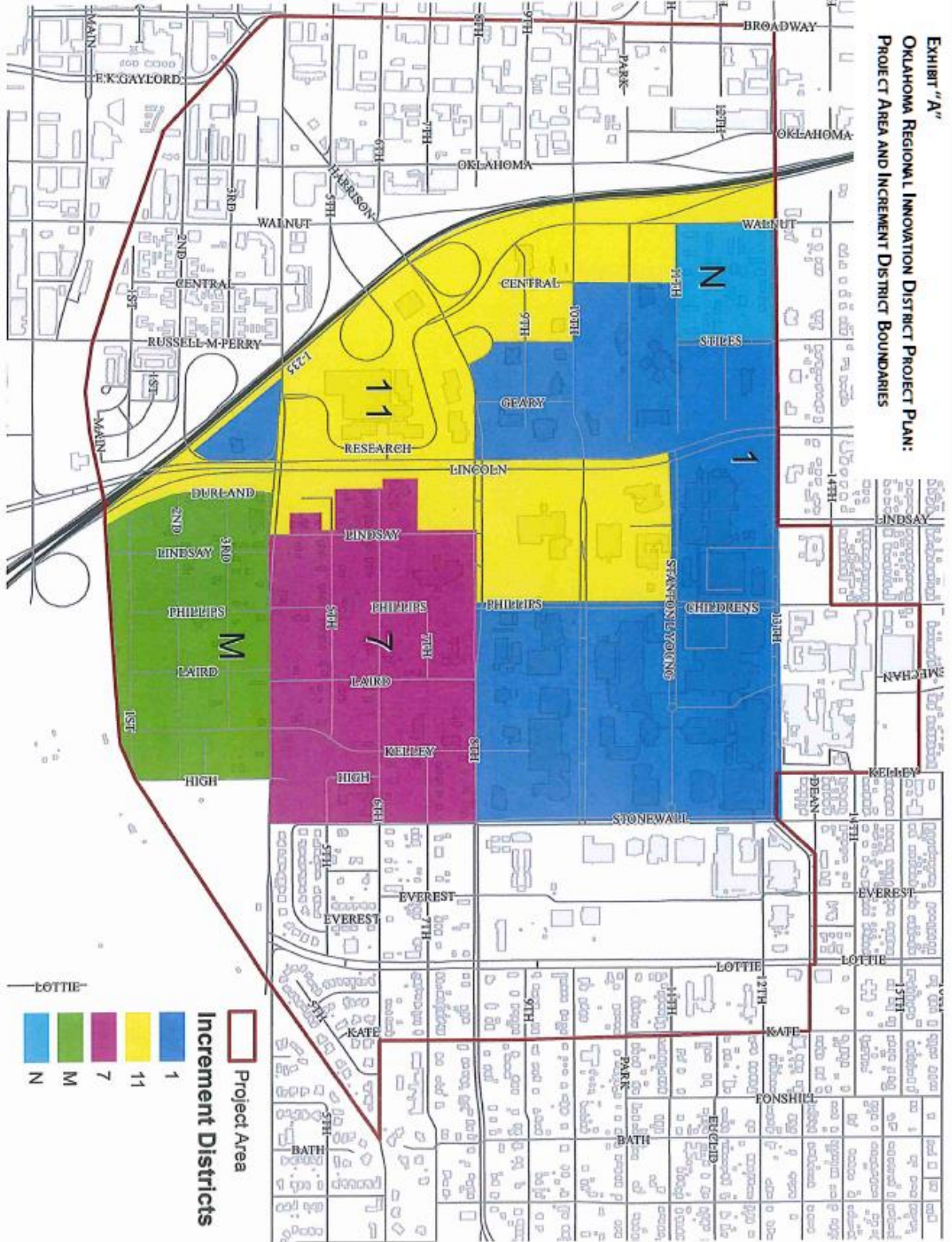
Principal Conclusions:

- A. The Project has a high probability of accelerating job creation in the community.
- B. The Project has a high probability of stimulating investment both within and outside of the project area and increment districts.
- C. The Project has a high probability of increasing ad valorem tax revenues for all affected taxing jurisdictions, and in particular, the payments to the Oklahoma City Public School District under an agreement to support the Innovation District strategy will be

significantly greater than the net benefit to the school district without approval of the amended Project Plan.

In summary, the benefits of the proposed Oklahoma Regional Innovation District Project Plan will be significant for the taxing jurisdictions in the Project Area and increment districts, and for the community as a whole. A modest increase in the demand for services upon certain taxing jurisdictions can be anticipated, but such increases will be more than offset by the benefits generated by the Project Plan.

EXHIBIT "A"
OKLAHOMA REGIONAL INNOVATION DISTRICT PROJECT PLAN:
PROJECT AREA AND INCREMENT DISTRICT BOUNDARIES



Oklahoma City Redevelopment Authority
Statement of Net Position
and Reconciliation of Net Position to Fund Balance
as of November 30, 2016

Assets

Current Assets	
Cash & Cash Equivalents	1,584,261
Cash & Cash Equivalents - Encumbered/Reserved	8,365,128
Investments - Encumbered/Reserved	7,393,000
Rent Receivable	-
Interest Receivable	150,528
Investment Income Receivable	-
Due from Other Governments	724,120
Total Current Assets	18,217,037
Capital Assets	
Land	506,891
Building & Undivided Ownership	8,615,214
Accumulated Depreciation	(3,198,557)
Total Capital Assets	5,923,548
Other Noncurrent Assets	
Notes Receivable	10,035,193
Other Assets	300,000
Total Other Noncurrent Assets	10,335,193
Total Assets	34,475,777
Liabilities	
Current Liabilities	
Current Portion of Long-term Debt	796,177
Accounts Payable	49,898
Due to Urban Renewal	5,413,043
Total Current Liabilities	6,259,118
Noncurrent Liabilities	
Deferred Revenue	22,176
Long-term Debt, less current portion	3,878,637
Total Noncurrent Liabilities	3,900,813
Total Liabilities	10,159,931
Net Position	24,315,846
Reconciliation of Net Position to Fund Balance	
<i>Not Reported in Governmental Funds Balance Sheet</i>	
Land	(506,891)
Building & Undivided Ownership	(8,615,214)
Accumulated Depreciation	3,198,557
Notes Receivable	(10,035,193)
Long-term Debt	4,674,814
Total Fund Balance	13,031,920

Oklahoma City Redevelopment Authority
Governmental Funds Balance Sheet and Statement of Revenues
as of and for the Five Months ending November 30, 2016

	<u>TIF 1</u>	<u>Skirvin</u>	<u>Total</u>
Assets			
Cash & Cash Equivalents	1,584,261	-	1,584,261
Cash & Cash Equivalents - Encumbered/Reserved	2,610,033	5,755,094	8,365,128
Investments - Encumbered/Reserved	7,393,000	-	7,393,000
Rent Receivable	-	-	-
Interest Receivable	-	150,528	150,528
Investment Income Receivable	-	-	-
Due From Other Governments	724,120	-	724,120
Other Assets	300,000	-	300,000
Total Assets	12,611,414	5,905,622	18,517,037
Liabilities			
Accounts Payable	49,898	-	49,898
Due to Urban Renewal	13,043	5,400,000	5,413,043
Deposit	22,176	-	22,176
Total Liabilities	85,117	5,400,000	5,485,117
Fund Balance	12,526,297	505,622	13,031,920
Total Liabilities & Fund Balance	12,611,414	5,905,622	18,517,037
Revenues			
Apportioned Ad Valorem Taxes/PILOT - TIF 1	-	-	-
Rental Income	-	-	-
Interest Income	-	125,440	125,440
Investment Income	27,483	6,794	34,277
Other Income	39,176	-	39,176
Total Revenues	66,659	132,234	198,893
Expenditures			
Bioscience Development & Improvements	229,270	-	229,270
Public Parking & Related Public Improvements	-	-	-
Implementation & Administration of Project Plan	36,159	-	36,159
Other Project Redevelopment Activity Costs	-	-	-
Other - Payment to OCURA	-	-	-
Debt Service - Principal	329,235	-	329,235
Debt Service - Interest	28,581	-	28,581
Total Expenditures	623,245	-	623,245
Changes in Fund Balance	(556,586)	132,234	(424,352)
Fund Balance, Beginning of Year	13,082,883	373,388	13,456,271
Fund Balance, Current	12,526,297	505,622	13,031,920

Unaudited - For management use only

Oklahoma City Redevelopment Authority
Schedule of Investments
November 30, 2016

<u>Investments</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Settlement</u> <u>Date</u>	<u>Amount</u>
Merchantile Commerce Bank	1.00%	12/19/16	12/17/14	245,000
Amalgamated Bank	0.75%	02/27/17	02/27/15	250,000
Capital Bank NA	1.05%	03/20/17	09/19/14	245,000
Berkshire Bank	0.75%	03/31/17	03/31/15	245,000
Cathay Bank	0.85%	03/31/17	03/31/15	245,000
Merrick Bank Corp	0.85%	05/11/17	05/11/15	250,000
American Express Centurion Bank	0.95%	05/15/17	05/14/15	250,000
Investors Bank	0.85%	05/19/17	05/20/15	248,000
Flushing Bank	1.00%	06/26/17	06/26/15	250,000
Cambridge Trust Co	1.00%	07/07/17	07/07/15	250,000
Ally Bank	1.15%	07/10/17	07/13/15	245,000
Comenity Capital Bank	1.15%	07/15/17	07/13/15	250,000
Capital One NA	1.15%	07/17/17	07/17/15	245,000
Branson Bank	1.00%	07/25/17	08/04/14	245,000
Discover Bank DE	1.25%	08/28/17	08/26/15	245,000
American Express Bank FSB	1.30%	09/05/17	09/04/14	245,000
BMO Harris Bank NA	1.10%	09/22/17	09/22/15	245,000
Firstbank of Puerto Rico	1.25%	10/02/17	10/02/15	245,000
First Niagara Bank	1.10%	10/10/17	10/09/15	245,000
Synovus Bank GA	1.00%	10/16/17	10/15/15	245,000
BMW Bank Salt Lake City UT	1.15%	10/16/17	10/27/15	245,000
Key Bank NA	1.05%	10/30/17	10/28/15	245,000
Enerbank USA UT	1.05%	10/30/17	10/29/15	245,000
TCF National Bank SD	0.95%	11/06/17	11/04/15	245,000
FirstMerit Bank OH	1.00%	11/13/17	11/13/15	245,000
Compass Bank	1.15%	11/16/17	11/16/15	245,000
Wex Bank	1.05%	11/20/17	11/20/15	245,000
Connectone Bank	1.10%	11/20/17	11/20/15	250,000
Wells Fargo Bank	1.15%	09/28/18	09/28/16	250,000
Capital One Bank USA	1.30%	09/30/19	09/28/16	245,000
Total TIF 1 Investments	1.05%			7,393,000