

AGENDA
OKLAHOMA CITY INDUSTRIAL & CULTURAL
FACILITIES TRUST
SPECIAL MEETING & PUBLIC HEARING OF THE TRUSTEES
MONDAY, JUNE 17, 2019 – 3:00 P.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”):

- 755 Determination of Quorum
- 756 Consider and Approve Minutes of Special Meeting held Monday, December 5, 2018
- 757 Report and Receive Quarterly Financial Statements for the Oklahoma City Industrial & Cultural Facilities Trust for Period Ended March 31, 2019
- 758 Consider and approve annual compensation of \$28,000 for services to the Trust for fiscal year ending June 30, 2020 pursuant to Agreement for Economic Development Services with The Alliance for Economic Development of Oklahoma City, Inc. dated July 1, 2011, as amended and extended; and, authorizing the Chair, Vice-Chair and General Manager, or any one of them, to take actions necessary to effectuate the same, 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. \$1750.00 increase from 2018-19.
- 759 Accepting and Approving Proposal of BKD, LLP to provide an audit of accounts of the Trust for the fiscal year ending June 30, 2019, approving the related Engagement Letter of BKD, LLP dated June 13, 2019, and authorizing the Chair (or in the absence of the Chair, a Vice-chair) and General Manager to execute the Engagement Letter for and on behalf of the Trust
- 760 Consider and Approve Resolution authorizing and approving a Subordination Agreement in favor of PHL Variable Insurance Company and other associated documents for a new loan concerning the Commercial Unit of the Journal Record Building Condominiums Unit Ownership Estate, and authorizing Trust officers to take necessary actions in furtherance thereof
- 761 Report from General Manager
- 762 Adjournment

**MINUTES OF A SPECIAL MEETING
OF THE
OKLAHOMA CITY INDUSTRIAL & CULTURAL FACILITIES TRUST
MONDAY, DECEMBER 05, 2018, 11:00 a.m.
ALLIANCE CONFERENCE ROOM
105 N. HUDSON, #101
OKLAHOMA CITY, OK 73102**

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

TRUSTEES ABSENT: Clay I. Bennett, Trustee

OTHER PRESENT: Catherine O'Connor, The Alliance
 Geri Harlan, The Alliance
 Pam Lunnon, The Alliance
 Chad Moore, BKD
 Michael Madsen, BKD
 John Michael Williams, Williams, Box Forshee & Bullard

PRESIDING: Robert H. Alexander, Jr., 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.

747 *Chairman Alexander called meeting to order at 11:02 a.m. and declared a quorum of Trustees were present*

748 *Chairman Alexander asked for approval of minutes for meeting held December 19, 2016.*

Mr. Nichols moved the approval of the minutes 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 and Mr. Nichols, yes.

Minutes Approved

- 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***

Presentation of Audit: Presentation was given by Michael Madson, BKD on the above audit.

Mr. Nichols moved to receive audit, and upon second by **Mr. Rainbolt** 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 and Mr. Nichols, yes.

Audit Received

- 750 ***Report and Receive Quarterly Financial Statements for the Oklahoma City Industrial & Cultural Facilities Trust for Period Ended September 30, 2018***

Presentation of Financials: Ms. Harlan presented the quarterly financial report through September 30, 2018.

Mr. Nichols moved to receive financials, 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 and Mr. Nichols, yes.

Financials Received

- 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***

Discussion: Ms. O'Connor reported the Alliance Agreement remains the same as previous year.

Mr. Nichols moved to approve resolution 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 and Mr. Nichols, yes.

Authorization Approved

- 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*

Discussion: Ms. O'Connor reported as a part of the repayment of the interest payments for the Journal Record Building loan, the City authorized the creation of an economic development loan program thru the Trust. Right now all we receive is the interest payments and we are proposing to use that money to help fund this incubator program. When the principal payments start coming in they will go back to the City of Oklahoma City. To date we have a balance in the revolving fund of about \$200,000.

Ms. O'Connor stated the original idea was to use the interest payments to create an economic development revolving loan fund. What we would like to try to do is to use that money to help the incubator businesses that are located in some of the more distressed parts of OKC. We are working with the Mayor's office on a new Opportunity Zone Investment Fund idea. One of the principals of making that as effective as it can be is to line up this new investment tool with public programs. We have some business in NE Oklahoma City that we would like to finds ways to support them rather than force them out.

Ms. O'Connor reported we are working with a business owner right now that we would like to find a way to support her as she moves her business into a new and renovated space. We want to help her learn new business skills/training along with some financial support. We are examining different educational programs that are available for small businesses. We are looking at a couple of ideas to provide theses business with the skills they need to run a successful business along with giving them a cushion while they get their business established and growing. These will be projects that are already receiving some other kind of support from the City. Each business will have to be evaluated by a case to case basis. It will end up being first come first serve or maybe we can match it up with some other resources.

Chairman Alexander would like to see if there will be a way to measure how successful our contribution will be to these companies. Mr. O'Connor stated wants we have this tool we can then develop a process and offer it to people as an option. What we are asking for today is approval of this program. Ms. O'Connor

will report to the board projects that we have undertaken and the success of the program.

Ms. Ritz moved the approved item and upon second by Mr. Rainbolt, 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 and Mr. Nichols, yes.

Authorization Approved

753 ***Report of General Manager***

754 ***Adjournment***

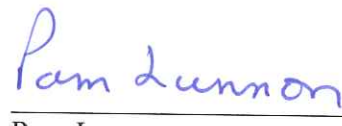
Ms. Ritz moved and Mr. Nichols seconded a motion to adjourn the meeting at 11:47 a.m. and the votes were as follows:

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

ATTEST:

RECORDED:


Catherine O'Connor
General Manager


Pam Lunnon
Executive Assistant

Oklahoma City Industrial and Cultural Facilities Trust
Financial Statements
For the Period Ended March 31, 2019

Oklahoma City Industrial and Cultural Facilities Trust
Statement of Net Position
March 31, 2019

Assets

Current Assets	
Cash - Admin 1001	\$ 218,714
Cash - Revolving Loan Fund 3319	199,670
Accounts Receivable	-
Interest Receivable - Investments	777
Interest Receivable - JRB	15,466
Prepaid Expenses	1,356
Total Current Assets	<u>435,982</u>
Investments	<u>625,882</u>
Loan Receivable - JRB Holdings	<u>4,255,171</u>
Parking Lot	<u>953,266</u>
Total Assets	<u><u>\$ 6,270,301</u></u>

Liabilities & Net Position

Liabilities	
Accrued Expenses	\$ 2,188
Deferred Income	16,468
Note Payable	4,255,171
Total Liabilities	<u>4,273,826</u>
Net Position	<u>1,996,475</u>
Total Liabilities & Net Position	<u><u>\$ 6,270,301</u></u>

Oklahoma City Industrial and Cultural Facilities Trust
Statement of Revenues, Expenses and Change in Net Position
For the Three Months and Nine Months Ending March 31, 2019

Revenues	Current	Year to Date
Interest Income-JRB Loan	\$ 5,319	\$ 15,957
Interest Income	5,080	14,245
Admin Fee Income	-	1,000
Rental Income - Parking Lot	15,141	45,422
Oil & Gas Royalties	-	31
	<hr/>	<hr/>
Total Revenues	25,540	76,654
	<hr/>	<hr/>
Expenses		
Management Fees	6,563	19,688
Professional Fees	16,096	19,806
Parking Lot Expenses	-	2,922
Insurance Expense	1,356	4,068
Change in Value of Investments	(3,086)	(4,246)
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Total Expenses	20,929	42,238
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Change in Net Position	4,611	34,416
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Net Position, beginning balance	1,991,864	1,962,059
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Net Position	\$ 1,996,475	\$ 1,996,475
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Oklahoma City Industrial and Cultural Facilities Trust
General Ledger
For the Period From Jan 1, 2019 to Mar 31, 2019

Account Description	Date	Trans Description	Debit Amt	Credit Amt	Balance
Admin Cash-021291001	1/1/19	Beginning Balance			110,099.57
Admin Cash-021291001	1/2/19	The Alliance for Econ Dev of O		2,187.50	
Admin Cash-021291001	1/2/19	Interest Income	203.22		
Admin Cash-021291001	1/8/19	BKD, LLP		13,811.20	
Admin Cash-021291001	1/10/19	Oklahoma Christian University	1,000.00		
Admin Cash-021291001	1/22/19	UBS Bank CD	329.11		
Admin Cash-021291001	1/23/19	SmartBank CD	297.26		
Admin Cash-021291001	1/24/19	Williams, Box, Forshee & Bulla		2,007.50	
Admin Cash-021291001	1/29/19	Wells Fargo Bank	292.38		
Admin Cash-021291001	2/1/19	The Alliance for Econ Dev of O		2,187.50	
Admin Cash-021291001	2/21/19	UBS Bank CD	329.11		
Admin Cash-021291001	2/25/19	Williams, Box, Forshee & Bulla		277.50	
Admin Cash-021291001	2/25/19	SmartBank CD	297.26		
Admin Cash-021291001	2/28/19	Wells Fargo Bank	282.95		
Admin Cash-021291001	2/28/19	Interest Income	193.07		
Admin Cash-021291001	3/1/19	The Alliance for Econ Dev of O		2,187.50	
Admin Cash-021291001	3/12/19	AMEX Centurion	1,084.76		
Admin Cash-021291001	3/15/19	Capital One Bank USA Nat'l Ass	960.79		
Admin Cash-021291001	3/15/19	Capital One Bank USA Nat'l Ass	125,000.00		
Admin Cash-021291001	3/21/19	UBS Bank CD	297.26		
Admin Cash-021291001	3/26/19	SmartBank CD	268.49		
Admin Cash-021291001	3/29/19	Wells Fargo Bank	273.51		
Admin Cash-021291001	3/31/19	Interest Income	163.61		
Admin Cash-021291001		Change	131,272.78	22,658.70	108,614.08
	3/31/19	Ending Balance			218,713.65
Midfirst Bank 3319 - Rv Ln Fnd	1/1/19	Beginning Balance			199,388.25
Midfirst Bank 3319 - Rv Ln Fnd	1/31/19	Interest Income	84.52		
Midfirst Bank 3319 - Rv Ln Fnd	2/28/19	Interest Income	91.53		
Midfirst Bank 3319 - Rv Ln Fnd	3/31/19	Interest Income	105.21		
Midfirst Bank 3319 - Rv Ln Fnd		Change	281.26		281.26
	3/31/19	Ending Balance			199,669.51
Accounts Receivable	1/1/19	Beginning Balance			1,000.00
Accounts Receivable	1/10/19	Oklahoma Christian University - Invoice: #1 - 2018		1,000.00	
Accounts Receivable		Change		1,000.00	-1,000.00
Interest Receiv. - Investments	1/1/19	Beginning Balance			1,250.52
Interest Receiv. - Investments	1/22/19	UBS Bank CD - Interest Earned on UBS Bank CD; 3.100%		329.11	
Interest Receiv. - Investments	1/23/19	SmartBank CD - Interest Earned on Smartbank CD; 2.800%		297.26	
Interest Receiv. - Investments	1/29/19	Wells Fargo Bank - Interest Earned on Wells Fargo Bank CD; 2.550%		292.38	
Interest Receiv. - Investments	1/31/19	Accrued monthly interest due on Certificates of Deposit	1,413.00		
Interest Receiv. - Investments	2/21/19	UBS Bank CD - Interest Earned on USB Bank CD 3.100%		329.11	

Oklahoma City Industrial and Cultural Facilities Trust
General Ledger
For the Period From Jan 1, 2019 to Mar 31, 2019

Account Description	Date	Trans Description	Debit Amt	Credit Amt	Balance
Interest Receiv. - Investments	2/25/19	SmartBank CD - Interest Earned on Smartbank CD 2.800%		297.26	
Interest Receiv. - Investments	2/28/19	Wells Fargo Bank - Interest Earned on Wells Fargo Bank CD; 2.550%		282.95	
Interest Receiv. - Investments	2/28/19	Accrued monthly interest due on Certificates of Deposit	1,413.00		
Interest Receiv. - Investments	3/12/19	AMEX Centurion - Interest Earned on Americann Express Centurion CD; 1.750%		1,084.76	
Interest Receiv. - Investments	3/15/19	Capital One Bank USA Nat'l Ass - Interest Earned on Capital one Bank CD; 1.550%		960.79	
Interest Receiv. - Investments	3/21/19	UBS Bank CD - Interest Earned on UBS Bank CD; 3.100%		297.26	
Interest Receiv. - Investments	3/26/19	SmartBank CD - Interest Earned on Smartbank CD; 2.800%		268.49	
Interest Receiv. - Investments	3/29/19	Wells Fargo Bank - Interest Earned on Wells Fargo Bank CD; 2.550%		273.51	
Interest Receiv. - Investments	3/31/19	Accrued monthly interest due on Certificates of Deposit	1,413.00		
Interest Receiv. - Investments		Change	4,239.00	4,712.88	-473.88
	3/31/19	Ending Balance			776.64
Investments	1/1/19	Beginning Balance			747,796.10
Investments	1/31/19	Record unrealized gain/loss on investment securities	1,951.00		
Investments	2/28/19	Record unrealized gain/loss on investment securities	580.25		
Investments	3/15/19	Capital One Bank USA Nat'l Ass - Invoice: DRAFT		124,781.25	
Investments	3/15/19	Capital One Bank USA Nat'l Ass		218.75	
Investments	3/31/19	Record unrealized gain/loss on investment securities	554.95		
Investments		Change	3,086.20	125,000.00	-121,913.80
	3/31/19	Ending Balance			625,882.30
Pre-paid expenses	1/1/19	Beginning Balance			2,712.04
Pre-paid expenses	1/31/19	Recognize monthly portion of Insurica D&O insurance (7/1-7/1)		452.00	
Pre-paid expenses	2/28/19	Recognize monthly portion of Insurica D&O insurance (7/1-7/1)		452.00	
Pre-paid expenses	3/31/19	Recognize monthly portion of Insurica D&O insurance (7/1-7/1)		452.00	
Pre-paid expenses		Change		1,356.00	-1,356.00
	3/31/19	Ending Balance			1,356.04
Interest Receivable - JRB Loan	1/1/19	Beginning Balance			10,147.27
Interest Receivable - JRB Loan	1/31/19	Accrue monthly interest due on Note Receivable for JRB loan	1,772.98		
Interest Receivable - JRB Loan	2/28/19	Accrue monthly interest due on Note Receivable for JRB loan	1,772.98		
Interest Receivable - JRB Loan	3/31/19	Accrue monthly interest due on Note Receivable for JRB loan	1,772.98		
Interest Receivable - JRB Loan		Change	5,318.94		5,318.94
	3/31/19	Ending Balance			15,466.21
Loan Receivable - JRB Holdings	1/1/19	Beginning Balance			4,255,171.20
	3/31/19	Ending Balance			4,255,171.20
Parking Lot	1/1/19	Beginning Balance			953,265.80
	3/31/19	Ending Balance			953,265.80
Accrued Expenses	1/1/19	Beginning Balance			-2,187.50
Accrued Expenses	1/2/19	The Alliance for Econ Dev of O - Accrued Expenses	2,187.50		
Accrued Expenses	1/31/19	Accrue monthly management fee due to AED		2,187.50	
Accrued Expenses	2/1/19	The Alliance for Econ Dev of O - Accrued Expenses	2,187.50		
Accrued Expenses	2/28/19	Accrue monthly management fee due to AED		2,187.50	

Oklahoma City Industrial and Cultural Facilities Trust
General Ledger
For the Period From Jan 1, 2019 to Mar 31, 2019

Account Description	Date	Trans Description	Debit Amt	Credit Amt	Balance
Accrued Expenses	3/1/19	The Alliance for Econ Dev of O - Accrued Expenses	2,187.50		
Accrued Expenses	3/31/19	Accrue monthly management fee due to AED		2,187.50	
Accrued Expenses		Change	6,562.50	6,562.50	
	3/31/19	Ending Balance			-2,187.50
Deferred Income - Parking Lot	1/1/19	Beginning Balance			-31,608.40
Deferred Income - Parking Lot	1/31/19	Recognize monthly rent-parking lot	5,046.92		
Deferred Income - Parking Lot	2/28/19	Recognize monthly rent-parking lot	5,046.92		
Deferred Income - Parking Lot	3/31/19	Recognize monthly rent-parking lot	5,046.92		
Deferred Income - Parking Lot		Change	15,140.76		15,140.76
	3/31/19	Ending Balance			-16,467.64
Note Payable	1/1/19	Beginning Balance			-4,255,171.20
	3/31/19	Ending Balance			-4,255,171.20
Fund Balance	1/1/19	Beginning Balance			-1,962,058.65
	3/31/19	Ending Balance			-1,962,058.65
Interest Income	1/1/19	Beginning Balance			-2,898.39
Interest Income	1/2/19	Interest Income		203.22	
Interest Income	1/31/19	Interest Income		84.52	
Interest Income	2/28/19	Interest Income		193.07	
Interest Income	2/28/19	Interest Income		91.53	
Interest Income	3/31/19	Interest Income		163.61	
Interest Income	3/31/19	Interest Income		105.21	
Interest Income		Change		841.16	-841.16
	3/31/19	Ending Balance			-3,739.55
Interest Income-JRB Loan	1/1/19	Beginning Balance			-10,637.88
Interest Income-JRB Loan	1/31/19	Accrue monthly interest due on Note Receivable for JRB loan		1,772.98	
Interest Income-JRB Loan	2/28/19	Accrue monthly interest due on Note Receivable for JRB loan		1,772.98	
Interest Income-JRB Loan	3/31/19	Accrue monthly interest due on Note Receivable for JRB loan		1,772.98	
Interest Income-JRB Loan		Change		5,318.94	-5,318.94
	3/31/19	Ending Balance			-15,956.82
Interest Income - inv	1/1/19	Beginning Balance			-6,266.00
Interest Income - inv	1/31/19	Accrued monthly interest due on Certificates of Deposit		1,413.00	
Interest Income - inv	2/28/19	Accrued monthly interest due on Certificates of Deposit		1,413.00	
Interest Income - inv	3/31/19	Accrued monthly interest due on Certificates of Deposit		1,413.00	
Interest Income - inv		Change		4,239.00	-4,239.00
	3/31/19	Ending Balance			-10,505.00
Oil & Gas Royalties	1/1/19	Beginning Balance			-30.72
	3/31/19	Ending Balance			-30.72
Admin Fees Income	1/1/19	Beginning Balance			-1,000.00
	3/31/19	Ending Balance			-1,000.00
Rent Income - Parking Lot	1/1/19	Beginning Balance			-30,281.52

Oklahoma City Industrial and Cultural Facilities Trust
General Ledger
For the Period From Jan 1, 2019 to Mar 31, 2019

Account Description	Date	Trans Description	Debit Amt	Credit Amt	Balance
Rent Income - Parking Lot	1/31/19	Recognize monthly rent-parking lot		5,046.92	
Rent Income - Parking Lot	2/28/19	Recognize monthly rent-parking lot		5,046.92	
Rent Income - Parking Lot	3/31/19	Recognize monthly rent-parking lot		5,046.92	
Rent Income - Parking Lot		Change		15,140.76	-15,140.76
	3/31/19	Ending Balance			-45,422.28
Management Fees	1/1/19	Beginning Balance			13,125.00
Management Fees	1/31/19	Accrue monthly management fee due to AED	2,187.50		
Management Fees	2/28/19	Accrue monthly management fee due to AED	2,187.50		
Management Fees	3/31/19	Accrue monthly management fee due to AED	2,187.50		
Management Fees		Change	6,562.50		6,562.50
	3/31/19	Ending Balance			19,687.50
Professional Fees	1/1/19	Beginning Balance			3,710.00
Professional Fees	1/8/19	BKD, LLP - Professional Fees	13,811.20		
Professional Fees	1/24/19	Williams, Box, Forshee & Bulla - Professional Fees	2,007.50		
Professional Fees	2/25/19	Williams, Box, Forshee & Bulla - Professional Fees	277.50		
Professional Fees		Change	16,096.20		16,096.20
	3/31/19	Ending Balance			19,806.20
Parking Lot Expenses	1/1/19	Beginning Balance			2,922.26
	3/31/19	Ending Balance			2,922.26
Office Expense	1/1/19	Beginning Balance			2,712.00
Office Expense	1/31/19	Recognize monthly portion of Insurica D&O insurance (7/1-7/1)	452.00		
Office Expense	2/28/19	Recognize monthly portion of Insurica D&O insurance (7/1-7/1)	452.00		
Office Expense	3/31/19	Recognize monthly portion of Insurica D&O insurance (7/1-7/1)	452.00		
Office Expense		Change	1,356.00		1,356.00
	3/31/19	Ending Balance			4,068.00
Unrealized Gain/Loss - Inv	1/1/19	Beginning Balance			-1,159.75
Unrealized Gain/Loss - Inv	1/31/19	Record unrealized gain/loss on investment securities		1,951.00	
Unrealized Gain/Loss - Inv	2/28/19	Record unrealized gain/loss on investment securities		580.25	
Unrealized Gain/Loss - Inv	3/31/19	Record unrealized gain/loss on investment securities		554.95	
Unrealized Gain/Loss - Inv		Change		3,086.20	-3,086.20
	3/31/19	Ending Balance			-4,245.95

June 13, 2019

Board of Trustees
Ms. Catherine O'Connor, Executive Director
Ms. Geri Harlan, Chief Financial Officer
Oklahoma City Industrial and Cultural Facilities Trust
105 N. Hudson Ave., Ste. 101
Oklahoma City, OK 73102

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

Engagement Objectives and Scope

We will audit the basic financial statements of the Trust as of and for the year ended June 30, 2019, and the related notes to the financial statements.

Our audit will be conducted with the objectives of:

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

Our Responsibilities

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Board of Trustees
Ms. Catherine O'Connor, Executive Director
Ms. Geri Harlan, Chief Financial Officer
Oklahoma City Industrial and Cultural Facilities Trust
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Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance having a direct and material effect may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

In making our risk assessments, we consider internal control relevant to the 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. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. Also, in the future, procedures could become inadequate because of changes in conditions or deterioration in design or operation. Two or more people may also circumvent controls, or management may override the system.

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

Michael Madsen is responsible for supervising the engagement and authorizing the signing of the report or reports.

We will issue a written report upon completion of our audit of the Trust's financial statements. Our report will be addressed to the Board of Trustees of the Trust. You are responsible to distribute our reports to other officials who have legal oversight authority or those responsible for acting on audit findings and recommendations, and to others authorized to receive such reports. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis of matter or other matter paragraph(s) or withdraw from the engagement. If we discover conditions that may prohibit us from issuing a standard report, we will notify you as well. In such circumstances, further arrangements may be necessary to continue our engagement.

Your Responsibilities

Our audit will be conducted on the basis that management acknowledges and understands that they have responsibility:

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

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2. 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. For identifying and ensuring compliance with the laws, regulations, contracts and grants applicable to your activities
4. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation and other matters
 - b. Additional information that we may request from management for the purpose of the audit
 - c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence

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

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

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

Other Services

We will provide you with the following nonattest services:

- Preparing a draft of the financial statements and related notes
- Formatting, printing and binding of the financial statements

In addition, we may perform other services for you not covered by this engagement letter. You agree to assume full responsibility for the substantive outcomes of the services described above

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and for any other services that we may provide, including any findings that may result. You also acknowledge that those services are adequate for your purposes and that you will establish and monitor the performance of those services to ensure that they meet management's objectives. Any and all decisions involving management responsibilities related to those services will be made by you, and you accept full responsibility for such decisions. We understand that you will designate a management-level individual to be responsible and accountable for overseeing the performance of those services, and that you will have determined this individual is qualified to conduct such oversight.

Engagement Fees

The fee for our services will be \$16,490 plus any fees related to implementation of new accounting standards discussed below. In addition, you will be billed travel costs and fees for services from other professionals, if any, as well as an administrative fee of 4% to cover items such as copies; postage and other delivery charges; supplies; technology-related costs, such as computer processing, software licensing, research and library databases; and similar expense items.

Our fees are based upon the understanding that your personnel will be available to assist us and that our work can be performed within the period of September 16 to September 20, 2019. Assistance from your personnel is expected to include:

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

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

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

Our pricing for this engagement and our fee structure are based upon the expectation that our invoices will be paid promptly. We will issue progress billings during the course of our

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engagement, and payment of our invoices is due upon receipt. Interest will be charged on any unpaid balance after 30 days at the rate of 10% per annum, or as allowed by law at the earliest date thereafter, and highest applicable rate if less than 10%.

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

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

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

Implementation of Fiduciary Activities Standard

Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, is effective for fiscal years beginning after December 15, 2018, with retrospective application in the year the update is first applied. GASB 84 is expected to significantly change how entities evaluate and report fiduciary activities.

If the entity would like to early adopt or begin the process of preparing for the retrospective application of GASB 84 during the current year's audit, BKD can assist you with this process. Assistance and additional time as a result of the adoption of GASB 84 is not included within our standard engagement fees. Our fees as a result of the adoption of GASB 84 will be based on time expended and will vary based on the level of assistance and procedures required. We will need input and assistance from the accounting department throughout the process of implementation.

Implementation of New Leases Standard

GASB Statement No. 87, *Leases*, is effective for reporting periods beginning after December 15, 2019. Early application is encouraged.

GASB 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is

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required to recognize a lease receivable and a deferred inflow of resources. Assistance and additional time as a result of the adoption of GASB 87 is not included within our standard engagement fees. If the entity would like to early adopt or begin the process of preparing for the retrospective application of GASB 87 during the current year's audit, BKD can assist you with this process. Our fees as a result of the adoption of GASB 87 will be based on time expended and will vary based on the level of assistance and procedures required, which may include but are not limited to:

- Assisting the entity with the evaluation of its current controls and policies for leases and recommended enhancements needed to implement GASB 87
- Evaluating and documenting new and revised controls and policies for leases under GASB 87
- Assisting the entity with the information gathering necessary to implement GASB 87
- Assisting the entity with the evaluation of its current method for calculating and recognizing lease payments
- Assisting the entity with documenting changes from the previous method needed to implement GASB 87
- Assistance with drafting of the required disclosures

The time it will take to perform the above assistance and our additional audit procedures relating to the adoption of GASB 87, and any time to assist you with the adoption, may be minimized to the extent your personnel will be available to provide timely and accurate documentation and information as requested by BKD.

Other Engagement Matters and Limitations

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

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

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You acknowledge that we plan to use internal auditors to provide direct assistance to us as part of the audit, the internal auditors will be allowed to follow our instructions and the entity will not intervene in the work the internal auditor performs for us.

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

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

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

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

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

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

We will, at our discretion or upon your request, deliver financial or other confidential information to you electronically via email or other mechanism. You recognize and accept the

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risk involved, particularly in email delivery as the internet is not necessarily a secure medium of communication as messages can be intercepted and read by those determined to do so.

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

The entity may wish to include our report on these financial statements in an exempt offering document. The entity agrees that the aforementioned auditor's report, or reference to our firm, will not be included in any such offering document without notifying us. Any agreement to perform work in connection with an exempt offering document, including providing agreement for the use of the auditor's report in the exempt offering document, will be a separate engagement.

Any exempt offering document issued by the entity with which we are not involved will clearly indicate that we are not involved by including a disclosure such as, "**BKD, LLP**, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. **BKD, LLP**, also has not performed any procedures relating to this offering document."

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

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

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

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

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

BKD, LLP

BKD, LLP

Acknowledged and agreed to on behalf of:

OKLAHOMA CITY INDUSTRIAL AND CULTURAL FACILITIES TRUST

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

Date: _____

By: _____
(Name and Title – Member of Management)

Date: _____

MRM/TCW/rcmh

KN: 1145022

Report on the Firm's System of Quality Control

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

We have reviewed the system of quality control for the accounting and auditing practice of BKD, LLP (the firm) applicable to engagements not subject to PCAOB inspection in effect for the year ended May 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

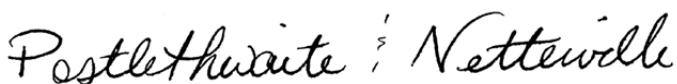
Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under Single Audit Act; audits of employee benefit plans, audits performed under FDICIA, an audit of carrying broker-dealers, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As part of our peer review, we considered reviews by regulatory entities as communicated to the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of BKD, LLP applicable to engagements not subject to PCAOB inspection in effect for the year ended May 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. BKD, LLP has received a peer review rating of *pass*.



Baton Rouge, Louisiana
October 6, 2017



MEMORANDUM

To: Trustees, Oklahoma City Industrial and Cultural Facilities Trust

From: John Michael Williams
Paul Lefebvre
Williams Box, Forshee & Bullard, P.C.

Re: Journal Record Building (now The Heritage) Subordination Agreement
(Agenda item 760)

Date: June 14, 2019

The owner of the Commercial Unit of the Journal Record Building Condominiums (now The Heritage) ("Property"), JRB Office, LLC (Bond Payne, Manager), has arranged long-term financing for the Property and has requested the Trust and The City of Oklahoma City to execute a Subordination Agreement ("PHL Subordination Agreement") in favor of the new lender, PHL Variable Insurance Company ("PHL"), a member of the Phoenix Companies, Inc, NYSE symbol PNK.

JRB Office, LLC desires to refinance its existing loan with RCB Bank which matures in 2028. The PHL loan will mature in 2040.

The PHL Subordination Agreement is similar but not identical to the subordination agreement in favor of RCB Bank ("RCB Subordination Agreement") executed by the Trust and the City in 2017. Differences between the two documents are not substantive. Both agreements provide for JRB Office to continue to make payments to the Trust on its loan from the Trust to JRB so long as an event of default has not occurred. The Trust receives the annual interest payments and principal reductions beginning in July 2021 will go to the City.

The City Council will consider approval of the PHL Subordination Agreement on June 18, 2019.

Recommendation: Approval of the Resolution and the PHL Subordination Agreement.

History. The Trust has been involved with the Property for 21 years. The Trust acquired the Journal Record Building in 1998 (now The Heritage) in accordance with the terms of a *Loan/Grant Agreement* dated March 17, 1998, by and between the Trust and The City of Oklahoma City (the "Murrah Loan"). In 2001 in accordance with the provisions of the Unit Ownership Estate Act (60 O.S. § 501) the Trust recorded the *Declaration of Unit Ownership Estate for Journal Record Building Condominiums* which resulted in the division of the Journal Record Building into the Memorial Unit and the Commercial Unit. The Memorial Unit was subsequently sold to the Oklahoma City National Memorial Foundation. The

TRUSTEES

Robert H. Alexander, Jr.
Chairman

David E. Rainbolt

Clayton I. Bennett

J. Larry Nichols

Lindy Ritz

Commercial Unit was sold to JRB Office, LLC in 2015. The Trust, as mortgagee in that transaction, accepted a promissory note and mortgage maturing in 2045 in the amount of \$4,255,177.20 ("Trust Loan") whereby JRB Office, LLC pledged a security interest in the Commercial Unit. The Murrah Loan was secured by assignment to the City of the JRB Office, LLC note and mortgage.

RESOLUTION

WHEREAS, JRB Office, LLC (“JRB Office”) is the owner of the Commercial Unit of the Journal Record Building Condominiums, a unit ownership estate created by the Declaration of Unit Ownership Estate for Journal Record Building Condominiums, Oklahoma City, Oklahoma (“Property”).

WHEREAS, the Property was purchased by JRB Office from the Oklahoma City Industrial and Cultural Facilities Trust (“Trust”), and in connection with such purchase, the Trust is the holder of (i) a certain Promissory Note, dated July 9, 2015, executed by JRB Office in favor of the Trust, in the face amount of \$4,255,171.20 (the “Murrah Note”), and (ii) that certain Mortgage, Security Agreement, Assignment of Leases and Rents and Financing Statement, dated July 9, 2015, executed by JRB Office in favor of the Trust (collectively, the “Murrah Loan Documents”).

WHEREAS, The City of Oklahoma City, Oklahoma (“City”), the beneficiary of the Trust, has certain collateral rights with respect to the Murrah Loan Documents arising from an Assignment of Promissory Note and Mortgage, dated July 9, 2015, executed by the Trust in favor of the City (the “Collateral Assignment”), whereby the Trust collaterally assigned its right, title and interest in and to the Murrah Loan Documents to the City.

WHEREAS, the Murrah Loan Documents and the Collateral Assignment each state that the security interests granted thereby are subject to and subordinate to redevelopment financing of the Property.

WHEREAS, JRB Office desires to refinance the Property by means of a new loan (“PHL Loan”) from PHL Variable Insurance Company, a Connecticut insurance company (“Lender”).

WHEREAS, Lender requires as a condition of making the PHL Loan that a Subordination Agreement, attached hereto and incorporated as a part hereof (“Subordination Agreement”), be approved and executed by the Trust and the City whereby the PHL Loan and documents evidencing same (“PHL Loan Documents”) shall be a lien on the Property superior to the lien of the Murrah Loan Documents and Collateral Assignment, and the rights of the Trust and the City shall be subordinate to the rights of the Lender, all as more specially provided by the Subordination Agreement.

WHEREAS, the Trust desires to facilitate closing of the PHL Loan which will provide long-term financing for the Property, thereby enhancing the long-term financial stability of the Downtown Oklahoma City office and retail market and the quality of life for the citizens of Oklahoma City; and therefore, the Trust desires to approve the Subordination Agreement.

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

1. The Subordination Agreement is hereby approved and the Chair, Vice-Chair and General Manager, or any one of them, are authorized for and on behalf of the Trust to modify, finalize and execute same, and further to approve and execute other documents and certifications necessary for effectuation of the PHL Loan.

2. The Chair, Vice Chair and the General Manager, or any one of them, are authorized to take all necessary actions in furtherance of financing, development and operation of the Property and are further authorized to pay related costs and expenses, all for and on behalf of the Trust.

ADOPTED and APPROVED this 17th day of June 2019.

OKLAHOMA CITY INDUSTRIAL AND
CULTURAL FACILITIES TRUST

Chair

(SEAL)

ATTEST:

Secretary

Reviewed and approved for form and legality



John Michael Williams
General Counsel

AFTER RECORDING RETURN TO:

(This space reserved for recording
information)

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT is entered into effective as of the ____ day of _____, 2019 (the “Effective Date”), by **OKLAHOMA CITY INDUSTRIAL AND CULTURAL FACILITIES TRUST**, an Oklahoma public trust (the “Trust”), and **THE CITY OF OKLAHOMA CITY**, a municipal corporation (the “City”), in favor of **PHL VARIABLE INSURANCE COMPANY**, a Connecticut insurance company (“Lender”).

PREMISES

A. JRB Office, LLC (“JRB Office”) is the owner of that certain property described on **Exhibit “A”** attached hereto and incorporated herein (the “Property”).

B. The Trust is the current holder of (i) that certain Promissory Note, dated July 9, 2015, executed by JRB Office in favor of the Trust, in the face amount of \$4,255,171.20 (the “Murrah Note”), and (ii) that certain Mortgage, Security Agreement, Assignment of Leases and Rents and Financing Statement, dated July 9, 2015, executed by JRB Office in favor of the Trust, recorded in Book 12871 at Page 1458 of the records of the County Clerk of Oklahoma County, Oklahoma (the “Murrah Mortgage”), whereby JRB Office pledged a security interest in the “Mortgaged Property” (as defined in the Murrah Mortgage and which includes the Property) in favor of the Trust to secure the Murrah Note. The lien of the Murrah Mortgage is further evidenced by that certain UCC Financing Statement Amendment filed as document number 20150901020913560, each filed in the central UCC records of the County Clerk of Oklahoma County, Oklahoma (collectively, the “Murrah UCC”). The Murrah Note and Murrah Mortgage shall be collectively defined herein as the “Murrah Loan Documents”.

C. This City has certain collateral rights with respect to the Murrah Loan Documents as evidenced by that certain Assignment of Promissory Note and Mortgage, dated July 9, 2015, executed by the Trust in favor of the City and recorded in Book 12871 at Page 1470 in the records of the County Clerk of Oklahoma County, Oklahoma (the “Collateral Assignment”), whereby the Trust collaterally assigned its right, title and interest in and to the Murrah Loan Documents to the City.

D. The Murrah Loan Documents and the Collateral Assignment each state that the security interest granted thereby are subject to and shall be subordinate to redevelopment financing of the Mortgaged Property.

E. Lender is making a loan to JRB Office (the "Borrower"), in the principal amount of \$12,500,000.00 (the "PHL Loan") for the purpose of refinancing a prior loan encumbering the Property. The PHL Loan is evidenced by a promissory note, dated as of the Effective Date, executed by Borrower in favor of Lender (the "PHL Note") and secured by, among other things, a Mortgage With Power of Sale, Security Agreement and Financing Statement, dated as of the Effective Date executed by JRB Office (the "PHL Mortgage", together with all other security instruments securing the PHL Loan, the "Security Instrument"), whereby JRB Office has granted a security interest in Property, including the Mortgaged Property, to secure the PHL Loan and all obligations of Borrower under all loan documents (collectively, the "PHL Loan Documents") executed by Borrower or other parties in connection with the PHL Loan, including without limitation, the PHL Notes and the Security Instruments.

F. It is a condition precedent to Borrower's obtaining the PHL Loan that the PHL Loan Documents shall be and remain at all times a lien or charge upon the Mortgaged Property prior and superior to the lien or charge of Murrah Loan Documents and Collateral Assignment and that the PHL Loan be prior and superior to the Murrah Loan.

G. The Trust and the City each desire to evidence their agreement to subordinate the Murrah Loan Documents and the Collateral Assignment to indebtedness evidenced by, and the lien and charge of, the PHL Loan Documents.

IN CONSIDERATION of the sum of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Trust and the City hereby subordinate the Murrah Loan Documents and the Collateral Assignment to the PHL Loan Documents in all respects, with the resulting relationship between the Murrah Loan Documents and Collateral Assignment, on one hand, and the PHL Loan Documents on the other hand, to be the same as if the PHL Loan Documents had been executed and recorded prior to the execution and recordation of the Murrah Loan Documents and Collateral Assignment. Without limiting the generality of the foregoing, the parties hereto agree as follows:

1. Subordination. The Murrah Loan Documents and the Collateral Assignment and the indebtedness, including the payment and performance thereof, and the lien created thereunder or assigned thereby are and shall continue to be expressly subject and subordinate to (a) the lien created by the Security Instrument, (b) the prior payment and performance of the PHL Loan, (c) all the terms, covenants and conditions contained in the PHL Loan Documents and any extensions, replacements, consolidations, modifications and supplements thereto, including without limitation any and all advances (whether or not obligatory), in whatever amounts and whenever made, with interest thereon, and to any expenses, charges and fees, including attorney fees, incurred thereby, including any and all of advances, interest, expenses, charges and fees, including attorney fees, which may increase the indebtedness secured by the Security Instrument above the maximum principal amounts thereof, and (d) any amounts advanced or incurred, in the sole judgment of Lender, for the benefit of the Mortgaged Property or for costs and expenses associated with the PHL Loan. The Trust and the City will have no right to demand or receive any payment of principal or

interest on account of the Murrah Loan unless and until the PHL Loan has been paid in full; provided that, until the occurrence of an Event of Default under the PHL Loan Documents, JRB Office will be entitled to pay and the Trust (or the City, as applicable) will be entitled to accept installments of indebtedness owing by the JRB Office under the Murrah Loan Documents. After the occurrence of an Event of Default, JRB Office will not be entitled to pay and the Trust (or the City, as applicable) and the Trust (or the City as applicable) will not be entitled to accept any payments owing under the Murrah Loan Documents. If any payment is received from JRB Office on the Murrah Loan after the occurrence of an Event of Default, such funds will be held by the Trust (or the City, as applicable) in trust for the benefit of Lender and will be remitted to Lender within one (1) business day after receipt thereof.

2. Waiver of Consent. Lender may, without the consent of, or responsibility to, the Trust or the City, and without impairing or releasing any of Lender's rights, liens and security interests evidenced by the PHL Loan Documents, or the priority thereof, take any one or more of the following actions:

- (a) increase, modify, renew, consolidate, replace and/or extend the PHL Loan in any and all respects;
- (b) sell, exchange or release or otherwise deal with all any other real or personal property encumbered by or subject to the PHL Loan Documents;
- (c) release Borrower, or any one, or any guarantors of the PHL Loan from all or any portion of the PHL Loan;
- (d) exercise or refrain from exercising any rights against Borrower, or any one, or any guarantor of the PHL Loan;
- (e) apply any sums, by whomsoever paid or howsoever realized, to the PHL Note; and/or
- (f) assign or transfer any or all of its interest in the PHL Note, the other PHL Loan Documents and/or this Agreement to any other party without notice to, or consent from, the Trust or the City.

3. Amendment. This Agreement may not be amended or modified except in writing by the Trust, the City and Lender.

4. PHL Loan Documents. Nothing contained herein shall modify or amend the PHL Loan Documents in any respect, all of which shall remain unabated and in full force and effect for all purposes.

5. No Amendment to Murrah Loan Documents. Neither Trust nor the City shall consent to the modification of the Murrah Loan Documents without the written consent of Lender.

6. Notice of Default. City and/or Trust shall provide copies of any notices of default issued by the City or Trust under the Murrah Loan Documents at the same time such notices are

given to JRB Office. Lender shall provide to City and Trust copies of any notices of default issued by the Lender under the PHL Loan Documents at the same time such notices are given to Borrower.

7. Waiver of Marshaling Rights. City and Trust hereby waive any requirement for marshaling of assets in connection with (i) any foreclosure of any of PHL Loan Documents, or (ii) any other realization upon collateral in respect of the PHL Loan Documents, or (iii) any exercise of any rights of setoff or otherwise by PHL.

8. No Fiduciary Duty. The parties mutually agree that no party shall have any duty whatsoever to obtain or deliver information or documents relative to the condition, business, assets/or operations of Borrower. City and Trust agree that Lender has no fiduciary duty to City or Trust in connection with the administration of the PHL Loan Documents, and Lender agrees that City and Trust have no fiduciary duty to Lender in connection with the administration of the Murrah Loan Documents.

9. Ownership of Murrah Loan Documents. Trust and as collaterally assigned to City own all right, title and interest in the Murrah Loan Documents.

10. Authority. City and Trust represent that all actions necessary to authorize the execution, delivery and performance of this Subordination Agreement have been duly taken, and all such actions continue in force and effect as of the date hereof.

11. No Waiver by Lender. Lender shall not be prejudiced in its rights under this Agreement by any act or failure to act of JRB Office, City or Trust, any non-compliance of JRB Office, City or Trust with any agreement or obligation, regardless of any knowledge thereof which Lender may have or with which Lender may be charged; and no action of Lender permitted hereunder shall in any way affect or impair the rights of Lender and the obligations of City or Trust under this Agreement. No delay on the part of Lender in the exercise of any rights or remedies shall operate as a waiver thereof, and no single or partial exercise by Lender of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy; nor shall any modification or waiver of any of the provisions of this Agreement be binding upon Lender except as expressly set forth in a writing duly signed and delivered on behalf of Lender.

12. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, legal representatives and assigns.

13. Construction. The paragraph headings and captions contained in this Agreement are included for convenience only and shall not be construed or considered a part of this Agreement or affect in any manner the construction or interpretation of this Agreement.

14. Time of Essence. Time is of the essence of this Agreement.

15. Governing Law. This Agreement shall be interpreted, governed by and enforced according to the laws of the State of Oklahoma, without giving effect to conflict of laws principles, and except to the extent preempted by federal law.

16. Jurisdiction and Venue. All actions or proceedings with respect to this Agreement and/or the other documents referenced herein may be instituted in any state or federal court located in Oklahoma City, Oklahoma, and by execution and delivery of this Agreement, the Trust and the City irrevocably and unconditionally submits to the non-exclusive jurisdiction (both subject matter and person) of such courts and waives (i) any objection it may now or hereafter have to the laying of venue in any such court, and (ii) any claim that any action or proceeding brought in any such court has been brought in an inconvenient forum.

17. Entire Agreement. This Agreement and the other loan documents represent the final agreement between the parties and may not be contradicted by evidence of oral agreements of the parties, whether made before, on or after the date of this Agreement. There are no unwritten oral agreements between the parties.

[Signatures appear on following pages]

IN WITNESS WHEREOF, the Trust, the City, and the Lender have each executed this instrument as of the Effective Date.

"TRUST"

**OKLAHOMA CITY INDUSTRIAL AND CULTURAL
FACILITIES TRUST**, an Oklahoma public trust

By: _____
Name: Robert H. Alexander, Jr.
Title: Chairman

ATTEST:

Catherine O'Connor,
Assistant Secretary

STATE OF OKLAHOMA)
) SS.
COUNTY OF OKLAHOMA)

This instrument was acknowledged before me on the ____ day of _____, 2019, by Robert H. Alexander, Jr., as Chairman of the Oklahoma City Industrial and Cultural Facilities Trust, who represented to me that he has authority to execute said instrument on behalf of said public trust.

My Commission Expires:

Notary Public, Commission No.: _____

(SEAL)

"CITY"

THE CITY OF OKLAHOMA CITY, a municipal corporation

By: _____
David Holt, Mayor

ATTEST:

City Clerk

Reviewed for form and legality:

Deputy Municipal Counselor

STATE OF OKLAHOMA)
) SS.
COUNTY OF OKLAHOMA)

This instrument was acknowledged before me on the ____ day of _____, 2019, by David Holt, as Mayor of The City of Oklahoma City, who represented to me that he has authority to execute said instrument on behalf of such City.

My Commission Expires: _____ Notary Public, Commission No.: _____

(SEAL)

"LENDER"

PHL VARIABLE INSURANCE COMPANY, a
Connecticut insurance company

By: Nassau CorAmerica LLC, a Delaware limited liability
company, its attorney-in-fact

By: _____
Name: _____
Title: _____

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of _____

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(Signature) (Seal)

EXHIBIT "A"

Legal Description of Property

The Commercial Unit of the Journal Record Building Condominiums, a unit ownership estate created under the Declaration of Unit Ownership Estate for Journal Record Building Condominiums, Oklahoma City, Oklahoma dated May 7, 2001, filed June 21, 2001 and recorded in Book 8126, page 812 in the office of the County Clerk of Oklahoma County (the "Clerk's Office"), as amended by the Amendment to Declaration of Unit Ownership Estate for Journal Record Building Condominiums, Oklahoma City, Oklahoma, dated October 15, 2002, filed October 24, 2002 and recorded in Book 8604, page 1224 in the Clerk's Office, as further amended by the Second Amendment to Declaration of Unit Ownership Estate for Journal Record Building Condominiums, Oklahoma City, Oklahoma, dated September 1, 2006, filed July 5, 2007 and recorded in Book 10535, Page 769 in the Clerk's Office, as further amended by the Third Amendment to Declaration of Unit Ownership Estate for Journal Record Building Condominiums, Oklahoma City, Oklahoma dated November 13, 2013, filed November 19, 2013 and recorded in Book 12408, page 1321 in the Clerk's Office, and as further amended by the Fourth Amendment to Declaration of Unit Ownership Estate for Journal Record Building Condominiums, Oklahoma City, Oklahoma dated July 8, 2015, filed July 10, 2015 and recorded in Book 12871, page 1337 in the Clerk's Office, together with the undivided 67.18% interest in the common elements appertaining thereto.