

OKLAHOMA CAPITOL IMPROVEMENT AUTHORITY
Special Meeting Minutes
December 13, 2016
9:30 a.m.
Governor's Large Conference Room
State Capitol Building
Oklahoma City, Oklahoma

A meeting notice was filed with the Secretary of State and agenda posted in accordance with the Open Meeting Act.

MEMBERS PRESENT: Mary Fallin, Governor
Todd Lamb, Lt. Governor
Ken Miller, State Treasurer
Dick Dutton, Director, Tourism and Recreation
Thomas Kemp, Secretary-Member, Oklahoma Tax Commission
Mike Patterson, Director, Oklahoma Dept. of Transportation

MEMBERS ABSENT: Preston Doerflinger, Director, OMES
Ed Lake, Director, Department of Human Services

GUESTS: Tim Tuck, Office of Management and Enterprise Services
Beverly Hicks, Office of Management and Enterprise Services
Angela Pierce, OCIA Administrator
Travis Monroe, OCIA
Kim Heaton, Attorney General's Office
Jim Joseph, State Bond Advisor
Jordan Perdue, Bond Advisor's Office
Lisa Blodgett, CLO
David Floyd, Floyd Law Firm
Zack Robinson, BOK
Jared Davidson, The Public Finance Law Group PLLC
Claudia Connor, Department of Tourism and Recreation
Kevin Marshall, RSM
Mike Gibson, RSM
Keith Beall, Lieutenant Governor's Office

1. Call to order and establish a quorum. [Chair]

Governor Fallin called the meeting to order at 9:30 a.m. A roll call was taken and a quorum was established. She was advised that notice of the meeting had been given, and an agenda posted in accordance with the Open Meeting Act.

2. Approval of the November 7, 2016 Minutes. [Chair and Board]

Treasurer Miller moved to approve the November minutes. Commissioner Kemp seconded the motion. The motion passed and the following votes were recorded:

Governor Fallin – aye; Lt. Governor Lamb – aye; Treasurer Miller – aye; Commissioner Kemp – aye; Director Patterson – aye; Director Dutton – aye.

3. Discussion and possible action on FY 2016 Audit report from RSM. [Angela Pierce]

Ms. Pierce shared that the 2016 financial statement audit was completed. The auditors of RSM determined that the statement was presented fairly, in all materials. The Authority members were provided with a copy of RSM's unqualified opinion, audit and required communication to the board of trustees.

Lt. Governor Lamb moved to accept and approve. Director Dutton seconded the motion. The motion passed and the following votes were recorded:

Governor Fallin – aye; Lt. Governor Lamb – aye; Treasurer Miller – aye; Commissioner Kemp – aye; Director Patterson – aye; Director Dutton – aye.

4. Discussion and possible action with respect to a Resolution authorizing the OCIA to utilize funds received from the Oklahoma Department of Commerce to provide for the cash defeasance of a portion of the outstanding amount of State Facilities Refunding Revenue Bonds, Series 2014B, originally issued in the aggregate principal amount of \$55,505,000 pertaining to certain properties and facilities of the Oklahoma Department of Commerce; approving and authorizing the execution of an escrow deposit agreement; authorizing OCIA officers to execute all such documents in connection herewith; and authorizing OCIA officers, staff and service providers to take necessary actions in connection herewith. [Angela Pierce & Jim Joseph]

Ms. Pierce reported that Mr. Davidson with Public Law Finance Group drafted a Resolution for the defeasance of the Commerce project that was discussed in the November 7, 2016 meeting. In order to move forward with the process, an approval of the Resolution, along with the escrow agreement between OCIA and the Treasurer's office is needed.

Treasurer Miller moved to approve the Resolution as presented. Director Patterson seconded the motion. The motion passed and the following votes were recorded:

Governor Fallin – aye; Lt. Governor Lamb – aye; Treasurer Miller – aye; Commissioner Kemp – aye; Director Patterson – aye; Director Dutton – aye.

5. Discussion with respect to the documentation required to satisfy the conditions included in 73 O.S. § 301.1 relating to the sale or transfer of Lincoln Boulevard Renaissance Project property. [Angela Pierce & Kim Heaton]

Ms. Pierce informed the Board, that according to section 301.1, there are five conditions that must be satisfied in order for the sale to be complete. Ms. Heaton reported that staff had received substantial documents that met the requirements of the conditions outlined in the section. The conditions are related to the agreement to transfer the Lincoln Boulevard Renaissance property to the Commissioners of the Land Office (CLO).

Conditions:

1. The Director of the Office of Management and Enterprise Services (OMES) with the advice of the Construction and Properties (CAP) Division, makes a determination that the parcels of land are not useful for the construction of state office buildings, due to lot size, location and other applicable factors. A letter from Secretary Doerflinger, Director of OMES dated December 12, 2016 was received, indicating that he conferred with CAP, and is of the opinion that the parcels are not useful for the construction of state office buildings due to various factors he listed, which included lack of funding to develop further office space on the property. The letter meets the requirement of section 301.1 relating to that issue.
2. The sale of the parcels must be approved by the Authority, and the Authority approved the sale in concept at a previous meeting and will be considering the agreement, which will be an approval in writing.
3. Restrictions must be placed on use of the parcels sold, so that they will not conflict with or be detrimental to the development of the remainder of the Lincoln Boulevard Renaissance Project. There is an attachment to the agreement that indicates restrictions have been agreed upon between the staff and the staff of the CLO, that restrict the use of the land so it is consistent with what the condition requires.
4. The parcels of properties must be sold in compliance with either the procedures for sale of state land or transferred to the CLO for no less than the appraised value and no less than the amount required to satisfy the proportion amount of the outstanding bonds on the parcels. This condition has been met and the proposed agreement, addressed in agenda item six, indicates that the properties will be transferred for the appraised value. The appraised value is in excess of the amount needed to legally defease the related portion of the outstanding bond issue. When the escrow agreement is funded at closing and the escrow verification report is completed, the bonds will be legally defeased. The conditions has been met by those actions by the Authority. There will be excess funds that will be directed to OMES, who has been paying the lease payment on the properties for this bond issue and are designating the funds into the Maintenance of State Buildings Revolving Fund (MSBRF). Mr. Joseph pointed out that the revolving fund (MSBRF), is used to fund capital projects identified by the Long-Range Capital Planning Commission (LRCPC).

5. The draft opinions from the State Bond Advisor and the special tax counsel that the Authority appointed at a previous meeting are favorable to the transaction. The opinion of the special tax counsel indicates that the proposed transfer of properties in defeasance of the outstanding bonds will not adversely affect the tax exempt status of the bond issue. The defeasance opinion indicates that upon payment in full of the bond issuance through the escrow that is established and funded, the outstanding bonds on the Lincoln Boulevard Renaissance Project are deemed to have been paid, bonds are legally defeased and the bond resolution, as it relates to this property, is no longer in force. These documents are currently in draft form and cannot be finalized until after the escrow is funded and the verification report is completed.

Ms. Heaton concluded that documentation relating to the five conditions in the statute have been substantially met and the agreement has been proposed in draft form containing the terms and conditions of transfer to CLO.

Information only. No action taken.

6. **Discussion and possible action to authorize OCIA staff to enter into an Interagency Agreement with the Commissioners of the Land Office, providing for the sale and transfer of certain properties on or near Lincoln Boulevard previously acquired with OCIA bond proceeds in connection with the Lincoln Boulevard Renaissance Project, State Facilities Refunding Revenue Bonds, Series 2014B; and authorizing OCIA officers to execute all such documents or take any necessary actions in connection herewith. [Angela Pierce & Jim Joseph]**

Ms. Pierce made known that they have worked closely with CLO to take the steps needed to complete this transaction and are on schedule to close on December 30, 2016. She request approval of the agreement to move forward.

Director Patterson moved to approve as presented. Treasurer Miller seconded the motion. The motion passed and the following votes were recorded:

Governor Fallin – aye; Lt. Governor Lamb – aye; Treasurer Miller – aye; Commissioner Kemp – aye; Director Patterson – aye; Director Dutton – aye.

7. **Discussion and possible action with respect to a Resolution authorizing the OCIA to utilize funds received from the Lincoln Boulevard Renaissance Project property sale to provide for the cash defeasance of a portion of the outstanding amount of State Facilities Refunding Revenue Bonds, Series 2014B originally issued in the aggregate principal amount of \$55,505,000; approving and authorizing the execution of an escrow deposit agreement; authorizing OCIA officers to execute all such documents in connection herewith; and authorizing OCIA officers, staff and service providers to take necessary actions in connection herewith. [Angela Pierce & Jim Joseph]**

Ms. Pierce reported that a resolution was drafted for the OMES partial defeasance related to the Lincoln Boulevard Renaissance Properties. She requested approval of the Resolution and escrow agreement between OCIA and the State Treasurer's Office, so that they can close on the transaction on December 30, 2016.

Director Dutton moved to approve as presented. Director Patterson seconded the motion. The motion passed and the following votes were recorded:

Governor Fallin – aye; Lt. Governor Lamb – aye; Treasurer Miller – aye; Commissioner Kemp – aye; Director Patterson – aye; Director Dutton – aye.

- 8. Discussion and possible action with respect to a Resolution authorizing the issuance of not to exceed Nine Million dollars (\$9,000,000) State Facilities Revenue Bonds for the purpose of financing the acquisition of real property, together with improvements located thereon, and personal property to provide office space for the Oklahoma Department of Tourism and Recreation, setting forth the terms and conditions on which the bonds are to be issued; approving the sale of the bonds; authorizing a certificate of determination; providing for the use and/ or occupancy of the project by such department; providing for the collection of payments; defining the rights of owners of said bonds; authorizing payment of costs of issuance; approving certain agreements; including a lease agreement for use and occupancy; authorizing bond insurance, if cost effective; authorizing OCIA officers to execute all such documents in connection herewith; and authorizing OCIA officers, staff and service providers, with the assistance of the State Bond Advisor, to take necessary actions in connection herewith. [Angela Pierce & Jim Joseph]**

Ms. Pierce explained that this item is for issuance of tourism bonds needed for office space for the Department of Tourism. This issuance will not require any additional budget appropriations. They plan to close on the transaction by February 1, 2017 and request approval to continue on that timeline.

Director Dutton recused himself due to conflict of interest.

Lt. Governor Lamb moved to approve as presented. Commissioner Kemp seconded the motion. The motion passed and the following votes were recorded:

Governor Fallin – aye; Lt. Governor Lamb – aye; Treasurer Miller – aye; Commissioner Kemp – aye; Director Patterson – aye; Director Dutton – Recuse.

9. Adjournment

There being no further business, Lt. Governor Lamb made the motion to adjourn. Director Dutton seconded the motion. Seeing no opposition, the meeting adjourned at 10:03 a.m.