MIDWEST CITY COUNCIL AND AUTHORITY MEETING AGENDAS FOR

MAY 26, 2020

The recorded video will be available on the City's YouTube channel: Bit.ly/youtubemwc and the City's website: www.midwestcityok.org within 48 hours. The meeting minutes and video can be found on the City's website in the Agenda Center: https:// midwestcityok.org/AgendaCenter.

To make a special assistance request, call 739-1213 or email bbundy@midwestcityok.org no less than 24 hours prior to the start of a meeting. If special assistance is needed during a meeting, call 739-1388.

The Council will go directly into the City meetings down in the Council Chambers of City Hall at 6:00 PM. However, they will informally gather at or after 5:00 PM in the Chamber for dinner, but no City Council business will be discussed or acted upon and the room will be open to the public. Meals will only be provided to the City Council and staff.

The CDC recommendations will be followed to the extent allowed by the Oklahoma Open Meetings Act and temporary Amendment. Please stay home if you or anyone in your household is sick or think they may have had a COVID-19 exposure. If attending in person, please practice social distancing and wear a mask to protect yourself and others.

CITY COUNCIL AGENDA

City Hall - Midwest City Council Chambers, 100 N. Midwest Boulevard

May 26, 2020 – 6:00 PM

A. CALL TO ORDER.

B. OPENING BUSINESS.

- Invocation by Assistant City Manager Vaughn Sullivan
- Pledge of Allegiance by Councilmember Sean Reed
- Community-related announcements and comments

C. CONSENT AGENDA. These items are placed on the Consent Agenda so the Council, by unanimous consent, can approve routine agenda items by one motion. If any item proposed does not meet with the approval of all Council, or members of the audience wish to discuss an item, it will be removed and heard in a regular order.

1. Discussion and consideration to approve the minutes of the May 12, 2020 regular meeting, as submitted. (City Clerk - S. Hancock)

2. Discussion and consideration of supplemental budget adjustment to the following fund for FY 2019-2020, increase: General Gov't Sales Tax, revenue/Transfers In (15) $1,200; expenses/Neighborhood Services (15) $1,200. G.O. Debt Services Fund, revenue/Investment Interest (00) $8,041; expenses/Transfers Out (00) $8,041. General Gov't Sales Tax, revenue/Transfer In (00) $8,041. L & H Benefits, expenses/HR (03) $1,106,951. Technology Fund, expenses/General Gov't (14) $2,068. General Fund, expenses/Street (09) $187,857. General Fund, expenses/City Attorney (04) $1,734. General Fund, expenses/Park & Recreation (06) $17,236. General Fund, expenses/ Transfer Out (00) $20,000. Juvenile Fund, revenue/Transfer In (00) $20,000. Risk Management, expenses/Risk Insurance (29) $68,941. Downtown Redevelopment, expenses/29th Street (92) $365. Animals Best Friend, revenue/Miscellaneous (00) $112; expenses/Animal Welfare (10) $112. General Fund, revenue/Transfers In (05) $2,100; expenses/Community Development (05) $2,100. (Finance - C. Barron)

3. Discussion and consideration of accepting the City Manager's Report for the month of April 2020. (Finance - C. Barron)

4. Discussion and consideration of approving and entering into a contract of $18,000 with Crawford and Associates, P. C. for annual financial statement preparation for the fiscal year ended June 30, 2020. The term of this engagement is July 1, 2020 through June 30, 2021. (Finance – C. Barron)

5. Discussion and consideration of accepting the monthly report on the City of Midwest City Employees' Health Benefits Plan by the City Manager and action as deemed necessary by the Council to maintain the plan. (Human Resources - T. Bradley)

6. Discussion and consideration of approving a resolution maintaining the Nine-One-One Emergency Telephone Fee Rate at three percent for fiscal year 2021. (Emergency Management - D. Wagner)

7. Discussion and consideration of change order #1 amending the funding agreement for Federal-Aid Project Number STP-255B(461)AG, State Job Number 31548(04), with the Oklahoma Department of Transportation for the reconstruction of SE 29th Street, in the amount of $83,609.47. (Community Development - B. Bundy)

8. Discussion and consideration of change order #2 amending the funding agreement for Federal-Aid Project Number STPG-255F(483)AG, State Job Number 33344(04), with the Oklahoma Department of Transportation for a project upgrading many signals, in the amount of $8,260. (Community Development - B. Bundy)

9. Discussion and consideration of renewing for fiscal year 2020-21 PWA Engineering contracts with ACOG, Crafton, Tull & Associates, Guy Engineering, Garver Engineering, Johnson & Associates, G&S Services, and Black & Veatch Corporation. (Public Works - P. Menefee)

10. Discussion and consideration of re-appointing Aaron Budd to the Midwest City Park and Recreation Board for a three-year term ending on May 27, 2023. (Parks and Recreation – F. Gilles)

11. Discussion and consideration of nominating Casey Hurt, a qualified elector residing in Oklahoma County, to represent the City of Midwest City on the Board of Directors of the Central Oklahoma Master Conservancy District (COMCD) for a four-year term and submitting his name to the Cleveland County district judge, who will appoint them to membership on the Board of Directors of the COMCD. (Public Works - R. Paul Streets)

12. Discussion and consideration of reappointing David Clampitt to the Midwest City Park and Recreation Board for a three-year term ending on May 27, 2023. (Parks and Recreation - F. Gilles)

13. Discussion and consideration of reappointing Mrs. Suzi Byrne for a three-year term to the Midwest City Tree Board. (Public Works - R. Paul Streets)

14. Discussion and consideration of 1) declaring various computer equipment obsolete items of city property on the attached list surplus; and 2) authorizing their disposal by public auction, sealed bid, or other means as necessary. (Information Technology - R. Rushing)

D. NEW BUSINESS/PUBLIC DISCUSSION. The purpose of the "Public Discussion Section" of the Agenda is for members of the public to speak to the City Council on any Subject not scheduled on the Regular Agenda. The Council shall make no decision or take any action, except to direct the City Manager to take action, or to schedule the matter for discussion at a later date. Pursuant to the Oklahoma Open Meeting Act, the Council will not engage in any discussion on the matter until that matter has been placed on an agenda for discussion. THOSE ADDRESSING THE COUNCIL ARE REQUESTED TO STATE THEIR NAME AND ADDRESS PRIOR TO SPEAKING TO THE COUNCIL.

E. FURTHER INFORMATION.

1. Minutes of the May 5, 2020 Planning Commission Meeting. (Community Development - B. Harless)

2. Review of the April 2020 Building Report. (Community Development—B. Harless)

3. Review of the monthly Neighborhood Services report for April 2020. (Neighborhood Services - M. Stroh)

F. ADJOURNMENT.

CONSENT AGENDA

Notice for the Midwest City Council meetings was filed for the calendar year with the City Clerk of Midwest City. Public notice of this agenda was accessible at least 24 hours before this meeting at City Hall and on the Midwest City website (www.midwestcityokorg).

Midwest City Council Minutes

May 12, 2020 – 6:00 PM

This meeting was held in the Midwest City Chambers at City Hall, 100 N Midwest Blvd, Midwest City, County of Oklahoma, State of Oklahoma.

Mayor Dukes** called the meeting to order at 6:00 PM with following members present: Councilmembers Susan Eads*, Pat Byrne*, Españiola Bowen, Sean Reed*, Rick Favors and with City Clerk, Sara Hancock, City Attorney Heather Poole, and City Manager Tim Lyon. Absent: Allen.

OPENING BUSINESS. Assistant City Manager Vaughn Sullivan opened with the invocation, followed by the Pledge of Allegiance led by Councilmember Españiola Bowen. Staff and Council made Community-related announcements and comments. Mayor Dukes read a Proclamation for Retiree Major David Huff, "Kids to Parks Day" and Police Week.

CONSENT AGENDA. Byrne made a motion to approve the consent agenda, as submitted, with the exception of pulling item 17,seconded by Reed. Voting Aye: Byrne, Eads, Bowen, Reed, Favors, and Mayor Dukes. Nay: None Absent: Allen. Motion carried.

1. Discussion and consideration to approve the minutes of the April, 21, 2020 special meeting, as submitted.

2. Discussion and consideration of approving the minutes of the April 28, 2020 regular meeting, as submitted.

3. Discussion and consideration of supplemental budget adjustment to the following fund for FY 2019-2020, increase: General Gov't Sales Tax, revenue/Transfers In (12) $7,975; expenses/Court (12) $7,975.

4. Discussion and consideration of entering into a Stop Loss Policy with Health Care Service Corporation to provide and administer specific and aggregate stop loss coverage for the Employee Health Benefits Plan for the fiscal year 2020/2021 at the rate of $2.66 per employee per month for an aggregate attachment point of $7,803,281 and $107.93 per employee per month for a specific attachment point of $150,000 per covered person.

5. Discussion and consideration of approving and entering into the Administrative Services Agreement with Health Care Services Corporation to provide administrative services for the Employee Health Benefits Plan for the FY 2020/2021 for a net cost of $60.25 per employee per month and $10.00 per month for participants for COBRA Service Charges.

6. Discussion and consideration of the approval of a Medical Retirement Application made by Employee 3257 through the Oklahoma Municipal Retirement Fund (OMRF).

7. Discussion and consideration of awarding the bid and entering into a contract with Tescorp for a trailer mounted Self Contained Breathing Apparatus Air Compressor Fill Station in the total amount of $83,995.00.

8. Discussion and consideration of approving a General Mutual Cooperation Agreement between the City of Midwest City and the Board of County Commissioners of Oklahoma County for FY 20-21.

9. Discussion and consideration of change order #1 amending the funding agreement for Federal-Aid Project Number STP-255B(461)AG, State Job Number 31548(04), with the Oklahoma Department of Transportation for the reconstruction of SE 29th Street, in the amount of $84,841.99.

10. Discussion and consideration of extending an agreement with Schwarz Paving for temporary staging of construction equipment at 9100, 9200, and 9300 SE 29th Street, for an approximate term of 5 additional months.

11. Discussion and consideration of the acceptance of and making a matter of record Permit No. SL000055200198 from the State Department of Environmental Quality for the Wassilak Property on Helm Drive Sewer Line Extension Project, Midwest City, Oklahoma.

12. Discussion and consideration of accepting an easement from Stillwater Central Railroad and Oklahoma Department of Transportation for the purpose of the future Rail with Trail Phase 2 and Phase 3, JP #33269(04), TAP3-3269(004)AG.

13. Discussion and consideration entering into a contract to use Metro Emergency Upfitters LLC for completion of the fire department shift commander vehicle lights, siren, and all other necessary configuration to place in service for a total price of $29,080.78 per State Contract SW0142.

14. Discussion and consideration of declaring various items of City property as surplus property and authorizing their disposal through sealed bid, public auction, or by other means as necessary.

15. Discussion and consideration of declaring various items of City property as surplus property and authorizing their disposal through sealed bid, public auction, or by other means as necessary.

16. Discussion and consideration of declaring the various items of property as listed below surplus and authorizing their disposal by public auction, or other means as necessary.

17. **Discussion and consideration of 1) declaring various obsolete items of city property surplus; and 2) authorizing their disposal by public auction, sealed bid or other means of disposal.** Staff addressed council and clarified, the cover memo listed correct items to surplus. Eads made a motion to approve surplus, seconded by Byrne. Voting Aye: Eads, Byrne, Bowen, Reed, Favors, and Mayor Dukes. Nay: None. Absent: Allen.

DISCUSSION ITEMS.

1. **(PC – 2042) Discussion and consideration of approval of the proposed Madison Addition Preliminary Plat, described as a part of the NW/4 of Section 1, T11N, R2W, located at 500 and 600 Davidson Road and 527 and 531 Saint Paul Avenue.** Staff and David Melton of 520 S. St. Paul addressed Council. After discussion, Byrne made a motion to approve preliminary plat, as submitted, seconded by Reed. Voting aye: Eads, Byrne, Bowen, Reed, Favors and Mayor Dukes. Nay: none. Absent Allen. Motion Carried.

2. **Discussion and consideration of the health premiums for the fiscal year 2020-2021 in amounts necessary to cover the projected expenditures and for the Employee Health Plan to be actuarially sound, and the adoption of the Employee Life and Health Committee recommendations to continue current enhancements to the Health Plan.** After Staff and Council discussion, Reed made a motion to approve recommendation as submitted, seconded by Byrne. Voting aye: Eads, Byrne, Bowen, Reed, Favors and Mayor Dukes. Nay: none. Absent Allen. Motion Carried.

3. **Discussion and consideration of 1) approval of the proposed 2020-2024 Consolidated Plan and Strategy and associated 2020 Action Plan for the use of Community Development Block Grant (CDBG) funds, 2) authorization of the Mayor to submit the approved and/or modified certifications to the U.S. Department of Housing and Urban Development, and 3) authorization of the Mayor and City Manager to enter into the necessary contracts to implement said program.** After Staff and Council discussion, Bowen made a motion to approve the plans and authorization, as submitted, seconded by Eads. Voting aye: Eads, Byrne, Bowen, Reed, Favors and Mayor Dukes. Nay: none. Absent Allen. Motion Carried.

4. **Discussion and consideration of 1) approval of a proposed Substantial Amendment to the 2019 Action Plan for the use of a special allocation of HUD Community Development Block Grant COVID-19 (CDBG-CV) funds, 2) authorization of the Mayor to submit amendment and any certifications to the U.S. Department of Housing and Urban Development, and 3) authorization of the Mayor and City Manager to enter into the necessary contracts to implement said program**. Staff addressed the Council. Eads made a motion to approve the plan, and authorization, as submitted, seconded by Bowen. Voting aye: Eads, Byrne, Bowen, Reed, Favors and Mayor Dukes. Nay: none. Absent Allen. Motion Carried.

5. **Discussion and Consideration approving Amendment No 4 to the construction management contract with CMSWillowbrook Inc. for the Delta Midwest City Pool & Fitness Area Renovation in an amount not to exceed $ 372,800.63.** After Staff and Council discussion, Favors made a motion to approve Amendment No. 4, as submitted, seconded by Bowen. Voting aye: Eads, Byrne, Bowen, Reed, Favors and Mayor Dukes. Nay: none. Absent Allen. Motion Carried.

<u>NEW BUSINESS/PUBLIC DISCUSSION.</u> There was no new business or public discussion.

At 6:39 PM Eads made motion to recess, seconded by Reed. Voting aye: Eads, Byrne, Bowen, Reed, Favors and Mayor Dukes. Nay: none. Absent Allen. Motion Carried.

At 6:54 PM Reed made motion to reconvene, seconded by Eads. Voting aye: Eads, Byrne, Bowen, Reed, Favors and Mayor Dukes. Nay: none. Absent Allen. Motion Carried.

EXECUTIVE SESSION.

1. **Discussion and consideration of entering into executive session as allowed under 25 O.S., § 307(B)(4) to discuss pending claims or actions where public body, at the advice of its attorney, determines that disclosure will seriously impair the ability of the public body to process the claims or conduct pending litigation or proceedings in the public interest.**

At 6:55 PM, Byrne made a motion to enter into execution session, seconded by Reed. Voting aye: Eads, Byrne, Bowen, Reed, Favors and Mayor Dukes. Nay: none. Absent Allen. Motion Carried.

At 7:30 PM, Eads made a motion to return to open session, seconded by Reed. Voting aye: Eads, Byrne, Bowen, Reed, Favors and Mayor Dukes. Nay: none. Absent Allen. Motion Carried.

No Action Needed.

2. **Discussion and consideration of entering into executive session as allowed under Title 25 OS Section 307(B)(1) to discuss the employment, hiring, appointment, promotion, demotion, disciplining or resignation of any individual salaried public officer or employee.**

At 7:52 pm, Eads made a motion to enter into execution session, seconded by Reed. Voting aye: Eads, Byrne, Bowen, Reed, Favors and Mayor Dukes. Nay: none. Absent Allen. Motion Carried.

*At 8:46 PM Byrne, Reed, and Eads left the meeting and returned at 8:49 PM.

**At 8:50 PM Mayor Dukes left the meeting and returned at 8:51PM.

At 9:23 PM, Reed made motion to return to open session, seconded by Bowen. Voting aye: Eads, Byrne, Bowen, Reed, Favors and Mayor Dukes. Nay: none. Absent Allen. Motion Carried.

No Action Needed.

ADJOURNMENT. There being no further business, Mayor Dukes adjourned the meeting at 9:23 PM.

ATTEST:

MATTHEW D. DUKES II, Mayor

SARA HANCOCK, City Clerk

Finance Department
100 N. Midwest Boulevard
Midwest City, OK 73110
cbarron@midwestcity.org
Office: 405-739-1245
www.midwestcityok.org

TO: Honorable Mayor and City Council

FROM: Christy Barron, City Treasurer/Finance Director

DATE: May 26, 2020

SUBJECT: Discussion and consideration of supplemental budget adjustment to the following fund for FY 2019-2020, increase: General Gov't Sales Tax, revenue/Transfers In (15) $1,200; expenses/Neighborhood Services (15) $1,200. G.O. Debt Services Fund, revenue/Investment Interest (00) $8,041; expenses/Transfers Out (00) $8,041. General Gov't Sales Tax, revenue/Transfer In (00) $8,041. L & H Benefits, expenses/HR (03) $1,106,951. Technology Fund, expenses/General Gov't (14) $2,068. General Fund, expenses/Street (09) $187,857. General Fund, expenses/City Attorney (04) $1,734. General Fund, expenses/Park & Recreation (06) $17,236. General Fund, expenses/Transfer Out (00) $20,000. Juvenile Fund, revenue/Transfer In (00) $20,000. Risk Management, expenses/Risk Insurance (29) $68,941. Downtown Redevelopment, expenses/29th Street (92) $365. Animals Best Friend, revenue/Miscellaneous (00) $112; expenses/Animal Welfare (10) $112. General Fund, revenue/Transfers In (05) $2,100; expenses/Community Development (05) $2,100.

The first supplement is needed to budget for computer monitors to capital outlay for Neighborhood Services Department. The second and third supplements are needed to increase budget for interest revenue and transfer from G.O. Debt Services Fund to General Gov't Sales Tax Fund to amount of estimated interest earnings to end of fiscal year. Fourth supplement is needed to meet health claims expenses in HR Department to end of fiscal year. Fifth supplement is needed to meet salary expenses in General Gov't Department to end of fiscal year. Sixth supplement is needed to meet utilities/communication expenses in Street Department to end of fiscal year. Seventh supplement is needed to meet travel and school expenses in City Attorney Department to end of fiscal year. Eighth supplement is needed to meet contractual expenses in Park & Recreation Department to end of fiscal year. Ninth and tenth supplements are needed to budget transfer from General Fund to Juvenile Fund to offset revenue shortfall in Juvenile Fund during fiscal year. Eleventh supplement is needed to meet liability lawsuits expenses in Risk Insurance to end of fiscal year. Twelfth supplement is needed to meet contractual expenses in Downtown Redevelopment Fund to end of fiscal year. Thirteenth supplement is needed to budget proceeds and vet bill expenses related to an animal cruelty court case. Fourteenth supplement is need to budget mowing expenses for Original Mile Enhancement project to the end of the year.

Christy Barron
Finance Director

SUPPLEMENTS

May 26, 2020

Fund		BUDGET AMENDMENT FORM			
GENERAL GOV'T SALES TAX (009)		Fiscal Year 2019-2020			
		Estimated Revenue		Budget Appropriations	
Dept Number	**Department Name**	**Increase**	**Decrease**	**Increase**	**Decrease**
15	Transfers In	1,200			
15	Neighborhood Services			1,200	
		1,200	0	1,200	0

Explanation:
To budget computer monitors. Funding to come from transfer in from General Fund.

Fund		BUDGET AMENDMENT FORM			
G. O. DEBT SERVICES (350)		Fiscal Year 2019-2020			
		Estimated Revenue		Budget Appropriations	
Dept Number	**Department Name**	**Increase**	**Decrease**	**Increase**	**Decrease**
00	Investment Interest	8,041			
00	Transfers Out			8,041	
		8,041	0	8,041	0

Explanation:
To increase budget for interest revenue and transfer out to estimated total to end of fiscal year.

Fund		BUDGET AMENDMENT FORM			
GENERAL GOV'T SALES TAX (009)		Fiscal Year 2019-2020			
		Estimated Revenue		Budget Appropriations	
Dept Number	**Department Name**	**Increase**	**Decrease**	**Increase**	**Decrease**
00	Transfer In	8,041			
		8,041	0	0	0

Explanation:
To increase budgeted transfer in from G.O. Debt Services Fund to estimated amount of interest earnings in that fund to end of fiscal year.

Fund		BUDGET AMENDMENT FORM			
L & H BENEFITS (240)		Fiscal Year 2019-2020			
		Estimated Revenue		Budget Appropriations	
Dept Number	**Department Name**	**Increase**	**Decrease**	**Increase**	**Decrease**
03	HR			1,106,951	
		0	0	1,106,951	0

Explanation:
To increase budget to cover health claims expenses to end of fiscal year. Funding to come from fund balance.

SUPPLEMENTS

May 26, 2020

Fund TECHNOLOGY FUND (014)		BUDGET AMENDMENT FORM Fiscal Year 2019-2020			
		Estimated Revenue		Budget Appropriations	
Dept Number	**Department Name**	**Increase**	**Decrease**	**Increase**	**Decrease**
14	General Gov't			2,068	
		0	0	2,068	0

Explanation:
To increase budget to cover salary expenses to end of fiscal year. Funding to come from fund balance.

Fund GENERAL FUND (010)		BUDGET AMENDMENT FORM Fiscal Year 2019-2020			
		Estimated Revenue		Budget Appropriations	
Dept Number	**Department Name**	**Increase**	**Decrease**	**Increase**	**Decrease**
09	Street			187,857	
		0	0	187,857	0

Explanation:
To increase budget to cover utilities/communication expenses to end of fiscal year. Funding to come from fund balance.

Fund GENERAL FUND (010)		BUDGET AMENDMENT FORM Fiscal Year 2019-2020			
		Estimated Revenue		Budget Appropriations	
Dept Number	**Department Name**	**Increase**	**Decrease**	**Increase**	**Decrease**
04	City Attorney			1,734	
		0	0	1,734	0

Explanation:
To increase budget to cover travel & school expenses to end of fiscal year. Funding to come from fund balance.

Fund GENERAL FUND (010)		BUDGET AMENDMENT FORM Fiscal Year 2019-2020			
		Estimated Revenue		Budget Appropriations	
Dept Number	**Department Name**	**Increase**	**Decrease**	**Increase**	**Decrease**
06	Park & Recreation			17,236	
		0	0	17,236	0

Explanation:
To increase budget to cover contractual expenses to end of fiscal year. Funding to come from fund balance.

SUPPLEMENTS

May 26, 2020

Fund GENERAL FUND (010)		BUDGET AMENDMENT FORM Fiscal Year 2019-2020			
		Estimated Revenue		Budget Appropriations	
Dept Number	Department Name	Increase	Decrease	Increase	Decrease
00	Transfer Out			20,000	
		0	0	20,000	0

Explanation:
Budget transfer out to Juvenile Fund to offset revenue shortfall in that fund for fiscal year. Funding to come from fund balance.

Fund JUVENILE FUND (025)		BUDGET AMENDMENT FORM Fiscal Year 2019-2020			
		Estimated Revenue		Budget Appropriations	
Dept Number	Department Name	Increase	Decrease	Increase	Decrease
00	Transfer In	20,000			
		20,000	0	0	0

Explanation:
Budget transfer in from General Fund to offset revenue shortfall for fiscal year.

Fund RISK MANAGEMENT (202)		BUDGET AMENDMENT FORM Fiscal Year 2019-2020			
		Estimated Revenue		Budget Appropriations	
Dept Number	Department Name	Increase	Decrease	Increase	Decrease
29	Risk Insurance			68,941	
		0	0	68,941	0

Explanation:
To increase budget to cover liability lawsuits expenses to end of fiscal year. Funding to come from fund balance.

Fund DOWNTOWN REDEVELOPMENT (194)		BUDGET AMENDMENT FORM Fiscal Year 2019-2020			
		Estimated Revenue		Budget Appropriations	
Dept Number	Department Name	Increase	Decrease	Increase	Decrease
92	29th Street			365	
		0	0	365	0

Explanation:
To increase budget to cover contractual expenses to end of fiscal year. Funding to come from fund balance.

SUPPLEMENTS

May 26, 2020

Fund ANIMALS BEST FRIEND (220)		BUDGET AMENDMENT FORM Fiscal Year 2019-2020			
		Estimated Revenue		Budget Appropriations	
Dept Number	Department Name	Increase	Decrease	Increase	Decrease
00	Miscellaneous	112			
10	Animal Welfare			112	
		112	0	112	0

Explanation:
To budget proceeds and vet bill expenses related to an animal cruelty court case.

Fund GENERAL FUND (010)		BUDGET AMENDMENT FORM Fiscal Year 2019-2020			
		Estimated Revenue		Budget Appropriations	
Dept Number	Department Name	Increase	Decrease	Increase	Decrease
00	Transfer In	2,100			
05	Community Development			2,100	
		2,100	0	2,100	0

Explanation:
To budget mowing expenses for Original Mile Enhancement project to the end of the year. Funding to come from transfer in from Downtown Redevelopment (194).

MIDWEST CITY
Where the Spirit Flies High

Finance Department
100 N. Midwest Boulevard
Midwest City, OK 73110
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www.midwestcityok.org

TO: Honorable Mayor and City Council

FROM: Christy Barron, City Treasurer/Finance Director

DATE: May 26, 2020

SUBJECT: Discussion and consideration of accepting the City Manager's Report for the month of April 2020.

The funds in April that experienced a significant change in fund balance from the March report are as follows:

Water (191) decreased due to the quarterly payment to:
Central Oklahoma Master Conservancy <$237,819>

Hotel/Conference Center (195) had an operational loss of $89,776 in April.

Hotel 4% FF&E (196) decreased because of the payments for:
Property Improvement <$85,328>
Reed Center carpet <$49,985>

Golf (197) had an operational gain of $72,184 in April.

2018 Election G.O. Bonds (270) decreased due to the payments for**:**
Various Capital Outlay Payments <$690,619>

MWC Hospital Authority (425) activities for April:
Compounded Principal (9010) – unrealized gain on investment $7,379,829
Discretionary (9050) – unrealized gain on investment $1,712,337
Grants (9080) – Grants payments <$458,498>

<u>Christy Barron</u>
Finance Director

City of Midwest City
Financial Summary by Fund
for Period Ending April, 2020
(Unaudited)

Fund Number	Fund Description	Assets	Liabilities	6/30/2019 Fund Balance	Revenues	Expenditures	Gain or (Loss)	Fund Balance
9	GENERAL GOVERNMENT SALES TAX	3,516,169	45	3,183,251	2,136,142	(1,803,178)	332,964	3,516,214
10	GENERAL	6,730,770	(144,916)	5,995,765	31,884,636	(31,294,548)	590,088	6,585,853
11	CAPITAL OUTLAY RESERVE	876,974	-	933,143	13,710	(69,879)	(56,170)	876,974
13	STREET AND ALLEY FUND	1,619,270	-	1,266,863	472,085	(119,678)	352,407	1,619,270
14	TECHNOLOGY FUND	197,602	-	164,040	326,092	(292,530)	33,563	197,602
15	STREET LIGHT FEE	2,110,280	-	1,630,191	514,389	(34,299)	480,089	2,110,280
16	REIMBURSED PROJECTS	1,233,686	-	874,019	501,118	(141,452)	359,666	1,233,686
17	29TH & DOUGLAS PROPERTY	5,500,288	-	5,500,283	4	-	4	5,500,288
20	MWC POLICE DEPARTMENT	5,425,443	(1,507)	4,188,477	13,398,427	(12,162,968)	1,235,459	5,423,936
21	POLICE CAPITALIZATION	346,004	-	491,782	725,061	(870,838)	(145,777)	346,004
25	JUVENILE FUND	4,480	-	30,214	47,235	(72,969)	(25,735)	4,480
30	POLICE STATE SEIZURES	72,130	-	72,631	2,346	(2,847)	(502)	72,130
31	SPECIAL POLICE PROJECTS	94,804	-	78,652	33,054	(16,902)	16,152	94,804
33	POLICE FEDERAL PROJECTS	49,034	-	61,341	408	(12,715)	(12,307)	49,034
34	POLICE LAB FEE FUND	25,716	-	21,650	8,931	(4,866)	4,066	25,716
35	EMPLOYEE ACTIVITY FUND	20,130	-	20,232	11,438	(11,539)	(102)	20,130
36	JAIL	144,161	-	151,135	49,453	(56,427)	(6,974)	144,161
37	POLICE IMPOUND FEE	107,869	-	156,316	38,077	(86,523)	(48,447)	107,869
40	MWC FIRE DEPARTMENT	3,758,626	(4)	2,803,249	10,384,988	(9,429,614)	955,374	3,758,622
41	FIRE CAPITALIZATION	1,118,345	-	877,748	510,397	(269,800)	240,597	1,118,345
45	MWC WELCOME CENTER	359,549	3	357,883	193,679	(192,010)	1,669	359,552
46	CONV / VISITORS BUREAU	203,239	-	200,919	294,636	(292,316)	2,320	203,239
50	DRAINAGE TAX FUND	-	-	-	-	-	-	-
60	CAPITAL DRAINAGE IMP	588,751	-	569,922	391,985	(373,155)	18,829	588,751
61	STORM WATER QUALITY	985,149	-	878,476	645,687	(539,014)	106,673	985,149
65	STREET TAX FUND	1,766,910	-	1,519,081	418,269	(170,440)	247,829	1,766,910
70	EMERGENCY OPER FUND	741,589	-	713,432	464,211	(436,053)	28,157	741,589
75	PUBLIC WORKS ADMIN	579,439	-	351,006	984,650	(756,217)	228,433	579,439
80	INTERSERVICE FUND	559,002	-	462,631	2,290,871	(2,194,500)	96,371	559,002
81	SURPLUS PROPERTY	465,210	(359,616)	97,486	46,439	(38,331)	8,108	105,593
115	ACTIVITY FUND	337,064	(21)	354,596	123,559	(141,112)	(17,554)	337,042
123	PARK & RECREATION	675,893	(105)	651,194	472,678	(448,084)	24,594	675,788
141	COMM. DEV. BLOCK GRANT	26,065	-	6,029	512,367	(492,330)	20,037	26,065
142	GRANTS/HOUSING ACTIVITIES	157,973	-	147,646	121,785	(111,458)	10,327	157,973
143	GRANT FUNDS	99,389	(39,389)	60,000	483,820	(483,820)	-	60,000

City of Midwest City
Financial Summary by Fund
for Period Ending April, 2020
(Unaudited)

Fund Number	Fund Description	Assets	Liabilities	6/30/2019 Fund Balance	Revenues	Expenditures	Gain or (Loss)	Fund Balance
157	CAPITAL IMPROVEMENTS	2,422,583	-	2,363,534	663,842	(604,793)	59,049	2,422,583
172	CAP. WATER IMP-WALKER	1,373,224	-	1,022,289	377,740	(26,806)	350,935	1,373,224
178	CONST LOAN PAYMENT REV	2,788,282	(15,358)	3,186,744	589,538	(1,003,359)	(413,820)	2,772,924
184	SEWER BACKUP FUND	83,643	-	82,373	1,270	-	1,270	83,643
186	SEWER CONSTRUCTION	4,389,628	(175,000)	3,827,884	1,212,573	(825,829)	386,743	4,214,628
187	UTILITY SERVICES	495,340	(924)	500,342	933,535	(939,461)	(5,925)	494,417
188	CAP. SEWER IMP.-STROTH	472,859	-	603,107	344,565	(474,813)	(130,248)	472,859
189	UTILITIES CAPITAL OUTLAY	3,127,766	(88,399)	3,044,870	625,212	(630,715)	(5,503)	3,039,367
190	MWC SANITATION DEPARTMENT	2,850,062	-	2,266,302	6,086,530	(5,502,771)	583,760	2,850,062
191	MWC WATER DEPARTMENT	2,525,379	-	2,412,871	5,435,381	(5,322,872)	112,508	2,525,379
192	MWC SEWER DEPARTMENT	831,068	(460)	1,063,871	4,730,441	(4,963,705)	(233,264)	830,608
193	MWC UTILITIES AUTHORITY	951,131	-	936,841	14,446	(155)	14,291	951,131
194	DOWNTOWN REDEVELOPMENT	2,345,407	(5,045)	2,316,052	35,674	(11,365)	24,309	2,340,362
195	HOTEL/CONFERENCE CENTER	533,232	(412,773)	278,061	3,433,443	(3,591,045)	(157,602)	120,459
196	HOTEL 4% FF&E	559,730	(25,847)	819,894	655,805	(941,816)	(286,011)	533,883
197	JOHN CONRAD REGIONAL GOLF	230,900	(149,108)	74,131	814,377	(806,716)	7,661	81,792
201	URBAN RENEWAL AUTHORITY	82,017	-	36,197	51,181	(5,360)	45,821	82,017
202	RISK MANAGEMENT	1,303,312	(37)	1,553,379	729,493	(979,596)	(250,103)	1,303,276
204	WORKERS COMP	3,241,078	-	3,019,327	779,297	(557,546)	221,751	3,241,078
220	ANIMALS BEST FRIEND	88,553	-	79,400	16,498	(7,345)	9,153	88,553
225	HOTEL MOTEL FUND	-	-	-	507,560	(507,560)	-	-
230	CUSTOMER DEPOSITS	1,520,295	(1,520,295)	-	22,972	(22,972)	-	-
235	MUNICIPAL COURT	89,609	(89,609)	-	855	(855)	-	-
240	L & H BENEFITS	1,408,372	(21,772)	2,111,500	7,090,452	(7,815,352)	(724,900)	1,386,599
250	CAPITAL IMP REV BOND	13,055,872	(54,383,373)	(44,133,137)	12,600,072	(9,794,436)	2,805,636	(41,327,501)
269	2002 G.O. STREET BOND	327,731	-	444,318	6,219	(122,806)	(116,587)	327,731
270	2018 ELECTION G.O. BOND	22,117,468	(303,975)	25,642,175	375,565	(4,204,247)	(3,828,682)	21,813,493
271	2018 G.O. BONDS PROPRIETARY	10,731,450	-	10,773,118	164,955	(206,623)	(41,668)	10,731,450
310	DISASTER RELIEF	1,281,372	(146,501)	1,233,976	166,789	(265,894)	(99,105)	1,134,871
340	REVENUE BOND SINKING FUND	-	-	-	4,881,553	(4,881,553)	-	-
350	G. O. DEBT SERVICES	2,322,430	(37,375)	587,081	2,700,385	(1,002,410)	1,697,975	2,285,055
352	SOONER ROSE TIF	2,026,259	-	6,988,109	370,017	(5,331,867)	(4,961,850)	2,026,259
353	ECONOMIC DEV AUTHORITY	52,713,584	(50,023,038)	1,631,682	3,038,111	(1,979,247)	1,058,864	2,690,546
425-9010	MWC HOSP AUTH-COMP PRINCIPAL	94,003,376	(6,206,703)	89,208,963	496,375	(1,908,663)	(1,412,288)	87,796,674
425-9020	MWC HOSP AUTH-LOAN RESERVE	559,708	(559,708)	2,500,000	22,590	(2,522,590)	(2,500,000)	-
425-9050	MWC HOSP AUTH-DISCRETIONARY	10,072,477	(9,364)	10,782,311	1,617,699	(2,336,897)	(719,198)	10,063,113
425-9060	MWC HOSP IN LIEU OF/ROR/MISC	8,759,389	-	6,427,979	22,723,267	(20,391,856)	2,331,411	8,759,390
425-9080	MWC HOSP AUTH GRANTS	28,398	-	-	486,897	(458,498)	28,398	28,398
	TOTAL	292,209,987	(114,720,174)	178,556,827	153,305,799	(154,372,810)	(1,067,011)	177,489,815

Finance Department
100 N. Midwest Boulevard
Midwest City, OK 73110
cbarron@midwestcity.org
Office: 405-739-1245
www.midwestcityok.org

TO: Honorable Mayor and City Council

FROM: Christy Barron, Finance Director

DATE: May 26, 2020

SUBJECT: Discussion and consideration of approving and entering into a contract of $18,000 with Crawford and Associates, P. C. for annual financial statement preparation for the fiscal year ended June 30, 2020. The term of this engagement is July 1, 2020 through June 30, 2021. (Finance – C. Barron)

It is my recommendation to engage Crawford and Associates to prepare the Annual Financial Statements for the period ending June 30, 2020. Due to continual changes and increasing complexity of accounting standards, the City has used this firm for several years to help prepare its Annual Financial Statements. Governmental accounting is a highly specialized field, and Crawford and Associates exclusively serves governmental entities. They are nationally known for their expertise in governmental accounting standards, and we have received excellent service from them in the past.

Christy Barron
Finance Director

CRAWFORD & ASSOCIATES P.C.

April 20, 2020

Honorable Mayor and Members of the City Council
City of Midwest City
100 N Midwest Blvd
Midwest City, OK 73110

To the Honorable Mayor and Members of the City Council:

Crawford & Associates, P.C. is pleased that the City of Midwest City (the City) continues to express its confidence in our firm and our state and local government expertise. We look forward to a continued long and successful relationship as an integral financial management resource to the City of Midwest City management and governing body.

We are prepared to provide a full range of accounting and consulting services to the City of Midwest City contingent upon approval of your management and/or governing body. The purpose of this engagement letter is to identify the scope of available services from Crawford & Associates, the specific initial services requested at this time, and to confirm the terms, objectives, and limitations of our engagement services.

Scope of Services

The scope of professional services that are available and can be provided to the City of Midwest City are outlined below under the heading *Scope of Available Services*. While this listing includes a range of services available from Crawford & Associates, the specific initial services requested to be provided at the current time are separately identified under the heading *Initial Services Requested*. Any additional services that are available from Crawford & Associates beyond these initially requested services can be provided upon subsequent specific request and agreement.

Scope of Available Services

Preparation of Annual Financial Statements
General Accounting and Advisory Assistance
Budget Preparation and Amendment Assistance
Capital Asset Records and Accounting Assistance
Information Technology System Assistance
Internal Control Policies and Procedures Assistance
Labor Relations Consulting
Laws and Regulations Compliance Assistance
Investigation of Allegations or Concerns
Tax and Other Regulatory Report Assistance

Initial Services Requested

Preparation of Annual Financial Statements
General Accounting and Advisory Assistance

T: 405-691-5550
F: 405-691-5646 | W: www.crawfordcpas.com
E: info@crawfordcpas.com | 10308 Greenbriar Place, Oklahoma City, OK 73159

Services Related to the Preparation of Annual Financial Statements

You have requested that we prepare the annual financial statements of the financial reporting entity of the City of Midwest City, Oklahoma as of and for the year ended June 30, 2020. Such financial statements will include:

a. Basic Financial Statements, including notes to the financial statements
b. Required Supplementary Information
c. Supplementary Information (to the extent management elects to include)
d. Other Information (to the extent management elects to include)

Crawford & Associates' Responsibilities

The objective of our engagement is to prepare the annual financial statements in accordance with accounting principles generally accepted in the United States of America based on information provided by you. We will conduct our engagement in accordance with Statements on Standards for Accounting and Review Services (SSARSs) promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA's Code of Professional Conduct, including the ethical principles of integrity, objectivity, professional competence, and due care.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion or provide any assurance on the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations.

Management Responsibilities

The engagement to be performed is conducted on the basis that management acknowledges and understands that our role is to prepare financial statements in accordance with accounting principles generally accepted in the United States of America. Management has the following overall responsibilities that are fundamental to our undertaking the engagement to prepare your financial statements in accordance with SSARSs:

a. The selection of accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the financial statements

b. The prevention and detection of fraud

c. To ensure that the entity complies with the laws and regulations applicable to its activities

d. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement to prepare financial statements *e.* To provide us with:

i. Documentation, and other related information that is relevant to the preparation and presentation of the financial statements,

ii. Additional information that may be requested for the purpose of the preparation of the financial statements, and

iii. Unrestricted access to persons within the City of Midwest City, Oklahoma, of whom we determine necessary to communicate.

The financial statements will not be accompanied by a report. However, you agree that the financial statements will clearly indicate that no assurance is provided on them.

Other Requested and Available Services

In conjunction with the other requested and available services (other than the preparation of the annual financial statements) as identified in the Scope of Services section of this letter, Crawford & Associates will be responsible for providing such services upon request in accordance with the applicable professional standards of the AICPA. It is anticipated that most if not all of these other services will be performed in accordance with the standards applicable to consulting services as prescribed by the AICPA.

Crawford & Associates, is not obligated to, but may report or otherwise communicate to management any recommendations, it determines necessary, resulting from the professional services provided.

Management and the governing body will be responsible for establishing the scope of our other professional services to be provided and for providing the necessary resources allocated to the work; such responsibility includes determining the nature, scope, and extent of the services to be performed, providing sufficient appropriation for the estimated cost of these services, providing overall direction and oversight for each service, and reviewing and accepting the results of the work.

Access to Working Papers and Reports

Any working papers prepared by Crawford & Associates in connection with performing the financial statement preparation and other professional services are the property of Crawford & Associates. Upon request, copies of any or all working papers and reports that we consider to be nonproprietary will be provided to management. Management may make such copies available to its external auditors and to certain regulators in the exercise of their statutory oversight responsibilities. Such copies may not be made available to any other third party without the prior written consent from Crawford & Associates.

Fees and Costs

Fees and out-of-pocket expenses for this engagement will be billed as the work progresses and payable upon receipt of our invoices. Out-of-pocket expenses include such costs incurred by Crawford & Associates in providing the services including travel, lodging, telecommunications, printing, document reproduction, and the like. Our fees for these services will be billed at our standard hourly rates, as follows, for the individual performing such services based on the actual number of hours of work, including travel time, performed by that individual.

Standard Hourly Rates:

- Firm President $250
- Shareholders $165
- Consulting Senior Managers $150
- Consulting Managers $125
- Consulting Staff $110
- Clerical Staff $45

Because Crawford & Associates has no direct control over the type and amount of services requested by the management or the governing body during the term of this engagement, nor does Crawford & Associates have direct control over the quality of your accounting system or records, potential turnover of your staff, or your staffing levels, resources, or capabilities, it is impractical for us to provide an accurate amount of hours that will be required for the services requested or a not-to-exceed limit on fees and expenses charged. We will rely on you to provide us with a copy of approved purchase orders, containing estimated fees and expenses, monitor the cumulative fees and expenses charged, and notify us if and when the cumulative amount approaches the total appropriated level estimated. You also agree to provide sufficient appropriation for all services requested prior to the services being performed. However, for your purchase order preparation purposes, we estimate that the fees for the services anticipated at this time, as defined in the Scope of Services section of this letter, will approximate $18,000.

The term of this engagement is a period from July 1, 2020 through June 30, 2021. Crawford & Associates may perform additional services upon receipt of a formal request from management or the governing body with terms and conditions that are acceptable to both parties.

The agreements and undertakings contained in this engagement letter, shall survive the completion or termination of this engagement.

Acceptance

Please indicate your acceptance of this agreement by signing in the space provided below and returning this engagement letter to us. A duplicate copy of this engagement letter is provided for your records. We look forward to continuing our professional relationship with the City of Midwest City.

Respectfully submitted and agreed to by,

Frank Crawford
Crawford and Associates, P.C.

Accepted and agreed to for the City of Midwest City:

By: ______________________________________

Title: ______________________________________

Date: ______________________________________

ATTEST:

____
SARA HANCOCK, CITY CLERK

APPROVED AS TO FORM AND LEGALITY THIS _________ DAY OF ___________, 2020.

____
HEATHER POOLE, CITY ATTORNEY

Human Resources
100 N. Midwest Boulevard
Midwest City, OK 73110
office 405.739.1235

Memorandum

TO: Honorable Mayor and Council

FROM: Troy Bradley, Human Resources Director

DATE: May 26, 2020

RE: Discussion and consideration of accepting the monthly report on the City of Midwest City Employees' Health Benefits Plan by the City Manager and action as deemed necessary by the Council to maintain the plan.

This item is placed on the agenda at the request of the Council. Attached to this memo is information regarding the current financial condition of the City Employees' Health Benefits Plan for the month of April 2020 which is the tenth (10) period of the FY 2019/2020.

Troy Bradley, Human Resources Director

FISCAL YEAR 2019-2020	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
PLAN INCOME												
Projected Budgeted (MTD)	674,837	674,837	674,837	674,837	674,837	674,837	674,837	674,837	674,837	674,836	674,836	674,836
Actual (MTD)	627,213	652,720	650,545	655,169	734,359	715,169	723,236	970,288	715,536	649,274		
Projected Budgeted (YTD)	674,837	1,349,674	2,024,511	2,699,348	3,374,185	4,049,022	4,723,859	5,398,696	6,073,533	6,748,369		
Actual (YTD)	627,213	1,279,933	1,930,478	2,585,647	3,320,007	4,035,176	4,758,412	5,728,700	6,444,236	7,093,510		
PLAN CLAIMS/ADMIN COSTS	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Projected Budgeted (MTD	727,655	640,699	727,655	640,699	640,699	727,655	640,699	640,699	727,655	640,698	640,698	640,698
Actual (MTD)	646,453	673,397	845,354	678,761	893,068	996,518	825,669	776,712	849,727	629,694		
Projected Budgeted (YTD)	727,655	1,368,354	2,096,009	2,736,708	3,377,407	4,105,062	4,745,761	5,386,460	6,114,115	6,754,813		
Actual (YTD)	646,453	1,319,850	2,165,204	2,843,965	3,737,033	4,733,551	5,559,220	6,335,932	7,185,659	7,815,353		
EXCESS INCOME vs. EXPENDITURES	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Projected Budgeted (MTD)	-52,818	34,138	-52,818	34,138	34,138	-52,818	34,138	34,138	-52,818	34,138	34,138	34,138
Actual (MTD)	-19,240	-20,677	-194,809	-23,592	-158,708	-281,349	-102,433	193,576	-134,191	19,580		
Projected Budgeted (YTD)	-52,818	-18,680	-71,498	-37,360	-3,222	-56,040	-21,902	12,236	-40,582	-6,444		
Actual (YTD)	-19,240	-39,917	-234,726	-258,318	-417,026	-698,375	-800,808	-607,232	-741,423	-721,843		
FISCAL YEAR 2018-2019	Jul -18	Aug - 18	Sep - 18	Oct - 18	Nov - 18	Dec - 18	Jan - 19	Feb - 19	Mar - 19	Apr - 19	May - 19	Jun - 19
PLAN INCOME												
Projected Budgeted (MTD)	590,806	886,209	590,806	590,806	590,806	590,806	590,806	590,806	886,209	590,806	590,806	590,806
Actual (MTD)	580,003	778,717	869,305	675,077	605,701	604,448	596,882	575,414	821,358	578,427	665,692	606,593
Projected Budgeted (YTD)	590,806	1,477,015	2,067,821	2,658,627	3,249,433	3,840,239	4,431,045	5,021,851	5,908,060	6,498,866	7,089,672	7,680,478
Actual (YTD)	580,003	1,358,720	2,228,025	2,903,102	3,508,803	4,113,251	4,710,133	5,285,547	6,106,905	6,685,332	7,351,024	7,957,617
PLAN CLAIMS/ADMIN COSTS	Jul -18	Aug - 18	Sep - 18	Oct - 18	Nov - 18	Dec - 18	Jan - 19	Feb - 19	*Mar - 19*	Apr - 19	May - 19	Jun - 19
Projected Budgeted (MTD	569,824	854,736	569,824	569,824	569,824	569,824	569,824	569,824	*854,736*	569,824	569,824	569,824
Actual (MTD)	697,154	533,729	955,290	867,993	682,361	587,394	736,335	389,324	755,224	518,118	696,172	634,023
Projected Budgeted (YTD)	569,824	1,424,560	1,994,384	2,564,208	3,134,032	3,703,856	4,273,680	4,843,504	5,698,240	6,268,064	6,837,888	7,407,712
Actual (YTD)	697,154	1,230,883	2,186,173	3,054,166	3,736,527	4,323,921	5,060,256	5,449,580	6,204,804	6,722,922	7,419,094	8,053,117
EXCESS INCOME vs. EXPENDITURES	Jul -18	Aug - 18	Sep - 18	Oct - 18	Nov - 18	Dec - 18	Jan - 19	Feb - 19	Mar - 19	Apr - 19	May - 19	Jun - 19
Projected Budgeted (MTD)	20,982	31,473	20,982	20,982	20,982	20,982	20,982	20,982	31,473	20,982	20,982	20,982
Actual (MTD	-117,151	244,988	-85,985	-192,916	-76,660	17,054	-139,453	186,090	66,134	60,309	-30,480	-27,430
Projected Budgeted (YTD)	20,982	52,455	73,437	94,419	115,401	136,383	157,365	178,347	209,820	230,802	251,784	272,766
Actual (YTD)	-117,151	127,837	41,852	-151,064	-227,724	-210,670	-350,123	-164,033	-97,899	-37,590	-68,070	-95,500

Apr 10/FY 2020: $1,385,492
Apr 10/FY 2019: $2,166,354
Apr 10/FY 2018: $2,239,970
Apr 10/FY 2017: $1,869,358

FY19-20 CHANGE TO 24 PAY PERIODS FROM 26
2 EACH MONTH

** HAD FIVE MONDAYS WITH REPORTED MEDICAL CLAIMS PAID***

MIDWEST CITY
OKLAHOMA

Emergency Management
100 N. Midwest Boulevard
Midwest City, OK 73110
office 405.739.1386

To: Honorable Mayor and City Council

From: Debra Wagner, Midwest City Emergency Manager

Date: May 20, 2020

Subject: Discussion and consideration of approving a resolution maintaining the Nine-One-One Emergency Telephone Fee Rate at three percent for fiscal year 2021.

The resolution allows ACOG to collect a 3% Nine-One-One Emergency Telephone Service Fee for the fiscal year 2021. This replaces the resolution adopted in September 2019 to move the renewal date from calendar year to fiscal year.

The rate is the same as it has been for many years.

Staff recommends approval.

DWagner

Debra Wagner
Emergency Manager

RESOLUTION #________

A RESOLUTION OF THE COUNCIL OF THE
CITY OF MIDWEST CITY, OKLAHOMA
ESTABLISHING THE NINE-ONE-ONE EMERGENCY
TELEPHONE FEE RATE FOR FISCAL YEAR 2021

WHEREAS, the voters and or/governing body of the city/town/county have approved the acquisition and operation of an emergency telephone service together with the levy or imposition of user fee/tax for such services; and

WHEREAS, said approving authority, service and fee are authorized pursuant to the Nine-One-One Emergency Act, 63 O.S. Supp., 1987, §2811 et seq., as amended.

NOW THEREFORE BE IT RESOLVED by the Council of the City of Midwest City, Oklahoma that it does, hereby establish the rate for the Nine-One-One Emergency Telephone Service Fee for the fiscal year 2021 at three percent (3%) of the recurring charges as designated by the tariff for exchange telephone service or its equivalent within said city in accordance with said Act beginning July 1, 2020.

PASSED and APPROVED by the City of Midwest City this 26th day of May, 2020.

CITY of MIDWEST CITY, OKLAHOMA

____
Matthew D. Dukes II, Mayor

ATTEST:

____
Sara Hancock, City Clerk

APPROVED as to form and legality this _____day of ______________________, 2020.

____
HEATHER POOLE, City Attorney

CITY of MIDWEST CITY
COMMUNITY DEVELOPMENT DEPARTMENT
ENGINEERING DIVISION

Billy Harless, Community Development Director
Brandon Bundy, P.E., City Engineer

ENGINEERING DIVISION
Brandon Bundy, P.E., City Engineer
CURRENT PLANNING DIVISION
Kelly Gilles, Manager
COMPREHENSIVE PLANNER
Petya Stefanoff, Comprehensive Planner
BUILDING INSPECTION DIVISION
Christine Brakefield, Building Official
GIS DIVISION
Greg Hakman, GIS Coordinator

TO : Honorable Mayor and Council

FROM : Brandon Bundy, P.E., City Engineer

DATE : May 26th, 2020

SUBJECT : Discussion and consideration of change order #1 amending the funding agreement for Federal-Aid Project Number STP-255B(461)AG, State Job Number 31548(04), with the Oklahoma Department of Transportation for the reconstruction of SE 29th Street, in the amount of $83,609.47.

The attached change order is for the SE 29th Street reconstruction project still underway. This change order is a culmination of various field changes to address numerous found utility conflicts.

The SE 29th Street reconstruction project is funded by a mix of Federal and City funds which will be accounted for in the final project budget. However, part of this change order outlines a city obligation of $36,450.37 in non-participating costs. A letter from the design consultant, Crafton Tull, is attached explaining the situation.

$83,609.47 CO #1 total
-$36,450.37 City obligation
$47,159.10 remaining shared costs to be determined at end of project

The City obligation of $36,450.37 will be funded out of Proj #901801, SE 29th Street Widening.

The remaining $47,159.10 will be part of the project fund balance which is settled at closure of project.

This item was approved at the regular May 12th City Council agenda but my office has found a use for one of the un-used storm structures and a revision is required. This last minute change reduced the change order and city obligation $1,232.52.

Staff recommends approval as this is consistent with past policy.

Brandon Bundy, P.E.,
City Engineer

Attachment

Crafton Tull
architecture | engineering | surveying

300 Pointe Parkway Blvd
Yukon, OK 73099

405.787.6270

April 24, 2020

Mr. Brandon Bundy, PE
City Engineer
City of Midwest City, OK
100 N. Midwest Blvd. 73110
405-739-1213

RE: SE 29th Street from Midwest Blvd. to Douglass Blvd. Midwest City Oklahoma Project
CTA Project Number #14603400

Dear Mr. Bundy

This letter will explain the reason behind the construction delay and our redesign efforts of the SE 29th Street Project.

The contract for the SE 29th Street Project from Midwest Blvd. to Douglas Blvd. was signed in March of 2014. Our design team requested several items necessary before survey and design could commence. These items were requested from all entities involved with the project. From Oklahoma County, we requested plats and corner records; from ODOT we requested as-built drawings for interstate 40 between Douglas Blvd. and SE 29th. The storm and water atlases were obtained from the city of Midwest City. Additionally we contacted the Oklahoma One Call System (OKIE) to notify them we needed utilities marked for our design survey. With all the information received, we began with the topographic survey of the entire corridor and started the preliminary design.

During the preliminary engineering design, one of the task for the designer is to schedule a utility conference with the utility owners involved in the project.

Our Utility Conference was scheduled on December 15, 2016. During this meeting, the design engineer explained to all the utility owners the scope of the proposed project and the possible impacts the existing utilities. The following utilities companies were invited and sent updated plans for the project: AT&T, Cox Communications, ODOT, OG&E, & ONG.

Upon the start of the construction (Fall of 2019) several utilities owners were notified via Call OKIE of the pending construction. The utility owners then marked their utilities and their utilities were different from what our design team had shown on the construction documents. We explained that their utilities locations were requested several years ago and a utility conference had also been scheduled, many of the utility owners suggested that they were not notified. We question the utility owners of newly marked utilities that were different from the utilities marked for our survey. They had no reasonable explanation. It normally take several weeks to months to relocate existing utilities therefore, we had to stop construction to redesign the around the newly found utilities. This delay caused the contractor to demobilize equipment and pull off the job.

300 Pointe Parkway Blvd
Yukon, OK 73099

405.787.6270

Because of the new design, several drainage structures and concrete piping that were to be used on the project had to be changed and or omitted due to the redesign. The location of sidewalks and traffic lighting also had to be relocated. The re-design took several days and slowed down the start of the project, once the redesign was complete the contractor evaluated the new design and provided updated prices to the City of Midwest City and ODOT.

The delay of the project could have be avoided if the utility owners would have marked their utilities accurately at the beginning of the project; they had several months to act and most did not.

Sincerely,

Michael Williams P.E.

Oklahoma Department of Transportation
Change Order

Contract ID	190156	Primary County	OKLAHOMA	Primary PCN	31548(04)
Change Order Nbr	001	**Project**	STP-255B(461)AG		

Contract Description	WIDEN, RESURFACE, AND SIDEWALKS CITY STREET (SE 29TH STREET): FROM MIDWEST BOULEVARD, EXTEND EAST IN MIDWEST CITY. PROJECT LENGTH = 1.01 MILES		
Change Order Type	CHANGE ORDER		
Zero Dollar Change Order	NO	Status	Draft

General Change Order Description(s): This change order underruns structures which were built and delivered to the project, but due to changes in plans and changes made in the field, these structures can not be used. Since the structures were already built and this project is 100% federally funded, these structures will go into ODOT warehouse stock and become property of the City of Midwest City. Since this project utilized designers hired by the City of Midwest City, Midwest City is obligated to pay for these structures under Control Directive 19960508. This change order also compensates the contractor for measures taken to locate utilities that are not identified in the plans, but have been found by the contractor to be in direct conflict with the installation of the new stormwater pipe. The City of Midwest City is also obligated to pay for the equipment used to locate unidentified utilities as well as the additional staking needed once these utilities became identified. It also compensates the contractor for equipment rented and mobilized, but due to the utility delays can not be used. This change order also compensates the contractor for modifications needed on several structures that were manufactured and delivered but due to the field conditions and the existing pipe connections needed they would not work as designed.

Prj Nbr	Itm Nbr	Catg	Item Code	Unit	Unit Price	Bid Qty	Prev. Apprvd Qty	Curr CO Qty	New Revised Qty	Amount of Change
31548(04)	0028	0100	611(A) 2657	EA	$2,000.00	8.00	8.00	-3.00	5.00	

Item Description: MANHOLE (4' DIAMETER)
Supplemental Description 1:
Supplemental Description 2:

This Change: $-6,000.00
Prev Revised: $16,000.00
New Revised: $10,000.00
Bid Contract: $16,000.00
Net Change: $-6,000.00
PCT Change: -37.50 %

Explanations: This structure was underrun on this project due to design changes on the north side of this project. This project was let with the anticipation that the current plan quantities would be adequate for the designed storm water drainage. Once excavation began it was discovered that a design change was needed due to the current configuration of existing pipe did not match what the plans showed. This new revised quantity represents the number needed after the design change.

Prj Nbr	Itm Nbr	Catg	Item Code	Unit	Unit Price	Bid Qty	Prev. Apprvd Qty	Curr CO Qty	New Revised Qty	Amount of Change
31548(04)	0030	0100	611(G) 5113	EA	$5,000.00	4.00	4.00	-1.00	3.00	

Item Description: INLET CI DES. 2 (B)
Supplemental Description 1:
Supplemental Description 2:

This Change: $-5,000.00
Prev Revised: $20,000.00
New Revised: $15,000.00
Bid Contract: $20,000.00
Net Change: $-5,000.00
PCT Change: -25.00 %

Explanations: This structure was underrun on this project due to design changes on the north side of this project. This project was let with the anticipation that the current plan quantities would be adequate for the designed storm water drainage. Once excavation began it was discovered that a design change was needed due to the current configuration of existing pipe did not match what the plans showed. This new revised quantity represents the number needed after the design change.

Prj Nbr	Itm Nbr	Catg	Item Code	Unit	Unit Price	Bid Qty	Prev. Apprvd Qty	Curr CO Qty	New Revised Qty	Amount of Change
31548(04)	0033	0100	611(G) 5119	EA	$7,000.00	3.00	3.00	-1.00	2.00	

Item Description: INLET CI DES. 2 (2D)
Supplemental Description 1:
Supplemental Description 2:

This Change: $-7,000.00
Prev Revised: $21,000.00
New Revised: $14,000.00
Bid Contract: $21,000.00
Net Change: $-7,000.00
PCT Change: -33.33 %

Explanations: This structure was underrun on this project due to design changes on the north side of this project. This project was let with the anticipation that the current plan quantities would be adequate for the designed storm water drainage. Once excavation began it was discovered that a design change was needed due to the current configuration of existing pipe did not match what the plans showed. This new revised quantity represents the number needed after the design change.

Prj Nbr	Itm Nbr	Catg	Item Code	Unit	Unit Price	Bid Qty	Prev. Apprvd Qty	Curr CO Qty	New Revised Qty	Amount of Change
31548(04)	0037	0100	611(G) 6000	EA	$3,000.00	5.00	5.00	-3.00	2.00	

Item Description: INLET (SMD-TYPE 1)

This Change: $-9,000.00

Prj Nbr	Itm Nbr	Catg	Item Code	Unit	Unit Price	Bid Qty	Prev. Apprvd Qty	Curr CO Qty	New Revised Qty	Amount of Change

Supplemental Description 1: **Prev Revised:** $15,000.00
Supplemental Description 2: **New Revised:** $6,000.00
Bid Contract: $15,000.00
Net Change: $-9,000.00
PCT Change: -60.00 %

Explanations: This structure was underrun on this project due to design changes on the north side of this project. This project was let with the anticipation that the current plan quantities would be adequate for the designed storm water drainage. Once excavation began it was discovered that a design change was needed due to the current configuration of existing pipe did not match what the plans showed. This new revised quantity represents the number needed after the design change.

Prj Nbr	Itm Nbr	Catg	Item Code	Unit	Unit Price	Bid Qty	Prev. Apprvd Qty	Curr CO Qty	New Revised Qty	Amount of Change
31548(04)	0063	0300	857(A) 8839	LF	$1.50	100.00	100.00	-100.00	0.00	

Item Description: CONSTRUCTION TRAFFIC STRIPE(PAINT)(4" WIDE) **This Change:** $-150.00
Supplemental Description 1: **Prev Revised:** $150.00
Supplemental Description 2: **New Revised:** $0.00
Bid Contract: $150.00
Net Change: $-150.00
PCT Change: -100 %

Explanations: This line item is underrun and will be replaced by line item 8017 at a reduced price.

Prj Nbr	Itm Nbr	Catg	Item Code	Unit	Unit Price	Bid Qty	Prev. Apprvd Qty	Curr CO Qty	New Revised Qty	Amount of Change
31548(04)	8001	0900	611(A) 2657	EA	$483.86	0.00	0.00	1.00	1.00	

Item Description: MANHOLE (4' DIA.) **This Change:** $483.86
Supplemental Description 1: Structure A2 **Prev Revised:** $0.00
Supplemental Description 2: **New Revised:** $483.86
Bid Contract: $0.00
Net Change: $483.86
PCT Change: 100.00 %

Explanations: This item is created to put this structure into ODOT warehouse stock, and the City of Midwest City is obligated to pay for the item and take delivery of this item. This structure was built based on let plan design and with the new stormwater design it could not be utilized.

Prj Nbr	Itm Nbr	Catg	Item Code	Unit	Unit Price	Bid Qty	Prev. Apprvd Qty	Curr CO Qty	New Revised Qty	Amount of Change
31548(04)	8002	0900	611(G) 5113	EA	$1,290.09	0.00	0.00	1.00	1.00	

Item Description: INLET CI DES. 2 (B) **This Change:** $1,290.09
Supplemental Description 1: Structure A3 **Prev Revised:** $0.00
Supplemental Description 2: **New Revised:** $1,290.09
Bid Contract: $0.00
Net Change: $1,290.09
PCT Change: 100.00 %

Explanations: This item is created to put this structure into ODOT warehouse stock, and the City of Midwest City is obligated to pay for the item and take delivery of this item. This structure was built based on let plan design and with the new stormwater design it could not be utilized.

Prj Nbr	Itm Nbr	Catg	Item Code	Unit	Unit Price	Bid Qty	Prev. Apprvd Qty	Curr CO Qty	New Revised Qty	Amount of Change
31548(04)	8004	0900	611(G) 6000	EA	$1,344.34	0.00	0.00	1.00	1.00	

Item Description: INLET (SMD-TYPE 1) **This Change:** $1,344.34
Supplemental Description 1: Structure A5 **Prev Revised:** $0.00
Supplemental Description 2: **New Revised:** $1,344.34
Bid Contract: $0.00
Net Change: $1,344.34
PCT Change: 100.00 %

Explanations: This item is created to put this structure into ODOT warehouse stock, and the City of Midwest City is obligated to pay for the item and take delivery of this item. This structure was built based on let plan design and with the new stormwater design it could not be utilized.

Prj Nbr	Itm Nbr	Catg	Item Code	Unit	Unit Price	Bid Qty	Prev. Apprvd Qty	Curr CO Qty	New Revised Qty	Amount of Change
31548(04)	8005	0900	611(A) 2657	EA	$637.94	0.00	0.00	1.00	1.00	

Item Description: MANHOLE (4' DIA.) **This Change:** $637.94
Supplemental Description 1: Structure A6 **Prev Revised:** $0.00
Supplemental Description 2: **New Revised:** $637.94
Bid Contract: $0.00
Net Change: $637.94
PCT Change: 100.00 %

Explanations:

Prj Nbr	Itm Nbr	Catg	Item Code	Unit	Unit Price	Bid Qty	Prev. Apprvd Qty	Curr CO Qty	New Revised Qty	Amount of Change

This item is created to put this structure into ODOT warehouse stock, and the City of Midwest City is obligated to pay for the item and take delivery of this item. This structure was built based on let plan design and with the new stormwater design it could not be utilized.

Prj Nbr	Itm Nbr	Catg	Item Code	Unit	Unit Price	Bid Qty	Prev. Apprvd Qty	Curr CO Qty	New Revised Qty	Amount of Change
31548(04)	8006	0900	611(A) 2657	EA	$638.14	0.00	0.00	1.00	1.00	

Item Description: MANHOLE (4' DIA.)
Supplemental Description 1: Structure A7
Supplemental Description 2:

This Change: $638.14
Prev Revised: $0.00
New Revised: $638.14
Bid Contract: $0.00
Net Change: $638.14
PCT Change: 100.00 %

Explanations: This item is created to put this structure into ODOT warehouse stock, and the City of Midwest City is obligated to pay for the item and take delivery of this item. This structure was built based on let plan design and with the new stormwater design it could not be utilized.

Prj Nbr	Itm Nbr	Catg	Item Code	Unit	Unit Price	Bid Qty	Prev. Apprvd Qty	Curr CO Qty	New Revised Qty	Amount of Change
31548(04)	8007	0900	611(A) 2657	EA	$634.59	0.00	0.00	1.00	1.00	

Item Description: MANHOLE (4' DIA.)
Supplemental Description 1: Structure A8
Supplemental Description 2:

This Change: $634.59
Prev Revised: $0.00
New Revised: $634.59
Bid Contract: $0.00
Net Change: $634.59
PCT Change: 100.00 %

Explanations: This item is created to put this structure into ODOT warehouse stock, and the City of Midwest City is obligated to pay for the item and take delivery of this item. This structure was built based on let plan design and with the new stormwater design it could not be utilized.

Prj Nbr	Itm Nbr	Catg	Item Code	Unit	Unit Price	Bid Qty	Prev. Apprvd Qty	Curr CO Qty	New Revised Qty	Amount of Change
31548(04)	8008	0900	611(A) 2657	EA	$607.31	0.00	0.00	1.00	1.00	

Item Description: MANHOLE (4' DIA.)
Supplemental Description 1: Structure A9
Supplemental Description 2:

This Change: $607.31
Prev Revised: $0.00
New Revised: $607.31
Bid Contract: $0.00
Net Change: $607.31
PCT Change: 100.00 %

Explanations: This item is created to put this structure into ODOT warehouse stock, and the City of Midwest City is obligated to pay for the item and take delivery of this item. This structure was built based on let plan design and with the new stormwater design it could not be utilized.

Prj Nbr	Itm Nbr	Catg	Item Code	Unit	Unit Price	Bid Qty	Prev. Apprvd Qty	Curr CO Qty	New Revised Qty	Amount of Change
31548(04)	8009	0900	611(G) 6000	EA	$1,345.55	0.00	0.00	1.00	1.00	

Item Description: INLET (SMD-TYPE 1)
Supplemental Description 1: Structure C1
Supplemental Description 2:

This Change: $1,345.55
Prev Revised: $0.00
New Revised: $1,345.55
Bid Contract: $0.00
Net Change: $1,345.55
PCT Change: 100.00 %

Explanations: This item is created to put this structure into ODOT warehouse stock, and the City of Midwest City is obligated to pay for the item and take delivery of this item. This structure was built based on let plan design and with the new stormwater design it could not be utilized.

Prj Nbr	Itm Nbr	Catg	Item Code	Unit	Unit Price	Bid Qty	Prev. Apprvd Qty	Curr CO Qty	New Revised Qty	Amount of Change
31548(04)	8010	0900	611(G) 6000	EA	$1,313.88	0.00	0.00	1.00	1.00	

Item Description: INLET (SMD-TYPE 1)
Supplemental Description 1: Structure D1
Supplemental Description 2:

This Change: $1,313.88
Prev Revised: $0.00
New Revised: $1,313.88
Bid Contract: $0.00
Net Change: $1,313.88
PCT Change: 100.00 %

Explanations: This item is created to put this structure into ODOT warehouse stock, and the City of Midwest City is obligated to pay for the item and take delivery of this item. This structure was built based on let plan design and with the new stormwater design it could not be utilized.

Prj Nbr	Itm Nbr	Catg	Item Code	Unit	Unit Price	Bid Qty	Prev. Apprvd Qty	Curr CO Qty	New Revised Qty	Amount of Change
31548(04)	8011	0900	611(G) 6000	EA	$1,305.12	0.00	0.00	1.00	1.00	

Item Description: INLET (SMD-TYPE 1) — **This Change:** $1,305.12
Supplemental Description 1: Structure E1 — **Prev Revised:** $0.00
Supplemental Description 2: — **New Revised:** $1,305.12
Bid Contract: $0.00
Net Change: $1,305.12
PCT Change: 100.00 %

Explanations: This item is created to put this structure into ODOT warehouse stock, and the City of Midwest City is obligated to pay for the item and take delivery of this item. This structure was built based on let plan design and with the new stormwater design it could not be utilized.

31548(04)	8012	0900	611(G) 5113	EA	$1,310.35	0.00	0.00	1.00	1.00	

Item Description: INLET CI DES. 2 (B) — **This Change:** $1,310.35
Supplemental Description 1: Structure F1 — **Prev Revised:** $0.00
Supplemental Description 2: — **New Revised:** $1,310.35
Bid Contract: $0.00
Net Change: $1,310.35
PCT Change: 100.00 %

Explanations: This item is created to put this structure into ODOT warehouse stock, and the City of Midwest City is obligated to pay for the item and take delivery of this item. This structure was built based on let plan design and with the new stormwater design it could not be utilized.

31548(04)	8013	0900	611(G) 5113	EA	$1,288.48	0.00	0.00	1.00	1.00	

Item Description: INLET CI DES. 2 (B) — **This Change:** $1,288.48
Supplemental Description 1: Structure G4 — **Prev Revised:** $0.00
Supplemental Description 2: — **New Revised:** $1,288.48
Bid Contract: $0.00
Net Change: $1,288.48
PCT Change: 100.00 %

Explanations: This item is created to put this structure into ODOT warehouse stock, and the City of Midwest City is obligated to pay for the item and take delivery of this item. This structure was built based on let plan design and with the new stormwater design it could not be utilized.

31548(04)	8014	0900	611(G) 5119	EA	$1,082.35	0.00	0.00	1.00	1.00	

Item Description: INLET CI DES. 2 (2D) — **This Change:** $1,082.35
Supplemental Description 1: Structure H2 — **Prev Revised:** $0.00
Supplemental Description 2: — **New Revised:** $1,082.35
Bid Contract: $0.00
Net Change: $1,082.35
PCT Change: 100.00 %

Explanations: This item is created to put this structure into ODOT warehouse stock, and the City of Midwest City is obligated to pay for the item and take delivery of this item. This structure was built based on let plan design and with the new stormwater design it could not be utilized.

31548(04)	8015	0901	104 0700	LSUM	$17,550.00	0.00	0.00	1.00	1.00	

Item Description: CONSTRUCTION MISCELLANEOUS — **This Change:** $17,550.00
Supplemental Description 1: Potholing for utilities — **Prev Revised:** $0.00
Supplemental Description 2: — **New Revised:** $17,550.00
Bid Contract: $0.00
Net Change: $17,550.00
PCT Change: 100.00 %

Explanations: This item was created as nonparticipating to compensate the contractor for potholing efforts for utilities discovered that were not shown or identified on the plans provided by the designer for the City of Midwest City.

31548(04)	8016	0640	104 0700	LSUM	$53,105.34	0.00	0.00	1.00	1.00	

Item Description: CONSTRUCTION MISCELLANEOUS — **This Change:** $53,105.34
Supplemental Description 1: Equipment — **Prev Revised:** $0.00
Supplemental Description 2: — **New Revised:** $53,105.34
Bid Contract: $0.00
Net Change: $53,105.34

Prj Nbr	Itm Nbr	Catg	Item Code	Unit	Unit Price	Bid Qty	Prev. Apprvd Qty	Curr CO Qty	New Revised Qty	Amount of Change

PCT Change: 100.00 %

Explanations: This line item is established to compensate the contractor for equipment rented and currently on the job site, but due to ongoing utility delays, the contractor has not been able to utilize said equipment. To avoid additional costs to the contractor for removal and return of the equipment, the Department has agreed that the daily rental rate should be paid since this delay was not the fault of the contractor.

Prj Nbr	Itm Nbr	Catg	Item Code	Unit	Unit Price	Bid Qty	Prev. Apprvd Qty	Curr CO Qty	New Revised Qty	Amount of Change
31548(04)	8017	0301	857(A) 8839	LF	$0.36	0.00	0.00	19,988.00	19,988.00	

Item Description: CONSTRUCTION TRAFF.STR.(PAINT)(4" WIDE)
Supplemental Description 1: Change in Price
Supplemental Description 2:

This Change:	$7,195.68
Prev Revised:	$0.00
New Revised:	$7,195.68
Bid Contract:	$0.00
Net Change:	$7,195.68
PCT Change:	100.00 %

Explanations: This line item is established due to the fact that the plans did not give enough quantity for the temporary traffic stripe needed for this project. The Department has asked the contractor for a reduced price since the amount of temporary traffic stripe greatly exceeds plan quantities given.

Prj Nbr	Itm Nbr	Catg	Item Code	Unit	Unit Price	Bid Qty	Prev. Apprvd Qty	Curr CO Qty	New Revised Qty	Amount of Change
31548(04)	8018	0901	642(B) 0096	LSUM	$5,618.37	0.00	0.00	1.00	1.00	

Item Description: CONSTRUCTION STAKING LEVEL II
Supplemental Description 1: Additional Staking Required for utility locations
Supplemental Description 2:

This Change:	$5,618.37
Prev Revised:	$0.00
New Revised:	$5,618.37
Bid Contract:	$0.00
Net Change:	$5,618.37
PCT Change:	100.00 %

Explanations: This item was created as a non participating item to compensate the contractor for the additional staking needed once all utilities had been discovered.

Prj Nbr	Itm Nbr	Catg	Item Code	Unit	Unit Price	Bid Qty	Prev. Apprvd Qty	Curr CO Qty	New Revised Qty	Amount of Change
31548(04)	8019	0100	611(G) 5125	EA	$14,008.08	0.00	0.00	1.00	1.00	

Item Description: INLET CI DES. 3 (2D)
Supplemental Description 1: Modification of Str J2
Supplemental Description 2:

This Change:	$14,008.08
Prev Revised:	$0.00
New Revised:	$14,008.08
Bid Contract:	$0.00
Net Change:	$14,008.08
PCT Change:	100.00 %

Explanations: This item compensates the contractor for the modifications needed on several structures that will need changes from design to meet field conditions.

TOTAL VALUE FOR CHANGE ORDER 001 : $83,609.47

Contract Time Adjustments

No contract time adjustments are associated with this change order.

Contract ID	190156	Primary County	OKLAHOMA	Primary PCN	31548(04)
Change Order Nbr	001	**Project**	STP-255B(461)AG		

Prime Contractor's Section

As the duly authorized representative of SCHWARZ PAVING CO., INC., contractor for the above referenced project, I affirm that I have reviewed the above and foregoing prices, quantities and days for the changed or additional work, and I agree that the quantities and prices as are herein listed and the extension of time to perform the change or additional work as shown above will adequately compensate the contractor for the changed or additional work. I understand that the quantities as listed above are estimated and may be subject to revision upon audit of the project. I further understand that the change order/supplemental agreement fully compensates the contractor for the changed or additional work and is in lieu of cost accounting for the work actually performed or submission of a claim as provided by the standard specifications for highway construction and special provisions to the contract.

SCHWARZ PAVING COMPANY, INC. CORPORATE SEAL OKLAHOMA

Signature	Brian Schwarz Name(Printed)	Corporate Secretary Company Title

Subscribed and sworn before me this 7 day of April year of 2020

My commission expires June 16, 2022

Jean Collins — Notary Public

02008392 — Commission Number

NOTARY SEAL PUBLIC JEAN COLLINS Notary Public State of Oklahoma Commission # 02008392 Expires 06/16/22

Oklahoma Department of Transportation Section

The prices for the additional items have been compared with other contract prices and are a fair amount for the work involved. Respectfully requested by:

	Department Personnel	Approval Date
Residency Administration(R)	Harlin, Christopher	
Field Division Administration(R)	January, Trenton	
Construction Administration(R)	Leonard, John B.	
Central Office Administration(R)	Saliba, Darren A.	

P.E. Seal

LICENSED PROFESSIONAL ENGINEER CHRISTOPHER M. HARLIN 25187 OKLAHOMA

Signature 5/8/2020

Contract ID	190156	Primary County	OKLAHOMA	Primary PCN	31548(04)
Change Order Nbr	001	**Project**	STP-255B(461)AG		

Local Government Section

I acknowledge the work indicated on this Change Order. I understand the final costs of this work will be reflected in the final cost apportionment.

______________________________	______________________________
City/County Official	*Date Acknowledged*

CITY of MIDWEST CITY
COMMUNITY DEVELOPMENT DEPARTMENT
ENGINEERING DIVISION

Billy Harless, Community Development Director
Brandon Bundy, P.E., City Engineer

ENGINEERING DIVISION
Brandon Bundy, P.E., City Engineer
CURRENT PLANNING DIVISION
Kelly Gilles, Manager
COMPREHENSIVE PLANNER
Petya Stefanoff, Comprehensive Planner
BUILDING INSPECTION DIVISION
Christine Brakefield, Building Official
GIS DIVISION
Greg Hakman, GIS Coordinator

TO : Honorable Mayor and Council

FROM : Brandon Bundy, P.E., City Engineer

DATE : May 26th, 2020

SUBJECT : Discussion and consideration of change order #2 amending the funding agreement for Federal-Aid Project Number STPG-255F(483)AG, State Job Number 33344(04), with the Oklahoma Department of Transportation for a project upgrading many signals, in the amount of $8,260.

The attached change order is for the signal upgrade project currently under construction. This change order is a culmination of various field changes.

This project is an upgrade of five signals and one new pedestrian crossing. The project is 100% funded by Federal funds which will be accounted for in the final project budget.

Fund balances are determined at closure of project.

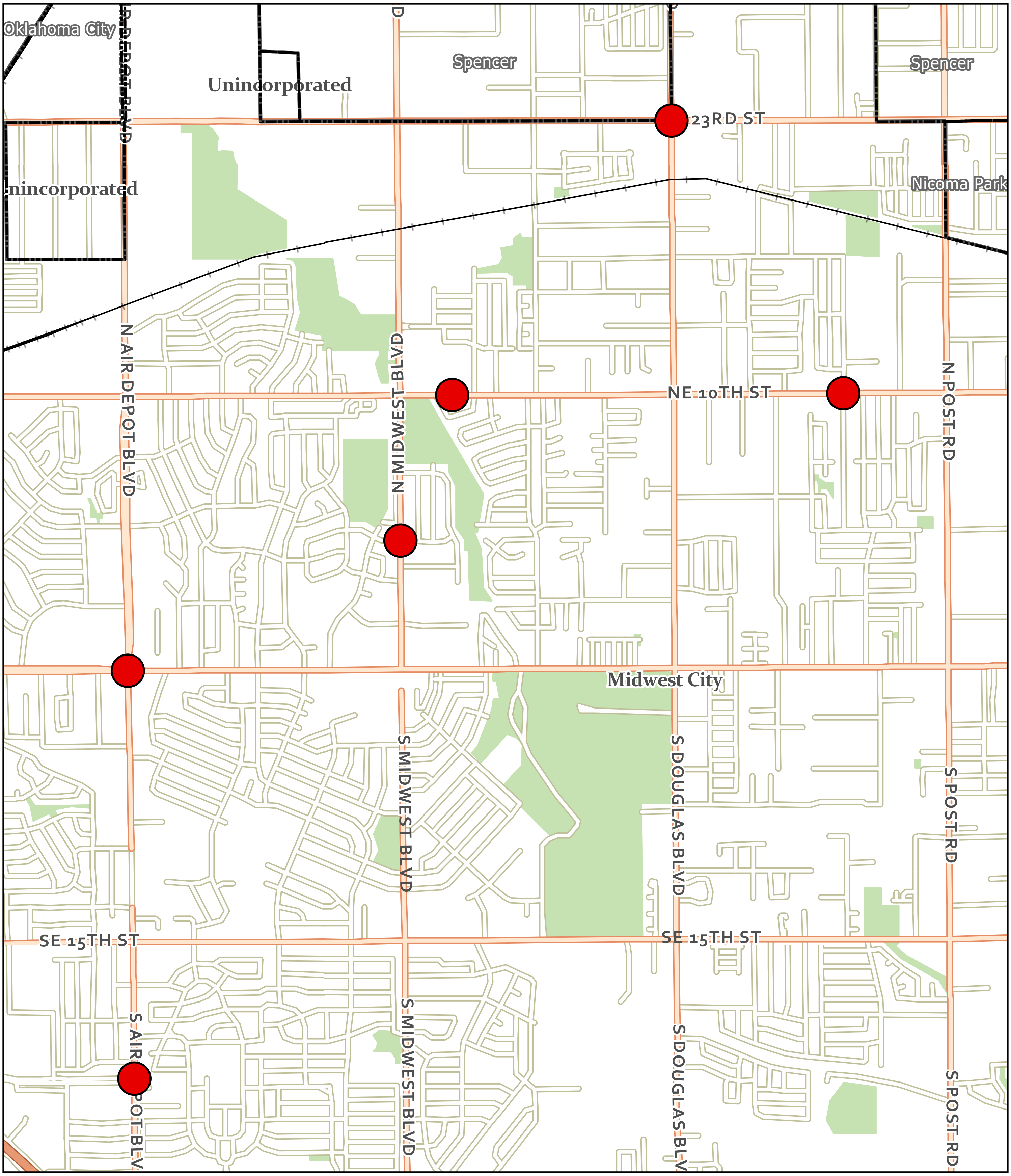
Staff recommends acceptance as this is consistent with past policy.

Brandon Bundy, P.E.,
City Engineer

Attachment

Signal Pedestrian Improvements

MIDWEST CITY
Where the Spirit Flies High



N

1 in = 2,500 ft

when printed actual size on 8.5"x11" paper

DISCLAIMER

Oklahoma Department of Transportation
Change Order

Contract ID	190325	Primary County	OKLAHOMA	Primary PCN	33344(04)
Change Order Nbr	002	Project	STPG-255F(483)AG		

Contract Description	TRAFFIC SIGNALS CITY STREETS: AT MULTIPLE LOCATIONS IN THE CITY OF MIDWEST CITY. PROJECT LENGTH = 0.00 MILE		
Change Order Type	SUPPLEMENTAL AGREEMENT		
Zero Dollar Change Order	NO	Status	Draft

General Change Order Description(s): This change order adds additional pay items that were omitted from the plans but these items are required based on the work to be done per plan.

Prj Nbr	Itm Nbr	Catg	Item Code	Unit	Unit Price	Bid Qty	Prev. Apprvd Qty	Curr CO Qty	New Revised Qty	Amount of Change
33344(04)	8000	0100	619(B) 4727	SY	$15.00	0.00	0.00	14.00	14.00	

Item Description: REMOVAL OF CONCRETE PAVEMENT
Supplemental Description 1: Removal of Concrete Pavement
Supplemental Description 2:

This Change:	$210.00
Prev Revised:	$0.00
New Revised:	$210.00
Bid Contract:	$0.00
Net Change:	$210.00
PCT Change:	100.00 %

Explanations: This item is being added for the removal of concrete in order to install a curbed section.

Prj Nbr	Itm Nbr	Catg	Item Code	Unit	Unit Price	Bid Qty	Prev. Apprvd Qty	Curr CO Qty	New Revised Qty
33344(04)	8001	0100	619(B) 4728	SY	$15.00	0.00	0.00	10.00	10.00

Item Description: REMOVAL OF ASPHALT PAVEMENT
Supplemental Description 1: Removal of Asphalt Pavement
Supplemental Description 2:

This Change:	$150.00
Prev Revised:	$0.00
New Revised:	$150.00
Bid Contract:	$0.00
Net Change:	$150.00
PCT Change:	100.00 %

Explanations: This item is being added for the removal of asphalt in order to install a curbed median.

Prj Nbr	Itm Nbr	Catg	Item Code	Unit	Unit Price	Bid Qty	Prev. Apprvd Qty	Curr CO Qty	New Revised Qty
33344(04)	8002	0100	610(B) 5016	SY	$80.00	0.00	0.00	14.00	14.00

Item Description: 8" CONCRETE DRIVEWAY
Supplemental Description 1: 8" Concrete Driveway
Supplemental Description 2:

This Change:	$1,120.00
Prev Revised:	$0.00
New Revised:	$1,120.00
Bid Contract:	$0.00
Net Change:	$1,120.00
PCT Change:	100.00 %

Explanations: This item is being added to compensate the contractor for concrete to be placed in the median opening.

Prj Nbr	Itm Nbr	Catg	Item Code	Unit	Unit Price	Bid Qty	Prev. Apprvd Qty	Curr CO Qty	New Revised Qty
33344(04)	8003	0100	619(B) 4725	LF	$20.00	0.00	0.00	183.00	183.00

Item Description: REMOVAL OF FENCE
Supplemental Description 1: Removal of Fence
Supplemental Description 2:

This Change:	$3,660.00
Prev Revised:	$0.00
New Revised:	$3,660.00
Bid Contract:	$0.00
Net Change:	$3,660.00
PCT Change:	100.00 %

Explanations: This item is being added to compensate the contractor for removal of fence that interferes with the sidewalk and ramps.

Prj Nbr	Itm Nbr	Catg	Item Code	Unit	Unit Price	Bid Qty	Prev. Apprvd Qty	Curr CO Qty	New Revised Qty
33344(04)	8004	0100	624(A) 4281	LF	$20.00	0.00	0.00	156.00	156.00

Item Description: FENCE-STYLE WWF
Supplemental Description 1: Woven Wire Fence
Supplemental Description 2:

This Change:	$3,120.00
Prev Revised:	$0.00
New Revised:	$3,120.00
Bid Contract:	$0.00
Net Change:	$3,120.00
PCT Change:	100.00 %

Explanations: This item is being added to replace the fence that needed to be relocated because of the ramps and sidewalk.

Prj Nbr	Itm Nbr	Catg	Item Code	Unit	Unit Price	Bid Qty	Prev. Apprvd Qty	Curr CO Qty	New Revised Qty	Amount of Change

TOTAL VALUE FOR CHANGE ORDER 002 : $8,260.00

Contract Time Adjustments

No contract time adjustments are associated with this change order.

Contract ID	190325	Primary County	OKLAHOMA	Primary PCN	33344(04)
Change Order Nbr	002	Project	STPG-255F(483)AG		

Prime Contractor's Section

As the duly authorized representative of MIDSTATE TRAFFIC CONTROL, INC., contractor for the above referenced project, I affirm that I have reviewed the above and foregoing prices, quantities and days for the changed or additional work, and I agree that the quantities and prices as are herein listed and the extension of time to perform the change or additional work as shown above will adequately compensate the contractor for the changed or additional work. I understand that the quantities as listed above are estimated and may be subject to revision upon audit of the project. I further understand that the change order/supplemental agreement fully compensates the contractor for the changed or additional work and is in lieu of cost accounting for the work actually performed or submission of a claim as provided by the standard specifications for highway construction and special provisions to the contract.

______________________	______________________	______________________
Signature	*Name(Printed)*	*Company Title*

Subscribed and sworn before me this _______ day of _______________ year of ___________

My commission expires ________________________________

______________________	______________________
Notary Public	*Commission Number*

Oklahoma Department of Transportation Section

The prices for the additional items have been compared with other contract prices and are a fair amount for the work involved. Respectfully requested by:

P.E. Seal

Department Personnel **Approval Date**

____

Signature

Contract ID	190325	Primary County	OKLAHOMA	Primary PCN	33344(04)
Change Order Nbr	002	Project	STPG-255F(483)AG		

Local Government Section

I acknowledge the work indicated on this Change Order. I understand the final costs of this work will be reflected in the final cost apportionment.

_______________________________ _______________________________

City/County Official *Date Acknowledged*

www.midwestcityok.org

Public Works Administration
R. Paul Streets, Director
pstreets@midwestcityok.org
405-739-1061
Patrick Menefee, Assistant Director
pmenefee@midwestcityok.org
405-739-1062
8730 S.E. 15th Street,
Midwest City, Oklahoma 73110

To: Honorable Mayor and Council

From: Patrick Menefee, P.E., Public Works City Engineer

Date: May 26th, 2020

Subject: Discussion and consideration of renewing for fiscal year 2020-21 PWA Engineering contracts with ACOG, Crafton, Tull & Associates, Guy Engineering, Garver Engineering, Johnson & Associates, G&S Sign Services, and Black & Veatch Corporation.

ACOG in the amount of $1,750.00 for UPWP traffic counts: **Crafton, Tull & Associates** in the amount of $261,800.00 for engineering services for SE 29th from Midwest Boulevard to Douglas reconstruction; **Crafton, Tull & Associates** in the amount of $26,500.00 for FEMA flood study-Soldier Creek and SE 29th; **Guy Engineering** in the amount of $28,820.00 for Reno bridge work, Federal aid project; **Garver Engineering** in the amount of $338,180.00 for construction of water storage and new booster pump station located at Felix Place; **Johnson and Associates** in the amount of $50,060.00 for professional engineering services at S.E. 15th and Hiwassee; **G&S Sign Services** in the amount of $29,977.00 for construction and installation of a message board sign located at Lions Park; **G&S Sign Services** in the amount of $38,876.00 for construction and installation of a message board sign located at the Charles Johnson Building; **Black & Veatch Corporation** in the amount of $62,000.00 for professional engineering services at S.E. 15th and Sooner Rd.

Acceptance is at the discretion of the council.

Patrick Menefee, P.E.,

Public Works City Engineer

Vaughn Sullivan
Assistant City Manager
100 N. Midwest Blvd.
Midwest City, OK 73110
vsullivan@midwestcityok.org
Office: 405-739-1207
www.midwestcityok.org

Memorandum

To: Honorable Mayor and Council

From: Vaughn K. Sullivan, Assistant City Manager

Date: May 26, 2020

Subject: Discussion and consideration of reappointing Aaron Budd to the Midwest City Park and Recreation Board for a three-year term ending on May 27, 2023.

Aaron Budd's term on the Park and Recreation Board has expired and he wishes to continue to serve another term.

Aaron Budd is a ward 2 re-appointment. The current Park and Recreation Board members include: Adrianne Ayers from Ward 1; David Clampitt from Ward 2; Kim Templeman from Ward 3; Taiseka Adams from Ward 5; Casey Hurt from Ward 4 and John Manning from Ward 6.

Action is at the discretion of the Council.

Vaughn K. Sullivan

Vaughn K. Sullivan
Assistant City Manager

MIDWEST CITY
Where the Spirit Flies High
www.midwestcityok.org

Public Works Administration
R. Paul Streets,
Public Works Director
pstreets@midwestcityok.org
405-739-1061
Patrick Menefee,
City Engineer of Public Works
pmenefee@midwestcityok.org
405-739-1062
8730 S.E. 15th Street,
Midwest City, Oklahoma 73110

To: Honorable Mayor and Council

From: R. Paul Streets, Public Works Director

Date: 26 May 2020

Subject: Discussion and consideration of nominating Casey Hurt, a qualified elector residing in Oklahoma County, to represent the City of Midwest City on the Board of Directors of the Central Oklahoma Master Conservancy District (COMCD) for a four-year term and submitting his name to the Cleveland County district judge, who will appoint them to membership on the Board of Directors of the COMCD.

On 9 July 2020 the current term expires for Mr. Casey Hurt, a Midwest City representative who serves on the Central Oklahoma Master Conservancy District Board of Directors. He has graciously agreed to serve another four-year term, or until his employer requires him to move, and I am recommending his nomination to the Board of Directors for the Central Oklahoma Master Conservancy District. If the City Council approves the nominee, the recommendation will be sent to the Cleveland County District Judge for final approval.

Action is at the discretion of the Council.

R. Paul Streets

R. Paul Streets
Public Works Director

Vaughn Sullivan
Assistant City Manager
100 N. Midwest Blvd.
Midwest City, OK 73110
vsullivan@midwestcityok.org
Office: 405-739-1207
www.midwestcityok.org

Memorandum

To: Honorable Mayor and Council

From: Vaughn K. Sullivan, Assistant City Manager

Date: May 26, 2020

Subject: Discussion and consideration of reappointing David Clampitt to the Midwest City Park and Recreation Board for a three-year term ending on May 27, 2023.

David Clampitt's term on the Park and Recreation Board has expired and he wishes to continue to serve another term.

David Clampitt is a ward 2 re-appointment. The current Park and Recreation Board members include: Adrianne Ayers from Ward 1; Aaron Budd from Ward 2; Kim Templeman from Ward 3; Taiseka Adams from Ward 5; Casey Hurt from Ward 4 and John Manning from Ward 6.

Action is at the discretion of the Council.

Vaughn K. Sullivan

Vaughn K. Sullivan
Assistant City Manager

MIDWEST CITY
Where the Spirit Flies High
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Public Works Administration
R. Paul Streets,
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Patrick Menefee,
City Engineer of Public Works
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405-739-1062
8730 S.E. 15th Street,
Midwest City, Oklahoma 73110

To: Honorable Mayor and Council

From: R. Paul Streets, Public Works Director

Date: May 26, 2020

Subject: Discussion and consideration of reappointing Mrs. Suzi Byrne for a three-year term to the Midwest City Tree Board.

On 14 April 2020 the current appointment to the Midwest City Tree Board for Mrs. Suzi Byrne expired. She has graciously agreed to serve another three-year term and as such, I am recommending her reappointment to the Midwest City Tree Board.

Action is at the discretion of the Council.

R. Paul Streets

R. Paul Streets
Public Works Director

Information Technology
100 N. Midwest Boulevard
Midwest City, OK 73110
Office 405.739.1374
Fax 405.869.8602

MEMORANDUM

TO: Honorable Mayor and City Council

FROM: Ryan Rushing, Information Technology Director

DATE: May 26, 2020

SUBJECT: Discussion and consideration of 1) declaring various computer equipment obsolete items of city property on the attached list surplus; and 2) authorizing their disposal by public auction, sealed bid or other means as necessary.

The following computer equipment and peripheral devices are obsolete, defective or have been replaced.

Ryan Rushing, Information Technology Director

Information Technology
100 N. Midwest Boulevard
Midwest City, OK 73110
Office 405.739.1374
Fax 405.869.8602

		CPU	
INVENT #	*MIS#*	*MANUFACTOR*	*SERIAL NUMBERS*
599		Panasonic CF-30	8EKYA34322
661		Dell Latitude E6410	91WHTM1
713		Dell Optiplex 780	HYSDFQ1
786		Dell Optiplex 390	4P4Q5V1
913		Dell Optiplex 3010	8Y5FFX1
1003		Dell Optiplex 3020	9X75W12
1004		Dell Optiplex 3020	676GW12
1014		Dell Optiplex 3020	HV2TW12
1030		Dell Optiplex 3020	1T4HC42
1048		Dell Optiplex 3020	4KX2D42
565		Optiplex 360	GJZMLJ1
990		Optiplex 3020	CHW0L02
923		Dell Optiplex 3010	B8CR6Y1
837		General Dynamics GD6000	ZZSJC1271ZZ0086
877		General Dynamics GD6000	ZZSJC0326ZZ0026
829		General Dynamics GD6000	ZZSJC1238ZZ0017
811		General Dynamics GD6000	ZZSJC1209ZZ0014
815		General Dynamics GD6000	ZZSJC1209ZZ0020
857		General Dynamics GD6000	ZZSJC1273ZZ0012
1065		Dell Latitude 3440	3P783Z1
681		Dell Latitude E6510	32N30P1
736		Dell Inspiron N5110	4PG2PP1
737		Dell Inspiron N5110	JK2PNP1
N/A		Dell Latitude E6410	C9CZZN1
N/A		Toshiba Satellite A105	361563356Q
		MISCELLANEOUS	
Quantity	**MIS #**	**Hardware Type**	**Serial Number**
8		UPS	
10		Dell Monitors	
	1047	iPad	DMPL28auf18p
	1030	iPad	dmrk3w9sf182
	1021	iPad	dmphj18sdnqr
4		APC UPS batter packs	
	961	iPad1	HW106C99A90
	962	iPad1	HW106C89A90
	988	iPad1	GB042SAGA90

NEW BUSINESS/
PUBLIC DISCUSSION

MIDWEST CITY
Where the Spirit Flies High

FURTHER INFORMATION

Notice of regular Midwest City Planning Commission meetings in 2020 was filed for the calendar year with the Midwest City Clerk prior to December 15, 2019 and copies of the agenda for this meeting were posted at City Hall at least 24 hours in advance of the meeting.

Notice of this Special Meeting was filed with the City Clerk on April 30, 2020

MINUTES OF SPECIAL MIDWEST CITY PLANNING COMMISSION MEETING

May 5, 2020 - 7:00 p.m.

This special meeting of the Midwest City Planning Commission was held in the Council Chambers, 100 North Midwest Boulevard, Midwest City, Oklahoma County, Oklahoma, and virtually on Zoom on May 5, 2020 at 7:00 p.m., with the following members present:

Commissioners present in person: Russell Smith
Jim Campbell
Jess Huskey
Jim Smith

Commissioners present via Zoom: Stan Greil
Dean Hinton
Dee Collins

Staff present: Billy Harless, Community Development Director
Kellie Gilles, Current Planning Manager
Brandon Bundy, City Engineer
Sarah Steward, Associate Current Planner

The meeting was called to order by Vice-Chairman R. Smith at 7:00 p.m.

A. CALL TO ORDER –

B. MINUTES

1. Motion was made by Huskey, seconded by Collins, to approve the minutes of the March 3, 2020 Planning Commission meeting as presented. Voting aye: Collins, Campbell, R. Smith, Huskey, Hinton and Greil. Nay: none. Abstain: J. Smith. Motion carried.

** At 7:02 Vice-Chairman R. Smith noted that Commissioner Campbell stepped down from the Commission*

C. NEW MATTERS:

1. **(PC-2042) Discussion and consideration of approval of the proposed Madison Addition Preliminary Plat, described as a part of the NW/4 of Section 1, T11N, R2W, located at 500 and 600 Davidson Road and 527 and 531 Saint Paul Avenue.**

Staff presented a brief overview of this item. The applicant, Jim Campbell of 9228 Cassidy Ct. was present. Brenda Lay/Kristi addressed the Commission via Zoom. There was general discussion about the item. A motion was made by Huskey, seconded by J. Smith, to recommend approval of this item subject to staff comments. Voting aye: Collins, R. Smith, Greil, Hinton, Huskey and J. Smith. Voting nay: none. Motion carried.

Following the vote, Tish Capra addressed the Commission via Zoom.

D. COMMISSION DISCUSSION: None.

E. PUBLIC DISCUSSION: None.

F. FURTHER INFORMATION: None.

There being no further matters before the Commission, Vice-Chairman R. Smith adjourned the meeting at 7:13 p.m.

____

(KG)

The City of

MIDWEST CITY

COMMUNITY DEVELOPMENT DEPARTMENT

To: Honorable Mayor and Council

From: Billy Harless, Community Development Director

Date: May 26, 2020

Subject: Monthly Residential and Commercial Building report for April 2020

In April of 2020 Community Development did a total of 798 inspections. We have 2 full time inspectors, but since mid Feb, we have had 1 full time inspector and a part time, 3rd party inspector. From April 1st thru April 14th the 3rd party inspector only did inspections 3 days a week. On April 15th we were back to 2 full time inspectors. We had 12 new home applications submitted, and 7 businesses apply for Certificate of Occupancies.

Billy Harless, AICP
Community Development Director

BH:ad

Midwest City

	BUILDING REPORT		Apr-2020
12	INDIVIDUAL RESIDENCES	$	2,339,000.00
	DUPLEXES		
	APARTMENTS REMODEL/NEW		
	CONDOMINIUMS/TOWNHOUSE/APARTMENTS **(STUDENT HOUSING)**		
	PRIVATE GARAGES		
1	RESIDENTIAL REPAIR & EXPANSION	$	40,000.00
10	FENCES	$	18,030.00
2	SWIMMING POOLS/HOT TUBS	$	48,000.00
5	CARPORTS	$	20,325.00
	PATIO COVER		
	PERSONAL STORAGE UNIT		
5	ACCESSORY BLDG.	$	44,579.00
19	STORM SHELTER	$	67,574.00
1	DEMOLITION	$	14,840.00
23	DRIVE WAY		
	HOUSE RELOCATE (MOVE IN) / HOUSE MOVING (OUT)		
14	RETAINING WALL	$	54,100.00
8	ROOF	$	84,000.00
	TOTAL VALUE OF RESIDENTIAL		**$2,730,448.00**
	INDUSTRIAL AND COMMERCIAL:		
	NEW BUSINESS STRUCTURES		
3	BUSINESS STRUCTURES REPAIRED/ EXPANDED	$	118,000.00
1	ACCESSORY BLDG.	$	1,500.00
	SMALL WIRELESS FACILITIES		
	SIGNS		
	DEMOLITION		
	TENANT FINISH		
	POOLS		
	CANOPY/COVERED PARKING/PATIO COVER		
1	FENCE	$	50,000.00
	TENTS / SEASONAL BUILDINGS / REVOCABLE		
	DRIVE WAY/ PARKING LOT		
	RETAINING WALL		
1	ROOF	$	93,600.00
	TOTAL VALUE OF INDUSTRIAL/ COMMERCIAL BUILDINGS		**$263,100.00**
	PUBLIC AND SEMI PUBLIC		
	NEW SCHOOL STRUCTURES		
	SCHOOL STRUCTURE REPAIR/ EXPANDED		
	SCHOOL STRUCTURE MOVED IN		
	SIGNS		
	NEW CHURCH		
	NEW CHURCHES (REMODEL EXISTING SPACE)		
	ACCESSORY BLDG.		
	HOTEL NEW OR ***REMODEL***		
	CHURCH REPAIR/ EXPANDED		
	NEW HOSPITAL STRUCTURE		
	HOSPITAL STRUCTURE REPAIR / EXPANDED		
	CITY PROPERTY REPAIR		
	CITY PROPERTY NEW		
	DEMOLITIONS		
	DRIVE WAY PARKING LOT		
	ROOF		
	TOTAL VALUE OF PUBLIC AND SEMI-PUBLIC BUILDINGS		**$0.00**
	GRAND TOTAL VALUE OF BUILDING PERMITS ISSUED		**$2,993,548.00**

100 NORTH MIDWEST BLVD- MIDWEST CITY, OKLAHOMA
Community Development
405 739-1210

NEW SINGLE RESIDENTIAL BUILDING PERMITS

Apr-2020

ADDRESS	BUILDER/CONTRACTOR	PERMIT #		VALUE
10309 SE 24TH ST	HOME CREATIONS INC	20	625	$128,500.00
10336 SE 24TH ST	HOME CREATIONS INC	20	653	$160,500.00
116 E JARMAN DR	ODOM CUSTOM HOMES	20	576	$200,000.00
12522 SHADY HOLLOW	LEGACY CONSTRUCTION	20	379	$275,000.00
13200 SAWTOOTH OAK RD	IDEAL HOMES	20	504	$175,000.00
13209 SAWTOOTH OAK RD	IDEAL HOMES	20	501	$195,000.00
13215 SAWTOOTH OAK RD	IDEAL HOMES	20	500	$189,000.00
13244 SAWTOOTH OAK RD	IDEAL HOMES	20	465	$170,000.00
1439 MAPLE DR	MONROE HOMES	20	466	$110,000.00
2404 FOREST GLEN DR	SWM AND SONS	20	646	$350,000.00
2582 SHADY HOLLOW	LEGACY CONSTRUCTION	20	381	$275,000.00
409 E KEY BLVD	ROBERT SMITH	20	610	$111,000.00

NEW DUPLEX RESIDENTIAL BUILDING PERMITS

ADDRESS	BUILDER/CONTRACTOR	PERMIT #	VALUE

DEMOLITION or MOVE

ADDRESS	CONTRACTOR	PERMIT #		VALUE
2608 S POST RD	MIDWEST WRECKING CO	20	487	$14,840.00

REPLACE EXISTING ROOF

ADDRESS	CONTRACTOR	PERMIT #		VALUE
108 MEADOW LN	PARKER BROTHERS (ESCROW)	20	687	$12,000.00
11505 HAMPTON DR	JOHN & SARA STEELE	20	667	$11,000.00
1705 PENNINGTON CIR	STORM SHIELD ROOFING AND RESTO	20	752	$16,000.00
1833 KAYE DR	THE CREW ROOFING	20	707	$5,500.00
2009 GOLDENROD LN	HEINTZELMAN ROOFING(ESCROW)	20	715	$14,000.00
303 E GRUMMAN DR	MURRAY PATRICIA	20	573	$8,000.00
779 GLENHAVEN VILLAS CT	VERNON ROOFING LLC	20	689	$7,500.00
904 N PINE ST	PARKER BROTHERS (ESCROW)	20	631	$10,000.00

BUSINESS CERTIFICATE OF OCCUPANCY/CHANGE OF OWNERSHIP

Apr-2020

ADDRESS	NAME OF BUSINESS	APPLICANT	PERMIT #	
900 S AIR DEPOT BLVD	CUSTOM SOUNDS	Michael Cofield	20	114
10101 E RENO AVE	REMNANT CHURCH	ANTHONY HERRON JR	20	677
10730 SE 15TH ST	OUT REACH KIDS LLC	DAVID & KIM HANIGER	20	713
5820 E RENO AVE	S AND S GLASS CO	TODD SPENCER	20	601
601 N KEY BLVD	SUPER MART	THANG QUOC PHAM	20	693
7495 NE 23RD ST	READY TO WORK	CHARLES MEADOWS	20	655
9903 SE 15TH ST D	CALLEN INSURANCE LLC	LESLIE CALLEN	20	706

INDUSTRIAL & COMMERCIAL BUILDINGS NEW

Apr-2020

ADDRESS	DESCRIPTION	EST. COST	CONTRACTOR OR OWNER	PERMIT #

REPAIR/ REMODEL/ADD ON

ADDRESS	DESCRIPTION	EST. COST	CONTRACTOR OR OWNER	PERMIT #	
10101 SE 29TH ST	swap antennas on cell tower	$55,000.00	CROWN CASTLE	20	544
2740 GLOBAL PARKWAY	OFFICE DOWNSTAIRS, STORAGE UP	$60,000.00	BOB GRACE	20	462
351 N AIR DEPOT BLVD Q	taking down walls, combing Q, R, & S dance studio	$3,000.00	WCC CONTRACTORS LP	20	611

TENANT FINISH OR WHITE BOX

ADDRESS	DESCRIPTION	EST. COST	CONTRACTOR OR OWNER	PERMIT #

DEMOLITION

ADDRESS	VALUE

REPLACE EXISTING ROOF

ADDRESS		VALUE	CONTRACTOR	PERMIT #	
121 S AIR DEPOT BLVD		$93,600.00	YATES ROOFING	20	617

PUBLIC & SEMI PUBLIC BUILDINGS

Apr-2020

NEW

NEW	ADDRESS	DESCRIPTION	CONTRACTOR OR OWNER	EST. COST	PERMIT #

SEMI PUBLI BUILDING

REMODEL/ADD ON

REPAIR/ REMODEL	ADDRESS	DESCRIPTION	CONTRACTOR OR OWNER	EST. COST	PERMIT #

REPLACE EXISTING ROOF

ADDRESS	DESCRIPTION	VALUE	CONTRACTOR	PERMIT #

PLANNING COMMISSION AND BOARD OF ADJUSTMENT

Apr-2020

LOCATION / DESCRIPTION OF APPLICATION	NAME OF APPLICANT OR OWNER	PC# or BA#

STORM WATER QUALITY PERMITS

Apr-2020

DATE	LOCATION / DESCRIPTION	NAME OF CONTRACTOR OR OWNER	PERMIT #
04/09/2020	8485 E RENO AVE	JASON COFER	19-2432

LAND DISTURBANCE PERMIT

DATE	LOCATION / DESCRIPTION	NAME OF CONTRACTOR OR OWNER	PERMIT #
04/28/2020	9070 NE 13TH ST	GEMINI BUILDERS	20-738
04/09/2020	8485 E RENO AVE	JASON COFER	19-2432
04/06/2020	2608 S POST RD	MIDWEST WRECKING CO	20-487

TOTAL RESIDENTIAL PERMITS 2018

MONTH	NO		ESTIMATED COST
JANUARY	7	$	1,477,000.00
FEBRUARY	5	$	652,000.00
MARCH	23		$3,441,025.00
APRIL	26	$	1,909,858.00
MAY	32	$	3,858,300.00
JUNE	30	$	4,186,100.00
JULY	7	$	709,400.00
AUGUST	12	$	1,847,800.00
SEPTEMBER	16	$	2,785,440.00
OCTOBER	8	$	1,018,500.00
NOVEMBER	10	$	1,200,000.00
DECEMBER	19	$	3,328,100.00
TOTAL	**195**	**$**	**26,413,523.00**

14 RESD $1,851,250.00
11- 6 PLEX W/ Common $58,608.00

TOTAL RESIDENTIAL PERMITS 2019

MONTH	NO		ESTIMATED COST
JANUARY	2	$	235,000.00
FEBRUARY	11	$	1,911,500.00
MARCH	16	$	2,472,200.00
APRIL	22	$	3,225,000.00
MAY	12	$	1,678,500.00
JUNE	25	$	3,070,400.00
JULY	13	$	1,838,200.00
AUGUST	12	$	2,189,900.00
SEPTEMBER	7	$	1,236,857.00
OCTOBER	15	$	1,809,000.00
NOVEMBER	4	$	490,500.00
DECEMBER	12	$	1,831,500.00
TOTAL	**151**	**$**	**21,988,557.00**

11 Single Family Homes $1,678,500.00
1 RSC Student Housing $4,247,440.00

TOTAL RESIDENTIAL PERMITS 2020

MONTH	NO		ESTIMATED COST
JANUARY	12	$	1,684,000.00
FEBRUARY	7	$	3,268,500.00
MARCH	15	$	2,158,000.00
APRIL	12	$	2,339,000.00

TOTAL COMMERCIAL PERMIT-2018 NEW/ADD ON/TF

MONTH	NO	ESTIMATED COST	
JANUARY	3	$ 4,210,600.00	
FEBRUARY	3	$ 21,170,300.00	
MARCH	1	$ 35,000.00	
APRIL	2	$ 115,000.00	
MAY	1	$ 475,000.00	
JUNE	0	$ -	
JULY	2	$ 2,500,000.00	
AUGUST	1	$ 1,699,000.00	
SEPTEMBER	6	$ 4,075,000.00	
OCTOBER	0		comm
OCTOBER	5	$ 18,775,000.00	school
NOVEMBER	3	$ 682,500.00	COMM
NOVEMBER		$ 11,615,772.00	SCHOOL
DECEMBER	0		
DECEMBER	0		
TOTAL	**27**	**$ 65,353,172.00**	

TOTAL COMMERCIAL PERMIT-2018 REMODEL/REPAIR

MONTH	NO	ESTIMATED COST	
JANUARY	1	$ 180,000.00	
FEBRUARY	3	$ 230,000.00	
MARCH	7	$ 422,200.00	
APRIL	3	$ 618,391.00	
MAY	2	$ 49,615.00	
JUNE	5	$ 196,500.00	
JULY	5	$ 1,042,452.00	
AUGUST	5	$ 267,000.00	
SEPTEMBER	4	$ 151,200.00	
OCTOBER	6	$ 481,000.00	comm
OCTOBER	2	$ 820,000.00	school
NOVEMBER	4	$ 123,382.00	COMM
NOVEMBER	3	$ 746,455.00	SCHOOL
DECEMBER	2	$ 6,800.00	COMM
DECEMBER	1	$ 40,000.00	SCHOOL
TOTAL	**53**	**$ 5,374,995.00**	

TOTAL COMMERCIAL PERMIT-2019 NEW/ADD ON/TF

MONTH	NO	ESTIMATED COST	
JANUARY	6	$ 2,505,000.00	Comm
JANUARY	1	$ 1,540,000.00	Church
FEBRUARY	2	$ 3,025,000.00	
FEBRUARY	0		
MARCH	4	$ 1,863,500.00	
APRIL	0		
MAY	0		
JUNE	2	$ 115,000.00	
JULY	2	$ 467,000.00	
AUGUST	2	$ 1,540,000.00	add/new
AUGUST	3	$ 20,000.00	3 TF 2 were rptd on shell
SEPTEMBER	1	$ 500,000.00	
OCTOBER	3	$ 635,000.00	
NOVEMBER	0		
DECEMBER	1	$ 2,400,000.00	Animal Services
TOTAL	**27**	**$ 14,610,500.00**	

TOTAL COMMERCIAL PERMIT-2019 REMODEL/REPAIR

MONTH	NO	ESTIMATED COST	
JANUARY	4	$292,000.00	Comm
JANUARY	1	$3,000,000.00	School
FEBRUARY	8	$22,365.00	
FEBRUARY	1	$45,000.00	SCHOOL
MARCH	3	$6,300.00	
APRIL	6	$359,383.00	
MAY	6	$755,500.00	
JUNE	4	$1,025,000.00	
JULY	4	$563,150.00	
AUGUST	2	$163,000.00	
AUGUST	1	$4,700,000.00	School
SEPTEMBER	3	$59,000.00	
OCTOBER	5	$1,049,900.00	
NOVEMBER	3	$16,050.00	
DECEMBER	5	$84,100.00	
	56	**$12,140,748.00**	

TOTAL COMMERCIAL PERMIT-2020 NEW/ADD ON/TF

MONTH	NO	ESTIMATED COST
JANUARY	2	$ 2,425,000.00
FEBRUARY	0	-
MARCH	1	$ 250,000.00
APRIL	0	

TOTAL COMMERCIAL PERMIT-2020 REMODEL/REPAIR

MONTH	NO	ESTIMATED COST
JANUARY	10	$439,000.00
FEBRUARY	6	$2,576,671.00
MARCH	4	$1,111,406.00
APRIL	3	$118,000.00

Apr-2020

BUILDING INSPECTIONS	CURRENT MONTH	YEAR TO DATE
NUMBER OF BUILDING FINAL INSPECTIONS:	42	97
NUMBER OF BUILDING C/O INSPECTIONS RESIDENTIAL:	16	44
NUMBER OF BUILDING C/O INSPECTIONS COMMERCIAL:	10	53
NUMBER OF MISC BUILDING INSPECTIONS:	0	16
NUMBER OF ENGINEERING SITE INSPECTIONS:	9	43
NUMBER OF STORM SHELTER INSPECTIONS:	10	29
NUMBER OF CITATIONS ISSUED:		
NUMBER OF NOTICE AND ORDERS ISSUED:		
NUMBER OF WARNINGS ISSUED:		
NUMBER OF POSTING/PLACARD:	1	4
NUMBER OF PENALTIES:	38	144
TOTAL NUMBER OF INSPECTIONS: all inspectors	798	2,814

The City Of Midwest City
Neighborhood Services Department

Neighborhoods In Action • Code Enforcement • Neighborhood Initiative

MEMO

To: Honorable Mayor and Council

From: Mike S. Stroh, Neighborhood Services Director

Date: May 26, 2020

Subject: Review of the monthly Neighborhood Services report for April 2020.

In April 2020, the Code Enforcement Division had seven officers for the month. City Clerk's Code Officer was included in these numbers. Two Neighborhood Services Code Officers worked in Sanitation and the City Clerk Code Officer worked on a few assignments not related to code due to COVID-19. Together they opened 948 new cases, cleared 775 cases, contracted 11 properties, and wrote 3 new citations. This makes 4,767 cases for the year and we currently have 1,905 open cases.

Here is a breakdown of all the violations worked for the month.

	April 2019	Total 2019	April 2020	Total 2020
Other Nuisance	131	516	40	1,307
Rubbish	100	326	219	513
Structures	125	448	51	1,315
Tall Grass &Weeds	231	260	362	416
Trash & Debris	162	588	251	949
Vehicles	48	225	25	266

This shows a comparison between 2019 and 2020 of the total cases worked by each ward.

	April 2019	Total 2019	April 2020	Total 2020
Ward 1	192	837	264	2,245
Ward 2	120	343	162	336
Ward 3	179	518	127	1,387
Ward 4	72	180	64	138
Ward 5	165	442	244	498
Ward 6	78	214	84	141

For the total in the Tall Grass & Weeds we only count the one notice type.

For the total in the Rubbish we only count the one notice type.

For the total in the Trash & Debris we only count the one notice type.

For the total in the Other Nuisance we count thirty-two notice types;
Alcoholic Beverages, Assistance to Another Officer, Beer License, Coin Amusement Devices, Collection/Donation Boxes-Debris, Collection/Donation Boxes-Maintenance, Collection/Donation Boxes-Registered, Computer Work, Family Amusement License, Garage Sale-Permit Required, Graffiti, Health License, Litter, Misc. Violation, Nuisance Yard, Personal Storage Units (Commercial), Personal Storage Units (Residential), PM-Sewer, PM-Utilities Required-Water, Polycarts, Pool and Billiard Halls, Sight Triangle, Solicitor-Permit Required, Sports Equipment, Temporary Signs, Thank You Cards, Trim Trees, Utilities Required-Sanitation, Zoning-Group Residential, Zoning-Merchandise For Sale, and Zoning-C-3.

For the total in the Structures we count thirteen notice types;
Address Numbers, PM-Accessory Structure, PM-Blighting Influence, PM-Boarded Dwellings, PM-Condemned Structure, PM-Exterior Paint, PM-Garage Doors, PM-General Exterior, PM-Open and Unsecure, PM-Roofs & Drainage, PM-Stairways and Porches, PM-Swimming Pools, Spas & Hot Tubs, PM-Vacant (Dilapidated) Structures, and PM-Windows and Glazing.

For the total in the Vehicle we count four notice types;
Commercial Soft Surface, Inoperative Vehicle, Parking or Storing Commercial Vehicles, and Soft Surface Parking.

Mike S. Stroh

Mike S. Stroh, Neighborhood Services Director

CITY OF MIDWEST MUNICIPAL AUTHORITY AGENDA

City Hall - Midwest City Council Chambers, 100 N. Midwest Boulevard

May 26, 2020 – 6:01 PM

A. CALL TO ORDER.

B. CONSENT AGENDA. These items are placed on the Consent Agenda so that Trustees, by unanimous consent, can approve routine agenda items by one motion. If any item proposed does not meet with approval of all Trustees, or members of the audience wish to discuss an item, it will be removed and heard in regular order.

1. Discussion and consideration of approving the minutes of the April 28, 2020 regular meeting, as submitted. (City Clerk - S. Hancock)

2. Discussion and consideration of supplemental budget adjustments to the following funds for FY 2019-2020, increase: Sewer Construction Fund, expenses/Transfers Out (46) $119,255. Capital Improvements Revenue Bond Fund, revenue/Transfers In (00) $119,255. (Finance - C. Barron)

3. Discussion and consideration of approving and entering into an agreement allowing the Midwest City YMCA to offer swim lesson at the Reno Swim and Slide for the 2020 swim season in exchange for a commission fee paid to the Municipal Authority in the amount of $5.00 per participant per class. (Parks and Recreation - F. Gilles)

4. Discussion and consideration of accepting the report on the current financial condition of the Sheraton Midwest City Hotel at the Reed Center for the period ending April 30, 2020. (City Manager - T. Lyon)

C. NEW BUSINESS/PUBLIC DISCUSSION. The purpose of the "Public Discussion Section" of the Agenda is for members of the public to speak to the Authority on any Subject not scheduled on the Regular Agenda. The Authority shall make no decision or take any action, except to direct the City Manager to take action, or to schedule the matter for discussion at a later date. Pursuant to the Oklahoma Open Meeting Act, the Authority will not engage in any discussion on the matter until that matter has been placed on an agenda for discussion. THOSE ADDRESSING THE AUTHORITY ARE REQUESTED TO STATE THEIR NAME AND ADDRESS PRIOR TO SPEAKING TO THE AUTHORITY.

D. ADJOURNMENT.

MIDWEST CITY

Where the Spirit Flies High

CONSENT AGENDA

Notice for the Midwest Municipal Authority meetings was filed for the calendar year with the City Clerk of Midwest City. Public notice of this agenda was accessible at least 24 hours before this meeting at City Hall and on the Midwest City website (www.midwestcityokorg).

CITY OF MIDWEST MUNICIPAL AUTHORITY MINUTES

April 28, 2020 – 6:01 PM

This meeting was held in Midwest City Council Chambers at City Hall, 100 N. Midwest Boulevard, Midwest City, County of Oklahoma, State of Oklahoma.

Chairman Matt Dukes called the meeting to order at 6:28 PM with the following members present: Trustees Susan Eads, Pat Byrne, Españiola Bowen, Sean Reed, Christine Allen, Rick Favors and Secretary Sara Hancock, City Attorney Heather Poole, and City Manager Tim Lyon.

CONSENT AGENDA. Allen made a motion to approve the consent agenda, as submitted, seconded by Eads. Voting Aye: Byrne, Eads, Bowen, Reed, Allen, Favors and Chairman Dukes. Nay: None. Motion carried.

1. Discussion and consideration of approving the minutes of the March 24, 2020 regular meeting, as submitted.

2. Review of the report on the current financial condition of the Sheraton Midwest City Hotel at the Reed Center for the period ending March 31, 2020.

3. Discussion and consideration of accepting a grant of Permanent Easement to Midwest City Municipal Authority, a public trust, across a certain parcel of land located within the corporate boundaries, of Midwest City, in Lot Eighteen (18) of Block Seven (7) of Country Estates Fourth Addition, a subdivision of the Southeast Quarter of Section 3, Township 11 North, Range 2 West, Oklahoma County, Oklahoma, beginning at the southeast corner of said Lot Eighteen (18); thence westerly along the south line of said Lot Eighteen (18) a distance of 15 feet; thence northeasterly to a point on the east line of said lot 18 that is 15 feet north of the southeast corner of said Lot Eighteen 18); thence south on the east line of said Lot Eighteen (18) to the point or place of beginning.

4. Discussion and consideration of accepting a grant of Permanent Easement from The City of Midwest City, a municipal corporation, across a certain parcel of land located within the corporate boundaries of Midwest City in the (SW/4) Southwest Quarter of Section Thirty Five (35), Township Eleven (12) North, Range Two (2) West of the Indian Meridian, Oklahoma County, Oklahoma.

NEW BUSINESS/PUBLIC DISCUSSION. There was no new business or public discussion.

ADJOURNMENT.

There being no further business, Chairman Dukes adjourned the meeting at 6:29 pm.

ATTEST:

Matthew D Dukes II, Chairman

Sara Hancock, Secretary

MIDWEST CITY
Where the Spirit Flies High

Finance Department
100 N. Midwest Boulevard
Midwest City, OK 73110
cbarron@midwestcity.org
Office: 405-739-1245
www.midwestcityok.org

TO: Honorable Mayor and City Council

FROM: Christy Barron, City Treasurer/Finance Director

DATE: May 26, 2020

SUBJECT: Discussion and consideration of supplemental budget adjustments to the following funds for FY 2019-2020, increase: Sewer Construction Fund, expenses/Transfers Out (46) $119,255. Capital Improvements Revenue Bond Fund, revenue/Transfers In (00) $119,255.

The first and second supplements are needed to increase the transfer from the Sewer Construction Fund to the Capital Improvement Revenue Bond Fund due to FY 19-20 sales tax collections falling below projections. The bond payments for the sewer plant are partially funded by sales tax revenue dedicated to the sewer plant and from the Sewer Construction Fund. Since sales taxes are coming in below budget projections, the portion of bond payments that will have to be paid from the Sewer Construction Fund needs to increase to make up the difference.

Christy Barron
Finance Director

SUPPLEMENTS

May 26, 2020

Fund SEWER CONSTRUCTION (186)		BUDGET AMENDMENT FORM Fiscal Year 2019-2020			
		Estimated Revenue		Budget Appropriations	
Dept Number	**Department Name**	**Increase**	**Decrease**	**Increase**	**Decrease**
46	Transfers Out			119,255	
		0	0	119,255	0

Explanation:
Increase budget for transfer to Capital Improvements Revenue Bond Fund due to sales tax collections falling below projections. Funding to come from fund balance.

Fund CAPITAL IMPROVEMENT REVENUE BOND (250)		BUDGET AMENDMENT FORM Fiscal Year 2019-2020			
		Estimated Revenue		Budget Appropriations	
Dept Number	**Department Name**	**Increase**	**Decrease**	**Increase**	**Decrease**
00	Transfer In	119,255			
		119,255	0	0	0

Explanation:
Increase budget for transfer in from Sewer Construction Fund due to sales tax collections falling below projections.

Vaughn Sullivan
Assistant City Manager
100 N. Midwest Blvd.
Midwest City, OK 73110
vsullivan@midwestcityok.org
Office: 405-739-1207
www.midwestcityok.org

Memorandum

To: Honorable Chairman and Trustees
Midwest City Municipal Authority

From: Vaughn K. Sullivan, Assistant City Manager

Date: May 26, 2020

Subject: Discussion and consideration of approving and entering into an agreement allowing the Midwest City YMCA to offer swim lessons at the Reno Swim and Slide for the 2020 swim season in exchange for a commission fee paid to the Municipal Authority in the amount of $5.00 per participant per class.

This contract with Midwest City YMCA provides for full service swim lesson instruction at Reno Swim and Slide from June 15, 2020 until August 6, 2020 summer season. This will be the eighth year Midwest City YMCA has provided swim lessons for Midwest City patrons at Reno Swim and Slide. Last year the YMCA paid $480.00 to the City with a total of 96 participants. Participants gave city staff positive feedback about the instruction provided by the YMCA staff.

In addition, city staff has developed a very positive working relationship with Midwest City YMCA and recommends approval of this agreement.

Vaughn K. Sullivan

Vaughn K. Sullivan
Assistant City Manager

Attachment: Agreement with attachments

Contract

CONTRACT BETWEEN THE MIDWEST CITY MUNICIPAL AUTHORITY, A PUBLIC TRUST, AND THE YMCA OF GREATER OKLAHOMA CITY THROUGH ITS MIDWEST CITY BRANCH (YMCA) TO CONDUCT SWIM LESSONS AND WATER SAFETY CLASSES AT RENO SWIM AND SLIDE MUNICIPAL SWIMMING POOL FOR THE 2020 SEASON.

1. The YMCA will hire certified lifeguards and swim instructors to properly manage the Reno Swim and Slide swim lessons for the summer of 2020. All lifeguards and swim instructors will be YMCA certified or equivalent.

2. Inclusive dates shall be from June 15, 2020 through August 6, 2020. Pool will be operational prior to this date to ensure adequate training times.

3. The YMCA will be granted exclusive morning use of the pool from 8:45am-11:00am for swim lessons and water safety Monday through Friday. The pool opens at 11am for the general public at which time the Municipal Authority will assume responsibility for the pool.

4. The Municipal Authority will be responsible for:
   a. Pool supplies, chemicals, and pool equipment needed to operate the pool during the summer for public use.

   b. Pool repairs.

   c. Ensuring all bathrooms are up to Oklahoma Department of Health Regulations Chapter 315 "Public Bathing Place Facility Standards" and Chapter 320 "Public Bathing Place Regulations."

5. The YMCA will be responsible for:
   a. Testing of chemicals prior to start of lessons to ensure they are within Oklahoma Bather Guidelines.

   b. Advising the Municipal Authority in a timely manner if at any time the pool water does not meet Health Department standards or weather conditions require that the pool be (or is being) cleared.

   c. Purchasing the necessary equipment for lifeguards and swim instructors.

6. The YMCA has insurance coverage under its policy for liability coverage, in the event such protection becomes necessary during the YMCA's operation of the pool during the 2020 season.

7. All revenues generated for swim lessons, private lessons, and other revenue producing programs will be credited to the YMCA to cover operational expenses including but not limited to staff wages, staff training, and supplies.
   a. Registration for swim lessons and payments will take place at the Midwest City YMCA, located at 2817 N. Woodcrest Dr., Midwest City, OK 73110. Online registration is available for YMCA members.

b. YMCA will pay the Municipal Authority a fee of $5.00 per person/per session for each person who is enrolled in swim lessons at the Reno Swim and Slide during the 2020 season as payment for rental of the pool. This onetime payment will be paid no later than August 31, 2020.

8. Should it be necessary for either the YMCA or the Municipal Authority to terminate this agreement, a minimum of two weeks' notice shall be given in writing by either party.

9. The Municipal Authority will provide a secure place to store swim lesson and lifeguard equipment. This equipment shall only be used by YMCA staff.

10. Final contract approval between the Municipal Authority and the YMCA shall be subject to approval by the Municipal Authority and the YMCA of Greater Oklahoma City.

In witness thereof, the parties hereto have caused this agreement to be executed this ______day of ______________, 2020.

MIDWEST CITY MUNICIPAL AUTHORITY

____
Matthew D. Dukes II, Chairman

YMCA of Greater Oklahoma City

____
David Warde, Vice President of Finance and CFO

APRROVED AS TO FORM AND LEGALITY THIS____DAY OF __________, 2020.

____
Heather Poole, City Attorney

ATTESTED:

____
Sara Hancock, Secretary

THE CITY OF

MIDWEST CITY

MEMORANDUM

TO: Honorable Chairman and Trustees
Midwest City Municipal Authority

FROM: Tim Lyon, City Manager

DATE: May 26, 2020

RE: Discussion and consideration of accepting the report on the current financial condition of the Sheraton Midwest City Hotel at the Reed Center for the period ending April 30, 2020.

This item is on the agenda at the request of the Authority. Attached to this memorandum is information concerning the status of the Sheraton Midwest City Hotel at the Reed Center.

Any time you have a question concerning the conference center and hotel, please feel free to contact me at 739-1201.

Tim L. Lyon

Tim Lyon
City Manager

Attachment (1)

SHERATON MIDWEST CITY HOTEL AT THE REED CENTER

Fiscal Year 2019-2020	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	**Apr-20**	May-20	Jun-20
Revenue												
Budgeted (MTD)	372,710	481,117	410,780	576,778	455,277	300,346	214,831	385,403	579,251	**504,981**		
Actual (MTD)	299,162	477,929	466,117	476,300	456,684	291,649	223,347	367,534	351,603	**23,119**		
Budgeted (YTD)	372,710	853,827	1,264,677	1,841,348	2,296,625	2,596,971	2,811,802	3,197,205	3,776,456	**4,281,437**		
Actual (YTD)	299,162	777,091	1,243,207	1,719,507	2,176,191	2,467,840	2,691,187	3,058,721	3,410,324	**3,433,443**		
Expenses												
Budgeted (MTD)	389,068	464,352	422,790	486,888	449,400	360,787	341,646	383,600	513,820	**454,826**		
Actual (MTD)	386,683	443,824	431,992	432,531	395,742	366,076	320,630	361,002	320,485	**112,894**		
Budgeted (YTD)	389,068	853,420	1,276,210	1,786,169	2,235,569	2,596,356	2,938,002	3,321,602	3,835,422	**4,290,248**		
Actual (YTD)	386,683	830,507	1,262,499	1,714,217	2,109,959	2,476,035	2,796,665	3,157,667	3,478,152	**3,591,046**		
Revenue vs. Expenses												
Budgeted (MTD)	(16,358)	16,765	(12,040)	66,812	5,877	(60,441)	(126,815)	1,803	65,431	**50,155**		
Actual (MTD)	(87,521)	34,105	34,125	24,582	60,941	(74,426)	(97,283)	6,532	31,118	**(89,775)**		
Budgeted (YTD)	(16,358)	407	(11,633)	55,179	61,056	615	(126,200)	(124,397)	(58,966)	**(8,811)**		
Actual (YTD)	(87,521)	(53,416)	(19,291)	5,290	66,232	(8,195)	(105,478)	(98,946)	(67,828)	**(157,603)**		
Key Indicators												
Hotel Room Revenue	220,117	251,110	234,069	235,244	191,171	108,521	117,276	179,956	136,135	**21,119**		
Food and Banquet Revenue	57,751	195,299	177,193	215,380	193,721	149,224	89,947	186,720	178,146	**-**		

Fiscal Year 2018-2019	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Revenue												
Budgeted (MTD)	341,442	447,668	431,838	532,961	405,584	317,691	266,291	392,463	591,214	522,635	569,632	461,272
Actual (MTD)	384,934	454,587	328,389	590,459	430,083	315,262	168,164	388,910	591,844	437,652	510,688	480,742
Budgeted (YTD)	341,442	789,110	1,220,948	1,753,909	2,159,493	2,477,184	2,743,475	3,135,938	3,727,152	4,249,787	4,819,419	5,270,691
Actual (YTD)	384,934	839,521	1,167,910	1,758,369	2,188,452	2,503,714	2,671,879	3,060,789	3,652,633	4,090,284	4,600,972	5,081,714
Expenses												
Budgeted (MTD)	418,478	449,923	421,755	478,040	410,232	400,674	351,565	381,945	501,702	469,862	497,663	426,201
Actual (MTD)	418,401	431,481	383,381	506,459	399,967	346,444	317,815	355,961	474,876	412,524	423,702	463,262
Budgeted (YTD)	418,478	863,401	1,285,156	1,763,196	2,173,428	2,574,102	2,925,667	3,307,612	3,809,314	4,279,176	4,776,839	5,203,040
Actual (YTD)	418,401	849,882	1,233,263	1,739,721	2,139,688	2,486,132	2,803,947	3,159,907	3,634,783	4,047,307	4,471,009	4,934,271
Revenue vs. Expenses												
Budgeted (MTD)	(77,036)	2,745	10,083	54,921	(4,648)	(82,983)	(85,274)	10,518	89,512	52,773	71,969	26,071
Actual (MTD)	(33,467)	23,106	(54,992)	84,000	30,117	(31,182)	(149,650)	32,950	116,968	25,127	86,986	17,480
Budgeted (YTD)	(77,036)	(74,291)	(64,208)	(9,287)	(13,935)	(96,918)	(182,192)	(171,674)	(82,162)	(29,389)	42,580	67,651
Actual (YTD)	(33,467)	(10,361)	(65,353)	18,648	48,764	17,582	(132,068)	(99,118)	17,850	42,977	129,963	147,443

5/15/2020

MIDWEST CITY
Where the Spirit Flies High

NEW BUSINESS/
PUBLIC DISCUSSION

CITY OF MIDWEST MEMORIAL HOSPITAL AUTHORITY AGENDA
City Hall - Midwest City Council Chambers, 100 N. Midwest Boulevard

May 26, 2020 – 6:02 PM

A. CALL TO ORDER.

B. CONSENT AGENDA. These items are placed on the Consent Agenda so that Trustees, by unanimous consent, can approve routine agenda items by one motion. If any item proposed does not meet with approval of all Trustees, or members of the audience wish to discuss an item, it will be removed and heard in regular order.

1. Discussion and consideration of the minutes of the May 12, 2020 regular meeting, as submitted. (City Clerk - S. Hancock)

2. Discussion and consideration of supplemental budget adjustments to the following fund for FY 2019-2020, increase: MWC Hospital Authority, expenses/Hospital Authority (90) $10,993. (Finance – C. Barron)

3. Discussion and consideration of accepting the management representation letter to Grant Thornton LLP and accepting the draft of the final report of the Financial Statements of Sooner Town Center II, LLC for calendar years ending December 31, 2019 and December 31, 2018. (Finance - C. Barron)

C. DISCUSSION ITEM.

1. Discussion and consideration of action to reallocate assets, change fund managers or make changes in the Statement of Investment Policy, Guidelines and Objectives. (Finance Director - C. Barron)

D. NEW BUSINESS/PUBLIC DISCUSSION. The purpose of the "Public Discussion Section" of the Agenda is for members of the public to speak to the Authority on any Subject not scheduled on the Regular Agenda. The Authority shall make no decision or take any action, except to direct the City Manager to take action, or to schedule the matter for discussion at a later date. Pursuant to the Oklahoma Open Meeting Act, the Authority will not engage in any discussion on the matter until that matter has been placed on an agenda for discussion. THOSE ADDRESSING THE AUTHORITY ARE REQUESTED TO STATE THEIR NAME AND ADDRESS PRIOR TO SPEAKING TO THE AUTHORITY.

E. ADJOURNMENT.

MIDWEST CITY
Where the Spirit Flies High

CONSENT AGENDA

Notice for the Midwest Memorial Hospital Authority meetings was filed for the calendar year with the City Clerk of Midwest City. Public notice of this agenda was accessible at least 24 hours before this meeting at City Hall and on the Midwest City website (www.midwestcityokorg).

Memorial Hospital Authority Minutes
May 12, 2020 – 6:02 PM

This meeting was held in the Midwest City Chambers at City Hall, 100 N Midwest Blvd, Midwest City, County of Oklahoma, State of Oklahoma.

Chairman Dukes called the meeting to order at 6:53 PM with following members present: Trustees Susan Eads, Pat Byrne, Españiola Bowen, Sean Reed, Rick Favors and with Secretary, Sara Hancock, City Attorney Heather Poole, and City Manager Tim Lyon. Absent: Allen.

CONSENT AGENDA. Byrne made a motion to approve the consent agenda, as submitted, with the exception of pulling item 4, seconded by Eads. Voting Aye: Byrne, Eads, Bowen, Reed, Favors, and Chairman Dukes. Nay: None Absent: Allen. Motion carried.

1. Discussion and consideration of approving the minutes for the April 28, 2020 regular meeting, as submitted.

2. Discussion and consideration of extending an agreement with Schwarz Paving for temporary staging of construction equipment at 8826 and 8828 SE 29th Street, for an approximate term of 5 additional months.

3. Discussion and consideration of appointing Amber Moody as the new Mayor appointee to the Midwest City Memorial Hospital Authority's Board of Grantors for a four-year term ending March 26, 2024.

4. **Discussion and consideration of accepting the management representation letter to Grant Thornton LLP and accepting the draft of final report of the Financial Statements of Sooner Town Center, II LLC for calendar years ending December 31, 2019 and December 31, 2018.** No Action Taken.

DISCUSSION ITEM.

1. **Discussion and consideration of action to reallocate assets, change fund managers or make changes in the Statement of Investment Policy, Guidelines and Objectives.** No Action Taken.

NEW BUSINESS/PUBLIC DISCUSSION. There was no new business or public discussion.

ADJOURNMENT. There being no further business, Chairman Dukes adjourned the meeting at 6:54 PM.

ATTEST:

MATTHEW D DUKES II, Chairman

SARA HANCOCK, Secretary

Midwest City Memorial Hospital Authority
100 North Midwest Boulevard
Midwest City, Oklahoma 73110
(405) 739-1207 Fax (405) 739-1208 TDD (405) 739-1359
E-mail: ghenson@midwestcityok.org

MEMORANDUM

TO: Honorable Chairman and Trustees

FROM: Christy Barron, Treasurer/Finance Director

DATE: May 26, 2020

SUBJECT: Discussion and consideration of supplemental budget adjustments to the following fund for FY 2019-2020, increase: MWC Hospital Authority, expenses/Hospital Authority (90) $10,993.

The supplement is needed to meet salary expenses to the end of the fiscal year.

Christy Barron

Christy Barron
Finance Director

SUPPLEMENTS

May 26, 2020

Fund		BUDGET AMENDMENT FORM			
MWC HOSPITAL AUTHORITY (425)		Fiscal Year 2018-2019			
		Estimated Revenue		Budget Appropriations	
Dept Number	**Department Name**	**Increase**	**Decrease**	**Increase**	**Decrease**
90	Hospital Authority			10,993	
		0	0	10,993	0

Explanation:
To increase budget to cover salaries to end of fiscal year. Funding to come from fund balance.

Finance Director
100 N. Midwest Blvd.
Midwest City, OK 73110
405-739-1245
cbarron@midwestcityok.org
www.midwestcityok.org

MEMORANDUM

TO: Midwest City Hospital Authority Chairman and Trustees

FROM: Christy Barron, Finance Director

DATE: May 26, 2020

SUBJECT: Discussion and consideration of accepting the management representation letter to Grant Thornton LLP and accepting the draft of the final report of the Financial Statements of Sooner Town Center II, LLC for calendar years ending December 31, 2019 and December 31, 2018.

Attached for your review and approval are the updated management representation letters and financial statements for the entity leasing property associated with Sooner Town Center II, LLC for calendar years 2018 and 2019.

You will notice the two red-lined versions and then the final clean version drafted May 18, 2020.

Christy Barron
Finance Director

May 26, 2020

Grant Thornton LLP
201 S. College St., Suite 2500
Charlotte, NC 28244

Dear Sir or Madam:

We are providing this letter in connection with your audit of the financial statements of Sooner Town Center II, LLC (the "Company"), which comprise the balance sheet as of December 31, 2019 and the related statements of operations, changes in members' deficit, and cash flows for the year then ended, and the related notes to the financial statements. We understand that your audit was made for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and whether the supplementary information is fairly presented, in all material respects, in relation to the financial statements as a whole.

We have fulfilled our responsibility, as set out in the terms of the Engagement Letter, for the preparation and fair presentation of the financial statements in accordance with US GAAP. 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 error or fraud, including programs and controls to prevent and detect fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of the 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, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, as of May 26, 2020, the following representations made to you during your audit.

1. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. We have no knowledge of fraud or suspected fraud affecting the Company involving:
    a. Management
    b. Employees who have significant roles in internal control, or
    c. Others where the fraud could have a material effect on the financial statements.

2. We have no knowledge of any allegations of fraud or suspected fraud affecting the Company's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.

3. There are no known violations or possible violations of, or no known instances of noncompliance or suspected noncompliance with, laws and regulations whose effects should be considered by management when preparing the financial statements, as a basis for recording a loss contingency or for disclosure.

4. The Company has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of a noncompliance.

5. The Company has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

6. We have disclosed to you the identity of the Company's related parties and all related party relationships and transactions of which we are aware. Related party relationships and transactions and related amounts receivable from or payable to related parties (including sales, purchases, loans, transfers, leasing arrangements, and

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CHARLOTTE, NC 28236-6799
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guarantees) have been properly accounted for and disclosed in the financial statements in accordance with US GAAP.

We understand that “related parties” include (1) affiliates of the Company; (2) entities for which investments in their equity securities would be required to be accounted for by the equity method by the investing entity; (3) trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; (4) principal owners of the Company and members of their immediate families; and (5) management of the Company and members of their immediate families.

Related parties also include (1) other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and (2) other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments whose effects should be considered by management when preparing the financial statements and that should be accounted for and disclosed in accordance with US GAAP (ASC 450, *Contingencies*), and we have not consulted legal counsel concerning such litigation, claims, or assessments.

8. The calculation of participation rent for the year ended December 31, 2019 as determined in the supplementary schedules of net operating income, debt service, net cash flow, and subtenant rents is prepared in accordance with the terms as defined in the Westside General Ground Lease (the Agreement). We have read the supplementary schedules and believe the information presented is consistent with and accurately reflects the provisions contained in the agreement.

9. We believe the information included in the Leases footnote to the financial statements, which describes the participation rent calculation, is consistent with our understanding of the agreement.

10. We believe the rent expense for the participation rent was $82,763 for the year ended December 31, 2019.

11. We believe the amounts due for other rent is $123,639 as of December 31, 2019.

12. Based on the Agreement with the City, the Company is able to factor in a cash reserve to the Net Operating Income section of the Participation Rent Expense calculation. Per the agreement, both parties must agree to any cash reserve amounts. The Company did not reserve a cash balance in 2019.

13. All events subsequent to the date of the financial statements through the date of this letter and for which US GAAP requires recognition or disclosure have been recognized or disclosed.

Very truly yours,

SOONER TOWN CENTER II, LLC

____

Robert C. Collett, Managing Member

____

John Cheek, Consultant to Collett as an agent for Sooner Town Center II, LLC

1111 METROPOLITAN AVE, STE 700
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____

Katherine Fox, Chief Financial Officer of Collett as an agent for Sooner Town Center ll, LLC

MIDWEST CITY ECONOIMC DEVELOPMENT AUTHORITY

____

Matthew D. Dukes II, Chairman

MIDWEST CITY MEMORIAL HOSPITAL AUTHORITY

____

Matthew D. Dukes II, Chairman

DRAFT-5/12

Financial Statements and Report of Independent Certified Public Accountants

Sooner Town Center II, LLC

December 31, 2019 and 2018

DRAFT-5/12

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DRAFT-5/12

GRANT THORNTON LLP
201 S College St., Suite 2500
Charlotte, NC 28244

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Members of
Sooner Town Center II, LLC

We have audited the accompanying financial statements of **Sooner Town Center II, LLC** (an Oklahoma limited liability company), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations, changes in members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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.

Grant Thornton

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sooner Town Center II, LLC as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in Schedules I through IV is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Charlotte, North Carolina
May 12, 2020

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Sooner Town Center II, LLC

BALANCE SHEETS

December 31,

	2019	2018
Assets		
Real property, at cost:		
Buildings	$ 6,867,756	$ 6,867,756
Land improvements and signage	1,772,745	1,772,745
	8,640,501	8,640,501
Less – Accumulated depreciation	(2,179,718)	(1,899,029)
Real property, net	6,460,783	6,741,472
Other assets:		
Cash and cash equivalents	336,575	260,157
Accounts receivable	68,132	74,370
Deferred rents receivable	28,638	23,402
Deferred charges and other assets, net	231,908	270,467
Total assets	$ 7,126,036	$ 7,369,868
Liabilities and members' deficit		
Liabilities:		
Notes payable (net of deferred loan costs of $50,371 at December 31, 2019 and $53,012 at December 31, 2018)	$ 7,850,303	$ 8,073,915
Accounts payable and accrued expenses	247,796	194,805
Unearned revenue	59,373	58,659
Total liabilities	8,157,472	8,327,379
Liabilities and members' deficit	(1,031,436)	(957,511)
Total liabilities and members' deficit	$ 7,126,036	$ 7,369,868

The accompanying notes are an integral part of these financial statements.

DRAFT-5/12

Sooner Town Center II, LLC

STATEMENTS OF OPERATIONS

Years ended December 31,

	2019	2018
Rental revenues	$ 1,247,795	$ 1,240,809
Operating expenses:		
Common area maintenance	70,817	87,383
General and administrative expenses	279,761	255,457
Rent expense	148,367	130,232
Depreciation and amortization	327,525	330,833
Total operating expenses	826,470	803,905
Interest expense	441,550	452,479
Net loss	$ (20,225)	$ (15,575)

The accompanying notes are an integral part of these financial statements.

Sooner Town Center II, LLC

STATEMENTS OF CHANGES IN MEMBERS' DEFICIT

Years ended December 31,

	Total Members' Deficit
Members' deficit, December 31, 2017	$ (788,444)
Net loss	(15,575)
Distributions	(153,492)
Members' deficit, December 31, 2018	(957,511)
Net loss	(20,225)
Distributions	(53,700)
Members' deficit, December 31, 2019	$ (1,031,436)

The accompanying notes are an integral part of these financial statements.

Sooner Town Center II, LLC

STATEMENTS OF CASH FLOWS

Years ended December 31,

	2019	2018
Cash flows from operating activities:		
Net loss	$ (20,225)	$ (15,575)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	280,689	280,698
Amortization	46,836	50,135
Changes in operating assets and liabilities:		
Accounts receivable	6,238	(30,036)
Deferred rents receivable	(5,236)	(5,236)
Deferred charges and other assets	(5,636)	(893)
Accounts payable and accrued expenses	52,991	(192,525)
Unearned revenue	714	20
Net cash provided by operating activities	356,371	86,588
Cash flows from financing activities:		
Repayments on note payable	(226,253)	(215,379)
Member distributions	(53,700)	(153,492)
Net cash used in financing activities	(279,953)	(368,871)
Net increase (decrease) in cash and cash equivalents	76,418	(282,283)
Cash and cash equivalents, beginning of year	260,157	542,440
Cash and cash equivalents, end of year	$ 336,575	$ 260,157
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 442,609	$ 453,482

The accompanying notes are an integral part of these financial statements.

Sooner Town Center II, LLC

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 1 - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Sooner Town Center II, LLC (an Oklahoma limited liability company) (the Company) was organized in January 2012 for the purpose of acquiring, developing and leasing commercial properties in Oklahoma. The Company operates a retail center (the Project) located in Midwest City, Oklahoma. The Project is defined by a Ground Lease Agreement between Midwest City Memorial Hospital Authority, an affiliate of Midwest City, Oklahoma (collectively, the City) and the Company. The City is considered to be a related party for financial reporting purposes. The Company is responsible for design, construction, financing, leasing and management of the Project, all subject to City approval. Income and loss will be allocated to members in accordance with the operating agreement. The Project consists of 69,308 square feet of retail space and was completed in 2012.

Cash and Cash Equivalents

The Company classifies highly liquid investments with original maturity dates of three months or less as cash equivalents.

Concentration of Credit Risk

The Company's operating property is located in Midwest City, Oklahoma. The Company's ability to generate future revenues is dependent upon the economic conditions within this area.

As of December 31, 2019 and 2018, the Company had three tenants. Each tenant comprised more than 10% of total base rental revenue for the years ended December 31, 2019 and 2018. Two tenants comprised more than 10% of accounts receivable as of December 31, 2019 and 2018.

The Company maintains its cash in a commercial bank. Regularly during the year, the Company maintained cash and cash equivalents in accounts in excess of the amount insured by the Federal Deposit Insurance Corporation. The Company's management regularly monitors the financial stability of these financial institutions.

Revenue Recognition

Rental revenue is generally recognized based on the terms of leases entered into with tenants. Rental revenue from leases with scheduled rent increases, incentives or abatements is recognized on a straight-line basis over the non-cancelable term of the respective leases. Property operating cost recoveries from tenants for common area maintenance, real estate taxes and other recoverable costs totaled $275,421 and $261,712 for the years ended December 31, 2019 and 2018, respectively, and are recognized in the period in which the related expenses are incurred, and are included in rental revenues in the accompanying statements of operations. Receivables relating to these recoveries totaled $37,442 and $35,331 as of December 31, 2019 and 2018, respectively, and are included in accounts receivable on the accompanying balance sheets. If it becomes probable that a tenant will fail to perform according to the terms of the lease, a loss equal to the deferred rents receivable unlikely to be received from that tenant would be charged to operations. The Company also earns percentage rent from a tenant based on a gross receipts calculation. This revenue is recognized in the period it is earned. Receivables relating to percentage rent totaled $30,690 and $39,039 as of December 31, 2019 and 2018, respectively, and are included in accounts receivable on the accompanying balance sheets.

Rental revenue recognized on a straight-line basis over rents due amounted to $5,236 for both of the years ended December 31, 2019 and 2018.

Revenue received in advance from tenants is recognized as unearned revenue on the accompanying balance sheets. Unearned revenue was $59,373 and $58,659 as of December 31, 2019 and 2018, respectively.

At December 31, 2019, three tenants occupying 69,308 square feet were operating under noncancelable leases providing for future minimum rents of $4,302,184 with the latest expiration date of July 31, 2029.

Future minimum rents receivable under non-cancelable leases for all known tenants at December 31, 2019, is as follows. Most leases have renewal options, which are not included below.

	Amount
2020	$ 936,448
2021	936,448
2022	936,448
2023	274,161
2024	210,749
Thereafter	1,007,930
	$ 4,302,184

Accounts receivable are reported at their estimated net realizable value. When necessary, the Company provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. Past due status is based on the contractual terms of the receivables. Accounts receivable are written off based on individual credit evaluation and specific circumstances of the customer. Management has concluded that all of the Company's accounts receivable amounts will be realizable and, accordingly, has not recorded an allowance for doubtful accounts at December 31, 2019 or 2018.

Real Property

Buildings are stated at cost and depreciated using the straight-line method over the estimated useful life of 39 years. Land improvements and signage are depreciated using an accelerated method of depreciation over the useful life of the assets, usually 15 years.

Depreciation on real property charged to operations was $280,689 and $280,698 for the years ended December 31, 2019 and 2018, respectively.

Repairs are charged against operations. Renewals and betterments that materially extend the life of an asset are capitalized.

The Company reviews the real property for impairment whenever events or changes in circumstances indicate that the carrying amount of the real property may not be recoverable. Recoverability of the real property is measured by a comparison of the carrying amount of the real property to undiscounted future net cash flows expected to be generated by the real property. If the real property is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the real property exceeds its fair value. No impairment was recognized as of December 31, 2019.

Deferred Charges and Other Assets

Deferred charges consist of lease commissions and lease costs, and are stated at cost net of accumulated amortization. At December 31, 2019 and 2018, total deferred charges capitalized were $592,727 with accumulated amortization of $401,416 and $357,221, respectively. The lease commissions and lease costs are amortized on the straight-line method over the terms of the respective leases. Lease commission and lease costs amortization expense of $44,195 and $47,495 is included in depreciation and amortization in the accompanying statement of operations for the years ended December 31, 2019 and 2018, respectively.

Deferred charges and other assets also includes $40,597 and $34,961 of prepaid expenses at December 31, 2019 and 2018, respectively.

Income Taxes

The Company is a limited liability company treated as a partnership for federal and state income tax purposes. As a result, the Company's results of operations are included in the income tax returns of its individual members. Accordingly, no provision for federal or state income taxes has been recorded in the accompanying financial statements. The Company files income tax returns in the U.S. federal jurisdiction and in the Oklahoma state jurisdiction. The Company is no longer subject to examination by taxing authorities for years before 2017, and it is not aware of any audits by any taxing authority.

The Company follows applicable authoritative guidance on accounting for uncertainty in income taxes which, among other things, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. The Company has no uncertain tax positions.

Use of Accounting Estimates

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

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) No. 2014-09, "*Revenue from Contracts with Customers,*" which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts. The core principal of the new standard is that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU requires the use of a five-step model to recognize revenue from contracts with customers. The five-step model requires that the Company identify the contract with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when the Company satisfies the performance obligations. This ASU was effective as of January 1, 2019. In analyzing the nature of the Company's contracts with customers the Company determined that the ASU did not have a material impact on the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This new standard was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and increasing disclosures regarding leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2020 and interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted. The new standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The Company is evaluating the effect that the adoption of the new standard will have on the financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-15, "*Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*." This new standard was issued to reduce the existing diversity in practice in financial reporting across all industries by clarifying certain existing principles in ASC 230, Statement of Cash Flows, including providing additional guidance on how and what an entity should consider in determining the classification of certain cash flows.

In addition, in November 2016, the FASB issued ASU No. 2016-18, "*Statement of Cash Flows (Topic 230), Restricted Cash*." This new standard was issued to clarify certain existing principles in ASC 230, including providing additional guidance related to transfers between cash and restricted cash and how entities present, in their statement of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts. This standard was effective January 1, 2019, but did not have a material impact on the financial statements and related disclosures.

NOTE 2 - NOTE PAYABLE

The Company entered into a note payable agreement with First National Bank for borrowings in the maximum principal amount of $9,136,970 on September 18, 2012. Cumulative amounts borrowed as of December 31, 2019 and 2018 were $7,900,674 and $8,126,927, respectively. The note is collateralized by a deed of trust on real property and assignment of rents. On February 10, 2017, the Company refinanced the note with First National Bank for the entire outstanding balance on that date. Under the amended terms, the interest rate is fixed at a rate equal to 3.50% per annum in excess of the Treasury Rate adjustable every five years. The entire unpaid balance of principal and accrued unpaid interest outstanding on the note will be due and payable on February 10, 2039. For the years ending December 31, 2019 and 2018, the interest rate was 5.44%.

The net deferred loan cost balance as of December 31, 2019 and 2018 of $50,371 and $53,012, respectively, is presented as a reduction of the related debt liabilities on the accompanying balance sheets.

Notes payable outstanding consisted of the following as of December 31:

	2019	2018
Principal balance	$ 7,900,674	$ 8,126,927
Less - Unamortized deferred loan costs	(50,371)	(53,012)
Notes payable less unamortized deferred loan costs	$ 7,850,303	$ 8,073,915

Loan costs consist of various debt issuance costs and are amortized on the straight-line method, which approximates the effective interest method, based on terms of the respective debt agreements. The Company's loan costs total $58,070 as of December 31, 2019 and 2018, respectively, with accumulated amortization totaling $7,699 and $5,058 as of December 31, 2019 and 2018, respectively. Loan cost amortization expense of $2,641 and $2,640 is included in depreciation and amortization in the accompanying statements of operations for the years ended December 31, 2019 and 2018, respectively.

Interest incurred related to the above notes payable totaled $441,550 and $452,479 for the years ended December 31, 2019 and 2018, respectively.

Scheduled principal payments on the note payable are as follows:

	Amount
2020	$ 237,872
2021	252,567
2022	266,855
2023	281,952
2024	296,829
Thereafter	6,564,599
	$ 7,900,674

NOTE 3 - LEASES

The Company subleases the Project land from Sooner Town Center, LLC (STC), a related party, which leases the land from the City. The lease commenced on July 19, 2012, with rent commencement on October 31, 2012. The lease expires on October 31, 2062, with a five-year renewal option. The monthly rent amount increases by 10% on the 10th anniversary of the commencement date, and every five years thereafter.

Straight-line rental expense totaled $65,604 for the years ended December 31, 2019 and 2018. Unpaid rent expense related to this lease totaled $123,639 and $103,045 as of December 31, 2019 and 2018, respectively, and is included in accounts payable and accrued expenses on the accompanying balance sheets.

Future minimum rent payments for the original term are as follows:

	Amount
2020	$ 45,000
2021	45,000
2022	45,750
2023	49,500
2024	49,500
Thereafter	2,732,132
	$ 2,957,882

The Company also has a ground lease with the Midwest City Memorial Hospital Authority, an affiliated entity, which provides for participation rent equivalent to 50% of net operating income in excess of debt service, measured on a cumulative basis. Rent commenced on October 31, 2012 under this lease, which expires on October 31, 2062, with a five-year renewal option. In addition to participation rent, starting one year after the commencement date, annual rent is $1. Participation rent is due and payable only to the extent that cumulative net cash flows are positive. Rent expense under this lease totaled $82,763 and $64,628 for the years ended December 31, 2019 and 2018, respectively.

NOTE 4 - RELATED-PARTY TRANSACTIONS AND BALANCES

Collett & Associates, LLC (Collett), an affiliated entity, provides leasing, development and brokerage services to the Company. Collett receives a monthly fee of 4% of gross monthly collections for providing property management services. Such fees totaled $49,952 and $48,221 for the years ending December 31, 2019 and 2018, respectively. The Company paid nominal amounts for various expense reimbursements to Collett, which are recorded as general and administrative expenses, for the years ended December 31, 2019 and 2018.

John S. Cheek, Inc. (Cheek), an affiliated entity, provides tax and accounting services to the Company. The Company paid $5,900 and $8,100 in fees to Cheek for the years ended December 31, 2019 and 2018, respectively.

The Company leases land from the City (see Note 3). Utility expenses paid to the City totaled $9,470 and $11,255 for the years ended December 31, 2019 and 2018, respectively.

Certain members guarantee the note payable.

NOTE 5 - SUBSEQUENT EVENTS

The Company has analyzed its operations subsequent to December 31, 2019 through May 12, 2020, the date the financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. While the disruption and economic impact in the U.S. is currently expected to be temporary, there is uncertainty around the duration and magnitude. The Company is currently unable to determine if this matter will have a material impact to its operations.

Supplementary information

DRAFT-5/12

Sooner Town Center II, LLC

SCHEDULE I - NET OPERATING INCOME

Years ended December 31,

		2019
Rental revenues per audited financial statements	$	1,247,795
Adjustments to cash basis:		
Accounts receivable		6,238
Deferred rents receivable		(5,236)
Unearned rent		714
Gross operating revenue (cash basis)		1,249,511
Allowable expenses		
Total operating expenses		826,470
Adjustments for noncash expenses:		
Depreciation and amortization		(327,525)
Other adjustments:		
Participation rent, accrued or paid		(82,763)
Allowable expenses, net		416,182
Net operating income per Ground Lease Agreement (1)	$	833,329

(1) The Ground Lease Agreement between the City and the Company defines Net Operating Income per the Redevelopment Agreement as the difference between Gross Operating Revenue and the actual Operating Expenses for the same period. The agreement specifically defines Gross Operating Revenue as all revenues derived from the project, determined in accordance with GAAP, computed on a cash basis, exclusive of subtenant security deposits and other refundable deposits and exclusive of proceeds derived from a sale, condemnation, financing, insurance settlement or other transaction that is capital in nature. Further, Operating Expenses are defined as those costs determined in accordance with GAAP, including all necessary and reasonable expenditures of any kind made with respect to the operations of the project typical of a Class A shopping center, without limitation, ad valorem taxes, insurance premiums, R&M expenses, management fees, leasing and advertising expenses, professional fees, wages and utility costs. Non-cash expenditures such as depreciation and amortization shall not be included in the computation of operating expenses. Operating Expenses shall include all project development costs incurred by the Company, that are not financed, in further developing and leasing available space within the Project including, without limitation, tenant upfitting costs, market rate brokerage commissions, tenant improvement allowances, building improvements and legal fees.

DRAFT-5/12

Sooner Town Center II, LLC

SCHEDULE II - DEBT SERVICE

Years ended December 31,

		2019
Debt service:		
Interest expense per audited financial statements	$	441,550
Principal payments and loan costs		226,253
Total Debt Service (2)	$	667,803

(2) The Ground Lease Agreement defines Debt Service as the net principal paydown on all loans and accrued interest on all loans and all costs associated with obtaining the loans on the Project or any portion thereof for which a certificate of completion has been issued that are not and have not previously been accrued or paid as Operating Expenses.

Sooner Town Center II, LLC

SCHEDULE III - NET CASH FLOW

Years ended December 31,

		2019
Net operating income per Ground Lease Agreement	$	833,329
Less - Debt service		(667,803)
Net cash flow, current year		165,526
Less - Cash reserve		-
Net cash flow, after year		165,526
Participant rent factor		50%
Participant Rent (minimum - of $0) (3)	$	82,763

(3) For purposes of determining Participation Rent, the Ground Lease Agreement defines net cash flow as Net Operating Income less Debt Service. Participation Rent shall be an amount equal to fifty percent (50%) of Net Cash Flow remaining after any additional cash reserve.

Sooner Town Center II, LLC

SCHEDULE IV - SUBTENANT RENTS

Years ended December 31,

	2019
Tenant rents	$ 1,249,511
Gross operating revenue (cash basis) (4)	$ 1,249,511

(4) Refer to page 16 for the calculation of Gross operating revenue (subtenant rents) which is computed on the cash basis.

DRAFT-5/18/2020

Financial Statements and Report of Independent Certified Public Accountants

Sooner Town Center II, LLC

December 31, 2019 and 2018

DRAFT-5/18/2020

Contents

GRANT THORNTON LLP
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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Members of
Sooner Town Center II, LLC

We have audited the accompanying financial statements of **Sooner Town Center II, LLC** (an Oklahoma limited liability company), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations, changes in members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

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

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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.

DRAFT-5/18/2020

GrantThornton

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sooner Town Center II, LLC as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in Schedules I through IV is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Charlotte, North Carolina
May 26, 2020

Sooner Town Center II, LLC

BALANCE SHEETS

December 31,

Assets

		2019		2018
Real property, at cost:				
Buildings	$	6,867,756	$	6,867,756
Land improvements and signage		1,772,745		1,772,745
		8,640,501		8,640,501
Less – Accumulated depreciation		(2,179,718)		(1,899,029)
Real property, net		6,460,783		6,741,472
Other assets:				
Cash and cash equivalents		336,575		260,157
Accounts receivable		68,132		74,370
Deferred rents receivable		28,638		23,402
Deferred charges and other assets, net		231,908		270,467
Total assets	$	7,126,036	$	7,369,868
Liabilities and members' deficit				
Liabilities:				
Notes payable (net of deferred loan costs of $50,371 at December 31, 2019 and $53,012 at December 31, 2018)	$	7,850,303	$	8,073,915
Accounts payable and accrued expenses		247,796		194,805
Unearned revenue		59,373		58,659
Total liabilities		8,157,472		8,327,379
Liabilities and members' deficit		(1,031,436)		(957,511)
Total liabilities and members' deficit	$	7,126,036	$	7,369,868

The accompanying notes are an integral part of these financial statements.

DRAFT-5/18/2020

Sooner Town Center II, LLC

STATEMENTS OF OPERATIONS

Years ended December 31,

	2019	2018
Rental revenues	$ 1,247,795	$ 1,240,809
Operating expenses:		
Common area maintenance	70,817	87,383
General and administrative expenses	279,761	255,457
Rent expense	148,367	130,232
Depreciation and amortization	327,525	330,833
Total operating expenses	826,470	803,905
Interest expense	441,550	452,479
Net loss	$ (20,225)	$ (15,575)

The accompanying notes are an integral part of these financial statements.

DRAFT-5/18/2020

Sooner Town Center II, LLC

STATEMENTS OF CHANGES IN MEMBERS' DEFICIT

Years ended December 31,

	Total Members' Deficit
Members' deficit, December 31, 2017	$ (788,444)
Net loss	(15,575)
Distributions	(153,492)
Members' deficit, December 31, 2018	(957,511)
Net loss	(20,225)
Distributions	(53,700)
Members' deficit, December 31, 2019	$ (1,031,436)

The accompanying notes are an integral part of these financial statements.

DRAFT-5/18/2020

Sooner Town Center II, LLC

STATEMENTS OF CASH FLOWS

Years ended December 31,

	2019	2018
Cash flows from operating activities:		
Net loss	$ (20,225)	$ (15,575)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	280,689	280,698
Amortization	46,836	50,135
Changes in operating assets and liabilities:		
Accounts receivable	6,238	(30,036)
Deferred rents receivable	(5,236)	(5,236)
Deferred charges and other assets	(5,636)	(893)
Accounts payable and accrued expenses	52,991	(192,525)
Unearned revenue	714	20
Net cash provided by operating activities	356,371	86,588
Cash flows from financing activities:		
Repayments on note payable	(226,253)	(215,379)
Member distributions	(53,700)	(153,492)
Net cash used in financing activities	(279,953)	(368,871)
Net increase (decrease) in cash and cash equivalents	76,418	(282,283)
Cash and cash equivalents, beginning of year	260,157	542,440
Cash and cash equivalents, end of year	$ 336,575	$ 260,157
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 442,609	$ 453,482

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Sooner Town Center II, LLC (an Oklahoma limited liability company) (the Company) was organized in January 2012 for the purpose of acquiring, developing and leasing commercial properties in Oklahoma. The Company operates a retail center (the Project) located in Midwest City, Oklahoma. The Project is defined by a Ground Lease Agreement between Midwest City Memorial Hospital Authority, an affiliate of Midwest City, Oklahoma (collectively, the City) and the Company. The City is considered to be a related party for financial reporting purposes. The Company is responsible for design, construction, financing, leasing and management of the Project, all subject to City approval. Income and loss will be allocated to members in accordance with the operating agreement. The Project consists of 69,308 square feet of retail space and was completed in 2012.

Cash and Cash Equivalents

The Company classifies highly liquid investments with original maturity dates of three months or less as cash equivalents.

Concentration of Credit Risk

The Company's operating property is located in Midwest City, Oklahoma. The Company's ability to generate future revenues is dependent upon the economic conditions within this area.

As of December 31, 2019 and 2018, the Company had three tenants. Each tenant comprised more than 10% of total base rental revenue for the years ended December 31, 2019 and 2018. Two tenants comprised more than 10% of accounts receivable as of December 31, 2019 and 2018.

The Company maintains its cash in a commercial bank. Regularly during the year, the Company maintained cash and cash equivalents in accounts in excess of the amount insured by the Federal Deposit Insurance Corporation. The Company's management regularly monitors the financial stability of these financial institutions.

Revenue Recognition

Rental revenue is generally recognized based on the terms of leases entered into with tenants. Rental revenue from leases with scheduled rent increases, incentives or abatements is recognized on a straight-line basis over the non-cancelable term of the respective leases. Property operating cost recoveries from tenants for common area maintenance, real estate taxes and other recoverable costs totaled $275,421 and $261,712 for the years ended December 31, 2019 and 2018, respectively, and are recognized in the period in which the related expenses are incurred, and are included in rental revenues in the accompanying statements of operations. Receivables relating to these recoveries totaled $37,442 and $35,331 as of December 31, 2019 and 2018, respectively, and are included in accounts receivable on the accompanying balance sheets. If it becomes probable that a tenant will fail to perform according to the terms of the lease, a loss equal to the deferred rents receivable unlikely to be received from that tenant would be charged to operations. The Company also earns percentage rent from a tenant based on a gross receipts calculation. This revenue is recognized in the period it is earned. Receivables relating to percentage rent totaled $30,690 and $39,039 as of December 31, 2019 and 2018, respectively, and are included in accounts receivable on the accompanying balance sheets.

Rental revenue recognized on a straight-line basis over rents due amounted to $5,236 for both of the years ended December 31, 2019 and 2018.

Revenue received in advance from tenants is recognized as unearned revenue on the accompanying balance sheets. Unearned revenue was $59,373 and $58,659 as of December 31, 2019 and 2018, respectively.

At December 31, 2019, three tenants occupying 69,308 square feet were operating under noncancelable leases providing for future minimum rents of $4,302,184 with the latest expiration date of July 31, 2029.

Future minimum rents receivable under non-cancelable leases for all known tenants at December 31, 2019, is as follows. Most leases have renewal options, which are not included below.

	Amount
2020	$ 936,448
2021	936,448
2022	936,448
2023	274,161
2024	210,749
Thereafter	1,007,930
	$ 4,302,184

Accounts receivable are reported at their estimated net realizable value. When necessary, the Company provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. Past due status is based on the contractual terms of the receivables. Accounts receivable are written off based on individual credit evaluation and specific circumstances of the customer. Management has concluded that all of the Company's accounts receivable amounts will be realizable and, accordingly, has not recorded an allowance for doubtful accounts at December 31, 2019 or 2018.

Real Property

Buildings are stated at cost and depreciated using the straight-line method over the estimated useful life of 39 years. Land improvements and signage are depreciated using an accelerated method of depreciation over the useful life of the assets, usually 15 years.

Depreciation on real property charged to operations was $280,689 and $280,698 for the years ended December 31, 2019 and 2018, respectively.

Repairs are charged against operations. Renewals and betterments that materially extend the life of an asset are capitalized.

The Company reviews the real property for impairment whenever events or changes in circumstances indicate that the carrying amount of the real property may not be recoverable. Recoverability of the real property is measured by a comparison of the carrying amount of the real property to undiscounted future net cash flows expected to be generated by the real property. If the real property is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the real property exceeds its fair value. No impairment was recognized as of December 31, 2019.

Deferred Charges and Other Assets

Deferred charges consist of lease commissions and lease costs, and are stated at cost net of accumulated amortization. At December 31, 2019 and 2018, total deferred charges capitalized were $592,727 with accumulated amortization of $401,416 and $357,221, respectively. The lease commissions and lease costs are amortized on the straight-line method over the terms of the respective leases. Lease commission and lease costs amortization expense of $44,195 and $47,495 is included in depreciation and amortization in the accompanying statement of operations for the years ended December 31, 2019 and 2018, respectively.

Deferred charges and other assets also includes $40,597 and $34,961 of prepaid expenses at December 31, 2019 and 2018, respectively.

Income Taxes

The Company is a limited liability company treated as a partnership for federal and state income tax purposes. As a result, the Company's results of operations are included in the income tax returns of its individual members. Accordingly, no provision for federal or state income taxes has been recorded in the accompanying financial statements. The Company files income tax returns in the U.S. federal jurisdiction and in the Oklahoma state jurisdiction. The Company is no longer subject to examination by taxing authorities for years before 2017, and it is not aware of any audits by any taxing authority.

The Company follows applicable authoritative guidance on accounting for uncertainty in income taxes which, among other things, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. The Company has no uncertain tax positions.

Use of Accounting Estimates

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

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) No. 2014-09, "*Revenue from Contracts with Customers,*" which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts. The core principal of the new standard is that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU requires the use of a five-step model to recognize revenue from contracts with customers. The five-step model requires that the Company identify the contract with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when the Company satisfies the performance obligations. This ASU was effective as of January 1, 2019. In analyzing the nature of the Company's contracts with customers the Company determined that the ASU did not have a material impact on the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This new standard was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and increasing disclosures regarding leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2020 and interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted. The new standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The Company is evaluating the effect that the adoption of the new standard will have on the financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-15, "*Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*." This new standard was issued to reduce the existing diversity in practice in financial reporting across all industries by clarifying certain existing principles in ASC 230, Statement of Cash Flows, including providing additional guidance on how and what an entity should consider in determining the classification of certain cash flows.

In addition, in November 2016, the FASB issued ASU No. 2016-18, "*Statement of Cash Flows (Topic 230), Restricted Cash*." This new standard was issued to clarify certain existing principles in ASC 230, including providing additional guidance related to transfers between cash and restricted cash and how entities present, in their statement of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts. This standard was effective January 1, 2019, but did not have a material impact on the financial statements and related disclosures.

NOTE 2 - NOTE PAYABLE

The Company entered into a note payable agreement with First National Bank for borrowings in the maximum principal amount of $9,136,970 on September 18, 2012. Cumulative amounts borrowed as of December 31, 2019 and 2018 were $7,900,674 and $8,126,927, respectively. The note is collateralized by a deed of trust on real property and assignment of rents. On February 10, 2017, the Company refinanced the note with First National Bank for the entire outstanding balance on that date. Under the amended terms, the interest rate is fixed at a rate equal to 3.50% per annum in excess of the Treasury Rate adjustable every five years. The entire unpaid balance of principal and accrued unpaid interest outstanding on the note will be due and payable on February 10, 2039. For the years ending December 31, 2019 and 2018, the interest rate was 5.44%.

The net deferred loan cost balance as of December 31, 2019 and 2018 of $50,371 and $53,012, respectively, is presented as a reduction of the related debt liabilities on the accompanying balance sheets.

Notes payable outstanding consisted of the following as of December 31:

	2019	2018
Principal balance	$ 7,900,674	$ 8,126,927
Less - Unamortized deferred loan costs	(50,371)	(53,012)
Notes payable less unamortized deferred loan costs	$ 7,850,303	$ 8,073,915

Loan costs consist of various debt issuance costs and are amortized on the straight-line method, which approximates the effective interest method, based on terms of the respective debt agreements. The Company's loan costs total $58,070 as of December 31, 2019 and 2018, respectively, with accumulated amortization totaling $7,699 and $5,058 as of December 31, 2019 and 2018, respectively. Loan cost amortization expense of $2,641 and $2,640 is included in depreciation and amortization in the accompanying statements of operations for the years ended December 31, 2019 and 2018, respectively.

Interest incurred related to the above notes payable totaled $441,550 and $452,479 for the years ended December 31, 2019 and 2018, respectively.

Scheduled principal payments on the note payable are as follows:

	Amount
2020	$ 237,872
2021	252,567
2022	266,855
2023	281,952
2024	296,829
Thereafter	6,564,599
	$ 7,900,674

NOTE 3 - LEASES

The Company subleases the Project land from Sooner Town Center, LLC (STC), a related party, which leases the land from the City. The lease commenced on July 19, 2012, with rent commencement on October 31, 2012. The lease expires on October 31, 2062, with a five-year renewal option. The monthly rent amount increases by 10% on the 10th anniversary of the commencement date, and every five years thereafter.

Straight-line rental expense totaled $65,604 for the years ended December 31, 2019 and 2018. Unpaid rent expense related to this lease totaled $123,639 and $103,045 as of December 31, 2019 and 2018, respectively, and is included in accounts payable and accrued expenses on the accompanying balance sheets.

Future minimum rent payments for the original term are as follows:

	Amount
2020	$ 45,000
2021	45,000
2022	45,750
2023	49,500
2024	49,500
Thereafter	2,732,132
	$ 2,957,882

The Company also has a ground lease with the Midwest City Memorial Hospital Authority, an affiliated entity, which provides for participation rent equivalent to 50% of net operating income in excess of debt service, measured on a cumulative basis. Rent commenced on October 31, 2012 under this lease, which expires on October 31, 2062, with a five-year renewal option. In addition to participation rent, starting one year after the commencement date, annual rent is $1. Participation rent is due and payable only to the extent that cumulative net cash flows are positive. Rent expense under this lease totaled $82,763 and $64,628 for the years ended December 31, 2019 and 2018, respectively.

NOTE 4 - RELATED-PARTY TRANSACTIONS AND BALANCES

Collett & Associates, LLC (Collett), an affiliated entity, provides leasing, development and brokerage services to the Company. Collett receives a monthly fee of 4% of gross monthly collections for providing property management services. Such fees totaled $49,952 and $48,221 for the years ending December 31, 2019 and 2018, respectively. The Company paid nominal amounts for various expense reimbursements to Collett, which are recorded as general and administrative expenses, for the years ended December 31, 2019 and 2018.

John S. Cheek, Inc. (Cheek), an affiliated entity, provides tax and accounting services to the Company. The Company paid $5,900 and $8,100 in fees to Cheek for the years ended December 31, 2019 and 2018, respectively.

The Company leases land from the City (see Note 3). Utility expenses paid to the City totaled $9,470 and $11,255 for the years ended December 31, 2019 and 2018, respectively.

Certain members guarantee the note payable.

NOTE 5 - SUBSEQUENT EVENTS

The Company has analyzed its operations subsequent to December 31, 2019 through May 26, 2020, the date the financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. While the disruption and economic impact in the U.S. is currently expected to be temporary, there is uncertainty around the duration and magnitude. The Company is currently unable to determine if this matter will have a material impact to its operations.

Supplementary information

Sooner Town Center II, LLC

SCHEDULE I - NET OPERATING INCOME

Years ended December 31,

		2019
Rental revenues per audited financial statements	$	1,247,795
Adjustments for cash basis:		
Accounts receivable		6,238
Deferred rents receivable		(5,236)
Unearned rent		714
Gross operating revenue (cash basis)		1,249,511
Allowable expenses		
Total operating expenses		826,470
Adjustments for noncash expenses:		
Depreciation and amortization		(327,525)
Other adjustments:		
Participation rent expense, accrued or paid		(82,763)
Allowable expenses, net		416,182
Net operating income per Ground Lease Agreement (1)	$	833,329

(1) The Ground Lease Agreement between the City and the Company defines Net Operating Income per the Redevelopment Agreement as the difference between Gross Operating Revenue and the actual Operating Expenses for the same period. The agreement specifically defines Gross Operating Revenue as all revenues derived from the project, determined in accordance with GAAP, computed on a cash basis, exclusive of subtenant security deposits and other refundable deposits and exclusive of proceeds derived from a sale, condemnation, financing, insurance settlement or other transaction that is capital in nature. Further, Operating Expenses are defined as those costs determined in accordance with GAAP, including all necessary and reasonable expenditures of any kind made with respect to the operations of the project typical of a Class A shopping center, without limitation, ad valorem taxes, insurance premiums, R&M expenses, management fees, leasing and advertising expenses, professional fees, wages and utility costs. Non-cash expenditures such as depreciation and amortization shall not be included in the computation of operating expenses. Operating Expenses shall include all project development costs incurred by the Company, that are not financed, in further developing and leasing available space within the Project including, without limitation, tenant upfitting costs, market rate brokerage commissions, tenant improvement allowances, building improvements and legal fees.

Sooner Town Center II, LLC

SCHEDULE II - DEBT SERVICE

Years ended December 31,

		2019
Debt service:		
Interest expense per audited financial statements	$	441,550
Principal payments and loan costs		226,253
Total Debt Service (2)	$	667,803

(2) The Ground Lease Agreement defines Debt Service as the net principal paydown on all loans and accrued interest on all loans and all costs associated with obtaining the loans on the Project or any portion thereof for which a certificate of completion has been issued that are not and have not previously been accrued or paid as Operating Expenses.

Sooner Town Center II, LLC

SCHEDULE III - NET CASH FLOW

Years ended December 31,

		2019
Net operating income per Ground Lease Agreement	$	833,329
Less - Debt service		(667,803)
Net cash flow, current year		165,526
Less - Cash reserve		-
Net cash flow, after year		165,526
Participant rent factor		50%
Participant Rent (minimum - of $0) (3)	$	82,763

(3) For purposes of determining Participation Rent, the Ground Lease Agreement defines net cash flow as Net Operating Income less Debt Service. Participation Rent shall be an amount equal to fifty percent (50%) of Net Cash Flow remaining after any additional cash reserve.

DRAFT-5/18/2020

Sooner Town Center II, LLC

SCHEDULE IV - SUBTENANT RENTS

Years ended December 31,

	2019
Tenant rents	$ 1,249,511
Gross operating revenue (cash basis) (4)	$ 1,249,511

(4) Refer to page 16 for the calculation of Gross operating revenue (subtenant rents) which is computed on the cash basis.

DRAFT-5/18/2020

Financial Statements and Report of Independent Certified Public Accountants

Sooner Town Center II, LLC

December 31, 2019 and 2018

DRAFT-5/18/2020

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Members of
Sooner Town Center II, LLC

We have audited the accompanying financial statements of **Sooner Town Center II, LLC** (an Oklahoma limited liability company), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations, changes in members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

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

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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.

Grant Thornton

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sooner Town Center II, LLC as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in Schedules I through IV is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Charlotte, North Carolina
May 26, 2020

Sooner Town Center II, LLC

BALANCE SHEETS

December 31,

	2019	2018
Assets		
Real property, at cost:		
Buildings	$ 6,867,756	$ 6,867,756
Land improvements and signage	1,772,745	1,772,745
	8,640,501	8,640,501
Less – Accumulated depreciation	(2,179,718)	(1,899,029)
Real property, net	6,460,783	6,741,472
Other assets:		
Cash and cash equivalents	336,575	260,157
Accounts receivable	68,132	74,370
Deferred rents receivable	28,638	23,402
Deferred charges and other assets, net	231,908	270,467
Total assets	$ 7,126,036	$ 7,369,868
Liabilities and members' deficit		
Liabilities:		
Notes payable (net of deferred loan costs of $50,371 at December 31, 2019 and $53,012 at December 31, 2018)	$ 7,850,303	$ 8,073,915
Accounts payable and accrued expenses	247,796	194,805
Unearned revenue	59,373	58,659
Total liabilities	8,157,472	8,327,379
Liabilities and members' deficit	(1,031,436)	(957,511)
Total liabilities and members' deficit	$ 7,126,036	$ 7,369,868

The accompanying notes are an integral part of these financial statements.

DRAFT-5/18/2020

Sooner Town Center II, LLC

STATEMENTS OF OPERATIONS

Years ended December 31,

	2019	2018
Rental revenues	$ 1,247,795	$ 1,240,809
Operating expenses:		
Common area maintenance	70,817	87,383
General and administrative expenses	279,761	255,457
Rent expense	148,367	130,232
Depreciation and amortization	327,525	330,833
Total operating expenses	826,470	803,905
Interest expense	441,550	452,479
Net loss	$ (20,225)	$ (15,575)

The accompanying notes are an integral part of these financial statements.

DRAFT-5/18/2020

Sooner Town Center II, LLC

STATEMENTS OF CHANGES IN MEMBERS' DEFICIT

Years ended December 31,

	Total Members' Deficit
Members' deficit, December 31, 2017	$ (788,444)
Net loss	(15,575)
Distributions	(153,492)
Members' deficit, December 31, 2018	(957,511)
Net loss	(20,225)
Distributions	(53,700)
Members' deficit, December 31, 2019	$ (1,031,436)

The accompanying notes are an integral part of these financial statements.

Sooner Town Center II, LLC

STATEMENTS OF CASH FLOWS

Years ended December 31,

	2019	2018
Cash flows from operating activities:		
Net loss	$ (20,225)	$ (15,575)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	280,689	280,698
Amortization	46,836	50,135
Changes in operating assets and liabilities:		
Accounts receivable	6,238	(30,036)
Deferred rents receivable	(5,236)	(5,236)
Deferred charges and other assets	(5,636)	(893)
Accounts payable and accrued expenses	52,991	(192,525)
Unearned revenue	714	20
Net cash provided by operating activities	356,371	86,588
Cash flows from financing activities:		
Repayments on note payable	(226,253)	(215,379)
Member distributions	(53,700)	(153,492)
Net cash used in financing activities	(279,953)	(368,871)
Net increase (decrease) in cash and cash equivalents	76,418	(282,283)
Cash and cash equivalents, beginning of year	260,157	542,440
Cash and cash equivalents, end of year	$ 336,575	$ 260,157
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 442,609	$ 453,482

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Sooner Town Center II, LLC (an Oklahoma limited liability company) (the Company) was organized in January 2012 for the purpose of acquiring, developing and leasing commercial properties in Oklahoma. The Company operates a retail center (the Project) located in Midwest City, Oklahoma. The Project is defined by a Ground Lease Agreement between Midwest City Memorial Hospital Authority, an affiliate of Midwest City, Oklahoma (collectively, the City) and the Company. The City is considered to be a related party for financial reporting purposes. The Company is responsible for design, construction, financing, leasing and management of the Project, all subject to City approval. Income and loss will be allocated to members in accordance with the operating agreement. The Project consists of 69,308 square feet of retail space and was completed in 2012.

Cash and Cash Equivalents

The Company classifies highly liquid investments with original maturity dates of three months or less as cash equivalents.

Concentration of Credit Risk

The Company's operating property is located in Midwest City, Oklahoma. The Company's ability to generate future revenues is dependent upon the economic conditions within this area.

As of December 31, 2019 and 2018, the Company had three tenants. Each tenant comprised more than 10% of total base rental revenue for the years ended December 31, 2019 and 2018. Two tenants comprised more than 10% of accounts receivable as of December 31, 2019 and 2018.

The Company maintains its cash in a commercial bank. Regularly during the year, the Company maintained cash and cash equivalents in accounts in excess of the amount insured by the Federal Deposit Insurance Corporation. The Company's management regularly monitors the financial stability of these financial institutions.

Revenue Recognition

Rental revenue is generally recognized based on the terms of leases entered into with tenants. Rental revenue from leases with scheduled rent increases, incentives or abatements is recognized on a straight-line basis over the non-cancelable term of the respective leases. Property operating cost recoveries from tenants for common area maintenance, real estate taxes and other recoverable costs totaled $275,421 and $261,712 for the years ended December 31, 2019 and 2018, respectively, and are recognized in the period in which the related expenses are incurred, and are included in rental revenues in the accompanying statements of operations. Receivables relating to these recoveries totaled $37,442 and $35,331 as of December 31, 2019 and 2018, respectively, and are included in accounts receivable on the accompanying balance sheets. If it becomes probable that a tenant will fail to perform according to the terms of the lease, a loss equal to the deferred rents receivable unlikely to be received from that tenant would be charged to operations. The Company also earns percentage rent from a tenant based on a gross receipts calculation. This revenue is recognized in the period it is earned. Receivables relating to percentage rent totaled $30,690 and $39,039 as of December 31, 2019 and 2018, respectively, and are included in accounts receivable on the accompanying balance sheets.

Rental revenue recognized on a straight-line basis over rents due amounted to $5,236 for both of the years ended December 31, 2019 and 2018.

Revenue received in advance from tenants is recognized as unearned revenue on the accompanying balance sheets. Unearned revenue was $59,373 and $58,659 as of December 31, 2019 and 2018, respectively.

At December 31, 2019, three tenants occupying 69,308 square feet were operating under noncancelable leases providing for future minimum rents of $4,302,184 with the latest expiration date of July 31, 2029.

Future minimum rents receivable under non-cancelable leases for all known tenants at December 31, 2019, is as follows. Most leases have renewal options, which are not included below.

	Amount
2020	$ 936,448
2021	936,448
2022	936,448
2023	274,161
2024	210,749
Thereafter	1,007,930
	$ 4,302,184

Accounts receivable are reported at their estimated net realizable value. When necessary, the Company provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. Past due status is based on the contractual terms of the receivables. Accounts receivable are written off based on individual credit evaluation and specific circumstances of the customer. Management has concluded that all of the Company's accounts receivable amounts will be realizable and, accordingly, has not recorded an allowance for doubtful accounts at December 31, 2019 or 2018.

Real Property

Buildings are stated at cost and depreciated using the straight-line method over the estimated useful life of 39 years. Land improvements and signage are depreciated using an accelerated method of depreciation over the useful life of the assets, usually 15 years.

Depreciation on real property charged to operations was $280,689 and $280,698 for the years ended December 31, 2019 and 2018, respectively.

Repairs are charged against operations. Renewals and betterments that materially extend the life of an asset are capitalized.

The Company reviews the real property for impairment whenever events or changes in circumstances indicate that the carrying amount of the real property may not be recoverable. Recoverability of the real property is measured by a comparison of the carrying amount of the real property to undiscounted future net cash flows expected to be generated by the real property. If the real property is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the real property exceeds its fair value. No impairment was recognized as of December 31, 2019.

Deferred Charges and Other Assets

Deferred charges consist of lease commissions and lease costs, and are stated at cost net of accumulated amortization. At December 31, 2019 and 2018, total deferred charges capitalized were $592,727 with accumulated amortization of $401,416 and $357,221, respectively. The lease commissions and lease costs are amortized on the straight-line method over the terms of the respective leases. Lease commission and lease costs amortization expense of $44,195 and $47,495 is included in depreciation and amortization in the accompanying statement of operations for the years ended December 31, 2019 and 2018, respectively.

Deferred charges and other assets also includes $40,597 and $34,961 of prepaid expenses at December 31, 2019 and 2018, respectively.

Income Taxes

The Company is a limited liability company treated as a partnership for federal and state income tax purposes. As a result, the Company's results of operations are included in the income tax returns of its individual members. Accordingly, no provision for federal or state income taxes has been recorded in the accompanying financial statements. The Company files income tax returns in the U.S. federal jurisdiction and in the Oklahoma state jurisdiction. The Company is no longer subject to examination by taxing authorities for years before 2017, and it is not aware of any audits by any taxing authority.

The Company follows applicable authoritative guidance on accounting for uncertainty in income taxes which, among other things, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. The Company has no uncertain tax positions.

Use of Accounting Estimates

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

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) No. 2014-09, "*Revenue from Contracts with Customers,*" which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts. The core principal of the new standard is that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU requires the use of a five-step model to recognize revenue from contracts with customers. The five-step model requires that the Company identify the contract with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when the Company satisfies the performance obligations. This ASU was effective as of January 1, 2019. In analyzing the nature of the Company's contracts with customers the Company determined that the ASU did not have a material impact on the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This new standard was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and increasing disclosures regarding leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2020 and interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted. The new standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The Company is evaluating the effect that the adoption of the new standard will have on the financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-15, "*Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*." This new standard was issued to reduce the existing diversity in practice in financial reporting across all industries by clarifying certain existing principles in ASC 230, Statement of Cash Flows, including providing additional guidance on how and what an entity should consider in determining the classification of certain cash flows.

In addition, in November 2016, the FASB issued ASU No. 2016-18, "*Statement of Cash Flows (Topic 230), Restricted Cash*." This new standard was issued to clarify certain existing principles in ASC 230, including providing additional guidance related to transfers between cash and restricted cash and how entities present, in their statement of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts. This standard was effective January 1, 2019, but did not have a material impact on the financial statements and related disclosures.

NOTE 2 - NOTE PAYABLE

The Company entered into a note payable agreement with First National Bank for borrowings in the maximum principal amount of $9,136,970 on September 18, 2012. Cumulative amounts borrowed as of December 31, 2019 and 2018 were $7,900,674 and $8,126,927, respectively. The note is collateralized by a deed of trust on real property and assignment of rents. On February 10, 2017, the Company refinanced the note with First National Bank for the entire outstanding balance on that date. Under the amended terms, the interest rate is fixed at a rate equal to 3.50% per annum in excess of the Treasury Rate adjustable every five years. The entire unpaid balance of principal and accrued unpaid interest outstanding on the note will be due and payable on February 10, 2039. For the years ending December 31, 2019 and 2018, the interest rate was 5.44%.

The net deferred loan cost balance as of December 31, 2019 and 2018 of $50,371 and $53,012, respectively, is presented as a reduction of the related debt liabilities on the accompanying balance sheets.

Notes payable outstanding consisted of the following as of December 31:

	2019	2018
Principal balance	$ 7,900,674	$ 8,126,927
Less - Unamortized deferred loan costs	(50,371)	(53,012)
Notes payable less unamortized deferred loan costs	$ 7,850,303	$ 8,073,915

Loan costs consist of various debt issuance costs and are amortized on the straight-line method, which approximates the effective interest method, based on terms of the respective debt agreements. The Company's loan costs total $58,070 as of December 31, 2019 and 2018, respectively, with accumulated amortization totaling $7,699 and $5,058 as of December 31, 2019 and 2018, respectively. Loan cost amortization expense of $2,641 and $2,640 is included in depreciation and amortization in the accompanying statements of operations for the years ended December 31, 2019 and 2018, respectively.

Interest incurred related to the above notes payable totaled $441,550 and $452,479 for the years ended December 31, 2019 and 2018, respectively.

Scheduled principal payments on the note payable are as follows:

	Amount
2020	$ 237,872
2021	252,567
2022	266,855
2023	281,952
2024	296,829
Thereafter	6,564,599
	$ 7,900,674

NOTE 3 - LEASES

The Company subleases the Project land from Sooner Town Center, LLC (STC), a related party, which leases the land from the City. The lease commenced on July 19, 2012, with rent commencement on October 31, 2012. The lease expires on October 31, 2062, with a five-year renewal option. The monthly rent amount increases by 10% on the 10th anniversary of the commencement date, and every five years thereafter.

Straight-line rental expense totaled $65,604 for the years ended December 31, 2019 and 2018. Unpaid rent expense related to this lease totaled $123,639 and $103,045 as of December 31, 2019 and 2018, respectively, and is included in accounts payable and accrued expenses on the accompanying balance sheets.

Future minimum rent payments for the original term are as follows:

	Amount
2020	$ 45,000
2021	45,000
2022	45,750
2023	49,500
2024	49,500
Thereafter	2,732,132
	$ 2,957,882

The Company also has a ground lease with the Midwest City Memorial Hospital Authority, an affiliated entity, which provides for participation rent equivalent to 50% of net operating income in excess of debt service, measured on a cumulative basis. Rent commenced on October 31, 2012 under this lease, which expires on October 31, 2062, with a five-year renewal option. In addition to participation rent, starting one year after the commencement date, annual rent is $1. Participation rent is due and payable only to the extent that cumulative net cash flows are positive. Rent expense under this lease totaled $82,763 and $64,628 for the years ended December 31, 2019 and 2018, respectively.

NOTE 4 - RELATED-PARTY TRANSACTIONS AND BALANCES

Collett & Associates, LLC (Collett), an affiliated entity, provides leasing, development and brokerage services to the Company. Collett receives a monthly fee of 4% of gross monthly collections for providing property management services. Such fees totaled $49,952 and $48,221 for the years ending December 31, 2019 and 2018, respectively. The Company paid nominal amounts for various expense reimbursements to Collett, which are recorded as general and administrative expenses, for the years ended December 31, 2019 and 2018.

John S. Cheek, Inc. (Cheek), an affiliated entity, provides tax and accounting services to the Company. The Company paid $5,900 and $8,100 in fees to Cheek for the years ended December 31, 2019 and 2018, respectively.

The Company leases land from the City (see Note 3). Utility expenses paid to the City totaled $9,470 and $11,255 for the years ended December 31, 2019 and 2018, respectively.

Certain members guarantee the note payable.

NOTE 5 - SUBSEQUENT EVENTS

The Company has analyzed its operations subsequent to December 31, 2019 through May 26, 2020, the date the financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. While the disruption and economic impact in the U.S. is currently expected to be temporary, there is uncertainty around the duration and magnitude. The Company is currently unable to determine if this matter will have a material impact to its operations.

Supplementary information

DRAFT-5/18/2020

Sooner Town Center II, LLC

SCHEDULE I - NET OPERATING INCOME

Years ended December 31,

	2019
Rental revenues per audited financial statements	$ 1,247,795
Adjustments for cash basis:	
Accounts receivable	6,238
Deferred rents receivable	(5,236)
Unearned rent	714
Gross operating revenue (cash basis)	1,249,511
Allowable expenses	
Total operating expenses	826,470
Adjustments for noncash expenses:	
Depreciation and amortization	(327,525)
Other adjustments:	
Participation rent expense, accrued or paid	(82,763)
Allowable expenses, net	416,182
Net operating income per Ground Lease Agreement (1)	$ 833,329

(1) The Ground Lease Agreement between the City and the Company defines Net Operating Income per the Redevelopment Agreement as the difference between Gross Operating Revenue and the actual Operating Expenses for the same period. The agreement specifically defines Gross Operating Revenue as all revenues derived from the project, determined in accordance with GAAP, computed on a cash basis, exclusive of subtenant security deposits and other refundable deposits and exclusive of proceeds derived from a sale, condemnation, financing, insurance settlement or other transaction that is capital in nature. Further, Operating Expenses are defined as those costs determined in accordance with GAAP, including all necessary and reasonable expenditures of any kind made with respect to the operations of the project typical of a Class A shopping center, without limitation, ad valorem taxes, insurance premiums, R&M expenses, management fees, leasing and advertising expenses, professional fees, wages and utility costs. Non-cash expenditures such as depreciation and amortization shall not be included in the computation of operating expenses. Operating Expenses shall include all project development costs incurred by the Company, that are not financed, in further developing and leasing available space within the Project including, without limitation, tenant upfitting costs, market rate brokerage commissions, tenant improvement allowances, building improvements and legal fees.

Sooner Town Center II, LLC

SCHEDULE II - DEBT SERVICE

Years ended December 31,

	2019
Debt service:	
Interest expense per audited financial statements	$ 441,550
Principal payments and loan costs	226,253
Total Debt Service (2)	$ 667,803

(2) The Ground Lease Agreement defines Debt Service as the net principal paydown on all loans and accrued interest on all loans and all costs associated with obtaining the loans on the Project or any portion thereof for which a certificate of completion has been issued that are not and have not previously been accrued or paid as Operating Expenses.

Sooner Town Center II, LLC

SCHEDULE III - NET CASH FLOW

Years ended December 31,

		2019
Net operating income per Ground Lease Agreement	$	833,329
Less - Debt service		(667,803)
Net cash flow, current year		165,526
Less - Cash reserve		-
Net cash flow, after year		165,526
Participant rent factor		50%
Participant Rent (minimum - of $0) (3)	$	82,763

(3) For purposes of determining Participation Rent, the Ground Lease Agreement defines net cash flow as Net Operating Income less Debt Service. Participation Rent shall be an amount equal to fifty percent (50%) of Net Cash Flow remaining after any additional cash reserve.

Sooner Town Center II, LLC

SCHEDULE IV - SUBTENANT RENTS

Years ended December 31,

	2019
Tenant rents	$ 1,249,511
Gross operating revenue (cash basis) (4)	$ 1,249,511

(4) Refer to page 16 for the calculation of Gross operating revenue (subtenant rents) which is computed on the cash basis.

DISCUSSION ITEM

Midwest City Memorial Hospital Authority
100 North Midwest Boulevard
Midwest City, Oklahoma 73110
Office (405) 739-1207/Fax (405) 739-1208
www.midwestcityok.org

MEMORANDUM

To: Honorable Chairman and Trustees

From: Christy Barron, Finance Director

Date: May 26, 2020

Subject: Discussion and consideration of action to reallocate assets, change fund managers or make changes in the Statement of Investment Policy, Guidelines and Objectives.

Jim Garrels, President, Fiduciary Capital Advisors, asked staff to put this item on each agenda in the event the Hospital Authority's investments need to be reallocated, an investment fund manager needs to be changed or changes need to be made to the Statement of Investment Policy on short notice.

Action is at the discretion of the Authority.

Christy Barron
Finance Director

MIDWEST CITY
Where the Spirit Flies High

NEW BUSINESS/ PUBLIC DISCUSSION

MIDWEST CITY SPECIAL ECONOMIC DEVELOPMENT AUTHORITY AGENDA

City Hall - Midwest City Council Chambers, 100 N. Midwest Boulevard

May 26, 2020 – 6:03 PM

A. CALL TO ORDER.

B. CONSENT AGENDA. These items are placed on the Consent Agenda so that Trustees, by unanimous consent, can approve routine agenda items by one motion. If any item proposed does not meet with approval of all Trustees, or members of the audience wish to discuss an item, it will be removed and heard in regular order.

1. Discussion and consideration to approve the minutes of the May 12, 2020 special meeting, as submitted. (City Clerk - S. Hancock)

2. Discussion and consideration of accepting the management representation letter to Grant Thornton LLP and accepting the draft of final report associated Combined Financial Statements of Sooner Town Center, LLC and Sooner Town Center II, LLC for calendar years ending December 31, 2019 and December 31, 2018. (Finance - C. Barron)

C. ADJOURNMENT.

MIDWEST CITY
Where the Spirit Flies High

CONSENT AGENDA

Notice for the Special Economic Development Authority meetings was filed with the City Clerk of Midwest City 48 hours prior to the meeting. Public notice of this agenda was accessible at least 24 hours before this meeting at City Hall and on the Midwest City website. (www.midwestcityokorg).

Economic Development Authority Special Meeting Minutes

May 12, 2020 – 6:01 PM

This special meeting was held in the Midwest City Chambers at City Hall, 100 N Midwest Blvd, Midwest City, County of Oklahoma, State of Oklahoma.

Chairman Dukes, called the meeting to order at 6:39 PM with following members present: Trustees Susan Eads, Pat Byrne, Españiola Bowen, Sean Reed, Rick Favors with Secretary, Sara Hancock, City Attorney Heather Poole, and City Manager Tim Lyon. Absent: Allen.

CONSENT AGENDA. Eads made a motion to approve the consent agenda, as submitted, with the exception of pulling item 3, seconded by Reed. Voting Aye: Byrne, Eads, Bowen, Reed, Favors, and Chairman Dukes. Nay: None Absent: Allen. Motion carried.

1. Discussion and consideration of approving the minutes of the special meeting of March 10, 2020, as submitted.

2. Discussion and consideration of approving the minutes of the April 28, 2020 emergency meeting, as submitted.

3. **Discussion and consideration of accepting the management representation letter to Grant Thornton LLP and accepting the draft of final report associated Combined Financial Statements of Sooner Town Center, LLC and Sooner Town Center II, LLC for calendar years ending December 31, 2019 and December 31, 2018.** After Staff and Council discussion, Reed made a motion to table the item, seconded by Eads. Voting Aye: Byrne, Eads, Bowen, Reed, Favors, and Chairman Dukes. Nay: None Absent: Allen. Motion carried.

PUBLIC DISCUSSION. There was no discussion.

At 6:52 PM, Eads made motion to recess, seconded by Bowen. Voting Aye: Byrne, Eads, Bowen, Reed, Favors, and Chairman Dukes. Nay: None Absent: Allen. Motion carried.

At 7:30 PM Eads made motion to reconvene, seconded by Reed. Voting Aye: Byrne, Eads, Bowen, Reed, Favors, and Chairman Dukes. Nay: None Absent: Allen. Motion carried.

EXECUTIVE SESSION.

1. **Discussion and consideration of 1) entering into executive session, as allowed under 25 O.S. § 307(C)(11), to confer on matters pertaining to economic development, including the transfer of property, financing or the creation of a proposal to entice a business to remain or to locate within the City, and 2) in open session, authorizing the general manager/administrator to take action as appropriate based on the discussion in executive session.**

At 7:30 PM, Eads made a motion to enter into execution session, seconded by Reed. Voting Aye: Byrne, Eads, Bowen, Reed, Favors, and Chairman Dukes. Nay: None Absent: Allen. Motion carried.

At 7:51 PM, Reed a motion to return to open session, seconded by Eads. Voting Aye: Byrne, Eads, Bowen, Reed, Favors, and Chairman Dukes. Nay: None Absent: Allen. Motion carried.

Reed made motion to proceed as discussed, seconded by Eads. Voting Aye: Byrne, Eads, Bowen, Reed, Favors, and Chairman Dukes. Nay: None Absent: Allen. Motion carried.

ADJOURNMENT. There being no further business, Chairman Dukes adjourned the meeting at 7:51 PM.

ATTEST:

MATTHEW DUKES II, Chairman

SARA HANCOCK, Secretary

Finance Director
100 N. Midwest Blvd.
Midwest City, OK 73110
405-739-1245
cbarron@midwestcityok.org
www.midwestcityok.org

MEMORANDUM

TO: Economic Development Authority Chairman and Trustees

FROM: Christy Barron, Finance Director

DATE: May 26, 2020

SUBJECT: Discussion and consideration of accepting the management representation letter to Grant Thornton LLP and accepting the draft of final report associated Combined Financial Statements of Sooner Town Center, LLC and Sooner Town Center II, LLC for calendar years ending December 31, 2019 and December 31, 2018.

Attached for your review and approval are the management representation letters and financial statements for the entity leasing property associated with Sooner Town Center, LLC and Sooner Town Center II, LLC for calendar years 2018 and 2019.

You will notice the two red-lined versions and then the final clean version drafted May 18, 2020.

Christy Barron
Finance Director

May 26, 2020

Grant Thornton LLP
201 S. College St., Suite 2500
Charlotte, NC 28244

Dear Sir or Madam:

We are providing this letter in connection with your audit of the consolidated financial statements of Sooner Town Center, LLC (the "Company"), which comprise the consolidated balance sheet as of December 31, 2019 and the related consolidated statements of operations, changes in members' deficit, and cash flows for the year then ended, and the related notes to the consolidated financial statements. We understand that your audit was made for the purpose of expressing an opinion as to whether the consolidated financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and whether the supplementary information is fairly presented, in all material respects, in relation to the consolidated financial statements as a whole.

We have fulfilled our responsibility, as set out in the terms of the Engagement Letter, for the preparation and fair presentation of the consolidated financial statements in accordance with US GAAP. 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 error or fraud, including programs and controls to prevent and detect fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of the 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, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, as of May 26, 2020, the following representations made to you during your audit.

1. We have disclosed to you the results of our assessment of the risk that the consolidated financial statements may be materially misstated as a result of fraud. We have no knowledge of fraud or suspected fraud affecting the Company involving:
   a. Management
   b. Employees who have significant roles in internal control, or
   c. Others where the fraud could have a material effect on the consolidated financial statements.

2. We have no knowledge of any allegations of fraud or suspected fraud affecting the Company's consolidated financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.

3. There are no known violations or possible violations of, or no known instances of noncompliance or suspected noncompliance with, laws and regulations whose effects should be considered by management when preparing the consolidated financial statements, as a basis for recording a loss contingency or for disclosure.

4. The Company has complied with all aspects of contractual agreements that would have a material effect on the consolidated financial statements in the event of a noncompliance.

5. The Company has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

6. We have disclosed to you the identity of the Company's related parties and all related party relationships and transactions of which we are aware. Related party relationships and transactions and related amounts receivable from or payable to related parties (including sales, purchases, loans, transfers, leasing arrangements, and

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guarantees) have been properly accounted for and disclosed in the consolidated financial statements in accordance with US GAAP.

We understand that "related parties" include (1) affiliates of the Company; (2) entities for which investments in their equity securities would be required to be accounted for by the equity method by the investing entity; (3) trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; (4) principal owners of the Company and members of their immediate families; and (5) management of the Company and members of their immediate families.

Related parties also include (1) other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and (2) other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments whose effects should be considered by management when preparing the consolidated financial statements and that should be accounted for and disclosed in accordance with US GAAP (ASC 450, *Contingencies*), and we have not consulted legal counsel concerning such litigation, claims, or assessments.

8. The calculation of participation rent for the year ended December 31, 2019 as determined in the supplementary schedules of net operating income, debt service, net cash flow, and subtenant rents is prepared in compliance with the terms as defined in the Midwest City Downtown Redevelopment General Ground Lease (the Agreement). We have read the supplementary schedules and believe the information presented is consistent with and accurately reflects the provisions contained in the Agreement.

9. We believe the information included in the Leases footnote to the financial statements, which describes the participation rent calculation, is consistent with our understanding of the Agreement.

10. We believe the rent expense incurred totaled $1,767,594 for the year ended December 31, 2019 and is properly recorded in the consolidated statement of operations.

11. Amounts due to Midwest City Memorial Hospital Authority for rent have been properly calculated and accrued in accordance with the terms of the Company's Agreements with the City as of December 31, 2019.

12. Based on the Promissory Note Agreement with the City, the Company is able to factor in a cash reserve to the Net Operating Income section of the Participation Rent Expense calculation. Per the agreement, both parties must agree to any cash reserve amounts. The Company did not reserve a cash balance in 2019.

13. All events subsequent to the date of the consolidated financial statements through the date of this letter and for which US GAAP requires recognition or disclosure have been recognized or disclosed.

Very truly yours,

SOONER TOWN CENTER, LLC

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Robert C. Collett, Managing Member

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John Cheek, Consultant to Collett as an agent for Sooner Town Center, LLC

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Katherine Fox, Chief Financial Officer of Collett as an agent for Sooner Town Center, LLC

MIDWEST CITY ECONOMIC DEVELOPMENT AUTHORITY

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Matthew D. Dukes II, Chairman

DRAFT-5/12

Consolidated Financial Statements and Report of Independent Certified Public Accountants

Sooner Town Center, LLC

December 31, 2019 and 2018

DRAFT-5/12

Contents

GRANT THORNTON LLP
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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Members of
Sooner Town Center, LLC

We have audited the accompanying consolidated financial statements of Sooner Town Center, LLC (an Oklahoma limited liability company), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of operations, changes in members' deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Grant Thornton

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sooner Town Center, LLC as of December 31, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included in Schedules I through IV is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Charlotte, North Carolina
May 12, 2020

Sooner Town Center, LLC

CONSOLIDATED BALANCE SHEETS

December 31,

ASSETS	**2019**	**2018**
Real property, at cost:		
Buildings and building improvements	$ 31,360,591	$ 31,202,089
Land improvements and signage	13,217,019	13,217,019
	44,577,610	44,419,108
Less – Accumulated depreciation	(20,991,036)	(19,406,742)
Real property, net	23,586,574	25,012,366
Other assets:		
Cash	486,794	918,368
Restricted cash	5,648,696	5,490,993
Accounts receivable	205,845	281,351
Security deposit trust account	57,912	49,025
Deferred rent receivable	523,723	556,278
Deferred charges and other assets, net	1,040,485	1,081,282
Total assets	$ 31,550,029	$ 33,389,663
Liabilities and members' deficit:		
Unearned rent	188,587	141,582
Notes payable net of deferred loan costs ($1,890,580 at December 31, 2019 and $1,957,703 at December 31, 2018, respectively)	46,469,420	47,197,297
Note payable to members and affiliates	1,000	1,000
Accounts payable and accrued expenses	1,004,310	1,024,110
Security deposits	57,912	49,025
Total liabilities	47,721,229	48,413,014
Members' deficit	(16,171,200)	(15,023,351)
Total liabilities and members' deficit	$ 31,550,029	$ 33,389,663

The accompanying notes are an integral part of these consolidated financial statements.

Sooner Town Center, LLC

CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended December 31,

	2019	2018
Rental revenues	$ 7,314,246	$ 7,271,633
Operating expenses:		
Common area maintenance	556,122	570,318
Repairs and other operating expenses	36,673	1,017,465
Taxes and insurance	672,187	595,992
Administrative	95,347	113,016
Rent expense	1,767,594	1,224,330
Property management fees	282,083	270,935
Depreciation and amortization	1,872,262	1,946,994
Total operating expenses	5,282,268	5,739,050
Other income (expense):		
Interest income	88,878	64,313
Interest expense	(2,303,705)	(2,354,314)
Net loss	$ (182,849)	$ (757,418)

The accompanying notes are an integral part of these consolidated financial statements.

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Sooner Town Center, LLC

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' DEFICIT

Years ended December 31,

Members' deficit, December 31, 2017	$ (13,861,548)
Net loss	(757,418)
Distributions	(404,385)
Members' deficit, December 31, 2018	(15,023,351)
Net loss	(182,849)
Distributions	(965,000)
Members' deficit, December 31, 2019	$ (16,171,200)

The accompanying notes are an integral part of these consolidated financial statements.

Sooner Town Center, LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS

For years ended December 31,

	2019	2018
Cash flows from operating activities:		
Net loss	$ (182,849)	$ (757,418)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	1,584,294	1,585,858
Amortization	287,968	361,136
Changes in operating assets and liabilities:		
Accounts receivable	75,506	(37,836)
Deferred rent receivable	10,841	19,722
Deferred charges and other assets	(180,048)	(185,558)
Unearned rent	47,005	20,460
Accounts payable and accrued expenses	1,914	251,757
Net cash provided by operating activities	1,644,631	1,258,121
Cash flows from investing activities:		
Additions to buildings and improvements	(158,502)	(73,500)
Net cash used in investing activities	(158,502)	(73,500)
Cash flows from financing activities:		
Repayments on notes payable	(795,000)	(40,062,839)
Cash paid for deferred loan costs	-	(2,013,635)
Proceeds from note payable	-	49,155,000
Payments on short term notes payable	-	(2,000,000)
Member distributions	(965,000)	(404,385)
Net cash (used in) provided by financing activities	(1,760,000)	4,674,141
Net (decrease) increase in cash	(273,871)	5,858,762
Cash and restricted cash, beginning of year	6,409,361	550,599
Cash and restricted cash, end of year	$ 6,135,490	$ 6,409,361
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 2,310,085	$ 1,697,354

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Sooner Town Center, LLC (an Oklahoma limited liability company) (STC) (the Company) was organized in June 2002 for the purpose of acquiring, developing and leasing commercial properties in Oklahoma. STC develops and operates a retail center (the Project) located in Midwest City, Oklahoma (the City). The Project is defined by a Redevelopment Agreement between the City and STC as authorized by the Oklahoma Local Development Act. Under the terms of the agreement, the City leases the Project land to STC under two ground leases. The City is considered to be a related party for financial reporting purposes. STC is responsible for the design, construction, financing, leasing and management of the Project, all subject to City approval. Income and loss will be allocated to members in accordance with the operating agreement.

In September 2007, STC distributed its interest in the portion of the Project leased to Lowe's to a related party under common control, STC Lowe's, LLC (STC Lowe's). On February 28, 2018, STC Lowe's transferred all interest in the Lowe's project including the Anchor Ground lease (described in Note 3) along with related contracts and improvements back to STC. As a result of the transfer, STC Lowe's has no remaining assets. The STC Lowe's interests transferred were under common control as STC and were recorded at historical costs at the date of the transfer. Accordingly, the financial statements of the Company include the activity and operations of STC Lowe's.

On December 31, 2017, the interests of Sooner Town Center III, LLC (STC III) were contributed to STC. STC III is in the same business and geography as STC. The STC III interests contributed were under common control as STC and were recorded at historical costs at the date of the transfer. Accordingly, the financial statements of the Company include the activity and operations of STC III.

Cash

The Company has adopted and retrospectively applied ASU 2016-18 on January 1, 2019. The adoption of this standard resulted in the presentation of the Company's beginning of year and end of year cash balances presented in the statement of cash flows being retrospectively adjusted to include restricted cash for the year ended December 31, 2018.

Restricted Cash

The Company maintained restricted cash balances of $5,648,696 and $5,490,993 as of December 31, 2019 and 2018, respectively. The balance consists of utility deposits of $998. Additionally, the Company's debt agreement (described in Note 2) requires additional funds to be held in escrow.

Concentration of Credit Risk

The Company's operating property is located in Midwest City, Oklahoma. The Company's ability to generate future revenues is dependent upon the economic conditions within this area.

The Company's tenants engage in a wide variety of businesses. One tenant accounted for 10% and another tenant accounted for 11% of total base rental revenue for the year ended December 31, 2019. One tenant accounted for 10% of total revenue for the year ended December 31, 2018. Two tenants comprised more than 10% of accounts receivable as of December 31, 2019. No tenant accounted for more than 10% of accounts receivable as of December 31, 2019 or 2018.

The Company maintains its cash in a commercial bank. Substantially all of the Company's cash and cash equivalents are held in noninterest-bearing accounts. Regularly during the year, the Company maintained cash and cash equivalents in accounts in excess of the amount insured by the Federal Deposit Insurance Corporation. The Company's management regularly monitors the financial stability of these financial institutions.

Revenue Recognition

Rental revenue is generally recognized based on the terms of tenant leases. Rental revenue from leases with scheduled rent increases, incentives or abatements is recognized on a straight-line basis over the noncancelable term of the respective leases. Property operating cost recoveries from tenants for common area maintenance, real estate taxes and other recoverable costs totaled $1,307,535 and $1,178,327 for the years ended December 31, 2019 and 2018, respectively, and are recognized in the period in which the related expenses are incurred and are included in rental revenues in the accompanying consolidated statements of operations. Receivables relating to these recoveries totaled $205,845 and $281,351 as of December 31, 2019 and 2018, respectively, and are recognized as accounts receivable on the accompanying consolidated balance sheets. If it becomes probable a tenant will fail to perform according to the terms of the lease, a loss equal to the accrued rental revenue unlikely to be received from that tenant would be charged to operations. Interest income is recognized as it is earned.

Rent payments received in advance from tenants is recognized as unearned rent on the accompanying consolidated balance sheets. Unearned rent as of December 31, 2019 and 2018 was $188,587 and $141,582, respectively.

The aggregate excess of rental revenue recognized on a straight-line basis over rents due in accordance with the provisions of the leases was $523,723 and $556,278 at December 31, 2019 and 2018, respectively.

The Project consists of 627,117 square feet of retail space and 13 outparcel sites and was completed in 2015. At December 31, 2019, tenants occupying 625,053 square feet and 13 of the outparcel sites were operating under noncancelable leases providing for future minimum rents of $28,333,968.

Future minimum rents receivable under noncancelable leases for all known tenants at December 31, 2019, is as follows. Most leases have renewal options, which are not included below.

	Amount
2020	$6,117,484
2021	5,774,909
2022	4,480,866
2023	3,018,203
2024	2,543,636
Thereafter	6,398,870
	$ 28,333,968

Rent and receivables are reported at their estimated net realizable value. When necessary, the Company provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. Past due status is based on the contractual terms of the receivables. Rent and receivables are written off based on individual credit evaluation and specific circumstances of the customer. Management has concluded that all of the Company's accounts receivable amounts will be realizable and, accordingly, has not recorded an allowance for doubtful accounts at December 31, 2019 and 2018.

Real Property

Buildings and building improvements are stated at cost and depreciated using the straight-line method over the estimated useful life of 39 years. Land improvements and signage are depreciated using an accelerated method of depreciation over the useful life of the assets, usually 15 years. Direct and indirect costs that relate to land development and building construction are capitalized. Costs are allocated to Project components by the specific identification method whenever possible. Otherwise, costs are allocated based on square footage or acreage.

Depreciation on real property charged to operations was $1,584,294 and $1,585,858 for the years ended December 31, 2019 and 2018, respectively.

Repairs are charged against operations. Renewals and betterments that materially extend the life of an asset are capitalized.

The Company reviews the real property for impairment whenever events or changes in circumstances indicate that the carrying amount of the real property may not be recoverable. Recoverability of the real property is measured by a comparison of the carrying amount of the real property to undiscounted future net cash flows expected to be generated by the real property. If the real property is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the real property exceeds its fair value. No impairment was recognized for the years ended December 31, 2019 and 2018.

Deferred Charges and Other Assets

Deferred charges consist of lease commissions and lease costs, and are stated at cost net of accumulated amortization. At December 31, 2019 and 2018, total deferred charges capitalized were $4,412,509 and $4,252,247, respectively, with accumulated amortization of $3,519,950 and $3,299,103, respectively. The lease commissions and lease costs are amortized on the straight-line method over the terms of the respective leases. Lease commission and lease costs amortization expense of $220,847 and $253,324 is included in depreciation and amortization in the accompanying consolidated statements of operations for the years ended December 31, 2019 and 2018, respectively.

Deferred charges and other assets also include $147,926 and $128,138 of prepaid expenses at December 31, 2019 and 2018, respectively.

Income Taxes

The Company is a limited liability company treated as a partnership for federal and state income tax purposes. As a result, the Company’s results of operations are included in the income tax returns of its individual members. Accordingly, no provision for federal or state income taxes has been recorded in the accompanying consolidated financial statements. The Company files income tax returns in the U.S. federal jurisdiction and in the Oklahoma state jurisdiction. The Company is no longer subject to examination by taxing authorities for years before 2017, and it is not aware of any audits by any taxing authority.

The Company follows applicable authoritative guidance on accounting for uncertainty in income taxes which, among other things, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. The Company has no uncertain tax positions.

Use of Accounting Estimates

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

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) No. 2014-09, "*Revenue from Contracts with Customers,*" which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts. The core principal of the new standard is that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU requires the use of a five-step model to recognize revenue from contracts with customers. The five-step model requires that the Company identify the contract with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when the Company satisfies the performance obligations. This ASU was effective as of January 1, 2019. In analyzing the nature of the Company's contracts with customers the Company determined that the ASU did not have a material impact on the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, "*Leases (Topic 842).*" This new standard was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and increasing disclosures regarding leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2020 and interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted. The new standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The Company is evaluating the effect that the adoption of the new standard will have on the financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-15, "*Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*." This new standard was issued to reduce the existing diversity in practice in financial reporting across all industries by clarifying certain existing principles in ASC 230, Statement of Cash Flows, including providing additional guidance on how and what an entity should consider in determining the classification of certain cash flows.

In addition, in November 2016, the FASB issued ASU No. 2016-18, "*Statement of Cash Flows (Topic 230), Restricted Cash*." This new standard was issued to clarify certain existing principles in ASC 230, including providing additional guidance related to transfers between cash and restricted cash and how entities present, in their statement of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts. This standard was effective January 1, 2019.

Reclassifications

Certain prior period items reported in the comparative 2018 financial statements have been reclassified to conform to the current period presentation. The reclassifications have no material impact on the total assets, liabilities or members' deficit recorded.

In connection with our adoption of ASU 2016-18 on January 1, 2019, restricted cash is included with cash and cash equivalents when reconciling beginning and ending cash amounts in the consolidated statements of cash flows. Prior period amounts have been reclassified to conform to the current year presentation, resulting in an increase in cash provided by operating activities of $1,300,000 and an increase in cash provided by financing activities of $4,189,995.

NOTE 2 - NOTES PAYABLE

Notes payable outstanding at December 31 consisted of:

December 31	2019	2018
Principal balance	$ 48,360,000	$ 49,155,000
Less unamortized deferred loan costs	(1,890,580)	(1,957,703)
Notes payable less unamortized deferred loan costs	$ 46,469,420	$ 47,197,297

On February 28, 2018, the Company entered into a Loan Agreement (the Loan) with the Midwest City Economic Development Authority (MWCEDA) in the amount of $49,155,000. The MWCEDA is a public trust created for the benefit of the City, for the purpose of issuing Series 2018 Economic Development Revenue Bonds (Bonds), the proceeds of which were used to fund the Loan to the Company. Proceeds of the Loan were used to 1) repay all the Company's existing debt, 2) fund certain reserves defined in the Loan Agreement and 3) pay the cost of issuing the Bonds.

All the Company's assets are pledged to the MWCEDA as collateral for the Loan under a Leasehold Mortgage and Assignment of Rents. Additionally, the City conveyed all Project land and assigned the leases as collateral described in Note 3 to the MWCEDA. The MWCEDA in turn pledged the Leasehold Mortgage, Project land and leases as collateral for the Bonds. Payments required under the Loan Agreement mirror the Bonds repayment schedule. The City has provided additional collateral in the form of a guaranty by the Midwest City Municipal Authority, lessee and operator of the City water and sewer systems, of any shortfall in Loan payments. The Company pays the City a Credit Enhancement Fee equal to 0.5% of the outstanding Bonds balance as defined, as compensation for the additional collateral provided by the City.

Loan payment terms specify that the annual payment be an amount sufficient to fund the Bonds repayment schedule, the Credit Enhancement Fee, administrative expenses, tenant improvements and maintain certain escrow balances as defined in the Loan Agreement. The Bonds are administered by a Trustee appointed by the MWCEDA. The Trustee provides the Company with an annual payment amount required to fund the Bonds obligation, which the Company remits to the Trustee in 12 equal installments. The effective interest rate of the Bonds issued is 4.94% and the Company incurred interest expense of $2,303,705 in 2019 applicable to the Loan. Interest incurred on the Loan in 2018 was $1,955,105. Interest incurred in 2018 on the previous debt, prior to refinancing, was $399,209. Scheduled future Bonds principal payments are the following:

	Amount
2020	$ 910,000
2021	935,000
2022	965,000
2023	995,000
2024	1,025,000
Thereafter	43,530,000
	$ 48,360,000

Escrow and reserve balances required by the Bonds Indenture were $5,647,698 and $5,489,995 at December 31, 2019 and 2018, respectively, and are included in Restricted Cash on the balance sheet.

The Loan Agreement requires, among other things, that the Company maintain a debt Coverage Ratio of 1.20. If this is not achieved, the Company must make additional payments to a Supplemental Reserve fund maintained by the Bonds Trustee. The coverage is tested annually for the 12 months ending January 31, and the Company was in compliance for the January 31, 2020 testing period.

Loan costs consist of various debt issuance costs and are amortized on the straight-line method, which approximates the effective interest method, based on terms of the respective debt agreements. The Company's loan costs total $2,013,635 as of December 31, 2019 and 2018, with accumulated amortization totaling $123,055 and $55,932 as of December 31, 2019 and 2018, respectively. Loan cost amortization expense of $67,121 and $107,812 is included in depreciation and amortization in the accompanying consolidated statements of operations for the years ended December 31, 2019 and 2018.

NOTE 3 - LEASES

Sooner Town Center, LLC leases the Project land from the City under two ground leases, designated anchor and general. Both leases have terms commencing on June 1, 2004, with rent commencement on February 12, 2006, and expiring on October 31, 2062. Subsequent to rent commencement, the anchor ground lease rent is $510,000 annually. The general ground lease provides for three tiers of rent – general ground rent of $1 per year, preferred rent of $305,000 annually, payable to the extent of net operating income in excess of debt service as defined in the Redevelopment Agreement, and participation rent equivalent to 50% of net operating income in excess of debt service remaining after payment of preferred rent. Preferred rent is cumulative after the Project is 50% leased.

To the extent that calculated preferred rent payable is less than $305,000, the difference is accrued and is payable when future net operating income in excess of debt service is sufficient. Participation rent expense totaled $952,595 and $409,330 for the years ended December 31, 2019 and 2018, respectively. Total rental expense totaled $1,767,594 and $1,224,330 for the years ended December 31, 2019 and 2018, respectively. Rent expense incurred and unpaid totaled $148,857 and $161,263 as of December 31, 2019 and 2018, respectively, and is included in accounts payable and accrued expenses on the accompanying consolidated balance sheets.

NOTE 4 - RELATED-PARTY TRANSACTIONS AND BALANCES

Collett & Associates, LLC (Collett), an affiliated property management company, provides management and brokerage services to the Company. Collett receives a monthly fee of 4% of gross monthly collections, net of anchor ground lease rent, for providing property management services. Such fees totaled $282,083 and $270,935 for the years ended December 31, 2019 and 2018, respectively. Additionally, tenant security deposits are held in a trust account maintained by Collett, consistent with industry practice and regulatory requirements. Amounts due under this arrangement are recognized as security deposit trust account and totaled $57,912 and $49,025 as of December 31, 2019 and 2018, respectively. The Company paid nominal amounts for various expense reimbursements to Collett, which are recorded as general and administrative expenses, for both years ended December 31, 2019 and 2018.

Sooner Investment Realty (SIR), an affiliated entity, provides leasing services to the Company. The Company paid $144,849 and $105,509 in leasing commissions to SIR for the years ended December 31, 2019 and 2018, respectively, which is included within the Deferred Charges and Other Assets line item on the consolidated balance sheets.

The Company paid $22,132 and $20,537 in utilities expense to the City for the years ended December 31, 2019 and 2018, respectively, which is included in the Common Area Maintenance line item of the consolidated statements of operations.

The Company subleases part of the Project land to Sooner Town Center II, LLC (STC II), a related party. The lease commenced on July 19, 2012, with rent commencement on October 31, 2012. The lease expires on October 31, 2062, with a five-year renewal option. Annual rent for the first 10 years is $45,000. The monthly rent amount increases by 10% on the 10th anniversary of the commencement date, and every five years thereafter. Straight-line rental income for this lease totaled $65,609 for the years ended December 31, 2019 and 2018. These amounts are included in the future minimum rents receivable schedule included in Note 1.

As of December 31, 2019, the Company has an outstanding loan balance with RC Collett, Inc., an affiliated entity, of $1,000.

As described in Note 2, on February 28, 2018, the Company entered into a Loan Agreement with MWCEDA, a related party. As of December 31, 2019, the Company has an outstanding loan principal balance with MWCEDA of $48,360,000. The Company incurred interest expense of $2,303,705 related to this Loan during the year ended December 31, 2019.

NOTE 5 - SUBSEQUENT EVENTS

The Company has analyzed its operations subsequent to December 31, 2019 through May 12, 2020, the date the financial statements were available to be issued.

Sooner Town Center, LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. While the disruption and economic impact in the U.S. is currently expected to be temporary, there is uncertainty around the duration and magnitude. The Company is currently unable to determine if this matter will have a material impact to its operations.

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Supplementary information

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Sooner Town Center, LLC

SCHEDULE I - NET OPERATING INCOME

For year ended December 31,

	2019
Rental revenues	$ 7,314,246
Less - Anchor ground lease revenue up to related expense	(510,000)
Rental revenues excluding anchor tenant	6,804,246
Adjustments to cash basis:	
Deferred rent receivable, net	10,841
Common area maintenance receivable	75,506
Unearned rent	47,005
Gross operating revenue (subtenant rents, cash basis)	6,937,598
Allowable expenses:	
Operating expenses	5,282,268
Less - Anchor tenant rent expense	(510,000)
Allowable expenses, net of anchor tenant rent expense	4,772,268
Adjustments for noncash expenses:	
Depreciation and amortization	(1,872,262)
Other adjustments:	
Interest Income	(88,878)
Preferred rent, accrued or paid	(305,000)
Participation rent, accrued or paid	(952,595)
Allowable expenses, net	1,553,533
Net operating income per Redevelopment Agreement (1)	$ 5,384,065

(1) The Midwest City Downtown Redevelopment (Redevelopment Agreement) Ground Lease between the City and the Company defines Net Operating Income per the Redevelopment Agreement as the difference between Gross Operating Revenue and the actual Operating Expenses for the same period. The agreement specifically defines Gross Operating Revenue as all revenues derived from the project (excluding anchor ground lease up to $510,000), determined in accordance with GAAP, computed on a cash basis, exclusive of subtenant security deposits and other refundable deposits and exclusive of proceeds derived from a sale, condemnation, financing, insurance settlement or other transaction that is capital in nature. Further, Operating Expenses are defined as those costs determined in accordance with GAAP, including all necessary and reasonable expenditures of any kind made with respect to the operations of the project (excluding anchor ground lease) typical of a Class A shopping center, without limitation, ad valorem taxes, insurance premiums, R&M expenses, management fees, leasing and advertising expenses, professional fees, wages and utility costs. After the City issues Certificates of Completion on Improvements, the construction loan interest will be included in Operating Expenses to the extent that such interest can no longer be drawn on under the applicable construction loan. Non-cash expenditures such as depreciation and amortization shall not be included in the computation of operating expenses. Operating Expenses shall include all project development costs incurred by the Company, that are not financed, in further developing and leasing available space within the Project including, without limitation, tenant upfitting costs, market rate brokerage commissions, tenant improvement allowances, building improvements and legal fees.

DRAFT-5/12

Sooner Town Center, LLC

SCHEDULE II - DEBT SERVICE

For year ended December 31,

		2019
Debt service:		
Interest expense on debt	$	2,303,705
Debt principal payments		795,000
Net change in bond escrows		75,170
Total Debt Service (2)	$	3,173,875

(2) The Redevelopment Agreement defines Debt Service as principal and interest on all loan(s) on the Project (excluding those under the anchor ground lease) or any portion thereof, exclusive of (1) any interest under any construction loan which is funded by draws under such Construction Loan and (2) interest carry costs treated as preferred rent.

Sooner Town Center, LLC

SCHEDULE III - NET CASH FLOW

For year ended December 31,

	2019
Net operating income per Redevelopment Agreement	$ 5,384,065
Less - debt service	(3,173,875)
	2,210,190
Net cash flow	
Less - preferred rent	(305,000)
Less - general ground lease	(1)
Net cash flow, after preferred rent and general ground lease	1,905,189
Participation rent factor	50%
Participation Rent (3)	$ 952,595

(3) For purposes of determining Participation Rent, the Redevelopment Agreement defines net cash flow as Net Operating Income less Debt Service. Participation Rent shall be an amount equal to fifty percent (50%) of Net Cash Flow remaining after General Ground Lease payment and Preferred Rent. All Participation Rent is subordinate to these payments. The annual lease payment for General Ground Lease is $1, due to the City annually. Preferred Rent is the first $305,000 of Net Operating Income after payment of the General Ground Lease Payment and Debt Service.

DRAFT-5/12

Sooner Town Center, LLC

SCHEDULE IV - SUBTENANT RENTS

For year ended December 31,

	2019
Subtenant rents, excluding the anchor ground lease	$ 6,937,598
Gross operating revenue (subtenant rents, cash basis)(4)	$ 6,937,598

(4) Refer to page 18 for the calculation of Gross operating revenue (subtenant rents) which is computed on the cash basis.

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Consolidated Financial Statements and Report of Independent Certified Public Accountants

Sooner Town Center, LLC

December 31, 2019 and 2018

DRAFT-5/18/2020

Contents

Grant Thornton

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Members of
Sooner Town Center, LLC

We have audited the accompanying consolidated financial statements of Sooner Town Center, LLC (an Oklahoma limited liability company), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of operations, changes in members' deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sooner Town Center, LLC as of December 31, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included in Schedules I through IV is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Charlotte, North Carolina
May 26, 2020

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Sooner Town Center, LLC

CONSOLIDATED BALANCE SHEETS

December 31,

ASSETS	**2019**	**2018**
Real property, at cost:		
Buildings and building improvements	$ 31,360,591	$ 31,202,089
Land improvements and signage	13,217,019	13,217,019
	44,577,610	44,419,108
Less – Accumulated depreciation	(20,991,036)	(19,406,742)
Real property, net	23,586,574	25,012,366
Other assets:		
Cash	486,794	918,368
Restricted cash	5,648,696	5,490,993
Accounts receivable	205,845	281,351
Security deposit trust account	57,912	49,025
Deferred rent receivable	523,723	556,278
Deferred charges and other assets, net	1,040,485	1,081,282
Total assets	$ 31,550,029	$ 33,389,663
Liabilities and members' deficit:		
Unearned rent	188,587	141,582
Notes payable net of deferred loan costs ($1,890,580 at December 31, 2019 and $1,957,703 at December 31, 2018, respectively)	46,469,420	47,197,297
Note payable to members and affiliates	1,000	1,000
Accounts payable and accrued expenses	1,004,310	1,024,110
Security deposits	57,912	49,025
Total liabilities	47,721,229	48,413,014
Members' deficit	(16,171,200)	(15,023,351)
Total liabilities and members' deficit	$ 31,550,029	$ 33,389,663

The accompanying notes are an integral part of these consolidated financial statements.

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Sooner Town Center, LLC

CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended December 31,

	2019	2018
Rental revenues	$ 7,314,246	$ 7,271,633
Operating expenses:		
Common area maintenance	556,122	570,318
Repairs and other operating expenses	36,673	1,017,465
Taxes and insurance	672,187	595,992
Administrative	95,347	113,016
Rent expense	1,767,594	1,224,330
Property management fees	282,083	270,935
Depreciation and amortization	1,872,262	1,946,994
Total operating expenses	5,282,268	5,739,050
Other income (expense):		
Interest income	88,878	64,313
Interest expense	(2,303,705)	(2,354,314)
Net loss	$ (182,849)	$ (757,418)

The accompanying notes are an integral part of these consolidated financial statements.

Sooner Town Center, LLC

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' DEFICIT

Years ended December 31,

Members' deficit, December 31, 2017	$ (13,861,548)
Net loss	(757,418)
Distributions	(404,385)
Members' deficit, December 31, 2018	(15,023,351)
Net loss	(182,849)
Distributions	(965,000)
Members' deficit, December 31, 2019	$ (16,171,200)

The accompanying notes are an integral part of these consolidated financial statements.

DRAFT-5/18/2020

Sooner Town Center, LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS

For years ended December 31,

	2019	2018
Cash flows from operating activities:		
Net loss	$ (182,849)	$ (757,418)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	1,584,294	1,585,858
Amortization	287,968	361,136
Changes in operating assets and liabilities:		
Accounts receivable	75,506	(37,836)
Deferred rent receivable	10,841	19,722
Deferred charges and other assets	(180,048)	(185,558)
Unearned rent	47,005	20,460
Accounts payable and accrued expenses	1,914	251,757
Net cash provided by operating activities	1,644,631	1,258,121
Cash flows from investing activities:		
Additions to buildings and improvements	(158,502)	(73,500)
Net cash used in investing activities	(158,502)	(73,500)
Cash flows from financing activities:		
Repayments on notes payable	(795,000)	(40,062,839)
Cash paid for deferred loan costs	-	(2,013,635)
Proceeds from note payable	-	49,155,000
Payments on short term notes payable	-	(2,000,000)
Member distributions	(965,000)	(404,385)
Net cash (used in) provided by financing activities	(1,760,000)	4,674,141
Net (decrease) increase in cash	(273,871)	5,858,762
Cash and restricted cash, beginning of year	6,409,361	550,599
Cash and restricted cash, end of year	$ 6,135,490	$ 6,409,361
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 2,310,085	$ 1,697,354

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Sooner Town Center, LLC (an Oklahoma limited liability company) (STC) (the Company) was organized in June 2002 for the purpose of acquiring, developing and leasing commercial properties in Oklahoma. STC develops and operates a retail center (the Project) located in Midwest City, Oklahoma (the City). The Project is defined by a Redevelopment Agreement between the City and STC as authorized by the Oklahoma Local Development Act. Under the terms of the agreement, the City leases the Project land to STC under two ground leases. The City is considered to be a related party for financial reporting purposes. STC is responsible for the design, construction, financing, leasing and management of the Project, all subject to City approval. Income and loss will be allocated to members in accordance with the operating agreement.

In September 2007, STC distributed its interest in the portion of the Project leased to Lowe's to a related party under common control, STC Lowe's, LLC (STC Lowe's). On February 28, 2018, STC Lowe's transferred all interest in the Lowe's project including the Anchor Ground lease (described in Note 3) along with related contracts and improvements back to STC. As a result of the transfer, STC Lowe's has no remaining assets. The STC Lowe's interests transferred were under common control as STC and were recorded at historical costs at the date of the transfer. Accordingly, the financial statements of the Company include the activity and operations of STC Lowe's.

On December 31, 2017, the interests of Sooner Town Center III, LLC (STC III) were contributed to STC. STC III is in the same business and geography as STC. The STC III interests contributed were under common control as STC and were recorded at historical costs at the date of the transfer. Accordingly, the financial statements of the Company include the activity and operations of STC III.

Cash

The Company has adopted and retrospectively applied ASU 2016-18 on January 1, 2019. The adoption of this standard resulted in the presentation of the Company's beginning of year and end of year cash balances presented in the statement of cash flows being retrospectively adjusted to include restricted cash for the year ended December 31, 2018.

Restricted Cash

The Company maintained restricted cash balances of $5,648,696 and $5,490,993 as of December 31, 2019 and 2018, respectively. The balance consists of utility deposits of $998. Additionally, the Company's debt agreement (described in Note 2) requires additional funds to be held in escrow.

Concentration of Credit Risk

The Company's operating property is located in Midwest City, Oklahoma. The Company's ability to generate future revenues is dependent upon the economic conditions within this area.

The Company's tenants engage in a wide variety of businesses. One tenant accounted for 10% and another tenant accounted for 11% of total base rental revenue for the year ended December 31, 2019. One tenant accounted for 10% of total revenue for the year ended December 31, 2018. Two tenants comprised more than 10% of accounts receivable as of December 31, 2019. No tenant accounted for more than 10% of accounts receivable as of December 31, 2019 or 2018.

The Company maintains its cash in a commercial bank. Substantially all of the Company's cash and cash equivalents are held in noninterest-bearing accounts. Regularly during the year, the Company maintained cash and cash equivalents in accounts in excess of the amount insured by the Federal Deposit Insurance Corporation. The Company's management regularly monitors the financial stability of these financial institutions.

Revenue Recognition

Rental revenue is generally recognized based on the terms of tenant leases. Rental revenue from leases with scheduled rent increases, incentives or abatements is recognized on a straight-line basis over the noncancelable term of the respective leases. Property operating cost recoveries from tenants for common area maintenance, real estate taxes and other recoverable costs totaled $1,307,535 and $1,178,327 for the years ended December 31, 2019 and 2018, respectively, and are recognized in the period in which the related expenses are incurred and are included in rental revenues in the accompanying consolidated statements of operations. Receivables relating to these recoveries totaled $205,845 and $281,351 as of December 31, 2019 and 2018, respectively, and are recognized as accounts receivable on the accompanying consolidated balance sheets. If it becomes probable a tenant will fail to perform according to the terms of the lease, a loss equal to the accrued rental revenue unlikely to be received from that tenant would be charged to operations. Interest income is recognized as it is earned.

Rent payments received in advance from tenants is recognized as unearned rent on the accompanying consolidated balance sheets. Unearned rent as of December 31, 2019 and 2018 was $188,587 and $141,582, respectively.

The aggregate excess of rental revenue recognized on a straight-line basis over rents due in accordance with the provisions of the leases was $523,723 and $556,278 at December 31, 2019 and 2018, respectively.

The Project consists of 627,117 square feet of retail space and 13 outparcel sites and was completed in 2015. At December 31, 2019, tenants occupying 625,053 square feet and 13 of the outparcel sites were operating under noncancelable leases providing for future minimum rents of $28,333,968.

Future minimum rents receivable under noncancelable leases for all known tenants at December 31, 2019, is as follows. Most leases have renewal options, which are not included below.

	Amount
2020	$6,117,484
2021	5,774,909
2022	4,480,866
2023	3,018,203
2024	2,543,636
Thereafter	6,398,870
	$ 28,333,968

Rent and receivables are reported at their estimated net realizable value. When necessary, the Company provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. Past due status is based on the contractual terms of the receivables. Rent and receivables are written off based on individual credit evaluation and specific circumstances of the customer. Management has concluded that all of the Company's accounts receivable amounts will be realizable and, accordingly, has not recorded an allowance for doubtful accounts at December 31, 2019 and 2018.

Real Property

Buildings and building improvements are stated at cost and depreciated using the straight-line method over the estimated useful life of 39 years. Land improvements and signage are depreciated using an accelerated method of depreciation over the useful life of the assets, usually 15 years. Direct and indirect costs that relate to land development and building construction are capitalized. Costs are allocated to Project components by the specific identification method whenever possible. Otherwise, costs are allocated based on square footage or acreage.

Depreciation on real property charged to operations was $1,584,294 and $1,585,858 for the years ended December 31, 2019 and 2018, respectively.

Repairs are charged against operations. Renewals and betterments that materially extend the life of an asset are capitalized.

The Company reviews the real property for impairment whenever events or changes in circumstances indicate that the carrying amount of the real property may not be recoverable. Recoverability of the real property is measured by a comparison of the carrying amount of the real property to undiscounted future net cash flows expected to be generated by the real property. If the real property is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the real property exceeds its fair value. No impairment was recognized for the years ended December 31, 2019 and 2018.

Deferred Charges and Other Assets

Deferred charges consist of lease commissions and lease costs, and are stated at cost net of accumulated amortization. At December 31, 2019 and 2018, total deferred charges capitalized were $4,412,509 and $4,252,247, respectively, with accumulated amortization of $3,519,950 and $3,299,103, respectively. The lease commissions and lease costs are amortized on the straight-line method over the terms of the respective leases. Lease commission and lease costs amortization expense of $220,847 and $253,324 is included in depreciation and amortization in the accompanying consolidated statements of operations for the years ended December 31, 2019 and 2018, respectively.

Deferred charges and other assets also include $147,926 and $128,138 of prepaid expenses at December 31, 2019 and 2018, respectively.

Income Taxes

The Company is a limited liability company treated as a partnership for federal and state income tax purposes. As a result, the Company’s results of operations are included in the income tax returns of its individual members. Accordingly, no provision for federal or state income taxes has been recorded in the accompanying consolidated financial statements. The Company files income tax returns in the U.S. federal jurisdiction and in the Oklahoma state jurisdiction. The Company is no longer subject to examination by taxing authorities for years before 2017, and it is not aware of any audits by any taxing authority.

The Company follows applicable authoritative guidance on accounting for uncertainty in income taxes which, among other things, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. The Company has no uncertain tax positions.

Use of Accounting Estimates

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

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) No. 2014-09, "*Revenue from Contracts with Customers,*" which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts. The core principal of the new standard is that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU requires the use of a five-step model to recognize revenue from contracts with customers. The five-step model requires that the Company identify the contract with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when the Company satisfies the performance obligations. This ASU was effective as of January 1, 2019. In analyzing the nature of the Company's contracts with customers the Company determined that the ASU did not have a material impact on the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, "*Leases (Topic 842).*" This new standard was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and increasing disclosures regarding leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2020 and interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted. The new standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The Company is evaluating the effect that the adoption of the new standard will have on the financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-15, "*Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*." This new standard was issued to reduce the existing diversity in practice in financial reporting across all industries by clarifying certain existing principles in ASC 230, Statement of Cash Flows, including providing additional guidance on how and what an entity should consider in determining the classification of certain cash flows.

In addition, in November 2016, the FASB issued ASU No. 2016-18, "*Statement of Cash Flows (Topic 230), Restricted Cash*." This new standard was issued to clarify certain existing principles in ASC 230, including providing additional guidance related to transfers between cash and restricted cash and how entities present, in their statement of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts. This standard was effective January 1, 2019.

Reclassifications

Certain prior period items reported in the comparative 2018 financial statements have been reclassified to conform to the current period presentation. The reclassifications have no material impact on the total assets, liabilities or members' deficit recorded.

In connection with our adoption of ASU 2016-18 on January 1, 2019, restricted cash is included with cash and cash equivalents when reconciling beginning and ending cash amounts in the consolidated statements of cash flows. Prior period amounts have been reclassified to conform to the current year presentation, resulting in an increase in cash provided by operating activities of $1,300,000 and an increase in cash provided by financing activities of $4,189,995.

NOTE 2 - NOTES PAYABLE

Notes payable outstanding at December 31 consisted of:

December 31	2019	2018
Principal balance	$ 48,360,000	$ 49,155,000
Less unamortized deferred loan costs	(1,890,580)	(1,957,703)
Notes payable less unamortized deferred loan costs	$ 46,469,420	$ 47,197,297

On February 28, 2018, the Company entered into a Loan Agreement (the Loan) with the Midwest City Economic Development Authority (MWCEDA) in the amount of $49,155,000. The MWCEDA is a public trust created for the benefit of the City, for the purpose of issuing Series 2018 Economic Development Revenue Bonds (Bonds), the proceeds of which were used to fund the Loan to the Company. Proceeds of the Loan were used to 1) repay all the Company's existing debt, 2) fund certain reserves defined in the Loan Agreement and 3) pay the cost of issuing the Bonds.

All the Company's assets are pledged to the MWCEDA as collateral for the Loan under a Leasehold Mortgage and Assignment of Rents. Additionally, the City conveyed all Project land and assigned the leases as collateral described in Note 3 to the MWCEDA. The MWCEDA in turn pledged the Leasehold Mortgage, Project land and leases as collateral for the Bonds. Payments required under the Loan Agreement mirror the Bonds repayment schedule. The City has provided additional collateral in the form of a guaranty by the Midwest City Municipal Authority, lessee and operator of the City water and sewer systems, of any shortfall in Loan payments. The Company pays the City a Credit Enhancement Fee equal to 0.5% of the outstanding Bonds balance as defined, as compensation for the additional collateral provided by the City.

Loan payment terms specify that the annual payment be an amount sufficient to fund the Bonds repayment schedule, the Credit Enhancement Fee, administrative expenses, tenant improvements and maintain certain escrow balances as defined in the Loan Agreement. The Bonds are administered by a Trustee appointed by the MWCEDA. The Trustee provides the Company with an annual payment amount required to fund the Bonds obligation, which the Company remits to the Trustee in 12 equal installments. The effective interest rate of the Bonds issued is 4.94% and the Company incurred interest expense of $2,303,705 in 2019 applicable to the Loan. Interest incurred on the Loan in 2018 was $1,955,105. Interest incurred in 2018 on the previous debt, prior to refinancing, was $399,209. Scheduled future Bonds principal payments are the following:

	Amount
2020	$ 910,000
2021	935,000
2022	965,000
2023	995,000
2024	1,025,000
Thereafter	43,530,000
	$ 48,360,000

Escrow and reserve balances required by the Bonds Indenture were $5,647,698 and $5,489,995 at December 31, 2019 and 2018, respectively, and are included in Restricted Cash on the balance sheet.

The Loan Agreement requires, among other things, that the Company maintain a debt Coverage Ratio of 1.20. If this is not achieved, the Company must make additional payments to a Supplemental Reserve fund maintained by the Bonds Trustee. The coverage is tested annually for the 12 months ending January 31, and the Company was in compliance for the January 31, 2020 testing period.

Loan costs consist of various debt issuance costs and are amortized on the straight-line method, which approximates the effective interest method, based on terms of the respective debt agreements. The Company's loan costs total $2,013,635 as of December 31, 2019 and 2018, with accumulated amortization totaling $123,055 and $55,932 as of December 31, 2019 and 2018, respectively. Loan cost amortization expense of $67,121 and $107,812 is included in depreciation and amortization in the accompanying consolidated statements of operations for the years ended December 31, 2019 and 2018.

NOTE 3 - LEASES

Sooner Town Center, LLC leases the Project land from the City under two ground leases, designated anchor and general. Both leases have terms commencing on June 1, 2004, with rent commencement on February 12, 2006, and expiring on October 31, 2062. Subsequent to rent commencement, the anchor ground lease rent is $510,000 annually. The general ground lease provides for three tiers of rent – general ground rent of $1 per year, preferred rent of $305,000 annually, payable to the extent of net operating income in excess of debt service as defined in the Redevelopment Agreement, and participation rent equivalent to 50% of net operating income in excess of debt service remaining after payment of preferred rent. Preferred rent is cumulative after the Project is 50% leased.

To the extent that calculated preferred rent payable is less than $305,000, the difference is accrued and is payable when future net operating income in excess of debt service is sufficient. Participation rent expense totaled $952,595 and $409,330 for the years ended December 31, 2019 and 2018, respectively. Total rental expense totaled $1,767,594 and $1,224,330 for the years ended December 31, 2019 and 2018, respectively. Rent expense incurred and unpaid totaled $148,857 and $161,263 as of December 31, 2019 and 2018, respectively, and is included in accounts payable and accrued expenses on the accompanying consolidated balance sheets.

NOTE 4 - RELATED-PARTY TRANSACTIONS AND BALANCES

Collett & Associates, LLC (Collett), an affiliated property management company, provides management and brokerage services to the Company. Collett receives a monthly fee of 4% of gross monthly collections, net of anchor ground lease rent, for providing property management services. Such fees totaled $282,083 and $270,935 for the years ended December 31, 2019 and 2018, respectively. Additionally, tenant security deposits are held in a trust account maintained by Collett, consistent with industry practice and regulatory requirements. Amounts due under this arrangement are recognized as security deposit trust account and totaled $57,912 and $49,025 as of December 31, 2019 and 2018, respectively. The Company paid nominal amounts for various expense reimbursements to Collett, which are recorded as general and administrative expenses, for both years ended December 31, 2019 and 2018.

Sooner Investment Realty (SIR), an affiliated entity, provides leasing services to the Company. The Company paid $144,849 and $105,509 in leasing commissions to SIR for the years ended December 31, 2019 and 2018, respectively, which is included within the Deferred Charges and Other Assets line item on the consolidated balance sheets.

The Company paid $22,132 and $20,537 in utilities expense to the City for the years ended December 31, 2019 and 2018, respectively, which is included in the Common Area Maintenance line item of the consolidated statements of operations.

The Company subleases part of the Project land to Sooner Town Center II, LLC (STC II), a related party. The lease commenced on July 19, 2012, with rent commencement on October 31, 2012. The lease expires on October 31, 2062, with a five-year renewal option. Annual rent for the first 10 years is $45,000. The monthly rent amount increases by 10% on the 10th anniversary of the commencement date, and every five years thereafter. Straight-line rental income for this lease totaled $65,609 for the years ended December 31, 2019 and 2018. These amounts are included in the future minimum rents receivable schedule included in Note 1.

As of December 31, 2019, the Company has an outstanding loan balance with RC Collett, Inc., an affiliated entity, of $1,000.

As described in Note 2, on February 28, 2018, the Company entered into a Loan Agreement with MWCEDA, a related party. As of December 31, 2019, the Company has an outstanding loan principal balance with MWCEDA of $48,360,000. The Company incurred interest expense of $2,303,705 related to this Loan during the year ended December 31, 2019.

NOTE 5 - SUBSEQUENT EVENTS

The Company has analyzed its operations subsequent to December 31, 2019 through May 26, 2020, the date the financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. While the disruption and economic impact in the U.S. is currently expected to be temporary, there is uncertainty around the duration and magnitude. The Company is currently unable to determine if this matter will have a material impact to its operations.

Supplementary information

DRAFT-5/18/2020

Sooner Town Center, LLC

SCHEDULE I - NET OPERATING INCOME

For year ended December 31,

		2019
Rental revenues	$	7,314,246
Less - Anchor ground lease revenue up to related expense		(510,000)
Rental revenues excluding anchor tenant		6,804,246
Adjustments for cash basis:		
Deferred rent receivable, net		10,841
Common area maintenance receivable		75,506
Unearned rent		47,005
Gross operating revenue (subtenant rents, cash basis)		6,937,598
Allowable expenses:		
Operating expenses		5,282,268
Less - Anchor tenant rent expense		(510,000)
Allowable expenses, net of anchor tenant rent expense		4,772,268
Adjustments for noncash expenses:		
Depreciation and amortization		(1,872,262)
Other adjustments:		
Interest Income		(88,878)
Preferred rent expense, accrued or paid		(305,000)
Participation rent expense, accrued or paid		(952,595)
Allowable expenses, net		1,553,533
Net operating income per Redevelopment Agreement (1)	$	5,384,065

(1) The Midwest City Downtown Redevelopment (Redevelopment Agreement) Ground Lease between the City and the Company defines Net Operating Income per the Redevelopment Agreement as the difference between Gross Operating Revenue and the actual Operating Expenses for the same period. The agreement specifically defines Gross Operating Revenue as all revenues derived from the project (excluding anchor ground lease up to $510,000), determined in accordance with GAAP, computed on a cash basis, exclusive of subtenant security deposits and other refundable deposits and exclusive of proceeds derived from a sale, condemnation, financing, insurance settlement or other transaction that is capital in nature. Further, Operating Expenses are defined as those costs determined in accordance with GAAP, including all necessary and reasonable expenditures of any kind made with respect to the operations of the project (excluding anchor ground lease) typical of a Class A shopping center, without limitation, ad valorem taxes, insurance premiums, R&M expenses, management fees, leasing and advertising expenses, professional fees, wages and utility costs. After the City issues Certificates of Completion on Improvements, the construction loan interest will be included in Operating Expenses to the extent that such interest can no longer be drawn on under the applicable construction loan. Non-cash expenditures such as depreciation and amortization shall not be included in the computation of operating expenses. Operating Expenses shall include all project development costs incurred by the Company, that are not financed, in further developing and leasing available space within the Project including, without limitation, tenant upfitting costs, market rate brokerage commissions, tenant improvement allowances, building improvements and legal fees.

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Sooner Town Center, LLC

SCHEDULE II - DEBT SERVICE

For year ended December 31,

		2019
Debt service:		
Interest expense on debt	$	2,303,705
Debt principal payments		795,000
Net change in bond escrows		75,170
Total Debt Service (2)	$	3,173,875

(2) The Redevelopment Agreement defines Debt Service as principal and interest on all loan(s) on the Project (excluding those under the anchor ground lease) or any portion thereof, exclusive of (1) any interest under any construction loan which is funded by draws under such Construction Loan and (2) interest carry costs treated as preferred rent.

Sooner Town Center, LLC

SCHEDULE III - NET CASH FLOW

For year ended December 31,

	2019
Net operating income per Redevelopment Agreement	$ 5,384,065
Less - debt service	(3,173,875)
	2,210,190
Net cash flow	
Less - preferred rent	(305,000)
Less - general ground lease	(1)
Net cash flow, after preferred rent and general ground lease	1,905,189
Participation rent factor	50%
Participation Rent (3)	$ 952,595

(3) For purposes of determining Participation Rent, the Redevelopment Agreement defines net cash flow as Net Operating Income less Debt Service. Participation Rent shall be an amount equal to fifty percent (50%) of Net Cash Flow remaining after General Ground Lease payment and Preferred Rent. All Participation Rent is subordinate to these payments. The annual lease payment for General Ground Lease is $1, due to the City annually. Preferred Rent is the first $305,000 of Net Operating Income after payment of the General Ground Lease Payment and Debt Service.

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Sooner Town Center, LLC

SCHEDULE IV - SUBTENANT RENTS

For year ended December 31,

	2019
Subtenant rents, excluding the anchor ground lease	$ 6,937,598
Gross operating revenue (subtenant rents, cash basis)(4)	$ 6,937,598

(4) Refer to page 18 for the calculation of Gross operating revenue (subtenant rents) which is computed on the cash basis.

DRAFT-5/18/2020

Consolidated Financial Statements and Report of Independent Certified Public Accountants

Sooner Town Center, LLC

December 31, 2019 and 2018

DRAFT-5/18/2020

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Members of
Sooner Town Center, LLC

We have audited the accompanying consolidated financial statements of Sooner Town Center, LLC (an Oklahoma limited liability company), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of operations, changes in members' deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sooner Town Center, LLC as of December 31, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included in Schedules I through IV is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Charlotte, North Carolina
May 26, 2020

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Sooner Town Center, LLC

CONSOLIDATED BALANCE SHEETS

December 31,

ASSETS	**2019**	**2018**
Real property, at cost:		
Buildings and building improvements	$ 31,360,591	$ 31,202,089
Land improvements and signage	13,217,019	13,217,019
	44,577,610	44,419,108
Less – Accumulated depreciation	(20,991,036)	(19,406,742)
Real property, net	23,586,574	25,012,366
Other assets:		
Cash	486,794	918,368
Restricted cash	5,648,696	5,490,993
Accounts receivable	205,845	281,351
Security deposit trust account	57,912	49,025
Deferred rent receivable	523,723	556,278
Deferred charges and other assets, net	1,040,485	1,081,282
Total assets	$ 31,550,029	$ 33,389,663
Liabilities and members' deficit:		
Unearned rent	188,587	141,582
Notes payable net of deferred loan costs ($1,890,580 at December 31, 2019 and $1,957,703 at December 31, 2018, respectively)	46,469,420	47,197,297
Note payable to members and affiliates	1,000	1,000
Accounts payable and accrued expenses	1,004,310	1,024,110
Security deposits	57,912	49,025
Total liabilities	47,721,229	48,413,014
Members' deficit	(16,171,200)	(15,023,351)
Total liabilities and members' deficit	$ 31,550,029	$ 33,389,663

The accompanying notes are an integral part of these consolidated financial statements.

Sooner Town Center, LLC

CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended December 31,

	2019	2018
Rental revenues	$ 7,314,246	$ 7,271,633
Operating expenses:		
Common area maintenance	556,122	570,318
Repairs and other operating expenses	36,673	1,017,465
Taxes and insurance	672,187	595,992
Administrative	95,347	113,016
Rent expense	1,767,594	1,224,330
Property management fees	282,083	270,935
Depreciation and amortization	1,872,262	1,946,994
Total operating expenses	5,282,268	5,739,050
Other income (expense):		
Interest income	88,878	64,313
Interest expense	(2,303,705)	(2,354,314)
Net loss	$ (182,849)	$ (757,418)

The accompanying notes are an integral part of these consolidated financial statements.

Sooner Town Center, LLC

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' DEFICIT

Years ended December 31,

Members' deficit, December 31, 2017	$ (13,861,548)
Net loss	(757,418)
Distributions	(404,385)
Members' deficit, December 31, 2018	(15,023,351)
Net loss	(182,849)
Distributions	(965,000)
Members' deficit, December 31, 2019	$ (16,171,200)

The accompanying notes are an integral part of these consolidated financial statements.

Sooner Town Center, LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS

For years ended December 31,

	2019	2018
Cash flows from operating activities:		
Net loss	$ (182,849)	$ (757,418)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	1,584,294	1,585,858
Amortization	287,968	361,136
Changes in operating assets and liabilities:		
Accounts receivable	75,506	(37,836)
Deferred rent receivable	10,841	19,722
Deferred charges and other assets	(180,048)	(185,558)
Unearned rent	47,005	20,460
Accounts payable and accrued expenses	1,914	251,757
Net cash provided by operating activities	1,644,631	1,258,121
Cash flows from investing activities:		
Additions to buildings and improvements	(158,502)	(73,500)
Net cash used in investing activities	(158,502)	(73,500)
Cash flows from financing activities:		
Repayments on notes payable	(795,000)	(40,062,839)
Cash paid for deferred loan costs	-	(2,013,635)
Proceeds from note payable	-	49,155,000
Payments on short term notes payable	-	(2,000,000)
Member distributions	(965,000)	(404,385)
Net cash (used in) provided by financing activities	(1,760,000)	4,674,141
Net (decrease) increase in cash	(273,871)	5,858,762
Cash and restricted cash, beginning of year	6,409,361	550,599
Cash and restricted cash, end of year	$ 6,135,490	$ 6,409,361
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 2,310,085	$ 1,697,354

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Sooner Town Center, LLC (an Oklahoma limited liability company) (STC) (the Company) was organized in June 2002 for the purpose of acquiring, developing and leasing commercial properties in Oklahoma. STC develops and operates a retail center (the Project) located in Midwest City, Oklahoma (the City). The Project is defined by a Redevelopment Agreement between the City and STC as authorized by the Oklahoma Local Development Act. Under the terms of the agreement, the City leases the Project land to STC under two ground leases. The City is considered to be a related party for financial reporting purposes. STC is responsible for the design, construction, financing, leasing and management of the Project, all subject to City approval. Income and loss will be allocated to members in accordance with the operating agreement.

In September 2007, STC distributed its interest in the portion of the Project leased to Lowe's to a related party under common control, STC Lowe's, LLC (STC Lowe's). On February 28, 2018, STC Lowe's transferred all interest in the Lowe's project including the Anchor Ground lease (described in Note 3) along with related contracts and improvements back to STC. As a result of the transfer, STC Lowe's has no remaining assets. The STC Lowe's interests transferred were under common control as STC and were recorded at historical costs at the date of the transfer. Accordingly, the financial statements of the Company include the activity and operations of STC Lowe's.

On December 31, 2017, the interests of Sooner Town Center III, LLC (STC III) were contributed to STC. STC III is in the same business and geography as STC. The STC III interests contributed were under common control as STC and were recorded at historical costs at the date of the transfer. Accordingly, the financial statements of the Company include the activity and operations of STC III.

Cash

The Company has adopted and retrospectively applied ASU 2016-18 on January 1, 2019. The adoption of this standard resulted in the presentation of the Company's beginning of year and end of year cash balances presented in the statement of cash flows being retrospectively adjusted to include restricted cash for the year ended December 31, 2018.

Restricted Cash

The Company maintained restricted cash balances of $5,648,696 and $5,490,993 as of December 31, 2019 and 2018, respectively. The balance consists of utility deposits of $998. Additionally, the Company's debt agreement (described in Note 2) requires additional funds to be held in escrow.

Concentration of Credit Risk

The Company's operating property is located in Midwest City, Oklahoma. The Company's ability to generate future revenues is dependent upon the economic conditions within this area.

The Company's tenants engage in a wide variety of businesses. One tenant accounted for 10% and another tenant accounted for 11% of total base rental revenue for the year ended December 31, 2019. One tenant accounted for 10% of total revenue for the year ended December 31, 2018. Two tenants comprised more than 10% of accounts receivable as of December 31, 2019. No tenant accounted for more than 10% of accounts receivable as of December 31, 2019 or 2018.

The Company maintains its cash in a commercial bank. Substantially all of the Company's cash and cash equivalents are held in noninterest-bearing accounts. Regularly during the year, the Company maintained cash and cash equivalents in accounts in excess of the amount insured by the Federal Deposit Insurance Corporation. The Company's management regularly monitors the financial stability of these financial institutions.

Revenue Recognition

Rental revenue is generally recognized based on the terms of tenant leases. Rental revenue from leases with scheduled rent increases, incentives or abatements is recognized on a straight-line basis over the noncancelable term of the respective leases. Property operating cost recoveries from tenants for common area maintenance, real estate taxes and other recoverable costs totaled $1,307,535 and $1,178,327 for the years ended December 31, 2019 and 2018, respectively, and are recognized in the period in which the related expenses are incurred and are included in rental revenues in the accompanying consolidated statements of operations. Receivables relating to these recoveries totaled $205,845 and $281,351 as of December 31, 2019 and 2018, respectively, and are recognized as accounts receivable on the accompanying consolidated balance sheets. If it becomes probable a tenant will fail to perform according to the terms of the lease, a loss equal to the accrued rental revenue unlikely to be received from that tenant would be charged to operations. Interest income is recognized as it is earned.

Rent payments received in advance from tenants is recognized as unearned rent on the accompanying consolidated balance sheets. Unearned rent as of December 31, 2019 and 2018 was $188,587 and $141,582, respectively.

The aggregate excess of rental revenue recognized on a straight-line basis over rents due in accordance with the provisions of the leases was $523,723 and $556,278 at December 31, 2019 and 2018, respectively.

The Project consists of 627,117 square feet of retail space and 13 outparcel sites and was completed in 2015. At December 31, 2019, tenants occupying 625,053 square feet and 13 of the outparcel sites were operating under noncancelable leases providing for future minimum rents of $28,333,968.

Future minimum rents receivable under noncancelable leases for all known tenants at December 31, 2019, is as follows. Most leases have renewal options, which are not included below.

	Amount
2020	$6,117,484
2021	5,774,909
2022	4,480,866
2023	3,018,203
2024	2,543,636
Thereafter	6,398,870
	$ 28,333,968

Rent and receivables are reported at their estimated net realizable value. When necessary, the Company provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. Past due status is based on the contractual terms of the receivables. Rent and receivables are written off based on individual credit evaluation and specific circumstances of the customer. Management has concluded that all of the Company's accounts receivable amounts will be realizable and, accordingly, has not recorded an allowance for doubtful accounts at December 31, 2019 and 2018.

Real Property

Buildings and building improvements are stated at cost and depreciated using the straight-line method over the estimated useful life of 39 years. Land improvements and signage are depreciated using an accelerated method of depreciation over the useful life of the assets, usually 15 years. Direct and indirect costs that relate to land development and building construction are capitalized. Costs are allocated to Project components by the specific identification method whenever possible. Otherwise, costs are allocated based on square footage or acreage.

Depreciation on real property charged to operations was $1,584,294 and $1,585,858 for the years ended December 31, 2019 and 2018, respectively.

Repairs are charged against operations. Renewals and betterments that materially extend the life of an asset are capitalized.

The Company reviews the real property for impairment whenever events or changes in circumstances indicate that the carrying amount of the real property may not be recoverable. Recoverability of the real property is measured by a comparison of the carrying amount of the real property to undiscounted future net cash flows expected to be generated by the real property. If the real property is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the real property exceeds its fair value. No impairment was recognized for the years ended December 31, 2019 and 2018.

Deferred Charges and Other Assets

Deferred charges consist of lease commissions and lease costs, and are stated at cost net of accumulated amortization. At December 31, 2019 and 2018, total deferred charges capitalized were $4,412,509 and $4,252,247, respectively, with accumulated amortization of $3,519,950 and $3,299,103, respectively. The lease commissions and lease costs are amortized on the straight-line method over the terms of the respective leases. Lease commission and lease costs amortization expense of $220,847 and $253,324 is included in depreciation and amortization in the accompanying consolidated statements of operations for the years ended December 31, 2019 and 2018, respectively.

Deferred charges and other assets also include $147,926 and $128,138 of prepaid expenses at December 31, 2019 and 2018, respectively.

Income Taxes

The Company is a limited liability company treated as a partnership for federal and state income tax purposes. As a result, the Company's results of operations are included in the income tax returns of its individual members. Accordingly, no provision for federal or state income taxes has been recorded in the accompanying consolidated financial statements. The Company files income tax returns in the U.S. federal jurisdiction and in the Oklahoma state jurisdiction. The Company is no longer subject to examination by taxing authorities for years before 2017, and it is not aware of any audits by any taxing authority.

The Company follows applicable authoritative guidance on accounting for uncertainty in income taxes which, among other things, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. The Company has no uncertain tax positions.

Use of Accounting Estimates

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

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) No. 2014-09, "*Revenue from Contracts with Customers,*" which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts. The core principal of the new standard is that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU requires the use of a five-step model to recognize revenue from contracts with customers. The five-step model requires that the Company identify the contract with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when the Company satisfies the performance obligations. This ASU was effective as of January 1, 2019. In analyzing the nature of the Company's contracts with customers the Company determined that the ASU did not have a material impact on the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, "*Leases (Topic 842).*" This new standard was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and increasing disclosures regarding leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2020 and interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted. The new standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The Company is evaluating the effect that the adoption of the new standard will have on the financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-15, "*Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*." This new standard was issued to reduce the existing diversity in practice in financial reporting across all industries by clarifying certain existing principles in ASC 230, Statement of Cash Flows, including providing additional guidance on how and what an entity should consider in determining the classification of certain cash flows.

In addition, in November 2016, the FASB issued ASU No. 2016-18, "*Statement of Cash Flows (Topic 230), Restricted Cash*." This new standard was issued to clarify certain existing principles in ASC 230, including providing additional guidance related to transfers between cash and restricted cash and how entities present, in their statement of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts. This standard was effective January 1, 2019.

Reclassifications

Certain prior period items reported in the comparative 2018 financial statements have been reclassified to conform to the current period presentation. The reclassifications have no material impact on the total assets, liabilities or members' deficit recorded.

In connection with our adoption of ASU 2016-18 on January 1, 2019, restricted cash is included with cash and cash equivalents when reconciling beginning and ending cash amounts in the consolidated statements of cash flows. Prior period amounts have been reclassified to conform to the current year presentation, resulting in an increase in cash provided by operating activities of $1,300,000 and an increase in cash provided by financing activities of $4,189,995.

NOTE 2 - NOTES PAYABLE

Notes payable outstanding at December 31 consisted of:

December 31	2019	2018
Principal balance	$ 48,360,000	$ 49,155,000
Less unamortized deferred loan costs	(1,890,580)	(1,957,703)
Notes payable less unamortized deferred loan costs	$ 46,469,420	$ 47,197,297

On February 28, 2018, the Company entered into a Loan Agreement (the Loan) with the Midwest City Economic Development Authority (MWCEDA) in the amount of $49,155,000. The MWCEDA is a public trust created for the benefit of the City, for the purpose of issuing Series 2018 Economic Development Revenue Bonds (Bonds), the proceeds of which were used to fund the Loan to the Company. Proceeds of the Loan were used to 1) repay all the Company's existing debt, 2) fund certain reserves defined in the Loan Agreement and 3) pay the cost of issuing the Bonds.

All the Company's assets are pledged to the MWCEDA as collateral for the Loan under a Leasehold Mortgage and Assignment of Rents. Additionally, the City conveyed all Project land and assigned the leases as collateral described in Note 3 to the MWCEDA. The MWCEDA in turn pledged the Leasehold Mortgage, Project land and leases as collateral for the Bonds. Payments required under the Loan Agreement mirror the Bonds repayment schedule. The City has provided additional collateral in the form of a guaranty by the Midwest City Municipal Authority, lessee and operator of the City water and sewer systems, of any shortfall in Loan payments. The Company pays the City a Credit Enhancement Fee equal to 0.5% of the outstanding Bonds balance as defined, as compensation for the additional collateral provided by the City.

Loan payment terms specify that the annual payment be an amount sufficient to fund the Bonds repayment schedule, the Credit Enhancement Fee, administrative expenses, tenant improvements and maintain certain escrow balances as defined in the Loan Agreement. The Bonds are administered by a Trustee appointed by the MWCEDA. The Trustee provides the Company with an annual payment amount required to fund the Bonds obligation, which the Company remits to the Trustee in 12 equal installments. The effective interest rate of the Bonds issued is 4.94% and the Company incurred interest expense of $2,303,705 in 2019 applicable to the Loan. Interest incurred on the Loan in 2018 was $1,955,105. Interest incurred in 2018 on the previous debt, prior to refinancing, was $399,209. Scheduled future Bonds principal payments are the following:

	Amount
2020	$ 910,000
2021	935,000
2022	965,000
2023	995,000
2024	1,025,000
Thereafter	43,530,000
	$ 48,360,000

Escrow and reserve balances required by the Bonds Indenture were $5,647,698 and $5,489,995 at December 31, 2019 and 2018, respectively, and are included in Restricted Cash on the balance sheet.

The Loan Agreement requires, among other things, that the Company maintain a debt Coverage Ratio of 1.20. If this is not achieved, the Company must make additional payments to a Supplemental Reserve fund maintained by the Bonds Trustee. The coverage is tested annually for the 12 months ending January 31, and the Company was in compliance for the January 31, 2020 testing period.

Loan costs consist of various debt issuance costs and are amortized on the straight-line method, which approximates the effective interest method, based on terms of the respective debt agreements. The Company's loan costs total $2,013,635 as of December 31, 2019 and 2018, with accumulated amortization totaling $123,055 and $55,932 as of December 31, 2019 and 2018, respectively. Loan cost amortization expense of $67,121 and $107,812 is included in depreciation and amortization in the accompanying consolidated statements of operations for the years ended December 31, 2019 and 2018.

NOTE 3 - LEASES

Sooner Town Center, LLC leases the Project land from the City under two ground leases, designated anchor and general. Both leases have terms commencing on June 1, 2004, with rent commencement on February 12, 2006, and expiring on October 31, 2062. Subsequent to rent commencement, the anchor ground lease rent is $510,000 annually. The general ground lease provides for three tiers of rent – general ground rent of $1 per year, preferred rent of $305,000 annually, payable to the extent of net operating income in excess of debt service as defined in the Redevelopment Agreement, and participation rent equivalent to 50% of net operating income in excess of debt service remaining after payment of preferred rent. Preferred rent is cumulative after the Project is 50% leased.

To the extent that calculated preferred rent payable is less than $305,000, the difference is accrued and is payable when future net operating income in excess of debt service is sufficient. Participation rent expense totaled $952,595 and $409,330 for the years ended December 31, 2019 and 2018, respectively. Total rental expense totaled $1,767,594 and $1,224,330 for the years ended December 31, 2019 and 2018, respectively. Rent expense incurred and unpaid totaled $148,857 and $161,263 as of December 31, 2019 and 2018, respectively, and is included in accounts payable and accrued expenses on the accompanying consolidated balance sheets.

NOTE 4 - RELATED-PARTY TRANSACTIONS AND BALANCES

Collett & Associates, LLC (Collett), an affiliated property management company, provides management and brokerage services to the Company. Collett receives a monthly fee of 4% of gross monthly collections, net of anchor ground lease rent, for providing property management services. Such fees totaled $282,083 and $270,935 for the years ended December 31, 2019 and 2018, respectively. Additionally, tenant security deposits are held in a trust account maintained by Collett, consistent with industry practice and regulatory requirements. Amounts due under this arrangement are recognized as security deposit trust account and totaled $57,912 and $49,025 as of December 31, 2019 and 2018, respectively. The Company paid nominal amounts for various expense reimbursements to Collett, which are recorded as general and administrative expenses, for both years ended December 31, 2019 and 2018.

Sooner Investment Realty (SIR), an affiliated entity, provides leasing services to the Company. The Company paid $144,849 and $105,509 in leasing commissions to SIR for the years ended December 31, 2019 and 2018, respectively, which is included within the Deferred Charges and Other Assets line item on the consolidated balance sheets.

The Company paid $22,132 and $20,537 in utilities expense to the City for the years ended December 31, 2019 and 2018, respectively, which is included in the Common Area Maintenance line item of the consolidated statements of operations.

The Company subleases part of the Project land to Sooner Town Center II, LLC (STC II), a related party. The lease commenced on July 19, 2012, with rent commencement on October 31, 2012. The lease expires on October 31, 2062, with a five-year renewal option. Annual rent for the first 10 years is $45,000. The monthly rent amount increases by 10% on the 10th anniversary of the commencement date, and every five years thereafter. Straight-line rental income for this lease totaled $65,609 for the years ended December 31, 2019 and 2018. These amounts are included in the future minimum rents receivable schedule included in Note 1.

As of December 31, 2019, the Company has an outstanding loan balance with RC Collett, Inc., an affiliated entity, of $1,000.

As described in Note 2, on February 28, 2018, the Company entered into a Loan Agreement with MWCEDA, a related party. As of December 31, 2019, the Company has an outstanding loan principal balance with MWCEDA of $48,360,000. The Company incurred interest expense of $2,303,705 related to this Loan during the year ended December 31, 2019.

NOTE 5 - SUBSEQUENT EVENTS

The Company has analyzed its operations subsequent to December 31, 2019 through May 26, 2020, the date the financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. While the disruption and economic impact in the U.S. is currently expected to be temporary, there is uncertainty around the duration and magnitude. The Company is currently unable to determine if this matter will have a material impact to its operations.

Supplementary information

Sooner Town Center, LLC

SCHEDULE I - NET OPERATING INCOME

For year ended December 31,

		2019
Rental revenues	$	7,314,246
Less - Anchor ground lease revenue up to related expense		(510,000)
Rental revenues excluding anchor tenant		6,804,246
Adjustments for cash basis:		
Deferred rent receivable, net		10,841
Common area maintenance receivable		75,506
Unearned rent		47,005
Gross operating revenue (subtenant rents, cash basis)		6,937,598
Allowable expenses:		
Operating expenses		5,282,268
Less - Anchor tenant rent expense		(510,000)
Allowable expenses, net of anchor tenant rent expense		4,772,268
Adjustments for noncash expenses:		
Depreciation and amortization		(1,872,262)
Other adjustments:		
Interest Income		(88,878)
Preferred rent expense, accrued or paid		(305,000)
Participation rent expense, accrued or paid		(952,595)
Allowable expenses, net		1,553,533
Net operating income per Redevelopment Agreement (1)	$	5,384,065

(1) The Midwest City Downtown Redevelopment (Redevelopment Agreement) Ground Lease between the City and the Company defines Net Operating Income per the Redevelopment Agreement as the difference between Gross Operating Revenue and the actual Operating Expenses for the same period. The agreement specifically defines Gross Operating Revenue as all revenues derived from the project (excluding anchor ground lease up to $510,000), determined in accordance with GAAP, computed on a cash basis, exclusive of subtenant security deposits and other refundable deposits and exclusive of proceeds derived from a sale, condemnation, financing, insurance settlement or other transaction that is capital in nature. Further, Operating Expenses are defined as those costs determined in accordance with GAAP, including all necessary and reasonable expenditures of any kind made with respect to the operations of the project (excluding anchor ground lease) typical of a Class A shopping center, without limitation, ad valorem taxes, insurance premiums, R&M expenses, management fees, leasing and advertising expenses, professional fees, wages and utility costs. After the City issues Certificates of Completion on Improvements, the construction loan interest will be included in Operating Expenses to the extent that such interest can no longer be drawn on under the applicable construction loan. Non-cash expenditures such as depreciation and amortization shall not be included in the computation of operating expenses. Operating Expenses shall include all project development costs incurred by the Company, that are not financed, in further developing and leasing available space within the Project including, without limitation, tenant upfitting costs, market rate brokerage commissions, tenant improvement allowances, building improvements and legal fees.

Sooner Town Center, LLC

SCHEDULE II - DEBT SERVICE

For year ended December 31,

		2019
Debt service:		
Interest expense on debt	$	2,303,705
Debt principal payments		795,000
Net change in bond escrows		75,170
Total Debt Service (2)	$	3,173,875

(2) The Redevelopment Agreement defines Debt Service as principal and interest on all loan(s) on the Project (excluding those under the anchor ground lease) or any portion thereof, exclusive of (1) any interest under any construction loan which is funded by draws under such Construction Loan and (2) interest carry costs treated as preferred rent.

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Sooner Town Center, LLC

SCHEDULE III - NET CASH FLOW

For year ended December 31,

	2019
Net operating income per Redevelopment Agreement	$ 5,384,065
Less - debt service	(3,173,875)
	2,210,190
Net cash flow	
Less - preferred rent	(305,000)
Less - general ground lease	(1)
Net cash flow, after preferred rent and general ground lease	1,905,189
Participation rent factor	50%
Participation Rent (3)	$ 952,595

(3) For purposes of determining Participation Rent, the Redevelopment Agreement defines net cash flow as Net Operating Income less Debt Service. Participation Rent shall be an amount equal to fifty percent (50%) of Net Cash Flow remaining after General Ground Lease payment and Preferred Rent. All Participation Rent is subordinate to these payments. The annual lease payment for General Ground Lease is $1, due to the City annually. Preferred Rent is the first $305,000 of Net Operating Income after payment of the General Ground Lease Payment and Debt Service.

Sooner Town Center, LLC

SCHEDULE IV - SUBTENANT RENTS

For year ended December 31,

	2019
Subtenant rents, excluding the anchor ground lease	$ 6,937,598
Gross operating revenue (subtenant rents, cash basis)(4)	$ 6,937,598

(4) Refer to page 18 for the calculation of Gross operating revenue (subtenant rents) which is computed on the cash basis.

Collett

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CHARLOTTE, NC 28204
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CHARLOTTE, NC 28236-6799
704.206.8300 | WWW.COLLETTRE.COM

May 26, 2020

Grant Thornton LLP
201 S. College St., Suite 2500
Charlotte, NC 28244

Dear Sir or Madam:

We are providing this letter in connection with your audit of the financial statements of Sooner Town Center II, LLC (the "Company"), which comprise the balance sheet as of December 31, 2019 and the related statements of operations, changes in members' deficit, and cash flows for the year then ended, and the related notes to the financial statements. We understand that your audit was made for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and whether the supplementary information is fairly presented, in all material respects, in relation to the financial statements as a whole.

We have fulfilled our responsibility, as set out in the terms of the Engagement Letter, for the preparation and fair presentation of the financial statements in accordance with US GAAP. 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 error or fraud, including programs and controls to prevent and detect fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of the 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, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, as of May 26, 2020, the following representations made to you during your audit.

1. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. We have no knowledge of fraud or suspected fraud affecting the Company involving:
   a. Management
   b. Employees who have significant roles in internal control, or
   c. Others where the fraud could have a material effect on the financial statements.

2. We have no knowledge of any allegations of fraud or suspected fraud affecting the Company's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.

3. There are no known violations or possible violations of, or no known instances of noncompliance or suspected noncompliance with, laws and regulations whose effects should be considered by management when preparing the financial statements, as a basis for recording a loss contingency or for disclosure.

4. The Company has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of a noncompliance.

5. The Company has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

6. We have disclosed to you the identity of the Company's related parties and all related party relationships and transactions of which we are aware. Related party relationships and transactions and related amounts receivable from or payable to related parties (including sales, purchases, loans, transfers, leasing arrangements, and

guarantees) have been properly accounted for and disclosed in the financial statements in accordance with US GAAP.

We understand that “related parties” include (1) affiliates of the Company; (2) entities for which investments in their equity securities would be required to be accounted for by the equity method by the investing entity; (3) trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; (4) principal owners of the Company and members of their immediate families; and (5) management of the Company and members of their immediate families.

Related parties also include (1) other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and (2) other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments whose effects should be considered by management when preparing the financial statements and that should be accounted for and disclosed in accordance with US GAAP (ASC 450, *Contingencies*), and we have not consulted legal counsel concerning such litigation, claims, or assessments.

8. The calculation of participation rent for the year ended December 31, 2019 as determined in the supplementary schedules of net operating income, debt service, net cash flow, and subtenant rents is prepared in accordance with the terms as defined in the Westside General Ground Lease (the Agreement). We have read the supplementary schedules and believe the information presented is consistent with and accurately reflects the provisions contained in the agreement.

9. We believe the information included in the Leases footnote to the financial statements, which describes the participation rent calculation, is consistent with our understanding of the agreement.

10. We believe the rent expense for the participation rent was $82,763 for the year ended December 31, 2019.

11. We believe the amounts due for other rent is $123,639 as of December 31, 2019.

12. Based on the Agreement with the City, the Company is able to factor in a cash reserve to the Net Operating Income section of the Participation Rent Expense calculation. Per the agreement, both parties must agree to any cash reserve amounts. The Company did not reserve a cash balance in 2019.

13. All events subsequent to the date of the financial statements through the date of this letter and for which US GAAP requires recognition or disclosure have been recognized or disclosed.

Very truly yours,

SOONER TOWN CENTER II, LLC

____

Robert C. Collett, Managing Member

____

John Cheek, Consultant to Collett as an agent for Sooner Town Center II, LLC

____

Katherine Fox, Chief Financial Officer of Collett as an agent for Sooner Town Center ll, LLC

MIDWEST CITY ECONOIMC DEVELOPMENT AUTHORITY

____

Matthew D. Dukes II, Chairman

MIDWEST CITY MEMORIAL HOSPITAL AUTHORITY

____

Matthew D. Dukes II, Chairman

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Financial Statements and Report of Independent Certified Public Accountants

Sooner Town Center II, LLC

December 31, 2019 and 2018

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GRANT THORNTON LLP
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Charlotte, NC 28244

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Members of
Sooner Town Center II, LLC

We have audited the accompanying financial statements of **Sooner Town Center II, LLC** (an Oklahoma limited liability company), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations, changes in members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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.

DRAFT-5/12

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sooner Town Center II, LLC as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in Schedules I through IV is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Charlotte, North Carolina
May 12, 2020

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Sooner Town Center II, LLC

BALANCE SHEETS

December 31,

	2019	2018
Assets		
Real property, at cost:		
Buildings	$ 6,867,756	$ 6,867,756
Land improvements and signage	1,772,745	1,772,745
	8,640,501	8,640,501
Less – Accumulated depreciation	(2,179,718)	(1,899,029)
Real property, net	6,460,783	6,741,472
Other assets:		
Cash and cash equivalents	336,575	260,157
Accounts receivable	68,132	74,370
Deferred rents receivable	28,638	23,402
Deferred charges and other assets, net	231,908	270,467
Total assets	$ 7,126,036	$ 7,369,868
Liabilities and members' deficit		
Liabilities:		
Notes payable (net of deferred loan costs of $50,371 at December 31, 2019 and $53,012 at December 31, 2018)	$ 7,850,303	$ 8,073,915
Accounts payable and accrued expenses	247,796	194,805
Unearned revenue	59,373	58,659
Total liabilities	8,157,472	8,327,379
Liabilities and members' deficit	(1,031,436)	(957,511)
Total liabilities and members' deficit	$ 7,126,036	$ 7,369,868

The accompanying notes are an integral part of these financial statements.

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Sooner Town Center II, LLC

STATEMENTS OF OPERATIONS

Years ended December 31,

	2019	2018
Rental revenues	$ 1,247,795	$ 1,240,809
Operating expenses:		
Common area maintenance	70,817	87,383
General and administrative expenses	279,761	255,457
Rent expense	148,367	130,232
Depreciation and amortization	327,525	330,833
Total operating expenses	826,470	803,905
Interest expense	441,550	452,479
Net loss	$ (20,225)	$ (15,575)

The accompanying notes are an integral part of these financial statements.

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Sooner Town Center II, LLC

STATEMENTS OF CHANGES IN MEMBERS' DEFICIT

Years ended December 31,

		Total Members' Deficit
Members' deficit, December 31, 2017	$	(788,444)
Net loss		(15,575)
Distributions		(153,492)
Members' deficit, December 31, 2018		(957,511)
Net loss		(20,225)
Distributions		(53,700)
Members' deficit, December 31, 2019	$	(1,031,436)

The accompanying notes are an integral part of these financial statements.

Sooner Town Center II, LLC

STATEMENTS OF CASH FLOWS

Years ended December 31,

	2019	2018
Cash flows from operating activities:		
Net loss	$ (20,225)	$ (15,575)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	280,689	280,698
Amortization	46,836	50,135
Changes in operating assets and liabilities:		
Accounts receivable	6,238	(30,036)
Deferred rents receivable	(5,236)	(5,236)
Deferred charges and other assets	(5,636)	(893)
Accounts payable and accrued expenses	52,991	(192,525)
Unearned revenue	714	20
Net cash provided by operating activities	356,371	86,588
Cash flows from financing activities:		
Repayments on note payable	(226,253)	(215,379)
Member distributions	(53,700)	(153,492)
Net cash used in financing activities	(279,953)	(368,871)
Net increase (decrease) in cash and cash equivalents	76,418	(282,283)
Cash and cash equivalents, beginning of year	260,157	542,440
Cash and cash equivalents, end of year	$ 336,575	$ 260,157
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 442,609	$ 453,482

The accompanying notes are an integral part of these financial statements.

Sooner Town Center II, LLC

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 1 - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Sooner Town Center II, LLC (an Oklahoma limited liability company) (the Company) was organized in January 2012 for the purpose of acquiring, developing and leasing commercial properties in Oklahoma. The Company operates a retail center (the Project) located in Midwest City, Oklahoma. The Project is defined by a Ground Lease Agreement between Midwest City Memorial Hospital Authority, an affiliate of Midwest City, Oklahoma (collectively, the City) and the Company. The City is considered to be a related party for financial reporting purposes. The Company is responsible for design, construction, financing, leasing and management of the Project, all subject to City approval. Income and loss will be allocated to members in accordance with the operating agreement. The Project consists of 69,308 square feet of retail space and was completed in 2012.

Cash and Cash Equivalents

The Company classifies highly liquid investments with original maturity dates of three months or less as cash equivalents.

Concentration of Credit Risk

The Company's operating property is located in Midwest City, Oklahoma. The Company's ability to generate future revenues is dependent upon the economic conditions within this area.

As of December 31, 2019 and 2018, the Company had three tenants. Each tenant comprised more than 10% of total base rental revenue for the years ended December 31, 2019 and 2018. Two tenants comprised more than 10% of accounts receivable as of December 31, 2019 and 2018.

The Company maintains its cash in a commercial bank. Regularly during the year, the Company maintained cash and cash equivalents in accounts in excess of the amount insured by the Federal Deposit Insurance Corporation. The Company's management regularly monitors the financial stability of these financial institutions.

Revenue Recognition

Rental revenue is generally recognized based on the terms of leases entered into with tenants. Rental revenue from leases with scheduled rent increases, incentives or abatements is recognized on a straight-line basis over the non-cancelable term of the respective leases. Property operating cost recoveries from tenants for common area maintenance, real estate taxes and other recoverable costs totaled $275,421 and $261,712 for the years ended December 31, 2019 and 2018, respectively, and are recognized in the period in which the related expenses are incurred, and are included in rental revenues in the accompanying statements of operations. Receivables relating to these recoveries totaled $37,442 and $35,331 as of December 31, 2019 and 2018, respectively, and are included in accounts receivable on the accompanying balance sheets. If it becomes probable that a tenant will fail to perform according to the terms of the lease, a loss equal to the deferred rents receivable unlikely to be received from that tenant would be charged to operations. The Company also earns percentage rent from a tenant based on a gross receipts calculation. This revenue is recognized in the period it is earned. Receivables relating to percentage rent totaled $30,690 and $39,039 as of December 31, 2019 and 2018, respectively, and are included in accounts receivable on the accompanying balance sheets.

Rental revenue recognized on a straight-line basis over rents due amounted to $5,236 for both of the years ended December 31, 2019 and 2018.

Revenue received in advance from tenants is recognized as unearned revenue on the accompanying balance sheets. Unearned revenue was $59,373 and $58,659 as of December 31, 2019 and 2018, respectively.

At December 31, 2019, three tenants occupying 69,308 square feet were operating under noncancelable leases providing for future minimum rents of $4,302,184 with the latest expiration date of July 31, 2029.

Future minimum rents receivable under non-cancelable leases for all known tenants at December 31, 2019, is as follows. Most leases have renewal options, which are not included below.

	Amount
2020	$ 936,448
2021	936,448
2022	936,448
2023	274,161
2024	210,749
Thereafter	1,007,930
	$ 4,302,184

Accounts receivable are reported at their estimated net realizable value. When necessary, the Company provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. Past due status is based on the contractual terms of the receivables. Accounts receivable are written off based on individual credit evaluation and specific circumstances of the customer. Management has concluded that all of the Company's accounts receivable amounts will be realizable and, accordingly, has not recorded an allowance for doubtful accounts at December 31, 2019 or 2018.

Real Property

Buildings are stated at cost and depreciated using the straight-line method over the estimated useful life of 39 years. Land improvements and signage are depreciated using an accelerated method of depreciation over the useful life of the assets, usually 15 years.

Depreciation on real property charged to operations was $280,689 and $280,698 for the years ended December 31, 2019 and 2018, respectively.

Repairs are charged against operations. Renewals and betterments that materially extend the life of an asset are capitalized.

The Company reviews the real property for impairment whenever events or changes in circumstances indicate that the carrying amount of the real property may not be recoverable. Recoverability of the real property is measured by a comparison of the carrying amount of the real property to undiscounted future net cash flows expected to be generated by the real property. If the real property is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the real property exceeds its fair value. No impairment was recognized as of December 31, 2019.

Deferred Charges and Other Assets

Deferred charges consist of lease commissions and lease costs, and are stated at cost net of accumulated amortization. At December 31, 2019 and 2018, total deferred charges capitalized were $592,727 with accumulated amortization of $401,416 and $357,221, respectively. The lease commissions and lease costs are amortized on the straight-line method over the terms of the respective leases. Lease commission and lease costs amortization expense of $44,195 and $47,495 is included in depreciation and amortization in the accompanying statement of operations for the years ended December 31, 2019 and 2018, respectively.

Deferred charges and other assets also includes $40,597 and $34,961 of prepaid expenses at December 31, 2019 and 2018, respectively.

Income Taxes

The Company is a limited liability company treated as a partnership for federal and state income tax purposes. As a result, the Company's results of operations are included in the income tax returns of its individual members. Accordingly, no provision for federal or state income taxes has been recorded in the accompanying financial statements. The Company files income tax returns in the U.S. federal jurisdiction and in the Oklahoma state jurisdiction. The Company is no longer subject to examination by taxing authorities for years before 2017, and it is not aware of any audits by any taxing authority.

The Company follows applicable authoritative guidance on accounting for uncertainty in income taxes which, among other things, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. The Company has no uncertain tax positions.

Use of Accounting Estimates

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

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) No. 2014-09, "*Revenue from Contracts with Customers,*" which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts. The core principal of the new standard is that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU requires the use of a five-step model to recognize revenue from contracts with customers. The five-step model requires that the Company identify the contract with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when the Company satisfies the performance obligations. This ASU was effective as of January 1, 2019. In analyzing the nature of the Company's contracts with customers the Company determined that the ASU did not have a material impact on the financial statements.

Sooner Town Center II, LLC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This new standard was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and increasing disclosures regarding leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2020 and interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted. The new standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The Company is evaluating the effect that the adoption of the new standard will have on the financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-15, "*Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*." This new standard was issued to reduce the existing diversity in practice in financial reporting across all industries by clarifying certain existing principles in ASC 230, Statement of Cash Flows, including providing additional guidance on how and what an entity should consider in determining the classification of certain cash flows.

In addition, in November 2016, the FASB issued ASU No. 2016-18, "*Statement of Cash Flows (Topic 230), Restricted Cash*." This new standard was issued to clarify certain existing principles in ASC 230, including providing additional guidance related to transfers between cash and restricted cash and how entities present, in their statement of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts. This standard was effective January 1, 2019, but did not have a material impact on the financial statements and related disclosures.

NOTE 2 - NOTE PAYABLE

The Company entered into a note payable agreement with First National Bank for borrowings in the maximum principal amount of $9,136,970 on September 18, 2012. Cumulative amounts borrowed as of December 31, 2019 and 2018 were $7,900,674 and $8,126,927, respectively. The note is collateralized by a deed of trust on real property and assignment of rents. On February 10, 2017, the Company refinanced the note with First National Bank for the entire outstanding balance on that date. Under the amended terms, the interest rate is fixed at a rate equal to 3.50% per annum in excess of the Treasury Rate adjustable every five years. The entire unpaid balance of principal and accrued unpaid interest outstanding on the note will be due and payable on February 10, 2039. For the years ending December 31, 2019 and 2018, the interest rate was 5.44%.

The net deferred loan cost balance as of December 31, 2019 and 2018 of $50,371 and $53,012, respectively, is presented as a reduction of the related debt liabilities on the accompanying balance sheets.

Notes payable outstanding consisted of the following as of December 31:

	2019	2018
Principal balance	$ 7,900,674	$ 8,126,927
Less - Unamortized deferred loan costs	(50,371)	(53,012)
Notes payable less unamortized deferred loan costs	$ 7,850,303	$ 8,073,915

Loan costs consist of various debt issuance costs and are amortized on the straight-line method, which approximates the effective interest method, based on terms of the respective debt agreements. The Company's loan costs total $58,070 as of December 31, 2019 and 2018, respectively, with accumulated amortization totaling $7,699 and $5,058 as of December 31, 2019 and 2018, respectively. Loan cost amortization expense of $2,641 and $2,640 is included in depreciation and amortization in the accompanying statements of operations for the years ended December 31, 2019 and 2018, respectively.

Interest incurred related to the above notes payable totaled $441,550 and $452,479 for the years ended December 31, 2019 and 2018, respectively.

Scheduled principal payments on the note payable are as follows:

	Amount
2020	$ 237,872
2021	252,567
2022	266,855
2023	281,952
2024	296,829
Thereafter	6,564,599
	$ 7,900,674

NOTE 3 - LEASES

The Company subleases the Project land from Sooner Town Center, LLC (STC), a related party, which leases the land from the City. The lease commenced on July 19, 2012, with rent commencement on October 31, 2012. The lease expires on October 31, 2062, with a five-year renewal option. The monthly rent amount increases by 10% on the 10th anniversary of the commencement date, and every five years thereafter.

Straight-line rental expense totaled $65,604 for the years ended December 31, 2019 and 2018. Unpaid rent expense related to this lease totaled $123,639 and $103,045 as of December 31, 2019 and 2018, respectively, and is included in accounts payable and accrued expenses on the accompanying balance sheets.

Future minimum rent payments for the original term are as follows:

	Amount
2020	$ 45,000
2021	45,000
2022	45,750
2023	49,500
2024	49,500
Thereafter	2,732,132
	$ 2,957,882

The Company also has a ground lease with the Midwest City Memorial Hospital Authority, an affiliated entity, which provides for participation rent equivalent to 50% of net operating income in excess of debt service, measured on a cumulative basis. Rent commenced on October 31, 2012 under this lease, which expires on October 31, 2062, with a five-year renewal option. In addition to participation rent, starting one year after the commencement date, annual rent is $1. Participation rent is due and payable only to the extent that cumulative net cash flows are positive. Rent expense under this lease totaled $82,763 and $64,628 for the years ended December 31, 2019 and 2018, respectively.

NOTE 4 - RELATED-PARTY TRANSACTIONS AND BALANCES

Collett & Associates, LLC (Collett), an affiliated entity, provides leasing, development and brokerage services to the Company. Collett receives a monthly fee of 4% of gross monthly collections for providing property management services. Such fees totaled $49,952 and $48,221 for the years ending December 31, 2019 and 2018, respectively. The Company paid nominal amounts for various expense reimbursements to Collett, which are recorded as general and administrative expenses, for the years ended December 31, 2019 and 2018.

John S. Cheek, Inc. (Cheek), an affiliated entity, provides tax and accounting services to the Company. The Company paid $5,900 and $8,100 in fees to Cheek for the years ended December 31, 2019 and 2018, respectively.

The Company leases land from the City (see Note 3). Utility expenses paid to the City totaled $9,470 and $11,255 for the years ended December 31, 2019 and 2018, respectively.

Certain members guarantee the note payable.

NOTE 5 - SUBSEQUENT EVENTS

The Company has analyzed its operations subsequent to December 31, 2019 through May 12, 2020, the date the financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. While the disruption and economic impact in the U.S. is currently expected to be temporary, there is uncertainty around the duration and magnitude. The Company is currently unable to determine if this matter will have a material impact to its operations.

Supplementary information

DRAFT-5/12

Sooner Town Center II, LLC

SCHEDULE I - NET OPERATING INCOME

Years ended December 31,

		2019
Rental revenues per audited financial statements	$	1,247,795
Adjustments to cash basis:		
Accounts receivable		6,238
Deferred rents receivable		(5,236)
Unearned rent		714
Gross operating revenue (cash basis)		1,249,511
Allowable expenses		
Total operating expenses		826,470
Adjustments for noncash expenses:		
Depreciation and amortization		(327,525)
Other adjustments:		
Participation rent, accrued or paid		(82,763)
Allowable expenses, net		416,182
Net operating income per Ground Lease Agreement (1)	$	833,329

(1) The Ground Lease Agreement between the City and the Company defines Net Operating Income per the Redevelopment Agreement as the difference between Gross Operating Revenue and the actual Operating Expenses for the same period. The agreement specifically defines Gross Operating Revenue as all revenues derived from the project, determined in accordance with GAAP, computed on a cash basis, exclusive of subtenant security deposits and other refundable deposits and exclusive of proceeds derived from a sale, condemnation, financing, insurance settlement or other transaction that is capital in nature. Further, Operating Expenses are defined as those costs determined in accordance with GAAP, including all necessary and reasonable expenditures of any kind made with respect to the operations of the project typical of a Class A shopping center, without limitation, ad valorem taxes, insurance premiums, R&M expenses, management fees, leasing and advertising expenses, professional fees, wages and utility costs. Non-cash expenditures such as depreciation and amortization shall not be included in the computation of operating expenses. Operating Expenses shall include all project development costs incurred by the Company, that are not financed, in further developing and leasing available space within the Project including, without limitation, tenant upfitting costs, market rate brokerage commissions, tenant improvement allowances, building improvements and legal fees.

DRAFT-5/12

Sooner Town Center II, LLC

SCHEDULE II - DEBT SERVICE

Years ended December 31,

		2019
Debt service:		
Interest expense per audited financial statements	$	441,550
Principal payments and loan costs		226,253
Total Debt Service (2)	$	667,803

(2) The Ground Lease Agreement defines Debt Service as the net principal paydown on all loans and accrued interest on all loans and all costs associated with obtaining the loans on the Project or any portion thereof for which a certificate of completion has been issued that are not and have not previously been accrued or paid as Operating Expenses.

Sooner Town Center II, LLC

SCHEDULE III - NET CASH FLOW

Years ended December 31,

		2019
Net operating income per Ground Lease Agreement	$	833,329
Less - Debt service		(667,803)
Net cash flow, current year		165,526
Less - Cash reserve		-
Net cash flow, after year		165,526
Participant rent factor		50%
Participant Rent (minimum - of $0) (3)	$	82,763

(3) For purposes of determining Participation Rent, the Ground Lease Agreement defines net cash flow as Net Operating Income less Debt Service. Participation Rent shall be an amount equal to fifty percent (50%) of Net Cash Flow remaining after any additional cash reserve.

Sooner Town Center II, LLC

SCHEDULE IV - SUBTENANT RENTS

Years ended December 31,

	2019
Tenant rents	$ 1,249,511
Gross operating revenue (cash basis) (4)	$ 1,249,511

(4) Refer to page 16 for the calculation of Gross operating revenue (subtenant rents) which is computed on the cash basis.

DRAFT-5/18/2020

Financial Statements and Report of Independent Certified Public Accountants

Sooner Town Center II, LLC

December 31, 2019 and 2018

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DRAFT-5/18/2020

GRANT THORNTON LLP
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Charlotte, NC 28244

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Members of
Sooner Town Center II, LLC

We have audited the accompanying financial statements of **Sooner Town Center II, LLC** (an Oklahoma limited liability company), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations, changes in members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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.

GrantThornton

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sooner Town Center II, LLC as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in Schedules I through IV is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Charlotte, North Carolina
May 26, 2020

DRAFT-5/18/2020

Sooner Town Center II, LLC

BALANCE SHEETS

December 31,

	2019	2018
Assets		
Real property, at cost:		
Buildings	$ 6,867,756	$ 6,867,756
Land improvements and signage	1,772,745	1,772,745
	8,640,501	8,640,501
Less – Accumulated depreciation	(2,179,718)	(1,899,029)
Real property, net	6,460,783	6,741,472
Other assets:		
Cash and cash equivalents	336,575	260,157
Accounts receivable	68,132	74,370
Deferred rents receivable	28,638	23,402
Deferred charges and other assets, net	231,908	270,467
Total assets	$ 7,126,036	$ 7,369,868
Liabilities and members' deficit		
Liabilities:		
Notes payable (net of deferred loan costs of $50,371 at December 31, 2019 and $53,012 at December 31, 2018)	$ 7,850,303	$ 8,073,915
Accounts payable and accrued expenses	247,796	194,805
Unearned revenue	59,373	58,659
Total liabilities	8,157,472	8,327,379
Liabilities and members' deficit	(1,031,436)	(957,511)
Total liabilities and members' deficit	$ 7,126,036	$ 7,369,868

The accompanying notes are an integral part of these financial statements.

DRAFT-5/18/2020

Sooner Town Center II, LLC

STATEMENTS OF OPERATIONS

Years ended December 31,

	2019	2018
Rental revenues	$ 1,247,795	$ 1,240,809
Operating expenses:		
Common area maintenance	70,817	87,383
General and administrative expenses	279,761	255,457
Rent expense	148,367	130,232
Depreciation and amortization	327,525	330,833
Total operating expenses	826,470	803,905
Interest expense	441,550	452,479
Net loss	$ (20,225)	$ (15,575)

The accompanying notes are an integral part of these financial statements.

Sooner Town Center II, LLC

STATEMENTS OF CHANGES IN MEMBERS' DEFICIT

Years ended December 31,

	Total Members' Deficit
Members' deficit, December 31, 2017	$ (788,444)
Net loss	(15,575)
Distributions	(153,492)
Members' deficit, December 31, 2018	(957,511)
Net loss	(20,225)
Distributions	(53,700)
Members' deficit, December 31, 2019	$ (1,031,436)

The accompanying notes are an integral part of these financial statements.

DRAFT-5/18/2020

Sooner Town Center II, LLC

STATEMENTS OF CASH FLOWS

Years ended December 31,

	2019	2018
Cash flows from operating activities:		
Net loss	$ (20,225)	$ (15,575)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	280,689	280,698
Amortization	46,836	50,135
Changes in operating assets and liabilities:		
Accounts receivable	6,238	(30,036)
Deferred rents receivable	(5,236)	(5,236)
Deferred charges and other assets	(5,636)	(893)
Accounts payable and accrued expenses	52,991	(192,525)
Unearned revenue	714	20
Net cash provided by operating activities	356,371	86,588
Cash flows from financing activities:		
Repayments on note payable	(226,253)	(215,379)
Member distributions	(53,700)	(153,492)
Net cash used in financing activities	(279,953)	(368,871)
Net increase (decrease) in cash and cash equivalents	76,418	(282,283)
Cash and cash equivalents, beginning of year	260,157	542,440
Cash and cash equivalents, end of year	$ 336,575	$ 260,157
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 442,609	$ 453,482

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Sooner Town Center II, LLC (an Oklahoma limited liability company) (the Company) was organized in January 2012 for the purpose of acquiring, developing and leasing commercial properties in Oklahoma. The Company operates a retail center (the Project) located in Midwest City, Oklahoma. The Project is defined by a Ground Lease Agreement between Midwest City Memorial Hospital Authority, an affiliate of Midwest City, Oklahoma (collectively, the City) and the Company. The City is considered to be a related party for financial reporting purposes. The Company is responsible for design, construction, financing, leasing and management of the Project, all subject to City approval. Income and loss will be allocated to members in accordance with the operating agreement. The Project consists of 69,308 square feet of retail space and was completed in 2012.

Cash and Cash Equivalents

The Company classifies highly liquid investments with original maturity dates of three months or less as cash equivalents.

Concentration of Credit Risk

The Company's operating property is located in Midwest City, Oklahoma. The Company's ability to generate future revenues is dependent upon the economic conditions within this area.

As of December 31, 2019 and 2018, the Company had three tenants. Each tenant comprised more than 10% of total base rental revenue for the years ended December 31, 2019 and 2018. Two tenants comprised more than 10% of accounts receivable as of December 31, 2019 and 2018.

The Company maintains its cash in a commercial bank. Regularly during the year, the Company maintained cash and cash equivalents in accounts in excess of the amount insured by the Federal Deposit Insurance Corporation. The Company's management regularly monitors the financial stability of these financial institutions.

Revenue Recognition

Rental revenue is generally recognized based on the terms of leases entered into with tenants. Rental revenue from leases with scheduled rent increases, incentives or abatements is recognized on a straight-line basis over the non-cancelable term of the respective leases. Property operating cost recoveries from tenants for common area maintenance, real estate taxes and other recoverable costs totaled $275,421 and $261,712 for the years ended December 31, 2019 and 2018, respectively, and are recognized in the period in which the related expenses are incurred, and are included in rental revenues in the accompanying statements of operations. Receivables relating to these recoveries totaled $37,442 and $35,331 as of December 31, 2019 and 2018, respectively, and are included in accounts receivable on the accompanying balance sheets. If it becomes probable that a tenant will fail to perform according to the terms of the lease, a loss equal to the deferred rents receivable unlikely to be received from that tenant would be charged to operations. The Company also earns percentage rent from a tenant based on a gross receipts calculation. This revenue is recognized in the period it is earned. Receivables relating to percentage rent totaled $30,690 and $39,039 as of December 31, 2019 and 2018, respectively, and are included in accounts receivable on the accompanying balance sheets.

Rental revenue recognized on a straight-line basis over rents due amounted to $5,236 for both of the years ended December 31, 2019 and 2018.

Revenue received in advance from tenants is recognized as unearned revenue on the accompanying balance sheets. Unearned revenue was $59,373 and $58,659 as of December 31, 2019 and 2018, respectively.

At December 31, 2019, three tenants occupying 69,308 square feet were operating under noncancelable leases providing for future minimum rents of $4,302,184 with the latest expiration date of July 31, 2029.

Future minimum rents receivable under non-cancelable leases for all known tenants at December 31, 2019, is as follows. Most leases have renewal options, which are not included below.

	Amount
2020	$ 936,448
2021	936,448
2022	936,448
2023	274,161
2024	210,749
Thereafter	1,007,930
	$ 4,302,184

Accounts receivable are reported at their estimated net realizable value. When necessary, the Company provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. Past due status is based on the contractual terms of the receivables. Accounts receivable are written off based on individual credit evaluation and specific circumstances of the customer. Management has concluded that all of the Company’s accounts receivable amounts will be realizable and, accordingly, has not recorded an allowance for doubtful accounts at December 31, 2019 or 2018.

Real Property

Buildings are stated at cost and depreciated using the straight-line method over the estimated useful life of 39 years. Land improvements and signage are depreciated using an accelerated method of depreciation over the useful life of the assets, usually 15 years.

Depreciation on real property charged to operations was $280,689 and $280,698 for the years ended December 31, 2019 and 2018, respectively.

Repairs are charged against operations. Renewals and betterments that materially extend the life of an asset are capitalized.

The Company reviews the real property for impairment whenever events or changes in circumstances indicate that the carrying amount of the real property may not be recoverable. Recoverability of the real property is measured by a comparison of the carrying amount of the real property to undiscounted future net cash flows expected to be generated by the real property. If the real property is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the real property exceeds its fair value. No impairment was recognized as of December 31, 2019.

Deferred Charges and Other Assets

Deferred charges consist of lease commissions and lease costs, and are stated at cost net of accumulated amortization. At December 31, 2019 and 2018, total deferred charges capitalized were $592,727 with accumulated amortization of $401,416 and $357,221, respectively. The lease commissions and lease costs are amortized on the straight-line method over the terms of the respective leases. Lease commission and lease costs amortization expense of $44,195 and $47,495 is included in depreciation and amortization in the accompanying statement of operations for the years ended December 31, 2019 and 2018, respectively.

Deferred charges and other assets also includes $40,597 and $34,961 of prepaid expenses at December 31, 2019 and 2018, respectively.

Income Taxes

The Company is a limited liability company treated as a partnership for federal and state income tax purposes. As a result, the Company's results of operations are included in the income tax returns of its individual members. Accordingly, no provision for federal or state income taxes has been recorded in the accompanying financial statements. The Company files income tax returns in the U.S. federal jurisdiction and in the Oklahoma state jurisdiction. The Company is no longer subject to examination by taxing authorities for years before 2017, and it is not aware of any audits by any taxing authority.

The Company follows applicable authoritative guidance on accounting for uncertainty in income taxes which, among other things, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. The Company has no uncertain tax positions.

Use of Accounting Estimates

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

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) No. 2014-09, "*Revenue from Contracts with Customers,*" which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts. The core principal of the new standard is that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU requires the use of a five-step model to recognize revenue from contracts with customers. The five-step model requires that the Company identify the contract with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when the Company satisfies the performance obligations. This ASU was effective as of January 1, 2019. In analyzing the nature of the Company's contracts with customers the Company determined that the ASU did not have a material impact on the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This new standard was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and increasing disclosures regarding leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2020 and interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted. The new standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The Company is evaluating the effect that the adoption of the new standard will have on the financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-15, "*Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*." This new standard was issued to reduce the existing diversity in practice in financial reporting across all industries by clarifying certain existing principles in ASC 230, Statement of Cash Flows, including providing additional guidance on how and what an entity should consider in determining the classification of certain cash flows.

In addition, in November 2016, the FASB issued ASU No. 2016-18, "*Statement of Cash Flows (Topic 230), Restricted Cash*." This new standard was issued to clarify certain existing principles in ASC 230, including providing additional guidance related to transfers between cash and restricted cash and how entities present, in their statement of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts. This standard was effective January 1, 2019, but did not have a material impact on the financial statements and related disclosures.

NOTE 2 - NOTE PAYABLE

The Company entered into a note payable agreement with First National Bank for borrowings in the maximum principal amount of $9,136,970 on September 18, 2012. Cumulative amounts borrowed as of December 31, 2019 and 2018 were $7,900,674 and $8,126,927, respectively. The note is collateralized by a deed of trust on real property and assignment of rents. On February 10, 2017, the Company refinanced the note with First National Bank for the entire outstanding balance on that date. Under the amended terms, the interest rate is fixed at a rate equal to 3.50% per annum in excess of the Treasury Rate adjustable every five years. The entire unpaid balance of principal and accrued unpaid interest outstanding on the note will be due and payable on February 10, 2039. For the years ending December 31, 2019 and 2018, the interest rate was 5.44%.

The net deferred loan cost balance as of December 31, 2019 and 2018 of $50,371 and $53,012, respectively, is presented as a reduction of the related debt liabilities on the accompanying balance sheets.

Notes payable outstanding consisted of the following as of December 31:

	2019	2018
Principal balance	$ 7,900,674	$ 8,126,927
Less - Unamortized deferred loan costs	(50,371)	(53,012)
Notes payable less unamortized deferred loan costs	$ 7,850,303	$ 8,073,915

Loan costs consist of various debt issuance costs and are amortized on the straight-line method, which approximates the effective interest method, based on terms of the respective debt agreements. The Company's loan costs total $58,070 as of December 31, 2019 and 2018, respectively, with accumulated amortization totaling $7,699 and $5,058 as of December 31, 2019 and 2018, respectively. Loan cost amortization expense of $2,641 and $2,640 is included in depreciation and amortization in the accompanying statements of operations for the years ended December 31, 2019 and 2018, respectively.

Interest incurred related to the above notes payable totaled $441,550 and $452,479 for the years ended December 31, 2019 and 2018, respectively.

Scheduled principal payments on the note payable are as follows:

	Amount
2020	$ 237,872
2021	252,567
2022	266,855
2023	281,952
2024	296,829
Thereafter	6,564,599
	$ 7,900,674

NOTE 3 - LEASES

The Company subleases the Project land from Sooner Town Center, LLC (STC), a related party, which leases the land from the City. The lease commenced on July 19, 2012, with rent commencement on October 31, 2012. The lease expires on October 31, 2062, with a five-year renewal option. The monthly rent amount increases by 10% on the 10th anniversary of the commencement date, and every five years thereafter.

Straight-line rental expense totaled $65,604 for the years ended December 31, 2019 and 2018. Unpaid rent expense related to this lease totaled $123,639 and $103,045 as of December 31, 2019 and 2018, respectively, and is included in accounts payable and accrued expenses on the accompanying balance sheets.

Future minimum rent payments for the original term are as follows:

	Amount
2020	$ 45,000
2021	45,000
2022	45,750
2023	49,500
2024	49,500
Thereafter	2,732,132
	$ 2,957,882

The Company also has a ground lease with the Midwest City Memorial Hospital Authority, an affiliated entity, which provides for participation rent equivalent to 50% of net operating income in excess of debt service, measured on a cumulative basis. Rent commenced on October 31, 2012 under this lease, which expires on October 31, 2062, with a five-year renewal option. In addition to participation rent, starting one year after the commencement date, annual rent is $1. Participation rent is due and payable only to the extent that cumulative net cash flows are positive. Rent expense under this lease totaled $82,763 and $64,628 for the years ended December 31, 2019 and 2018, respectively.

NOTE 4 - RELATED-PARTY TRANSACTIONS AND BALANCES

Collett & Associates, LLC (Collett), an affiliated entity, provides leasing, development and brokerage services to the Company. Collett receives a monthly fee of 4% of gross monthly collections for providing property management services. Such fees totaled $49,952 and $48,221 for the years ending December 31, 2019 and 2018, respectively. The Company paid nominal amounts for various expense reimbursements to Collett, which are recorded as general and administrative expenses, for the years ended December 31, 2019 and 2018.

John S. Cheek, Inc. (Cheek), an affiliated entity, provides tax and accounting services to the Company. The Company paid $5,900 and $8,100 in fees to Cheek for the years ended December 31, 2019 and 2018, respectively.

The Company leases land from the City (see Note 3). Utility expenses paid to the City totaled $9,470 and $11,255 for the years ended December 31, 2019 and 2018, respectively.

Certain members guarantee the note payable.

NOTE 5 - SUBSEQUENT EVENTS

The Company has analyzed its operations subsequent to December 31, 2019 through May 26, 2020, the date the financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. While the disruption and economic impact in the U.S. is currently expected to be temporary, there is uncertainty around the duration and magnitude. The Company is currently unable to determine if this matter will have a material impact to its operations.

Supplementary information

DRAFT-5/18/2020

Sooner Town Center II, LLC

SCHEDULE I - NET OPERATING INCOME

Years ended December 31,

		2019
Rental revenues per audited financial statements	$	1,247,795
Adjustments for cash basis:		
Accounts receivable		6,238
Deferred rents receivable		(5,236)
Unearned rent		714
Gross operating revenue (cash basis)		1,249,511
Allowable expenses		
Total operating expenses		826,470
Adjustments for noncash expenses:		
Depreciation and amortization		(327,525)
Other adjustments:		
Participation rent expense, accrued or paid		(82,763)
Allowable expenses, net		416,182
Net operating income per Ground Lease Agreement (1)	$	833,329

(1) The Ground Lease Agreement between the City and the Company defines Net Operating Income per the Redevelopment Agreement as the difference between Gross Operating Revenue and the actual Operating Expenses for the same period. The agreement specifically defines Gross Operating Revenue as all revenues derived from the project, determined in accordance with GAAP, computed on a cash basis, exclusive of subtenant security deposits and other refundable deposits and exclusive of proceeds derived from a sale, condemnation, financing, insurance settlement or other transaction that is capital in nature. Further, Operating Expenses are defined as those costs determined in accordance with GAAP, including all necessary and reasonable expenditures of any kind made with respect to the operations of the project typical of a Class A shopping center, without limitation, ad valorem taxes, insurance premiums, R&M expenses, management fees, leasing and advertising expenses, professional fees, wages and utility costs. Non-cash expenditures such as depreciation and amortization shall not be included in the computation of operating expenses. Operating Expenses shall include all project development costs incurred by the Company, that are not financed, in further developing and leasing available space within the Project including, without limitation, tenant upfitting costs, market rate brokerage commissions, tenant improvement allowances, building improvements and legal fees.

DRAFT-5/18/2020

Sooner Town Center II, LLC

SCHEDULE II - DEBT SERVICE

Years ended December 31,

		2019
Debt service:		
Interest expense per audited financial statements	$	441,550
Principal payments and loan costs		226,253
Total Debt Service (2)	$	667,803

(2) The Ground Lease Agreement defines Debt Service as the net principal paydown on all loans and accrued interest on all loans and all costs associated with obtaining the loans on the Project or any portion thereof for which a certificate of completion has been issued that are not and have not previously been accrued or paid as Operating Expenses.

DRAFT-5/18/2020

Sooner Town Center II, LLC

SCHEDULE III - NET CASH FLOW

Years ended December 31,

	2019
Net operating income per Ground Lease Agreement	$ 833,329
Less - Debt service	(667,803)
Net cash flow, current year	165,526
Less - Cash reserve	-
Net cash flow, after year	165,526
Participant rent factor	50%
Participant Rent (minimum - of $0) (3)	$ 82,763

(3) For purposes of determining Participation Rent, the Ground Lease Agreement defines net cash flow as Net Operating Income less Debt Service. Participation Rent shall be an amount equal to fifty percent (50%) of Net Cash Flow remaining after any additional cash reserve.

Sooner Town Center II, LLC

SCHEDULE IV - SUBTENANT RENTS

Years ended December 31,

	2019
Tenant rents	$ 1,249,511
Gross operating revenue (cash basis) (4)	$ 1,249,511

(4) Refer to page 16 for the calculation of Gross operating revenue (subtenant rents) which is computed on the cash basis.

DRAFT-5/18/2020

Financial Statements and Report of Independent Certified Public Accountants

Sooner Town Center II, LLC

December 31, 2019 and 2018

DRAFT-5/18/2020

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Members of
Sooner Town Center II, LLC

We have audited the accompanying financial statements of **Sooner Town Center II, LLC** (an Oklahoma limited liability company), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations, changes in members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

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

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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.

Grant Thornton

DRAFT-5/18/2020

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sooner Town Center II, LLC as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in Schedules I through IV is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Charlotte, North Carolina
May 26, 2020

Sooner Town Center II, LLC

BALANCE SHEETS

December 31,

Assets	**2019**	**2018**
Real property, at cost:		
Buildings	$ 6,867,756	$ 6,867,756
Land improvements and signage	1,772,745	1,772,745
	8,640,501	8,640,501
Less – Accumulated depreciation	(2,179,718)	(1,899,029)
Real property, net	6,460,783	6,741,472
Other assets:		
Cash and cash equivalents	336,575	260,157
Accounts receivable	68,132	74,370
Deferred rents receivable	28,638	23,402
Deferred charges and other assets, net	231,908	270,467
Total assets	$ 7,126,036	$ 7,369,868
Liabilities and members' deficit		
Liabilities:		
Notes payable (net of deferred loan costs of $50,371 at December 31, 2019 and $53,012 at December 31, 2018)	$ 7,850,303	$ 8,073,915
Accounts payable and accrued expenses	247,796	194,805
Unearned revenue	59,373	58,659
Total liabilities	8,157,472	8,327,379
Liabilities and members' deficit	(1,031,436)	(957,511)
Total liabilities and members' deficit	$ 7,126,036	$ 7,369,868

The accompanying notes are an integral part of these financial statements.

DRAFT-5/18/2020

Sooner Town Center II, LLC

STATEMENTS OF OPERATIONS

Years ended December 31,

	2019	2018
Rental revenues	$ 1,247,795	$ 1,240,809
Operating expenses:		
Common area maintenance	70,817	87,383
General and administrative expenses	279,761	255,457
Rent expense	148,367	130,232
Depreciation and amortization	327,525	330,833
Total operating expenses	826,470	803,905
Interest expense	441,550	452,479
Net loss	$ (20,225)	$ (15,575)

The accompanying notes are an integral part of these financial statements.

DRAFT-5/18/2020

Sooner Town Center II, LLC

STATEMENTS OF CHANGES IN MEMBERS' DEFICIT

Years ended December 31,

	Total Members' Deficit
Members' deficit, December 31, 2017	$ (788,444)
Net loss	(15,575)
Distributions	(153,492)
Members' deficit, December 31, 2018	(957,511)
Net loss	(20,225)
Distributions	(53,700)
Members' deficit, December 31, 2019	$ (1,031,436)

The accompanying notes are an integral part of these financial statements.

DRAFT-5/18/2020

Sooner Town Center II, LLC

STATEMENTS OF CASH FLOWS

Years ended December 31,

	2019	2018
Cash flows from operating activities:		
Net loss	$ (20,225)	$ (15,575)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	280,689	280,698
Amortization	46,836	50,135
Changes in operating assets and liabilities:		
Accounts receivable	6,238	(30,036)
Deferred rents receivable	(5,236)	(5,236)
Deferred charges and other assets	(5,636)	(893)
Accounts payable and accrued expenses	52,991	(192,525)
Unearned revenue	714	20
Net cash provided by operating activities	356,371	86,588
Cash flows from financing activities:		
Repayments on note payable	(226,253)	(215,379)
Member distributions	(53,700)	(153,492)
Net cash used in financing activities	(279,953)	(368,871)
Net increase (decrease) in cash and cash equivalents	76,418	(282,283)
Cash and cash equivalents, beginning of year	260,157	542,440
Cash and cash equivalents, end of year	$ 336,575	$ 260,157
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 442,609	$ 453,482

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Sooner Town Center II, LLC (an Oklahoma limited liability company) (the Company) was organized in January 2012 for the purpose of acquiring, developing and leasing commercial properties in Oklahoma. The Company operates a retail center (the Project) located in Midwest City, Oklahoma. The Project is defined by a Ground Lease Agreement between Midwest City Memorial Hospital Authority, an affiliate of Midwest City, Oklahoma (collectively, the City) and the Company. The City is considered to be a related party for financial reporting purposes. The Company is responsible for design, construction, financing, leasing and management of the Project, all subject to City approval. Income and loss will be allocated to members in accordance with the operating agreement. The Project consists of 69,308 square feet of retail space and was completed in 2012.

Cash and Cash Equivalents

The Company classifies highly liquid investments with original maturity dates of three months or less as cash equivalents.

Concentration of Credit Risk

The Company's operating property is located in Midwest City, Oklahoma. The Company's ability to generate future revenues is dependent upon the economic conditions within this area.

As of December 31, 2019 and 2018, the Company had three tenants. Each tenant comprised more than 10% of total base rental revenue for the years ended December 31, 2019 and 2018. Two tenants comprised more than 10% of accounts receivable as of December 31, 2019 and 2018.

The Company maintains its cash in a commercial bank. Regularly during the year, the Company maintained cash and cash equivalents in accounts in excess of the amount insured by the Federal Deposit Insurance Corporation. The Company's management regularly monitors the financial stability of these financial institutions.

Revenue Recognition

Rental revenue is generally recognized based on the terms of leases entered into with tenants. Rental revenue from leases with scheduled rent increases, incentives or abatements is recognized on a straight-line basis over the non-cancelable term of the respective leases. Property operating cost recoveries from tenants for common area maintenance, real estate taxes and other recoverable costs totaled $275,421 and $261,712 for the years ended December 31, 2019 and 2018, respectively, and are recognized in the period in which the related expenses are incurred, and are included in rental revenues in the accompanying statements of operations. Receivables relating to these recoveries totaled $37,442 and $35,331 as of December 31, 2019 and 2018, respectively, and are included in accounts receivable on the accompanying balance sheets. If it becomes probable that a tenant will fail to perform according to the terms of the lease, a loss equal to the deferred rents receivable unlikely to be received from that tenant would be charged to operations. The Company also earns percentage rent from a tenant based on a gross receipts calculation. This revenue is recognized in the period it is earned. Receivables relating to percentage rent totaled $30,690 and $39,039 as of December 31, 2019 and 2018, respectively, and are included in accounts receivable on the accompanying balance sheets.

Rental revenue recognized on a straight-line basis over rents due amounted to $5,236 for both of the years ended December 31, 2019 and 2018.

Revenue received in advance from tenants is recognized as unearned revenue on the accompanying balance sheets. Unearned revenue was $59,373 and $58,659 as of December 31, 2019 and 2018, respectively.

At December 31, 2019, three tenants occupying 69,308 square feet were operating under noncancelable leases providing for future minimum rents of $4,302,184 with the latest expiration date of July 31, 2029.

Future minimum rents receivable under non-cancelable leases for all known tenants at December 31, 2019, is as follows. Most leases have renewal options, which are not included below.

	Amount
2020	$ 936,448
2021	936,448
2022	936,448
2023	274,161
2024	210,749
Thereafter	1,007,930
	$ 4,302,184

Accounts receivable are reported at their estimated net realizable value. When necessary, the Company provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. Past due status is based on the contractual terms of the receivables. Accounts receivable are written off based on individual credit evaluation and specific circumstances of the customer. Management has concluded that all of the Company’s accounts receivable amounts will be realizable and, accordingly, has not recorded an allowance for doubtful accounts at December 31, 2019 or 2018.

Real Property

Buildings are stated at cost and depreciated using the straight-line method over the estimated useful life of 39 years. Land improvements and signage are depreciated using an accelerated method of depreciation over the useful life of the assets, usually 15 years.

Depreciation on real property charged to operations was $280,689 and $280,698 for the years ended December 31, 2019 and 2018, respectively.

Repairs are charged against operations. Renewals and betterments that materially extend the life of an asset are capitalized.

The Company reviews the real property for impairment whenever events or changes in circumstances indicate that the carrying amount of the real property may not be recoverable. Recoverability of the real property is measured by a comparison of the carrying amount of the real property to undiscounted future net cash flows expected to be generated by the real property. If the real property is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the real property exceeds its fair value. No impairment was recognized as of December 31, 2019.

Deferred Charges and Other Assets

Deferred charges consist of lease commissions and lease costs, and are stated at cost net of accumulated amortization. At December 31, 2019 and 2018, total deferred charges capitalized were $592,727 with accumulated amortization of $401,416 and $357,221, respectively. The lease commissions and lease costs are amortized on the straight-line method over the terms of the respective leases. Lease commission and lease costs amortization expense of $44,195 and $47,495 is included in depreciation and amortization in the accompanying statement of operations for the years ended December 31, 2019 and 2018, respectively.

Deferred charges and other assets also includes $40,597 and $34,961 of prepaid expenses at December 31, 2019 and 2018, respectively.

Income Taxes

The Company is a limited liability company treated as a partnership for federal and state income tax purposes. As a result, the Company’s results of operations are included in the income tax returns of its individual members. Accordingly, no provision for federal or state income taxes has been recorded in the accompanying financial statements. The Company files income tax returns in the U.S. federal jurisdiction and in the Oklahoma state jurisdiction. The Company is no longer subject to examination by taxing authorities for years before 2017, and it is not aware of any audits by any taxing authority.

The Company follows applicable authoritative guidance on accounting for uncertainty in income taxes which, among other things, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. The Company has no uncertain tax positions.

Use of Accounting Estimates

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

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) No. 2014-09, “*Revenue from Contracts with Customers,*” which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts. The core principal of the new standard is that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU requires the use of a five-step model to recognize revenue from contracts with customers. The five-step model requires that the Company identify the contract with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when the Company satisfies the performance obligations. This ASU was effective as of January 1, 2019. In analyzing the nature of the Company’s contracts with customers the Company determined that the ASU did not have a material impact on the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This new standard was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and increasing disclosures regarding leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2020 and interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted. The new standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The Company is evaluating the effect that the adoption of the new standard will have on the financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-15, "*Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*." This new standard was issued to reduce the existing diversity in practice in financial reporting across all industries by clarifying certain existing principles in ASC 230, Statement of Cash Flows, including providing additional guidance on how and what an entity should consider in determining the classification of certain cash flows.

In addition, in November 2016, the FASB issued ASU No. 2016-18, "*Statement of Cash Flows (Topic 230), Restricted Cash*." This new standard was issued to clarify certain existing principles in ASC 230, including providing additional guidance related to transfers between cash and restricted cash and how entities present, in their statement of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts. This standard was effective January 1, 2019, but did not have a material impact on the financial statements and related disclosures.

NOTE 2 - NOTE PAYABLE

The Company entered into a note payable agreement with First National Bank for borrowings in the maximum principal amount of $9,136,970 on September 18, 2012. Cumulative amounts borrowed as of December 31, 2019 and 2018 were $7,900,674 and $8,126,927, respectively. The note is collateralized by a deed of trust on real property and assignment of rents. On February 10, 2017, the Company refinanced the note with First National Bank for the entire outstanding balance on that date. Under the amended terms, the interest rate is fixed at a rate equal to 3.50% per annum in excess of the Treasury Rate adjustable every five years. The entire unpaid balance of principal and accrued unpaid interest outstanding on the note will be due and payable on February 10, 2039. For the years ending December 31, 2019 and 2018, the interest rate was 5.44%.

The net deferred loan cost balance as of December 31, 2019 and 2018 of $50,371 and $53,012, respectively, is presented as a reduction of the related debt liabilities on the accompanying balance sheets.

Notes payable outstanding consisted of the following as of December 31:

	2019	2018
Principal balance	$ 7,900,674	$ 8,126,927
Less - Unamortized deferred loan costs	(50,371)	(53,012)
Notes payable less unamortized deferred loan costs	$ 7,850,303	$ 8,073,915

Loan costs consist of various debt issuance costs and are amortized on the straight-line method, which approximates the effective interest method, based on terms of the respective debt agreements. The Company's loan costs total $58,070 as of December 31, 2019 and 2018, respectively, with accumulated amortization totaling $7,699 and $5,058 as of December 31, 2019 and 2018, respectively. Loan cost amortization expense of $2,641 and $2,640 is included in depreciation and amortization in the accompanying statements of operations for the years ended December 31, 2019 and 2018, respectively.

Interest incurred related to the above notes payable totaled $441,550 and $452,479 for the years ended December 31, 2019 and 2018, respectively.

Scheduled principal payments on the note payable are as follows:

	Amount
2020	$ 237,872
2021	252,567
2022	266,855
2023	281,952
2024	296,829
Thereafter	6,564,599
	$ 7,900,674

NOTE 3 - LEASES

The Company subleases the Project land from Sooner Town Center, LLC (STC), a related party, which leases the land from the City. The lease commenced on July 19, 2012, with rent commencement on October 31, 2012. The lease expires on October 31, 2062, with a five-year renewal option. The monthly rent amount increases by 10% on the 10th anniversary of the commencement date, and every five years thereafter.

Straight-line rental expense totaled $65,604 for the years ended December 31, 2019 and 2018. Unpaid rent expense related to this lease totaled $123,639 and $103,045 as of December 31, 2019 and 2018, respectively, and is included in accounts payable and accrued expenses on the accompanying balance sheets.

Future minimum rent payments for the original term are as follows:

	Amount
2020	$ 45,000
2021	45,000
2022	45,750
2023	49,500
2024	49,500
Thereafter	2,732,132
	$ 2,957,882

The Company also has a ground lease with the Midwest City Memorial Hospital Authority, an affiliated entity, which provides for participation rent equivalent to 50% of net operating income in excess of debt service, measured on a cumulative basis. Rent commenced on October 31, 2012 under this lease, which expires on October 31, 2062, with a five-year renewal option. In addition to participation rent, starting one year after the commencement date, annual rent is $1. Participation rent is due and payable only to the extent that cumulative net cash flows are positive. Rent expense under this lease totaled $82,763 and $64,628 for the years ended December 31, 2019 and 2018, respectively.

NOTE 4 - RELATED-PARTY TRANSACTIONS AND BALANCES

Collett & Associates, LLC (Collett), an affiliated entity, provides leasing, development and brokerage services to the Company. Collett receives a monthly fee of 4% of gross monthly collections for providing property management services. Such fees totaled $49,952 and $48,221 for the years ending December 31, 2019 and 2018, respectively. The Company paid nominal amounts for various expense reimbursements to Collett, which are recorded as general and administrative expenses, for the years ended December 31, 2019 and 2018.

John S. Cheek, Inc. (Cheek), an affiliated entity, provides tax and accounting services to the Company. The Company paid $5,900 and $8,100 in fees to Cheek for the years ended December 31, 2019 and 2018, respectively.

The Company leases land from the City (see Note 3). Utility expenses paid to the City totaled $9,470 and $11,255 for the years ended December 31, 2019 and 2018, respectively.

Certain members guarantee the note payable.

NOTE 5 - SUBSEQUENT EVENTS

The Company has analyzed its operations subsequent to December 31, 2019 through May 26, 2020, the date the financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. While the disruption and economic impact in the U.S. is currently expected to be temporary, there is uncertainty around the duration and magnitude. The Company is currently unable to determine if this matter will have a material impact to its operations.

Supplementary information

DRAFT-5/18/2020

Sooner Town Center II, LLC

SCHEDULE I - NET OPERATING INCOME

Years ended December 31,

		2019
Rental revenues per audited financial statements	$	1,247,795
Adjustments for cash basis:		
Accounts receivable		6,238
Deferred rents receivable		(5,236)
Unearned rent		714
Gross operating revenue (cash basis)		1,249,511
Allowable expenses		
Total operating expenses		826,470
Adjustments for noncash expenses:		
Depreciation and amortization		(327,525)
Other adjustments:		
Participation rent expense, accrued or paid		(82,763)
Allowable expenses, net		416,182
Net operating income per Ground Lease Agreement (1)	$	833,329

(1) The Ground Lease Agreement between the City and the Company defines Net Operating Income per the Redevelopment Agreement as the difference between Gross Operating Revenue and the actual Operating Expenses for the same period. The agreement specifically defines Gross Operating Revenue as all revenues derived from the project, determined in accordance with GAAP, computed on a cash basis, exclusive of subtenant security deposits and other refundable deposits and exclusive of proceeds derived from a sale, condemnation, financing, insurance settlement or other transaction that is capital in nature. Further, Operating Expenses are defined as those costs determined in accordance with GAAP, including all necessary and reasonable expenditures of any kind made with respect to the operations of the project typical of a Class A shopping center, without limitation, ad valorem taxes, insurance premiums, R&M expenses, management fees, leasing and advertising expenses, professional fees, wages and utility costs. Non-cash expenditures such as depreciation and amortization shall not be included in the computation of operating expenses. Operating Expenses shall include all project development costs incurred by the Company, that are not financed, in further developing and leasing available space within the Project including, without limitation, tenant upfitting costs, market rate brokerage commissions, tenant improvement allowances, building improvements and legal fees.

Sooner Town Center II, LLC

SCHEDULE II - DEBT SERVICE

Years ended December 31,

		2019
Debt service:		
Interest expense per audited financial statements	$	441,550
Principal payments and loan costs		226,253
Total Debt Service (2)	$	667,803

(2) The Ground Lease Agreement defines Debt Service as the net principal paydown on all loans and accrued interest on all loans and all costs associated with obtaining the loans on the Project or any portion thereof for which a certificate of completion has been issued that are not and have not previously been accrued or paid as Operating Expenses.

Sooner Town Center II, LLC

SCHEDULE III - NET CASH FLOW

Years ended December 31,

	2019
Net operating income per Ground Lease Agreement	$ 833,329
Less - Debt service	(667,803)
Net cash flow, current year	165,526
Less - Cash reserve	-
Net cash flow, after year	165,526
Participant rent factor	50%
Participant Rent (minimum - of $0) (3)	$ 82,763

(3) For purposes of determining Participation Rent, the Ground Lease Agreement defines net cash flow as Net Operating Income less Debt Service. Participation Rent shall be an amount equal to fifty percent (50%) of Net Cash Flow remaining after any additional cash reserve.

Sooner Town Center II, LLC

SCHEDULE IV - SUBTENANT RENTS

Years ended December 31,

		2019
Tenant rents	$	1,249,511
Gross operating revenue (cash basis) (4)	$	1,249,511

(4) Refer to page 16 for the calculation of Gross operating revenue (subtenant rents) which is computed on the cash basis.