

AMENDED AGENDA

AGENDA
OKLAHOMA CITY INDUSTRIAL & CULTURAL
FACILITIES TRUST
SPECIAL MEETING & PUBLIC HEARING OF THE TRUSTEES
WEDNESDAY, DECEMBER 5, 2018 – 11:00 A.M.
ALLIANCE CONFERENCE ROOM
105 N. HUDSON AVENUE, SUITE 101
OKLAHOMA CITY, OK 73102

Presiding: Robert Alexander, Jr. Chair

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

- 747 Determination of Quorum
- 748 Consider and Approve Minutes of Special Meeting held Monday, December 19, 2016
- 749 Report and Receive Oklahoma City & Cultural Facilities Trust, a Component Unit of the City of Oklahoma City, Oklahoma Auditor’s Reports and Financial Statements June 30, 2017 and 2018
- 750 Report and Receive Quarterly Financial Statements for the Oklahoma City Industrial & Cultural Facilities Trust for Period Ended September 30, 2018
- 751 Authorizing and Approving Agreement(s) for Economic Development Services with The Alliance for Economic Development of Oklahoma City, Inc. and authorizing the Chair, Vice-Chair and General Manager, or any one of them, to take actions necessary to effectuate the provisions of this Resolution, and to approve and authorize other actions regarding the operation and management of the Trust, including the pursuit of economic development prospects, and to authorize necessary funding for same
- 752 Approval of a business incubator program to support business development and advance economic development in Oklahoma City, to include consulting advice and consultation, loans, loan guarantees, forgivable loans and grants (“Business Incubator Program”), and authorizing the Chair, Vice-Chair and General Manager, or any one of them, to take actions necessary to implement the Business Incubator Program, and to authorize necessary funding for same.
- 753 Report from General Manager
- 754 Adjournment

**MINUTES OF A SPECIAL MEETING
OF THE
OKLAHOMA CITY INDUSTRIAL & CULTURAL FACILITIES TRUST
MONDAY, DECEMBER 19, 2016, 2:00 p.m.
ALLIANCE CONFERENCE ROOM
105 N. HUDSON, #101
OKLAHOMA CITY, OK 73102**

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

TRUSTEES ABSENT: None

OTHER PRESENT: Catherine O'Connor, The Alliance
 Geri Harlan, The Alliance
 Pam Lunnon, The Alliance
 Cassi Poor, The Alliance
 Jered Davidson, The Public Finance Law Group, PLLC
 John Williams, Williams, Box, Forshee & Bullard
 Chad Moore, BKD
 Bond Payne, Heritage Trust
 Sean Donahue, Heritage Trust
 Robert Hughes, Heritage Trust
 Myrna Latham, McAfee & Taft

PRESIDING: David Rainbolt, Chairman

Oklahoma City Industrial and Cultural Facilities Trust met in the Conference Room of The Alliance for Economic Development of OKC, Oklahoma City, Oklahoma pursuant to public notice thereof in writing, delivered to the City Clerk. Notice of the meeting and agenda were posted at 105 N. Hudson, #101, Oklahoma City, OK; notice of meeting was filed/posted at the City of Oklahoma City Municipal Building bulletin board by December 15, 2016.

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

740 *Chairman Rainbolt asked for approval of minutes for meeting held August 24, 2016 with one change to date from 2015 to 2016.*

Mr. Nichols moved the approval of the minutes with changed date, and upon second by Ms. Ritz, the votes were as follows:

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

Minutes Approved.

- 741 ***Report and Receive Oklahoma City & Cultural Facilities Trust, a Component Unit of the City of Oklahoma City, Oklahoma Auditor's Reports and Financial Statements June 30, 2015 and 2016***

Presentation of Audit: Presentation was given by Chad Moore, BKD on the above audit.

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

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

Audit Received.

- 742 ***Report and Receive Quarterly Financial Statements for the Oklahoma City Industrial & Cultural Facilities Trust for Period Ended September 30, 2016***

Presentation of Financials: Ms. Harlan presented the quarterly financial report through September 30, 2016.

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

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

Financials Received.

- 743 ***Resolution approving First Amendment to Ground Lease, Subordination Agreement, Mortgage, Ground Lease Estoppel letter and other documents related to the development of land owned by the Trust at 123 N.W. 5th Street, Oklahoma City, Okla. and related financing***

Discussion: Ms. Latham explained there are two aspects the Trust is being asked to approve today, one of them relates to a purchase money financing on the Journal Record Commercial Unit. That particular piece relates to a construction redevelopment loan from RCB Bank. There actually will be two separate loans,

one loan is for completion of the redevelopment of the commercial unit and a separate loan for the construction of a parking tract. The financing for the commercial unit involves what we have historic referred to as the Murrah Loan from the City to the Trust. In the connection with the acquisition of the commercial unit there was a loan back to the buyer in the amount of the purchase price for the commercial unit. Instead of assuming what we called the Murrah Loan there was actually a new loan that was made to the buyer. That new loan was collaterally assigned to the City as security for the existing Murrah Loan. This is essentially the structure of that particular obligation, so RCB Bank is asking for a confirmation from the Trust that its rights which are collaterally assigned to the City are subordinate to RCB Banks rights as construction lender under this new loan.

Ms. Lathan stated the second aspect is concerning the parking tract. The Trust owns the parking tract and is the landlord, so what RCB Bank is requesting is what we refer to as an Estoppel Certificate. This is where the Trust would be saying all obligations of the Tenant under the ground lease are in good standing and there is no default, rent has been paid to date etc.

Ms. Lathan also commented that they are requesting an amendment to the ground lease to clarify that the development of the ground lease will occur in two separate phases instead of a one single phase. In the beginning it was contemplated that the development of the parking tract would be a single building, it has now become a two-step process in connection that the parking garage is being scaled back. The original proposal was 409 parking spaces in the parking garage, now the current proposal is 378 spaces, but will be expandable. They have reserved space in the front of building that faces Robinson and also a portion on 5th Street for future development in terms of a second building that could be commercial or residential with ground level uses which has been approved by the downtown design committee. Site plans were available for review.

Ms. Lathan explained in respect to the parking tract there is another subordination agreement. This is subordinating rights as landlord under the ground lease to the RCB loan with respect to the construction of the parking garage. Mr. Williams stated concerning the second subordination agreement with respect to the parking tract, the bank wanted the Trust to join in with the mortgage, the Trust will not participate, but the Trust will give a subordination agreement, so the bank has agreed to that.

Trustees suggested resolution be amended. Mr. Williams proposed the following changes:

The third paragraph of the Resolution should be revised to provide:

WHEREAS, in order to facilitate development of the Land and related financing, Tenant has requested the Trust approve and/or enter into (i) a First Amendment to

Ground Lease, (ii) Subordination Agreements, and (iii) a Ground Lease Estoppel letter (collectively the “Required Closing Documents”);

and, the Resolution shall also provide elsewhere:

Further the Chair or Vice-Chair is authorized to approve and execute other documents for financial institutions necessary for development of the land and related financing.

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

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

Resolution Approved.

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

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

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

Mr. Bennett moved the approved resolution and upon second by **Mr. Nichols**, the votes were as follows:

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

Resolution Approved.

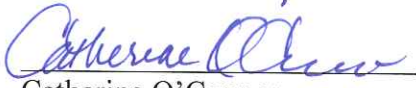
745 *Report of General Manager*

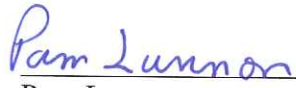
746 Mr. Bennett moved and Mr. Nichols seconded a motion to adjourn the meeting at 2:36 p.m. and the votes were as follows:

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

ATTEST:

RECORDED:


Catherine O'Connor
General Manager


Pam Lunnon
Executive Assistant

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

As part of our audit of the financial statements of the Oklahoma City Industrial and Cultural Facilities Trust (the Trust), a component unit of the City of Oklahoma City, Oklahoma (the City), as of and for the year ended June 30, 2018, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

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

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

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

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

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

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

Critical Accounting Policies and Practices

No matters are reportable.

Alternative Accounting Treatments

No matters are reportable.

Management Judgments and Accounting Estimates

No matters are reportable.

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:

- Capital assets and related note payable
- Conduit debt obligations

Audit Adjustments

No matters are reportable.

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

No matters are reportable.

Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (attached)
- We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies

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

BKD, LLP

October 16, 2018



October 16, 2018

BKD, LLP

Certified Public Accountants
6120 S. Yale Ave., Suite 1400
Tulsa, OK 74136

TRUSTEES

Robert H. Alexander, Jr.
Chairman

David E. Rainbolt

Clayton I. Bennett

J. Larry Nichols

Lindy Ritz

We are providing this letter in connection with your audits of the financial statements of the Oklahoma City Industrial and Cultural Facilities Trust (the Trust), a component of the City of Oklahoma City, Oklahoma, as of and for the years ended June 30, 2018 and 2017.

We confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

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

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

1. We have fulfilled our responsibilities, as set out in the terms of our engagement letter dated June 15, 2018, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your

audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.

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

accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America. We understand that the term related party refers to an affiliate; management, and members of their immediate families, component units; and any other party with which the entity may deal if it can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with us.

11. Except as reflected in the financial statements, there are no:
 - (a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.
 - (b) Material transactions omitted or improperly recorded in the financial statements.
 - (c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
 - (d) Events occurring subsequent to the statement of net position date through the date of this letter requiring adjustment or disclosure in the financial statements.
 - (e) Agreements to purchase assets previously sold.
 - (f) Restrictions on cash balances or compensating balance agreements.
 - (g) Guarantees, whether written or oral, under which the Trust is contingently liable.
12. 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.
13. We have no reason to believe the Trust owes any penalties or payments under the Employer Shared Responsibility Provisions of the Patient Protection and Affordable Care Act nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.
14. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the financial statements. We have not sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period.

Also, we are not aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.

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

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

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

28. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.



Catherine O'Connor – General Manager



Geri Harlan – Chief Financial Officer

Oklahoma City Industrial and Cultural Facilities Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Independent Auditor's Reports and Financial Statements
June 30, 2018 and 2017



Oklahoma City Industrial and Cultural Facilities Trust
A Component Unit of the City of Oklahoma City, Oklahoma
June 30, 2018 and 2017

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Oklahoma City Industrial and Cultural Facilities Trust (the Trust), a component unit of the City of Oklahoma City, Oklahoma, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of June 30, 2018 and 2017, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2018, on our consideration of the Trust's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control over financial reporting and compliance.

BKD, LLP

Tulsa, Oklahoma
October 16, 2018

Oklahoma City Industrial and Cultural Facilities Trust

A Component Unit of the City of Oklahoma City, Oklahoma

Management's Discussion and Analysis

Years Ended June 30, 2018 and 2017

Introduction

This management's discussion and analysis of the financial performance of Oklahoma City Industrial and Cultural Facilities Trust (the Trust), a discretely presented component unit of the City of Oklahoma City, Oklahoma (the City), provides an overview of the Trust's financial activities for the years ended June 30, 2018 and 2017. It should be read in conjunction with the accompanying financial statements of the Trust.

Financial Highlights

- Cash and cash equivalents increased by \$195,041 in 2018 and decreased by \$616,668 in 2017.
- Investments decreased by \$126,949 in 2018 and increased by \$500,068 in 2017.
- The City provided \$400,000 in 2015 to help fund the operations of the Journal Record Building. The Trust returned the unused portion of \$122,882 to the City in 2017.
- The Trust's net position increased by \$53,235 and \$9,456 in 2018 and 2017, respectively.

Using This Annual Report

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

Statement of Net Position

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

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

Total assets of the Trust increased by \$53,234 in 2018 and decreased by \$113,601 in 2017.

Total liabilities decreased in 2018 and 2017 by \$1 and \$123,057, respectively. Accounts payable and accrued liabilities were reduced by \$1 in 2018. In 2017, accounts payable and accrued liabilities were reduced by \$175, and the amount due to the City decreased by \$122,882.

Table 1: Condensed Statements of Net Position

	2018	2017	Change	% Change	2016	Change	% Change
Current assets	\$ 1,012,307	\$ 959,073	\$ 53,234	6%	\$ 1,072,674	\$ (113,601)	-11%
Note receivable	4,255,171	4,255,171	-	0%	4,255,171	-	0%
Capital assets	953,266	953,266	-	0%	953,266	-	0%
Total assets	6,220,744	6,167,510	53,234	1%	6,281,111	(113,601)	-2%
Current liabilities	3,514	3,515	(1)	0%	126,572	(123,057)	-97%
Note payable	4,255,171	4,255,171	-	0%	4,255,171	-	0%
Total liabilities	4,258,685	4,258,686	(1)	0%	4,381,743	(123,057)	-3%
Net investment in capital assets	953,266	953,266	-	0%	953,266	-	0%
Unrestricted	1,008,793	955,558	53,235	6%	946,102	9,456	1%
Total net position	\$ 1,962,059	\$ 1,908,824	\$ 53,235	3%	\$ 1,899,368	\$ 9,456	0%

Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses and changes in net position reports how the Trust's net position changed during the fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. For the years ended June 30, 2018 and 2017, the change in net position was a gain of \$53,235 and \$9,456, respectively.

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

	2018	2017	Change	% Change	2016	Change	% Change
Rental income	\$ 60,563	\$ 60,562	\$ 1	0%	\$ 61,813	\$ (1,251)	-2%
Other	16,032	16,000	32	0%	16,388	(388)	-2%
Total operating revenues	76,595	76,562	33	0%	78,201	(1,639)	-2%
Professional and trust fees	16,778	49,392	(32,614)	-66%	40,333	9,059	22%
Journal Record Building	-	-	-	0%	18,471	(18,471)	-100%
Parking lot expense	2,550	2,235	315	14%	6,565	(4,330)	-66%
Management fees	26,250	26,250	-	0%	26,251	(1)	0%
Administrative and general expense	7,424	12,652	(5,228)	-41%	8,016	4,636	58%
Total operating expenses	53,002	90,529	(37,527)	-41%	99,636	(9,107)	-9%
Nonoperating revenues	29,642	23,423	6,219	27%	58,682	(35,259)	-60%
Change in net position	\$ 53,235	\$ 9,456	\$ 43,779	463%	\$ 37,247	\$ (27,791)	-75%

Economic Factors

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

Contacting the Trust's Management

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

Oklahoma City Industrial and Cultural Facilities Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Statements of Net Position
June 30, 2018 and 2017

Assets

	2018	2017
Current Assets		
Cash and cash equivalents	\$ 611,432	\$ 416,391
Investments	373,119	500,068
Due from trust funds administered	-	15,000
Interest receivable	22,332	22,190
Prepaid and other	<u>5,424</u>	<u>5,424</u>
Total current assets	1,012,307	959,073
Note Receivable	4,255,171	4,255,171
Capital Assets	<u>953,266</u>	<u>953,266</u>
Total assets	<u>6,220,744</u>	<u>6,167,510</u>

Liabilities and Net Position

Current Liabilities		
Accounts payable and accrued liabilities	<u>3,514</u>	<u>3,515</u>
Total current liabilities	3,514	3,515
Note Payable	<u>4,255,171</u>	<u>4,255,171</u>
Total liabilities	<u>4,258,685</u>	<u>4,258,686</u>
Net Position		
Net investment in capital assets	953,266	953,266
Unrestricted	<u>1,008,793</u>	<u>955,558</u>
Total net position	<u>\$ 1,962,059</u>	<u>\$ 1,908,824</u>

Oklahoma City Industrial and Cultural Facilities Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Rental income	\$ 60,563	\$ 60,562
Administrative fees	16,000	16,000
Oil and gas revenue	<u>32</u>	<u>-</u>
Total operating revenues	<u>76,595</u>	<u>76,562</u>
Operating Expenses		
Professional and trust fees	16,778	49,392
Management fees to the Alliance for Economic Development of Oklahoma City	26,250	26,250
Parking lot expense	2,550	2,235
Administrative and general expense	<u>7,424</u>	<u>12,652</u>
Total operating expenses	<u>53,002</u>	<u>90,529</u>
Operating Income (Loss)	<u>23,593</u>	<u>(13,967)</u>
Nonoperating Revenues		
Interest income on note receivable	21,276	21,276
Investment income	<u>8,366</u>	<u>2,147</u>
Total nonoperating revenues	<u>29,642</u>	<u>23,423</u>
Change in Net Position	53,235	9,456
Net Position, Beginning of Year	<u>1,908,824</u>	<u>1,899,368</u>
Net Position, End of Year	<u><u>\$ 1,962,059</u></u>	<u><u>\$ 1,908,824</u></u>

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

Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Activities		
Rental income	\$ 60,563	\$ 60,562
Cash receipts from customers and users	15,000	-
Administrative fees and other	16,032	19,830
Payments to vendors and suppliers	<u>(53,003)</u>	<u>(96,128)</u>
Net cash provided by (used in) operating activities	<u>38,592</u>	<u>(15,736)</u>
Noncapital Financing Activities		
Reimbursements to the City	<u>-</u>	<u>(122,882)</u>
Net cash used in noncapital financing activities	<u>-</u>	<u>(122,882)</u>
Investing Activities		
Purchase of investments	(125,279)	(501,085)
Proceeds on investment maturities	252,228	-
Interest income on note receivable	21,276	21,276
Investment interest received	<u>8,224</u>	<u>1,759</u>
Net cash provided by (used in) investing activities	<u>156,449</u>	<u>(478,050)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	195,041	(616,668)
Cash and Cash Equivalents, Beginning of Year	<u>416,391</u>	<u>1,033,059</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 611,432</u></u>	<u><u>\$ 416,391</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	\$ 23,593	\$ (13,967)
Decrease in accounts receivable	15,000	3,830
Increase in prepaid and other	-	(5,424)
Decrease in accounts payable and accrued liabilities	<u>(1)</u>	<u>(175)</u>
Net cash provided by (used in) operating activities	<u><u>\$ 38,592</u></u>	<u><u>\$ (15,736)</u></u>

Oklahoma City Industrial and Cultural Facilities Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2018 and 2017

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

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

Operations

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

Basis of Accounting

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

Use of Estimates

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

Cash and Cash Equivalents

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

Oklahoma City Industrial and Cultural Facilities Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2018 and 2017

Investment and Investment Income

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

Accounts Receivable

Accounts receivable are recorded at the amount management expects to collect from outstanding balances. The Trust provides an allowance for doubtful accounts based on its assessment of the current status of individual accounts. Based on this assessment, no allowance for doubtful accounts was required at June 30, 2018 or 2017.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair value at the date of donation if acquired by gift. Depreciation, if any, is computed using the straight-line method over the estimated useful life of the asset. At June 30, 2018 and 2017, capital assets consisted of land, which was not being depreciated.

Long-Lived Asset Impairment

The Trust accounts for the impairment of capital assets using the guidance provided in Governmental Accounting Standards Board (GASB) Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. GASB Statement No. 42 is a two-step process of identifying potential impairments and testing for impairment. Asset impairment, as defined by GASB Statement No. 42, is a significant, unexpected decline in the service utility of a capital asset. Governments generally hold capital assets because of the services the capital assets provide; consequently, capital asset impairments affect the service utility of the assets. Governments may also acquire assets to redevelop economically depressed areas and are often willing to sell those properties at a price below the carrying value of the assets, which includes both acquisition and improvement costs. There were no impairments for the years ended June 30, 2018 and 2017.

Net Position

The net position of a governmental entity is classified in four components. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the Trust, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Restricted nonexpendable net position consists of noncapital assets that are required to be maintained in perpetuity as specified by parties external to the Trust, such as

Oklahoma City Industrial and Cultural Facilities Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2018 and 2017

permanent endowments. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

There was no restricted net position at June 30, 2018 and 2017.

Classification of Revenues

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

Administrative Fees

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

Income Taxes

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

Note 2: Deposits and Investments

Deposits

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

The policy of the Trust is to require all deposits be maintained in accounts which are fully insured or collateralized. As of June 30, 2018 and 2017, the Trust had no uninsured or uncollateralized deposits. The Trust requires investment collateral be held by a third-party custodian with whom the Trust has a current custodial agreement in the Trust's name.

Deposits of the Trust at June 30, 2018 and 2017, were approximately \$178,000 and \$156,000, respectively.

Investments

The Trust's investments at June 30, 2018, consisted of a money market mutual fund and negotiable certificates of deposit.

Oklahoma City Industrial and Cultural Facilities Trust

A Component Unit of the City of Oklahoma City, Oklahoma

Notes to Financial Statements

June 30, 2018 and 2017

Investments in the Goldman Sachs Financial Government Obligations Fund, included in cash equivalents, totaled approximately \$434,000 and \$261,000 at June 30, 2018 and 2017, respectively. The investment has ratings of AAAm and Aaa-mf by Standard & Poor's Ratings Group and Moody's Investors Service, Inc., respectively, and a weighted-average duration of 42 days and 28 days at June 30, 2018 and 2017, respectively.

Investments in negotiable certificates of deposit consisted of three certificates of deposit with a par value of \$125,000 each at June 30, 2018. At June 30, 2018, the fair value of the certificates of deposit was \$373,119 and current maturities of the certificates of deposit were \$249,232, while the remainder matures in fiscal year 2020.

Investments in negotiable certificates of deposit consisted of four certificates of deposit with a par value of \$125,000 each at June 30, 2017. At June 30, 2017, the fair value of the certificates of deposit was \$500,068.

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

The Trust's recurring fair value measurements as of June 30, 2018 and 2017, are its cash equivalents included in the Goldman Sachs Financial Government Obligations Fund, which are valued using Level 1 inputs, and its certificates of deposit, which are valued using Level 2 inputs. The fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced prepayments, defaults, cumulative loss projections and cash flows.

The Trust does not have a formal investment policy.

Note 3: Due from Trust Funds Administered

The Trust was due \$15,000 at June 30, 2017, from trust funds administered for administrative fees earned.

Note 4: Capital Assets and Related Note Payable

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

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

Oklahoma City Industrial and Cultural Facilities Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2018 and 2017

The proceeds from the loan were designated to provide for improvement to and ongoing operation, maintenance and leasing of the Journal Record Building and ancillary facilities. Subsequent to the original agreement, this loan has been amended multiple times. During fiscal year 2015, the loan was not amended as negotiations to sell the Journal Record Building were underway. Instead, the Trust received a cash inflow of \$400,000 from the City to continue operations during the sale negotiations.

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

Capital assets consisted of the following at June 30:

	2018	2017
Nondepreciable capital assets		
Land	\$ 953,266	\$ 953,266

Future principal payments on the note payable and future receipts on the note receivable consist of the following at June 30, 2018:

Year Ending June 30,	Long-Term Debt	Note Receivable		
		Principal	Interest *	Total
2019	\$ -	\$ -	\$ 21,000	\$ 21,000
2020	-	-	21,000	21,000
2021	-	-	21,000	21,000
2022	170,000	170,000	21,000	191,000
2023	170,000	170,000	20,000	190,000
2024–2028	851,000	851,000	255,000	1,106,000
2029–2033	851,000	851,000	408,000	1,259,000
2034–2038	851,000	851,000	281,000	1,132,000
2039–2043	851,000	851,000	153,000	1,004,000
2044–2046	511,171	511,171	31,000	542,171
	<u>\$ 4,255,171</u>	<u>\$ 4,255,171</u>	<u>\$ 1,232,000</u>	<u>\$ 5,487,171</u>

* Rate of interest on note receivable is set at 0.5% for years 1–10. Beginning in year 11, the rate of interest will be recalculated yearly to equal 50% of the prime rate published in the Wall Street Journal on July 9 of each year through the maturity of the loan, with a floor of 3.0% and a ceiling of 5.0%.

Oklahoma City Industrial and Cultural Facilities Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2018 and 2017

Note 5: Conduit Debt Obligations

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

As of June 30, 2018 and 2017, there were three series of industrial revenue bonds and leasing obligations outstanding with an aggregate principal amount payable of approximately \$8,240,000 and \$13,411,000, respectively.

Note 6: Leases

As part of the purchase agreement described in *Note 4*, the buyer of the Journal Record Building agreed to lease the Journal Record Building parking lot at \$60,563 per year for a lease term of 99 years commencing on the possession date. The buyer has the option to purchase the parking lot at the appraised value of \$1,275,000 for the first 10 years and at amounts specified in the ground lease agreement after that. The buyer will be allowed to construct a multi-story parking garage on the parking lot and make other improvements, such as retail, office and/or residential space.

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the Oklahoma City Industrial and Cultural Facilities Trust (the Trust), a component unit of the City of Oklahoma City, Oklahoma, which comprise the statement of net position as of June 30, 2018, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the basic financial statements, and have issued our report thereon dated October 16, 2018.

Internal Control over Financial Reporting

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

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

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

Board of Trustees
Oklahoma City Industrial and Cultural Facilities Trust

Compliance and Other Matters

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

Purpose of This Report

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

BKD, LLP

Tulsa, Oklahoma
October 16, 2018

Oklahoma City Industrial and Cultural Facilities Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Schedule of Findings and Responses
Year Ended June 30, 2018

Reference Number	Finding
	No matters are reportable.

Oklahoma City Industrial and Cultural Facilities Trust
Financial Statements
For the Period Ended September 30, 2018

Oklahoma City Industrial and Cultural Facilities Trust
Statement of Net Position
September 30, 2018

Assets

Current Assets	
Cash - Admin 1001	\$ 239,886
Cash - Revolving Loan Fund 3319	199,167
Interest Receivable - Investments	1,663
Interest Receivable - JRB	4,828
Prepaid Expenses	4,068
Total Current Assets	<u>449,612</u>
Investments	<u>622,416</u>
Loan Receivable - JRB Holdings	<u>4,255,171</u>
Parking Lot	<u>953,266</u>
Total Assets	<u>\$ 6,280,465</u>

Liabilities & Net Position

Liabilities	
Accrued Expenses	\$ 2,188
Deferred Income	46,749
Note Payable	4,255,171
Total Liabilities	<u>4,304,108</u>
Net Position	<u>1,976,357</u>
Total Liabilities & Net Position	<u>\$ 6,280,465</u>

Oklahoma City Industrial and Cultural Facilities Trust
Statement of Revenues, Expenses and Change in Net Position
For the Three Months Ending September 30, 2018

	3 Months Ended September 30, 2018
Revenues	
Interest Income-JRB Loan	\$ 5,319
Interest Income	4,015
Admin Fee Income	-
Rental Income - Parking Lot	15,141
Oil & Gas Royalties	<u>-</u>
Total Revenues	<u>24,475</u>
Expenses	
Management Fees	6,563
Professional Fees	2,600
Parking Lot Expenses	-
Office Expense	1,356
Change in Value of Investments	<u>(342)</u>
Total Expenses	<u>10,176</u>
Change in Net Position	<u>14,298</u>
Net Position, beginning balance	<u>1,962,059</u>
Net Position	<u><u>\$ 1,976,357</u></u>

Oklahoma City Industrial and Cultural Facilities Trust
General Ledger
From Jul 1, 2018 to Sep 30, 2018

Account Description	Date	Trans Description	Debit Amt	Credit Amt	Balance
Admin Cash-021291001	7/1/18	Beginning Balance			433,735.98
Admin Cash-021291001	7/2/18	The Alliance for Econ Dev of O		2,187.50	
Admin Cash-021291001	7/2/18	Interest Income	527.20		
Admin Cash-021291001	7/6/18	Capital One Bank USA Nat'l Ass		79,071.19	
Admin Cash-021291001	7/6/18	Accrued Interest purchased on Capital One NA 1.75; 1.750%; 12/30/19		26.85	
Admin Cash-021291001	7/9/18	Wells Fargo Bank		135,246.51	
Admin Cash-021291001	7/9/18	Wells Fargo Bank CD; 2.550%; 12/30/19		94.32	
Admin Cash-021291001	7/9/18	Capital One Bank USA Nat'l Ass		34,637.40	
Admin Cash-021291001	7/9/18	Accured Interest on Capital One CD; 1.750%; 12/30/19		16.78	
Admin Cash-021291001	7/16/18	BKD, LLP		2,600.00	
Admin Cash-021291001	7/25/18	JRB Holdings, LLC	60,563.00		
Admin Cash-021291001	7/30/18	Wells Fargo Bank	282.95		
Admin Cash-021291001	8/1/18	The Alliance for Econ Dev of O		2,187.50	
Admin Cash-021291001	8/1/18	Interest Income	337.77		
Admin Cash-021291001	8/29/18	Interest earned on Wells Fargo Bank CD; 2.550%; \$0.002166/dollar on 135,000	292.38		
Admin Cash-021291001	9/4/18	The Alliance for Econ Dev of O		2,187.50	
Admin Cash-021291001	9/4/18	Interest Income	323.11		
Admin Cash-021291001	9/12/18	AMEX Centurion	1,102.74		
Admin Cash-021291001	9/17/18	Capital One Bank USA Nat'l Ass	976.71		
Admin Cash-021291001		Change	64,405.86	258,255.55	-193,849.69
	9/30/18	Ending Balance			239,886.29
Midfirst Bank 3319 - Rv Ln Fnd	7/1/18	Beginning Balance			177,695.84
Midfirst Bank 3319 - Rv Ln Fnd	7/24/18	JRB Holdings, LLC	21,275.86		
Midfirst Bank 3319 - Rv Ln Fnd	7/31/18	Interest Income	62.09		
Midfirst Bank 3319 - Rv Ln Fnd	8/31/18	Interest Income	67.46		
Midfirst Bank 3319 - Rv Ln Fnd	9/30/18	Interest Income	65.30		
Midfirst Bank 3319 - Rv Ln Fnd		Change	21,470.71		21,470.71
	9/30/18	Ending Balance			199,166.55
Accounts Receivable	7/1/18	Beginning Balance			
Accounts Receivable	7/5/18	JRB Holdings, LLC	60,563.00		
Accounts Receivable	7/5/18	JRB Holdings, LLC	21,275.86		
Accounts Receivable	7/24/18	JRB Holdings, LLC - Invoice: #2-2018		21,275.86	
Accounts Receivable	7/25/18	JRB Holdings, LLC - Invoice: #1-2018		60,563.00	
Accounts Receivable		Change	81,838.86	81,838.86	
Interest Receiv. - Investments	7/1/18	Beginning Balance			1,547.41
Interest Receiv. - Investments	7/9/18	Wells Fargo Bank CD; 2.550%; 12/30/19	94.32		
Interest Receiv. - Investments	7/9/18	Accured Interest on Capital One CD; 1.750%; 12/30/19	16.78		
Interest Receiv. - Investments	7/30/18	Wells Fargo Bank - Investment - Interest		282.95	
Interest Receiv. - Investments	7/31/18	Accrued monthly interest due on Certificates of Deposit	645.00		
Interest Receiv. - Investments	8/29/18	Interest earned on Wells Fargo Bank CD; 2.550%; \$0.002166/dollar on 135,000		292.38	

Oklahoma City Industrial and Cultural Facilities Trust

General Ledger

From Jul 1, 2018 to Sep 30, 2018

Account Description	Date	Trans Description	Debit Amt	Credit Amt	Balance
Interest Receiv. - Investments	8/31/18	Accrued monthly interest due on Certificates of Deposit	1,007.00		
Interest Receiv. - Investments	9/12/18	AMEX Centurion - Interest Earned on Amer Expr Centur CD; 1.750%; 9/12/19		1,102.74	
Interest Receiv. - Investments	9/17/18	Capital One Bank USA Nat'l Ass - Interest Earned; 1.550%; 3/15/19		976.71	
Interest Receiv. - Investments	9/30/18	Accrued monthly interest due on Certificates of Deposit	1,007.00		
Interest Receiv. - Investments		Change	2,770.10	2,654.78	115.32
	9/30/18	Ending Balance			1,662.73
Investments	7/1/18	Beginning Balance			373,118.75
Investments	7/6/18	Capital One Bank USA Nat'l Ass - CUSIP No. 14042RFD8; 1.750% 12/30/19	79,071.19		
Investments	7/9/18	Wells Fargo Bank - CUSIP No. 949763RV0; 2.550%; 12/30/19	135,246.51		
Investments	7/9/18	Capital One Bank USA Nat'l Ass - CUSIP No. 14042RFD8; 1.750% 12/30/19	34,637.40		
Investments	7/31/18	Record unrealized gain/loss on investment securities	86.00		
Investments	8/31/18	Record unrealized gain/loss on investment securities	409.75		
Investments	9/30/18	Record unrealized gain/loss on investment securities		153.60	
Investments		Change	249,450.85	153.60	249,297.25
	9/30/18	Ending Balance			622,416.00
Pre-paid expenses	7/1/18	Beginning Balance			5,424.04
Pre-paid expenses	7/31/18	Recognize monthly portion of Insurica D&O insurance (7/1-7/1)		452.00	
Pre-paid expenses	8/31/18	Recognize monthly portion of Insurica D&O insurance (7/1-7/1)		452.00	
Pre-paid expenses	9/30/18	Recognize monthly portion of Insurica D&O insurance (7/1-7/1)		452.00	
Pre-paid expenses		Change		1,356.00	-1,356.00
	9/30/18	Ending Balance			4,068.04
Interest Receivable - JRB Loan	7/1/18	Beginning Balance			20,785.25
Interest Receivable - JRB Loan	7/5/18	JRB Holdings, LLC - Loan Interest from 7/9/17 to 7/8/18		21,275.86	
Interest Receivable - JRB Loan	7/31/18	Accrue monthly interest due on Note Receivable for JRB loan	1,772.98		
Interest Receivable - JRB Loan	8/31/18	Accrue monthly interest due on Note Receivable for JRB loan	1,772.98		
Interest Receivable - JRB Loan	9/30/18	Accrue monthly interest due on Note Receivable for JRB loan	1,772.98		
Interest Receivable - JRB Loan		Change	5,318.94	21,275.86	-15,956.92
	9/30/18	Ending Balance			4,828.33
Loan Receivable - JRB Holdings	7/1/18	Beginning Balance			4,255,171.20
	9/30/18	Ending Balance			4,255,171.20
Parking Lot	7/1/18	Beginning Balance			953,265.80
	9/30/18	Ending Balance			953,265.80
Accrued Expenses	7/1/18	Beginning Balance			-2,187.50
Accrued Expenses	7/2/18	The Alliance for Econ Dev of O - Accrued Expenses	2,187.50		
Accrued Expenses	7/31/18	Accrue monthly management fee due to AED		2,187.50	
Accrued Expenses	8/1/18	The Alliance for Econ Dev of O - Accrued Expenses	2,187.50		
Accrued Expenses	8/31/18	Accrue monthly management fee due to AED		2,187.50	
Accrued Expenses	9/4/18	The Alliance for Econ Dev of O - Accrued Expenses	2,187.50		
Accrued Expenses	9/30/18	Accrue monthly management fee due to AED		2,187.50	
Accrued Expenses		Change	6,562.50	6,562.50	

Oklahoma City Industrial and Cultural Facilities Trust

General Ledger

From Jul 1, 2018 to Sep 30, 2018

Account Description	Date	Trans Description	Debit Amt	Credit Amt	Balance
	9/30/18	Ending Balance			-2,187.50
Deferred Income - Parking Lot	7/1/18	Beginning Balance			-1,326.92
Deferred Income - Parking Lot	7/5/18	JRB Holdings, LLC - Parking Lot Lease FY 2019		60,563.00	
Deferred Income - Parking Lot	7/31/18	Recognize monthly rent-parking lot	5,046.92		
Deferred Income - Parking Lot	8/31/18	Recognize monthly rent-parking lot	5,046.92		
Deferred Income - Parking Lot	9/30/18	Recognize monthly rent-parking lot	5,046.92		
Deferred Income - Parking Lot		Change	15,140.76	60,563.00	-45,422.24
	9/30/18	Ending Balance			-46,749.16
Note Payable	7/1/18	Beginning Balance			-4,255,171.20
	9/30/18	Ending Balance			-4,255,171.20
Fund Balance	7/1/18	Beginning Balance			-1,962,058.65
	9/30/18	Ending Balance			-1,962,058.65
Interest Income	7/1/18	Beginning Balance			
Interest Income	7/2/18	Interest Income		527.20	
Interest Income	7/6/18	Accrued Interest purchased on Capital One NA 1.75; 1.750%; 12/30/19	26.85		
Interest Income	7/31/18	Interest Income		62.09	
Interest Income	8/1/18	Interest Income		337.77	
Interest Income	8/31/18	Interest Income		67.46	
Interest Income	9/4/18	Interest Income		323.11	
Interest Income	9/30/18	Interest Income		65.30	
Interest Income		Change	26.85	1,382.93	-1,356.08
	9/30/18	Ending Balance			-1,356.08
Interest Income-JRB Loan	7/1/18	Beginning Balance			
Interest Income-JRB Loan	7/31/18	Accrue monthly interest due on Note Receivable for JRB loan		1,772.98	
Interest Income-JRB Loan	8/31/18	Accrue monthly interest due on Note Receivable for JRB loan		1,772.98	
Interest Income-JRB Loan	9/30/18	Accrue monthly interest due on Note Receivable for JRB loan		1,772.98	
Interest Income-JRB Loan		Change		5,318.94	-5,318.94
	9/30/18	Ending Balance			-5,318.94
Interest Income - inv	7/1/18	Beginning Balance			
Interest Income - inv	7/31/18	Accrued monthly interest due on Certificates of Deposit		645.00	
Interest Income - inv	8/31/18	Accrued monthly interest due on Certificates of Deposit		1,007.00	
Interest Income - inv	9/30/18	Accrued monthly interest due on Certificates of Deposit		1,007.00	
Interest Income - inv		Change		2,659.00	-2,659.00
	9/30/18	Ending Balance			-2,659.00
Rent Income - Parking Lot	7/1/18	Beginning Balance			
Rent Income - Parking Lot	7/31/18	Recognize monthly rent-parking lot		5,046.92	
Rent Income - Parking Lot	8/31/18	Recognize monthly rent-parking lot		5,046.92	
Rent Income - Parking Lot	9/30/18	Recognize monthly rent-parking lot		5,046.92	
Rent Income - Parking Lot		Change		15,140.76	-15,140.76
	9/30/18	Ending Balance			-15,140.76

Oklahoma City Industrial and Cultural Facilities Trust
General Ledger
From Jul 1, 2018 to Sep 30, 2018

Account Description	Date	Trans Description	Debit Amt	Credit Amt	Balance
Management Fees	7/1/18	Beginning Balance			
Management Fees	7/31/18	Accrue monthly management fee due to AED	2,187.50		
Management Fees	8/31/18	Accrue monthly management fee due to AED	2,187.50		
Management Fees	9/30/18	Accrue monthly management fee due to AED	2,187.50		
Management Fees		Change	6,562.50		6,562.50
	9/30/18	Ending Balance			6,562.50
Professional Fees	7/1/18	Beginning Balance			
Professional Fees	7/16/18	BKD, LLP - Professional Fees	2,600.00		
Professional Fees		Change	2,600.00		2,600.00
	9/30/18	Ending Balance			2,600.00
Office Expense	7/1/18	Beginning Balance			
Office Expense	7/31/18	Recognize monthly portion of Insurica D&O insurance (7/1-7/1)	452.00		
Office Expense	8/31/18	Recognize monthly portion of Insurica D&O insurance (7/1-7/1)	452.00		
Office Expense	9/30/18	Recognize monthly portion of Insurica D&O insurance (7/1-7/1)	452.00		
Office Expense		Change	1,356.00		1,356.00
	9/30/18	Ending Balance			1,356.00
Unrealized Gain/Loss - Inv	7/1/18	Beginning Balance			
Unrealized Gain/Loss - Inv	7/31/18	Record unrealized gain/loss on investment securities		86.00	
Unrealized Gain/Loss - Inv	8/31/18	Record unrealized gain/loss on investment securities		409.75	
Unrealized Gain/Loss - Inv	9/30/18	Record unrealized gain/loss on investment securities	153.60		
Unrealized Gain/Loss - Inv		Change	153.60	495.75	-342.15
	9/30/18	Ending Balance			-342.15