



MEMORANDUM

Council Agenda
Item No. VIII.N.1&2.
8/26/2014

The City of OKLAHOMA CITY

TO: Mayor and City Council

FROM: James D. Couch, City Manager

1. Public hearing.
2. Resolution amending the 2010-2015 Consolidated Plan and Fifth Action Year Plan to authorize a \$6,900,000 Section 108 loan to 21c Museum Hotel, 900 West Main Street; authorizing submission of a 21c Museum Hotel Section 108 loan application to the Department of Housing and Urban Development; and authorizing execution of all necessary documents pertaining to the Section 108 loan application and Consolidated Plan Amendment. Ward 6.

Location Film Exchange District: 900 West Main Street

Purpose The public hearing affords citizens an opportunity to comment on the proposed substantial amendment to the Consolidated Plan and Fifth Action Year Plan prior to the Council taking action.

The Plan amendment allocates Federal funds to a Section 108 Loan program in the furtherance of 2010-2015 Consolidated Plan and Fifth Action Year Plan priorities. The Section 108 loan will provide financing to the 21c Museum Hotel for special economic development of low- and moderate-income job creation.

Background The Consolidated Plan and Annual Action Year Plan establish the priorities and programs for use of federal grant funds specific to local community planning and development. Following annual adoption of the Plan, any significant change requires a substantial amendment and a public hearing. Establishment of a new program or allocation/reallocation of substantial funding are considered significant changes.

In the Spring of 2013, 21c Hotels began discussions with City officials regarding the redevelopment of the former Fred Jones Manufacturing facility, located at 900 West Main Street, for the purpose of redeveloping the property into a museum hotel.

The 21c group, headquartered in Louisville, KY in partnership with OKC-based Hall Capital, LLC, will serve as the lead developer and project manager. The total development cost is projected at \$51.5 million.

It is anticipated the project will serve as a catalyst for further growth and economic development of the district and the downtown core.

On December 17, 2014 (Item No. VI.AW.2.), City Council approved an allocation of \$5.3 million in Tax Increment Financing for the project from the Downtown Increment District No. 2 Hotel/Retail/Commercial budget.

The \$6.9 million Section 108 loan will come from HUD's Section 108 Loan Guarantee Program where the City's note will be sold to investors with payment guaranteed by collateral on the Fred Jones building and its furnishings and fixtures. The loan will be further guaranteed by the City's pledge of future allocations of CDBG funds.

Staff and 21c have negotiated interim financing with a seven year term at a floating rate of 1.5% per annum above the London Interbank Offered Rate (LIBOR), with the rate fixed for a 12 month period, adjusted annually. The amortization will be 20 years, which will require either a balloon payment, a refinancing, or an extension at the end of the loan term. The proposed term sheet, which is attached, includes alternative terms based on whether the project uses New Market Tax Credits or whether 21c elects permanent rather than interim financing.

The Section 108 loan will combine with TIF and other public resources including State and Federal Historic Tax Credits and possibly Federal New Market Tax Credits. The public funds will stimulate private investment including bank financing and developer contributions of building equity and cash toward construction and environmental mitigation costs.

If approved by the City, the Section 108 loan application would be submitted in September 2014 for HUD approval. Staff anticipates HUD approval could take up to six months. A loan agreement between the City and the developer group would thereafter be prepared and routed for approval by the Citizen's Committee for Community Development, the Neighborhood Conservation Committee of Council and then to the full City Council.

Source of Funds Grants Management Fund - Department of Housing and Urban Development.

Review Planning Department

Recommendation: Public hearing be held and Resolution be adopted.

Attachment

RESOLUTION

RESOLUTION AMENDING THE 2010-15 CONSOLIDATED PLAN AND FIFTH ACTION YEAR PLAN TO SUBMIT AN APPLICATION TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR A SECTION 108 LOAN GUARANTEE IN THE AMOUNT OF \$6,900,000 FOR THE 21c HOTEL AND MUSEUM PROJECT; AND AUTHORIZING THE MAYOR TO EXECUTE ALL RELATED SECTION 108 LOAN GUARANTEE DOCUMENTS.

WHEREAS, The Consolidated Plan and Annual Action Year Plan establish the priorities and programs for use of federal grant funds for community planning and development; and

WHEREAS, the City Of Oklahoma City has been in discussions with 21c Hotels since the Spring of 2013 to locate a unique museum/hotel/restaurant in Oklahoma City's Film Exchange district, specifically within the historic Fred Jones Manufacturing Plant building located at 900 W. Main Street in Oklahoma City; and

WHEREAS, in December 2013, the City Of Oklahoma City approved a \$5,300,000 allocation of Downtown/MAPS Economic Development Project Plan TIF No. 2 funds for the project; and

WHEREAS, the Section 108 Loan Guarantee Program is an additional public mechanism contemplated for the project to encourage economic development and job creation; and

WHEREAS, the need for further public investment along with Federal and State historic tax credits is demonstrated by the positive economic and social impact of the project to the area as well as high redevelopment costs associated with retaining the building's historic integrity, and maintaining free year-round access to the museum for the general public; and

WHEREAS, public incentives will attract private investment to the project and surrounding area for furthering downtown revitalization; and

WHEREAS, the Section 108 Loan of \$6,900,000 will be fully capitalized and repaid with interest; and

WHEREAS, submitting a Section 108 Loan application to provide financing for the project requires an allocation of funding in the Consolidated Plan and such allocation requires a public meeting and an Amendment to the Consolidated Plan and Current Action Year Plan; and

WHEREAS, any subsequent loan agreement between the City and 21c Hotels for the use of Section 108 Loan funds will require City Council approval.

NOW, THEREFORE, BE IT RESOLVED the resolution approving an application to the U.S. Department of Housing and Urban Development for a Section 108 Loan Guarantee in the amount of \$6,900,000 for the 21c Hotel and Museum project; and authorizing the Mayor to execute all related Section 108 Loan Guarantee documents is hereby approved.

APPROVED by the Council and signed by the Mayor of the City of Oklahoma City this 26TH day of August, 2014.

Phil Cant

MAYOR

ATTEST:

Araucan Kelsey
CITY CLERK



REVIEWED as to form and legality

Paul Brunner

ASSISTANT MUNICIPAL COUSELOR

CITY OF OKLAHOMA CITY
OKLAHOMA

Community Development Block Grant Section 108
Loan Guarantee Application

Project

21c Museum Hotel Redevelopment Project

Submitted
to

U.S. Department of Housing and Urban
Development

September 5, 2014

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I. General Project Description

A. Principal Objective

To secure reasonable governmental assistance for a SPECIAL ECONOMIC DEVELOPMENT project principally benefiting Low and Moderate Income (LMI) persons through JOB CREATION.

B. Project Background and Description

In November 2013, 21c Museum Hotels (doing business as 21c OKC LLC, an Oklahoma Limited Liability Company), announced plans to redevelop the historic Fred Jones Manufacturing Plant building at 900 W. Main Street in Oklahoma City into a 135 room boutique hotel. The proposed project will also include a contemporary art museum and a locally owned restaurant. The historic 173,680 square foot building was originally constructed in 1916 by Henry Ford as a Model-T production facility and is listed as eligible for individual listing in the National Register of Historic Places. As of May 27, 2014, the City of Oklahoma City's Historic Preservation Commission and Oklahoma City Council approved an application to the State Historic Preservation Office for nomination of the building to the National Register of Historic Places. The 21c group, in partnership with Hall Capital, LLC will serve as the lead developer and project manager. The total development cost is projected at \$51.5 million. It is anticipated that completion of the proposed project will serve as a catalyst for further growth and economic development throughout the district.

The site is located in the historic Film Row District, an area once home to film exchange offices for many of Hollywood's major studios (See map on p.2). The district fell into disrepair once the struggling film exchange business began to dissipate following the advent of television and cable technology in the 1960's and the 1970's. Although the district has seen significant reinvestment since 2006, specifically along Sheridan Avenue, it remains surrounded by vacant lots and blighted buildings in need of redevelopment. The property is located in Census Tract 1036.02 which lies within a Neighborhood Revitalization Strategy Area (NRSA) and also within a HUD approved Empowerment Zone (EZ).

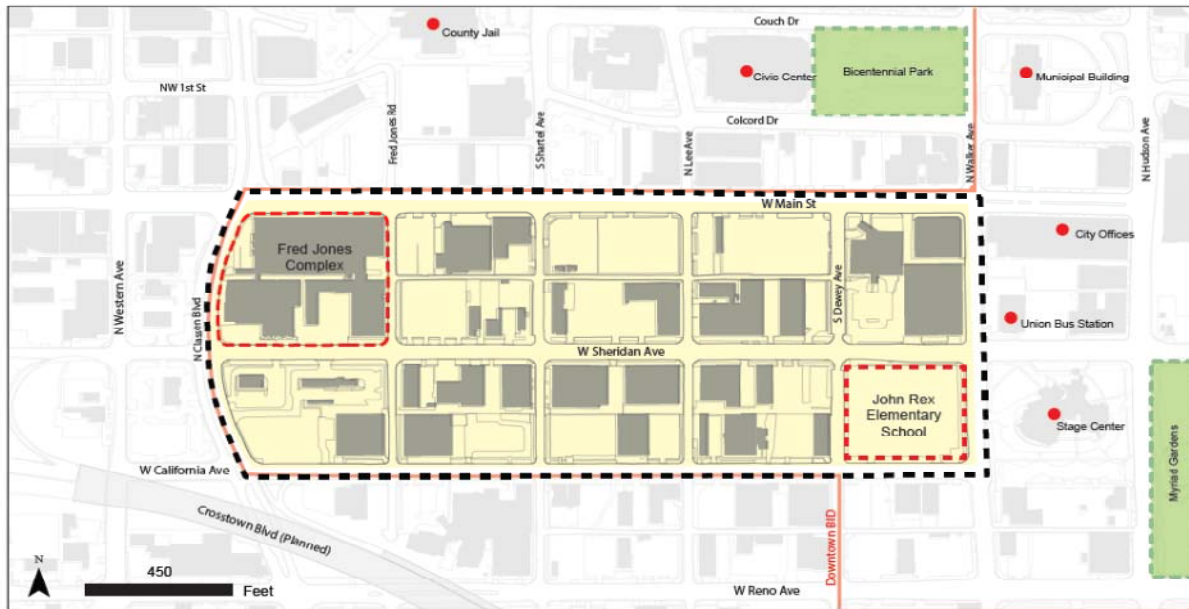
West of the Film Row District are industrial buildings and auto repair shops. The Central Business District is located directly to the East. The property is bounded on the South by Sheridan Avenue which has undergone extensive revitalization to include the preservation and adaptive reuse of film exchange buildings into local eateries, a movie theater, retail shops, and office space. The district revitalization along Sheridan includes improved streetscapes, signage and lighting, as well as the construction of a new elementary school opened for the Fall semester, 2014. The subject property is bounded on the North by W. Main Street which at this location contains various vacant lots and historic buildings in need of redevelopment.

The subject property and certain other properties on the Main Street corridor are currently owned by the Hall family. The Hall family members are direct descendents of the subject property's namesake, Fred Jones, an early automotive pioneer who began his career with Ford at the assembly plant in 1916. Jones would later purchase the building in 1968 to expand his remanufacturing business. The building has remained family owned since that time.

The site has undergone extensive environmental review and characterization has identified solvent constituents that may pose a vapor intrusion risk. The concerns will be further investigated and abated as necessary under a Memorandum of Agreement and Consent Order (MACO) for site remediation with the State of Oklahoma's Department of Environmental Quality. The costs of related remediation and/or mitigation will be paid for by the Hall family from a funding source unrelated to the project.

The development plan calls for 21c to rehabilitate the building to historic preservation standards. All windows will be replaced with historically compatible energy efficient windows. Operationally, the museum will be free to the public and accessible on a 24 hour basis. The hotel, museum, and restaurant will initially employ 138 Full Time Equivalents.

FILM EXCHANGE DISTRICT "FILM ROW"



C. Funding Plan

The 21c redevelopment project includes both public and private financing. The public component will utilize Federal, State and local funding programs to stimulate private investment. The private component of the project, in addition to the bank financing, will be a contribution of cash towards the development costs and related environmental mitigation. In addition, the building itself, which is free of encumbrance, will be provided as additional equity in the transaction. The value of the owner's cash equity and building contribution is projected at \$6,600,000, subject to receipt of a FIRREA standard MAI commercial appraisal. The total project cost is estimated to be \$51,500,200.

The City of Oklahoma City Economic Development Trust (OCEDT), in an Economic Development Agreement dated February 11, 2014 (Council Item VI.AP) with 21c OKC, LLC, has committed to providing a tax increment budget allocation (TIF) in the amount of \$5.3

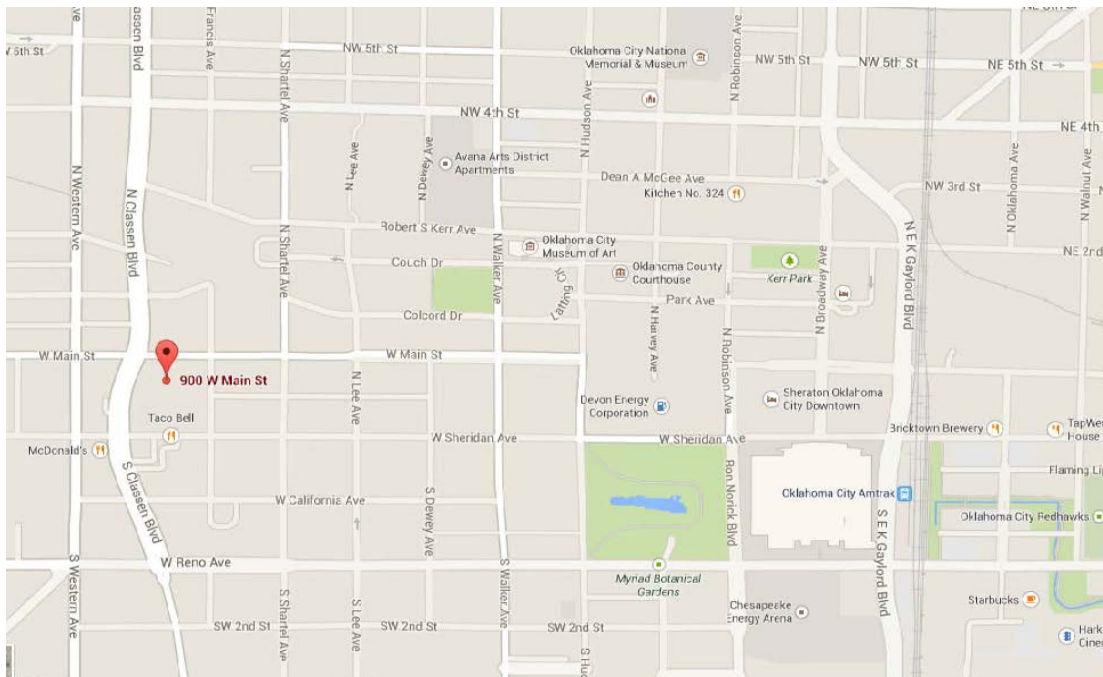
million. The first \$2,000,000 of the TIF financing will be provided as a grant payable as “assistance in development financing” at project completion. The remaining \$3.3 million will be made as a low-interest non-forgivable loan and will be structured as follows:

During the first 84 months of the terms of the agreement, interest on the principal amounts due from day to day under the Note shall accrue at 0.50% per annum provided interest will not accrue on any whole or partial transfer of loan proceeds until after the date of such transfer from the Oklahoma City Economic Development Trust (OCEDT) to the Developer. The Developer is obligated to pay accrued interest during the initial 84 month period. Beginning with the 85th month, the actual interest rate will be adjusted to reflect a rate that is the greater of 3% or 50% of prime interest as determined by the Wall Street Journal on the 15th day of the 85th month; *provided* that, following such adjustment, the interest rate shall not be less than 3% or more than 5% or the maximum rate as provided for by the laws of the State of Oklahoma.

The \$3.3 million TIF financing will be subordinated by the OCEDT to the Section 108 loan. The parties agree that the mortgage shall be subordinate to a primary mortgage issued by a commercial lender for the construction of the Project, as well as any mortgages which may be required in connection with the Project’s Section 108 financing or New Markets Tax Credit financing, or other mortgages required to secure construction of the Project. The developer will also apply for Federal Historic Tax Credits (FHTC) and State Historic Tax Credits (SHTC). The FHTC equity is estimated at \$7,050,000 and the SHTC equity is projected at \$5,750,000.

A private construction loan equal to, or less than 70% of the appraised value, but not to exceed \$21.5 million, will be provided by MidFirst Bank to finance the building improvements.

Location Map



D. Financing Terms

The principal amount of the Section 108 loan will be \$6,900,000. At the time of this application, the availability of New Market Tax Credits (NMTC) has not yet been determined. The proposed loan terms include alternative provisions based on whether or not NMTC are used. Financing scenarios are as follows:

Closing will be contingent on the project’s ability to obtain 100% financing and to furnish adequate security for the loan as determined by HUD and the City. Hereafter 21c, or its structured organization, is referred to as borrower and the City as lender.

- 1. Amount of loan: \$6,900,000 (based on estimated production of 138 jobs)
- 2. Loan term: **Initial term:** Seven (7) years, or eighty-four (84) months, beginning on the date funds are first drawn. The amortization schedule here below included is predicated on the initial term.

Extended term: Borrower and lender may agree in writing to extend the loan term for an additional thirteen (13) years beyond the initial term provided that certain collateral requirements are met as described in the “Conditions to Extend” section below.

Negotiations to extend must be entered into at least six (6) months before the initial term end date and the written agreement must be signed within sixty (60) days before the initial term end date.

- 3. Amortization Term: Twenty (20) years.
- 4. Proposed rate(s): The amortization schedule here below included is predicated on the adjusting/interim rate with NMTC.

a.) Adjusting/Interim:

With NMTC: LIBOR plus 150 basis points throughout the initial term with interest only paid throughout the term with a final payoff of the loan balance at term end. The interim rate shall be fixed for twelve (12) months at the beginning of each calendar year and adjusted annually as needed. Interest shall begin accruing in the month after borrower draws the funds and is to be paid monthly. Interest unpaid when due shall accrue and compound. The seven (7) year interest-only provision must be approved by HUD. This option is available only in conjunction with New Market Tax Credits.

Without NMTC: LIBOR plus 150 basis points throughout the initial term. Principal and interest payments shall be due monthly. The interim rate shall be fixed for 12 months and adjusted annually as needed.

Payments due: Monthly: Beginning on the first day of the fiscal quarter following the date when funds are first drawn.

Penalties: There shall be no penalty for prepayment of the loan while in interim financing.

Interest unpaid at the time it is due shall accrue and compound.

b.) Fixed/Permanent: The option for permanent financing will not allow deferred principal payments. Borrower may elect to move from interim to permanent financing when HUD conducts a periodic public offering. The rate shall be tied at the time of offering to yields on US treasury obligations of similar maturity to the principal repayment schedule plus a spread for issuance and financing fees and accounting costs.

Payments due: Semiannually: Principal and interest due on June 30 and December 31. There is no provision for interest only payments under permanent financing.

Penalties: Prepayment during the first ten (10) years of permanent financing is technically not allowed. However, the borrower can defease or void the Section 108 obligation through a deposit of funds with a HUD-approved Fiscal Agent to guarantee principal and interest payments to the upstream Section 108 investors.

Interest unpaid at the time it is due shall accrue and compound.

5. Collateral: A share of the financing will cover furniture, fixtures and equipment (FFE). A first mortgage on these assets shall be required; since the cost/value of FFE items will not collateralize the entire loan, additional collateral shall be required, preferably on the museum/hotel building itself, for which the City shall subordinate only to a mortgage of a first lender.

6. Pre-conditions:

- USPAP appraisal;
- Minimum 1.2 annual combined DCR (not including TIF debt) at stabilization throughout the loan term unless a HTC or NMTC payout event occurs during the year in which case a 1.13 DCR would be acceptable;
- 90% total as completed loan-to-value ratio;
- Copies of the adjacent Site Characterization Work Plan in conformance with guidance documents recommended by DEQ including a Quality Assurance Project Plan, a Sampling and Analysis Plan and a Health and Safety Plan, which together have been reviewed and approved by DEQ for environmental cleanup work on or adjacent to the project site;
- Copies of all documents required as conditions of the first mortgage lender.

7. Conditions to extend: Borrower and lender may agree in writing to extend the loan term from the original seven (7) years by up to but no more than thirteen (13) years for a total term not to exceed twenty (20) years. Prior to any extension agreement, borrower must provide the lender with an up-to-date appraisal on real property pledged as collateral for the loan. The outstanding balance(s) of any first loan and the Section 108 loan collectively must not exceed 90% of the pledged asset's appraised value as a condition to extend. In the agreement to extend, the borrower and lender may renegotiate the lending rate for continuation of interim financing or agree to move into permanent financing. At the time of extension, which shall constitute a refinancing of the Section 108 loan, the lender shall file a lien upon the asset, i.e. real property, in the amount of the Section 108 loan balance due, and the City as lender shall subordinate its lien only to a mortgage of a first lender.

At the present time, no operational or development subsidy (in addition to the \$5.3 million TIF funding noted in item no. C above), has been committed to the project by the City. The development proforma includes appropriate reserves and contingencies to address potential cost overruns. The development team has demonstrated adequate capacity, both organizationally and financially, to ensure project completion. The total public and private funding sources of \$51.5 million are sufficient to cover the estimated project expenses provided in Exhibit 3.

E. The Community Development Strategy and This Project

The project site, as previously mentioned, is located in the City's NRSA and EZ. It is the policy of the City, as expressed in the Consolidated Plan, to invest 80% of its Community Development Block Grant funds in the NRSA to stimulate reinvestment in housing, create jobs and improve the quality of life for area residents. The 21c project will further these objectives by redeveloping and preserving a local historic building, creating economic growth through new business and job creation in a low and moderate income area, and by encouraging visitation from out of state tourists.

The 21c project was not specifically listed as a community development objective in the City of Oklahoma City's 2014-15 Consolidated Plan, the Plan states that Apply for Section 108 Loan Program funds to provide Special Economic Assistance as needed for the creation of jobs. The 2014-15 Consolidated Plan Fifth Action Year Plan was approved April 29, 2014, by the City Council of Oklahoma City. The City of Oklahoma City's 2014-15 CDBG grant award, form HUD-7082 was executed on 07/01/2014. A Substantial Amendment to the 2014-15 Consolidated Plan authorizing \$6.9 million for the 21c project was approved by City Council on August 26, 2014. Application has been made to the U.S. Department of Housing and Urban Development requesting approval of the loan.

II. National Objectives

The Community Development Block Grant program, including Section 108, requires a project to meet a National Objective as defined in the statute and HUD regulations. The 21c project will meet the National Objective of primary benefit to low and moderate income persons by providing that 51 percent or more of the jobs created as a result of the Section 108 Loan

Guarantee financing will be available to low and moderate income persons consistent with 24 CFR 570.

It is the City's intent to satisfy the required job creation requirement on the basis of presumption for the 21c project. The 21c site is in the Oklahoma City Round III Empowerment Zone as designated by HUD (Census Tract 1036.02). The Empowerment Zone, if in effect, allows for presumption based on criteria provided at 24 CFR 570.208(a)(4)(vi)(A)(1) alone; however, the project also qualifies based on the pervasive poverty criteria spelled out in 24 CFR 570.208(a)(4)(v)(A-C).

24 CFR 570.208(a)(4)(v) provides that a census tract qualifies for the presumption that a job may be presumed to be low/mod under 570.208(a)(4)(iv) if it is located in part of a Federally-designated Empowerment Zone or Enterprise Community or meets the following criteria:

- A. It has a poverty rate of at least 20% as determined by the most recently available decennial census information. *The decennial census for poverty statistics has been replaced by the American Community Survey. The American Community Survey estimates the poverty rate for Census Tract 1036.02 to be 91.4%.* Please see attached American Fact Finder S1701 report for CT 1036.02.
- B. It does not include any portion of a central business district, as this term is used in the most recent Census of Retail Trade, unless the tract has a poverty rate of at least 30% as determined by the most recent available decennial census information. CT 1036.02 has a poverty rate of 91.4% as determined by the American Community Survey.
- C. It evidences pervasive poverty and general distress by meeting one of the following standards:
 - 1. All block groups in the census tract have poverty rates of at least 20%
 - 2. The specific activity being undertaken is located in a block group that has a poverty rate of at least 20%; or
 - 3. Upon written request of the recipient, HUD determines that a census tract exhibits other objectively determinable signs of general distress such as high incidents of crime, narcotics use, homelessness, abandoned housing, and deteriorated infrastructure or substantial population decline.

Census Tract 1036.02 has a poverty rate of 91.4% as documented in the 2008-2012 American Community Survey published by the U.S. Census Bureau. Although the 1036.02 Census Tract has experienced a 63% increase in population growth between the 2000 and 2010 Decennial Census reports, it is important to note that a 74% increase in reported persons housed in group quarters (93.3% of the entire population) is a significant outlier which distorts the actual housing and population trends within the subject Census Tract. The individuals identified as living in group housing are inmates detained at the Oklahoma County jail which lies within the subject Census Tract.

Apart from the group housing demographic, there has been a decrease of 10.8% in total housing units and an 18.8% decrease in total households. The presumption standard is met by both Federal Empowerment Zone designation and pervasive poverty and general distress standards. Please see attached American Fact Finder DP-1 reports for the 2000 and 2010 Census years.

III. Eligible Activities

Project activity qualifies for use of Section 108 financing under 24 CFR 570.703(i)(1) which in part permits activities eligible under 24 CFR 570.203(b) in the CDBG regulations, termed "special economic development activities." The actual use of the Section 108 money will be for the purchase of furniture, fixtures and equipment for the hotel, restaurant and museum.

Qualification under "special economic development" also requires the project to meet Public Benefit standards under 24 CFR 570. 209. This is covered in a separate section below.

IV. Compliance Statement

Davis - Bacon Act Compliance

The City of Oklahoma City is knowledgeable of and will comply with the Davis-Bacon Act if the proposed use of funds is changed or modified to include construction related activity. As proposed, Davis-Bacon compliance will not be required.

Environmental Review

The City of Oklahoma City will comply with HUD's Environmental Regulations applicable to CDBG and Section 108. In particular, the site has undergone an extensive environmental assessment commissioned by the City, and will be required to obtain a Brownfields Certificate from the State of Oklahoma's Department of Environmental Quality as a condition of redevelopment. On August 27, 2014, HUD approved the Release of Funds on the 21c project.

Citizen Participation

The City of Oklahoma City assures compliance with HUD's citizen participation regulations applicable to CDBG and Section 108, as cited at 24 CFR 570.705(b)(2) consistent with its citizen participation plan. This occurred with the Substantial Amendment public participation process which added the subject property as a Community Development objective.

Consistency with Consolidated Plan

The 21c project is consistent with the City Of Oklahoma City's 2014-2015 Consolidated Plan. A Substantial Amendment to the 2014-2015 Consolidated Plan has been processed to include the 21c Museum Hotel Section 108 Loan Guarantee. The 2014-2015 Consolidated Plan was adopted by City Council on April 29, 2014. And on July 01, 2014, the CDBG grant award was fully executed. On August 26, 2014, the City Council of Oklahoma City approved the Substantial Amendment adding the Section 108 Loan Guarantee for 21c and authorizing submission of the Section 108 Loan Application to HUD.

Other

All other applicable statutes and regulations will be followed, see attached certifications.

V. Public Benefit

Since the project is being carried out under the eligible category of "special economic

development” the project will trigger HUD’s standard termed Public Benefit, as found in citation 24 CFR 570.209(b)(1)(i). 21c anticipates hiring up to 138 FTE jobs within three years. The aggregate standard under 24 CFR 570.209(b)(1)(i) requires the creation or retention of 1 FTE for every \$35,000 or the creation of 197 FTEs. The City intends to use its ability to exclude this project from the aggregate average as provided for under 24 CFR 570.209(b)(2)(v)(F), (G), (L) and (M). The use of \$6,900,000 Section 108 funds would require the creation of 138 FTEs to meet the public benefit standard of \$50,000 maximum in loan funds for each job created.

VI. Repayment and Securitization

The City of Oklahoma City is requesting a \$6,900,000 loan guarantee for the 21c Museum Hotel Redevelopment Project, with funds from the interim placement of notes to be provided to the development entity. The City is requesting a 20-year term on the loan. The Section 108 funds for the project are expected to be repaid from Net Operating Income (NOI). The project pro forma estimates sufficient net proceeds to cover all debt service on the transaction (Exhibit 5). The City will file a UCC lien against all furniture, fixtures and equipment (FF&E) purchased with loan proceeds. A first lien position on the FF&E will be required. Recognizing the short economic lifespan of FF&E and rapid depreciation of the assets, the City will also require a secured interest in the subject property in the form of a mortgage. The City will accept a second position subordinate lien to the construction financing, and again at takeout.

Additional collateral will be requested from the developer as needed to ensure adequate security on the loan.

CDBG UNDERWRITING

For purposes of CDBG eligibility, the 24 CFR Appendix “A”, *Guidelines and Objectives for Evaluating Project Costs and Financial Requirements* of the regulations will be followed prior to closing and properly recorded.

VII. Certifications and Assurances

- A) Entitlement Public Entity Certifications
- B) Certification of Efforts to Obtain Other Financing
- C) Certification of Authority to Pledge CDBG Funds
- D) Certification for a Drug-Free Workplace (HUD-50070)
- E) Certification Regarding Debarment & Suspension (HUD-2992)
- F) Certification of Payments to Influence Federal Transactions (HUD-50071)

Certification A

Entitlement Public Entity Certifications

In accordance with the Housing and Community Development Act of 1974, as amended, (the "Act") and with 24 CFR Sec. 570.704 (b)(8), public entity certifies that:

- (i) It possesses the legal authority to submit the application for assistance under 24 CFR Part 570, Subpart M and to use the guaranteed loan funds in accordance with the requirements of Subpart M.
- (ii) Its governing body has duly adopted or passed as an official act a resolution, motion or similar official action authorizing the person identified as the official representative of the public entity to submit the application and amendments thereto and all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the public entity to act in connection with the application to provide such additional information as may be required.
- (iii) Before submission of its application to HUD, the public entity has:
 - A) Furnished citizens with information required by 570.704(a)(2)(i);
 - B) Held at least one public hearing to obtain the views of citizens on community development and housing needs; and
 - C) Prepared its application in accordance with 570.704(a)(1)(iv) and made the application available to the public.
- (iv) It is following a detailed citizen participation plan which meets the requirements described in 570.704(a)(2).
- (v) The public entity will affirmatively further fair housing, and the guaranteed loan funds will be administered in compliance with:
 - A) Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d *et seq.*); and
 - B) The Fair Housing Act (42 U.S.C. 3601-20).
- (vi) In the aggregate, at least 70 percent of all CDBG funds, as defined at 570.3(e), to be expended during the one, two, or three consecutive years specified by the public entity for its CDBG program will be for activities which benefit low and moderate income persons, as described in criteria at 570.208(a).
- (vii) It will comply with the requirements governing displacement, relocation, real property acquisition, and the replacement of low and moderate-income housing described in 570.606.

- (viii) It will comply with the requirements of 570.200(c)(2) with regard to the use of special assessments to recover the capital costs of activities assisted with guaranteed loan funds.
- (ix) (Where applicable, the public entity may also include the following additional certification.) It lacks sufficient resources from funds provided under Subpart M or program income to allow it to comply with the provisions of 570.200(c)(2), and it must therefore assess properties owned and occupied by moderate income persons, to recover the guaranteed loan funded portion of the capital cost without paying such assessments in their behalf from guaranteed loan funds.

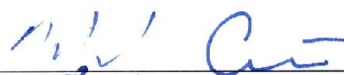
Signed:
Date:

Mick Cornett
8-26-14
Mick Cornett, Mayor

Certification B

Certification of Efforts to Obtain Other Financing

The City of Oklahoma City hereby assures and certifies with respect to its application for a loan guarantee pursuant to Section 108 of the Housing and Community Development Act of 1974, as amended, that it has made efforts to obtain financing for the activities described herein without the use of such guarantee, it will maintain the documentation of such efforts for the term of the loan guarantee, and it cannot complete such financing consistent with timely execution of the project without such guarantee.

Signed: 
Date: 8-26-14
Mick Cornett, Mayor

Certification C

Certification of Legal Authority to Pledge Grants

The public entity hereby certifies and assures with respect to its application for a loan guarantee pursuant to Section 108 of the Housing and Community Development Act of 1974, as amended, that it possesses the legal authority to make the pledge of grants required under 24 CFR 570.705(b)(2).

Signed:



Date:

9-26-14

Mick Cornett, Mayor

Certification D

Certification Regarding Drug-free Workplace Requirements

The certification set out below is a material representation upon which reliance is placed by the U.S. Department of Housing and Urban Development in awarding the loan guarantee assistance. If it is later determined that the public entity knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, the U.S. Department of Housing and Urban Development, in additions to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.

Certification

- A. The public entity certifies that it will provide a drug-free workplace by:
- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the public entity's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
 - (b) Establishing a drug-free awareness program to inform employees about -
 - (1) The dangers of drug abuse in the workplace;
 - (2) The public entity's policy of maintaining a drug-free workplace;
 - (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
 - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
 - (c) Making it a requirement that each employee to be engaged in the performance of the activities undertaken with the loan guarantee assistance be given a copy of the statement required by paragraph (a);
 - (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the loan guarantee, the employee will -
 - (1) Abide by the terms of the statement; and
 - (2) Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five days after such conviction.
 - (e) Notifying the agency in writing, within ten calendar days after receiving notice under paragraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice including position title, to every grant officer or other

designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number (s) of each affected grant;

- (f) Taking one of the following actions, within 30 calendar days of receiving notice under paragraph (d)(2), with respect to any employee who is so convicted--
 - (1) Taking appropriate personnel action against such employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- (g) Making a good faith effort to continue a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).

B. The public entity shall insert in the space provided below the site(s) expected to be used for the performance of work under the assistance covered by the certification:

Place of Performance (include street address, city, county, state, zip code of each site):

Check if there are workplaces on file that are not identified here.

Signed:

Date:

Mick Cornett
8-26-14
Mick Cornett, Mayor


Certification E

Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions

- (1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - (b) Have not with a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - (d) Have not within a three year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause of default.
- (2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Signed:

Date:



8-26-14

Mick Cornett, Mayor

Certification F

Certification of Payments to Influence Federal Transactions

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (Exp. 01/31/2017)

Applicant Name

City of Oklahoma City

Program/Activity Receiving Federal Grant Funding

21c Museum Hotel, Section 108 Loan Guarantee

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying, in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all sub recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.
Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official

Mick Cornett

Title

Mayor

Signature



Date (mm/dd/yyyy)

8/26/2014

VIII. Addenda

Exhibit 1: Media Samples

Exhibit 2: Empowerment Zone/NRSA Map

Exhibit 3: Statement of Sources and Uses

Exhibit 4: Section 108 Loan Amortization Schedule

Exhibit 5: Cash flow Analysis (pro forma)

Exhibit 6: Citizens Participation and Public Hearing Detail

Exhibit 7: City Council Resolutions

EXHIBIT 1 MEDIA SAMPLES

THE JOURNAL RECORD

<http://journalrecord.com/>

Building a district: Downtown OKC redevelopment efforts move westward

By: Molly M. Fleming The Journal Record November 27, 2013 0



Main Street west of downtown Oklahoma City.
(Photo by Brent Fuchs)

OKLAHOMA CITY – Development in downtown has moved east, north, south to the river, and now could increase to the west when the former Fred Jones automobile plant on W. Main Street becomes a hotel and museum.

Development in the west corridor has already started with the renovation of film exchange buildings, creating the Film Row district. The

district features art galleries, offices and restaurants.

Lexington, Ky.-based 21C Museum Hotels plans to turn the former Fred Jones automobile plant into a hotel with 135 guest rooms, an art museum and a locally owned restaurant.

Cathy O'Connor, executive director of the Oklahoma City Urban Renewal Authority, said the hotel will become a destination point for visitors, which she expects will drive further development in the area.

"We have a great anchor for that area," she said. "I think developers here in town and those that visit from out of town will become a lot more interested in that area."

West of Film Row, the area is home to industrial buildings, some with auto parts shops and auto repair businesses as occupants.

It's not easy to miss the number of vacant lots in the area that are also used for parking, which O'Connor said isn't unusual to Oklahoma City.

"You can make a really, nice steady income from surface parking without a lot of maintenance, upkeep or risk," she said. "We'd hope the lots become more valuable as development parcels."

Ian Colgan, urban development design manager for the city of Oklahoma City, said he has seen other cities use methods to increase taxes on vacant parcels of property to hopefully have the owners sell them for development. For example, some cities have assessed higher property taxes on vacant land. Other cities have assessed vacant land based on the value of the surrounding property. Therefore, the property owners must decide if it's profitable to keep the land for parking or develop it.

Incoming New York City Mayor Bill de Blasio is developing a plan to assess vacant residential property as a commercial zone. This would increase the tax rate from 6 percent of the market value to 45 percent over the next five years.

Colgan said he is not advocating a similar plan in Oklahoma City, or any other type of tax increase on vacant property. He said the market in the district will eventually make property owners want to sell or develop because their land will be worth more as the area grows.

EXHIBIT 1 - MEDIA SAMPLES page 2 of 6

"There are certain areas where the market isn't ready to support a large development, so it's harder to place a regulatory burden on the property when the market can't support new construction," he said. "It has to be the right timing, where you know the market will support certain types of development and you're looking to encourage property owners to transition their property to best use. It's all about timing. In a lot of places, the market is one of the best places to transition land and show opportunities for development."

As development continues, Colgan said, there needs to be a plan for the growth concerning what kind of businesses will be in the area, using the hotel-museum as the base.

"It's very important to use it to shape the vision for the area," he said "It's a district like others, but has its own uniqueness. It's a really good opportunity to foster more art space organizations, but it's only one piece of the puzzle. Is it the next residential district? If so, how can those two come together in some sort of way?"

O'Connor said OCURA plans to help spur residential development in the area when it issues a request for proposals on its property at SW Fourth Street and S. Shartel Avenue in the next couple of weeks.



<http://journalrecord.com/>

Building up downtown OKC: \$12M in spending could lead to \$100M in development

By: Brian Brus The Journal Record February 11, 2014



The former Fred Jones automobile manufacturing plant at 900 W. Main St. in Oklahoma City.

(Photo by Brent Fuchs)

OKLAHOMA CITY – The Oklahoma City Council approved Tuesday allocating more than \$12 million in tax increment financing district funds that are expected to ultimately lead to \$100 million in development downtown.

The Century Center at 100 W. Main St.; the former Fred Jones automobile manufacturing plant, 900 W. Main St.; and the Journal Record Building, former home of this newspaper, 621 N. Robinson Ave., fall under TIF district No. 2.

Brent Bryant, the city's economic development program manager, said that in each case the investment will leave the city much better off because the large buildings have been empty for so long and are difficult to refurbish.

"I've been working downtown for more than 22 years, and the Century Center has not been a viable property," he said. "This project will bring life back to that part of town and provide an immediate face-

EXHIBIT 1 - MEDIA SAMPLES page 3 of 6

lift. We've tried with three different suitors for the Journal Record property before the fourth one worked, to get it up and operating.

"From my perspective, these are three projects unique in their own way, but they're all similar because they'll make Oklahoma City better," he said.

Century Center developers will receive \$2 million toward remodeling the building as mixed-use space, with about 93,500 square feet for office space and 6,500 square feet for other commercial, restaurant or retail businesses.

The building's primary tenant is expected to be Oklahoma Publishing Co., the publisher of *The Oklahoman* newspaper. City officials originally approved \$2.9 million for the project, which included parking space built on top of the center, but that figure was reduced when the parking aspect fell through, Bryant said.

About \$800,000 of Century Center's total TIF allocation will be provided in the form of a 15-year, low-interest loan, and the remainder will be given a one-time incentive payment upon completion of the project.

In the case of the Journal Record Building, which had been damaged in the 1995 bombing of the Alfred P. Murrah Federal Building, the council approved \$4.75 million as a grant. A larger portion of that total, \$3 million, will be spent on a 400-car parking garage; the remainder will go toward Heritage Trust's refurbishment of 105,000 square feet of office space.

Developers of the 168,000-square-foot Fred Jones facility will receive \$5.3 million for redevelopment as a 135-room hotel and museum by the 21c Museum Hotels chain. About \$3.3 million of the total will be provided in the form of a 20-year, low-interest loan, with the remainder granted upon completion of the project as an incentive payment.

Ward 2 Councilman Ed Shadid questioned Bryant about the models chosen for the economic development allocations before he voted along with his peers to support the items. Shadid suggested looking at ways to provide zero-interest loans.

"It seems as though these particular investors would have the capacity to go to a bank and get the financing," Shadid said. "Instead of writing a \$2 million check, why not give an interest-free loan and have the \$2 million repaid to us, which we could then use for another project?"

Bryant said his staff would need to analyze that idea to see if it would actually work. He said he understands from a conversation the night before that Shadid was looking for ways to get more use of the funds.

Ward 8 Councilman Pat Ryan defended Bryant's efforts.

"He performs a really thorough analysis and he does an awful lot to protect the city's funds," Ryan said.



<http://newsok.com/>

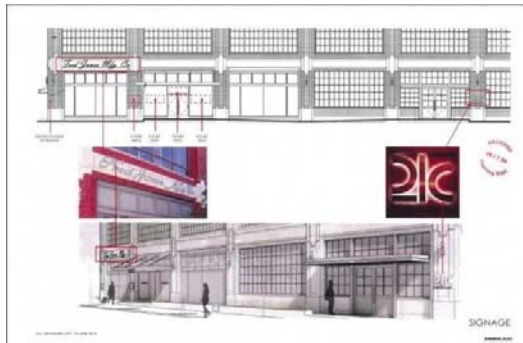
Construction to begin in fall on converting Oklahoma City's Fred Jones Assembly Plant to 21C Museum Hotel

by [Steve Lackmeyer](#) Modified: June 19, 2014 at 10:00 pm • Published: June 18, 2014 The Oklahoman (NewsOK.com)

EXHIBIT 1 - MEDIA SAMPLES page 4 of 6

Design work is wrapping up and construction is set to start in September on conversion of the 99-year-old Fred Jones Assembly Plant into a 21C Museum Hotel.

The sprawling former Ford Model T assembly plant at 900 W Main will feature a restaurant and bar in the former showroom at the corner of Main Street and Fred Jones Avenue, and will include about 7,500 square feet of art exhibition space in the 134-room hotel.

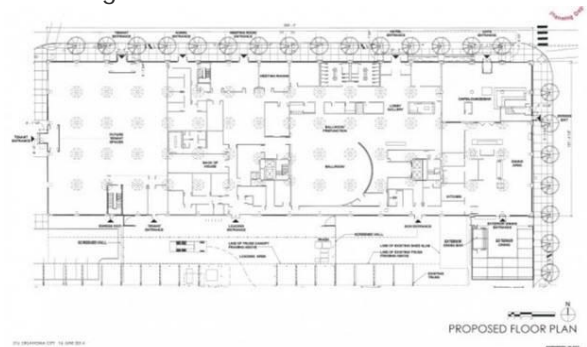


Plans created by New York City-based Deborah Berke Partners and Edmond-based Hornbeek Blatt Architects are set to be presented next month to the Downtown Design Review Committee. The hotel tentatively is set to open by early 2016.

Molly Swyers, senior vice president of design at 21C Museum Hotels, said the company recently discovered the original designs by architect Albert Kahn, who also drew up plans for about 1,000 facilities for Ford, as well as the home of Edsel and Eleanor Ford.

The assembly plant was one of 24 regional assembly plants designed and built between 1910 and 1915 to accommodate what was then an unprecedented expansion of the Ford Motor Co.'s assembly process across the country.

Swyers said the design team's goal is to preserve and honor the assembly plant's history, starting with a historically accurate replication of the building's elaborate casement windows. Columns spread out throughout the plant will be incorporated into the design, with every guest room including at least a portion of or a full column — some of them strategically left in the middle of the rooms.



"We are very excited about the columns and the scale of the space," Swyers said. "We want to give our guests a feel of the scale of the space."

Swyers said the light sconces and detailing on the building's exterior also will be preserved.

"A lot of what we are embracing is visible today," Swyers said. "We are keeping the penthouse on the top and the water tower, and restoring the penthouse into a 21C Suite."

The 3,000-square-foot suite, Swyers said, will include a rooftop terrace, two bedrooms, and "a pretty gracious living and dining room."

The hotel's restaurant and bar will occupy what was once a former car showroom, and will incorporate terrazzo flooring and a canopy-covered entrance.

The restaurant also will include an outdoor dining area that will be opened to the south of the building, facing another property owned by the Hall family (which also owns the Fred Jones building) tentatively set to be redeveloped as a music venue.

Guests who enter through the hotel lobby just west of the restaurant entrance will walk into a 2,000-square-foot gallery that connects to yet another 3,000-square-foot exhibit area that will double as event and meeting space.

The art galleries, which will feature rotating contemporary works, will be open free to the public 24 hours a day, every day.

Next phase

"We're excited about how the plans are progressing and getting ready to move in the final phase of design," Swyers said.

"We're getting ready to issue the set of final drawings this next week. We will start pricing and start construction documents after that."



Historic auto plant set to become hotel, all-hours cultural hub

by [Steve Lackmeyer](#) Modified: November 24, 2013 at 10:00 pm • Published: November 24, 2013

21c Museum Hotels, a top-rated hotelier that redevelops historic urban properties into hotels that double as contemporary art galleries, is proceeding with a plan that would transform downtown's historic Fred Jones plant.

21c Museum Hotels, a top-rated hotelier that redevelops historic urban properties into hotels that double as contemporary art galleries, is proceeding with a plan that would transform downtown's historic Fred Jones plant an all-hours cultural hub.

Large contemporary art galleries with rotating displays are the centerpiece of each 21c Museum Hotel, as shown in this photo of an exhibit at the chain's Louisville, Ky. flagship hotel.



The 168,000-square-foot building at 800 W Main was originally built in 1916 by auto pioneer Henry Ford as a Model T production plant and has been owned by the Fred Jones Family for decades.

The redevelopment calls for 135 hotel rooms, a contemporary art museum and locally owned restaurant. The building is on the west end of Film Row, and is surrounded by blighted properties.

Photo provided.

Craig Greenberg, president of Louisville, Ky.-based 21c Museum Hotels, said the company specializes in redeveloping historic properties in challenged urban areas and leading an area's revival. Greenberg said a mutual acquaintance introduced him to the Hall family, descendants of Fred Jones.

"The incredible development going on in Oklahoma City and the opportunity to be a part of the city's thriving arts scene make this a very attractive location for a 21c," Greenberg said. "21c is more than a place for out-of-town visitors to sleep. With a contemporary art museum that is open free of charge and a full roster of arts programming, this property will be a vibrant public space and cultural resource for the entire community."

Already in planning

Design work is underway, led by New York architect Deborah Berke, who is teamed up with Edmond-based Hornbeek Blatt.

EXHIBIT 1 - MEDIA SAMPLES page 6 of 6

The tentative partnership agreement between Hall Capital and 21c calls for the hotel group to be lead developer and to also manage the completed hotel and museum. Greenberg visited Oklahoma City last week and started conversations with city, state and federal officials to request a mix of public financing needed to make the project a reality.

Some of the assistance, tax increment financing, historic tax credits and new market tax credits, are similar to funding providing for the renovation of the Skirvin Hilton Hotel in 2006.

"I wish we had one"

Deborah Senner, president of Allied Arts, is among those eager to see a 21c Hotel open in Oklahoma City.

21c Museum Hotels, a top-rated hotelier that redevelops historic urban properties into hotels that double as contemporary art galleries, is proceeding with a plan that would transform downtown's historic Fred Jones plant.

"I stayed at one when I was at an arts meeting in Louisville," Senner said. "I walked in and I thought 'I just wish we had one in Oklahoma City.' When I learned about this, I was ecstatic. It's so innovative and contemporary. It's an experience, not just a stay at a hotel."

Senner said during her visit the hotel featured not just the works of nationally and internationally renowned artists, but also displays by local artists. The hotel was abuzz with art showings, yoga and poetry readings.

"It's very open to the community and because it's a hotel, it's open all the time," Senner said.

Galleries open to public

Greenberg said the museum displays at all the hotels are free to the public, and the galleries double as event space open to civic groups, film screenings and cultural presentations. The museums are typically open 24 hours a day, seven a days a week.

"One of the really fun things about our museum is a focus on works of all media," Greenberg said. "We have a lot interactive art, which usually involves a form of video, as well as sound art, paintings and photographs."

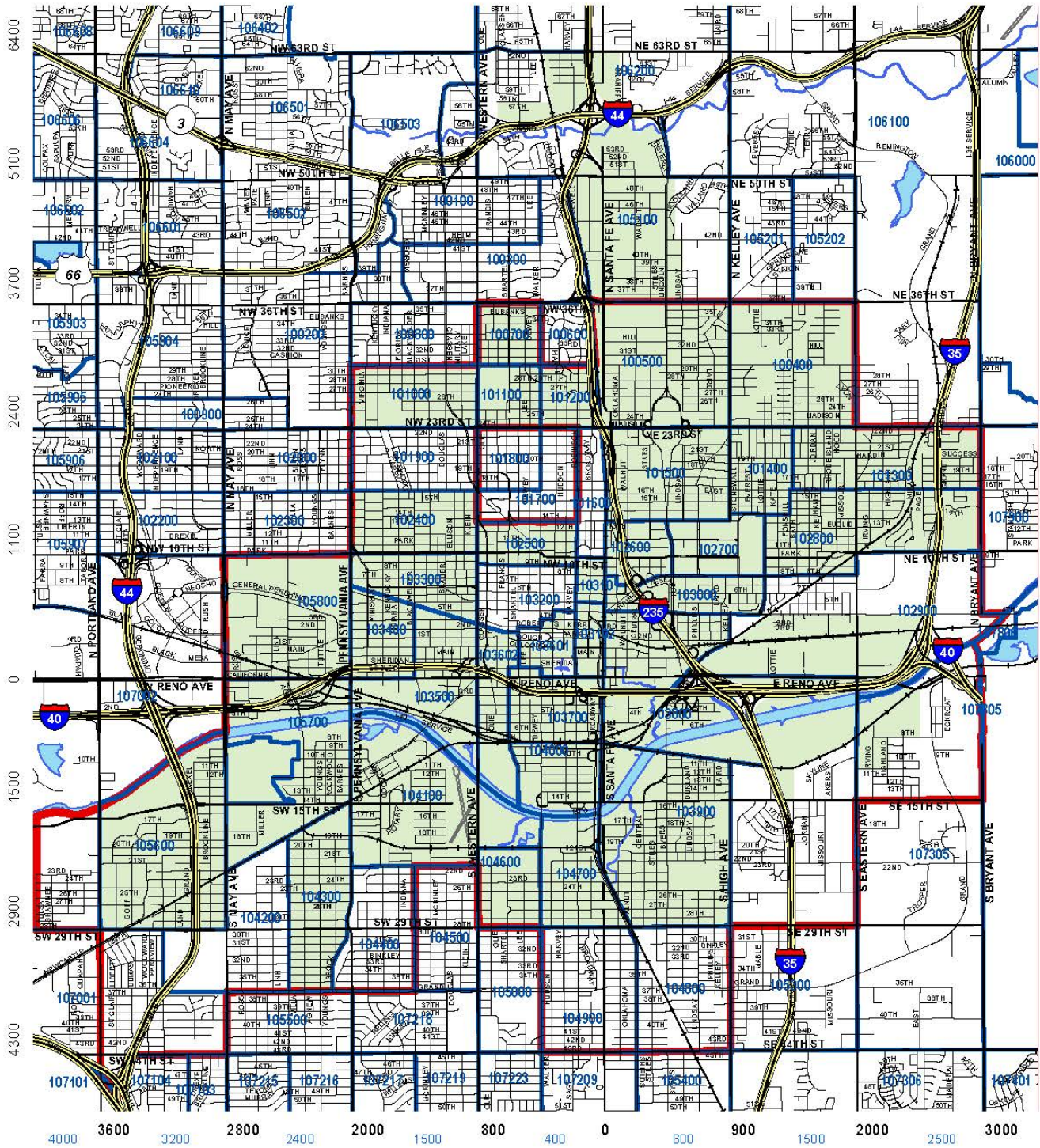
Greenberg said no other property was considered as the hotel group looked at expanding into Oklahoma City.

"This building has great history, it has great potential as a hotel museum and restaurant," Greenberg said. "We welcome the opportunity to become a catalyst for further redevelopment of west downtown and Film Row."

Greenberg added locating in a distressed urban area doesn't frighten his company — its flagship hotel in Louisville had similar origins.

"We are comfortable being pioneers," Greenberg said. "Our Louisville property is in a similar situation, on the west edge of the central business district, and in the early 2000s it was a very different place than it is today. We're very proud to have played some role in the redevelopment of that part of the city."

EXHIBIT 2 EMPOWERMENT ZONE/NRSA MAP



- Nbd. Revitalization Strategy Area (29.5 mi.)
- Oklahoma City Empowerment Zone (22.3 mi.)
- 2000 Census Tract



EXHIBIT 3

21c HOTEL AND MUSEUM, SOURCES AND USES

SOURCES:

Section 108 Loan Guarantee	\$ 6,900,000
Tax Increment Finance Bonds (Grant)	\$ 2,000,000
Tax Increment Finance Bonds (Loan)	\$ 3,300,000
Federal Historic Tax Credits	\$ 7,050,000
State Historic Tax Credits	\$ 5,750,000
New Market Tax Credits	\$ 2,930,000
21c Private Debt (Construction Loan)	\$ 16,970,200
Contributed Land (Hall Capital)	\$ 4,000,000
Cash Contributions (Developer)	\$ 2,600,000

Total Sources: \$51,500,200

USES:

Land	\$ 4,000,000
Soft Costs	\$ 3,489,400
Contingency	\$ 1,500,000
Interest Carry	\$ 700,000
Construction Hard Costs	\$ 33,746,000
Furniture, Fixtures, and Equipment	\$ 1,535,000
Pre-Opening Costs	\$ 1,535,000
Development Fees/Costs	\$ 1,175,000

Total Uses: \$ 51,500,200

EXHIBIT 4- AMORTIZATION SCHEDULE

21c Museum Hotel Amortization Schedule (based on Financing Terms, Section D of the application above)

Inputs		
7 years interest only, amortization 20 years		
Loan Amount	\$ 6,900,000	
Annual Interest Rate	1.74%	Variable while in interim financing
Term in Years.....	7	with option to extend to 20 yrs
First Payment Date	2/1/2016	
Payment frequency	Monthly	

Summary		
Rate (per period)	0.450%	
Payment	\$10,005.00	Interest only 1 st 7 years
Total Payments	\$8,555,185.63	assuming extend option (20 yr payout)
Total Interest	\$1,655,185.63	assuming extend option (20 yr payout)

No.	Due Date	Payment Due	Interest	Principal	Balance
					\$6,900,000.00
1	2/1/2016	10,005.00	10,005.00	0.00	6,900,000.00
2	3/1/2016	10,005.00	10,005.00	0.00	6,900,000.00
3	4/1/2016	10,005.00	10,005.00	0.00	6,900,000.00
4	5/1/2016	10,005.00	10,005.00	0.00	6,900,000.00
5	6/1/2016	10,005.00	10,005.00	0.00	6,900,000.00
6	7/1/2016	10,005.00	10,005.00	0.00	6,900,000.00
7	8/1/2016	10,005.00	10,005.00	0.00	6,900,000.00
8	9/1/2016	10,005.00	10,005.00	0.00	6,900,000.00
9	10/1/2016	10,005.00	10,005.00	0.00	6,900,000.00
10	11/1/2016	10,005.00	10,005.00	0.00	6,900,000.00
11	12/1/2016	10,005.00	10,005.00	0.00	6,900,000.00
12	1/1/2017	10,005.00	10,005.00	0.00	6,900,000.00
13	2/1/2017	10,005.00	10,005.00	0.00	6,900,000.00
14	3/1/2017	10,005.00	10,005.00	0.00	6,900,000.00
15	4/1/2017	10,005.00	10,005.00	0.00	6,900,000.00
16	5/1/2017	10,005.00	10,005.00	0.00	6,900,000.00
17	6/1/2017	10,005.00	10,005.00	0.00	6,900,000.00
18	7/1/2017	10,005.00	10,005.00	0.00	6,900,000.00
19	8/1/2017	10,005.00	10,005.00	0.00	6,900,000.00
20	9/1/2017	10,005.00	10,005.00	0.00	6,900,000.00
21	10/1/2017	10,005.00	10,005.00	0.00	6,900,000.00
22	11/1/2017	10,005.00	10,005.00	0.00	6,900,000.00
23	12/1/2017	10,005.00	10,005.00	0.00	6,900,000.00
24	1/1/2018	10,005.00	10,005.00	0.00	6,900,000.00
25	2/1/2018	10,005.00	10,005.00	0.00	6,900,000.00
26	3/1/2018	10,005.00	10,005.00	0.00	6,900,000.00
27	4/1/2018	10,005.00	10,005.00	0.00	6,900,000.00
28	5/1/2018	10,005.00	10,005.00	0.00	6,900,000.00
29	6/1/2018	10,005.00	10,005.00	0.00	6,900,000.00
30	7/1/2018	10,005.00	10,005.00	0.00	6,900,000.00

EXHIBIT 4- AMORTIZATION SCHEDULE page 2 of 6

31	8/1/2018	10,005.00	10,005.00	0.00	6,900,000.00
32	9/1/2018	10,005.00	10,005.00	0.00	6,900,000.00
33	10/1/2018	10,005.00	10,005.00	0.00	6,900,000.00
34	11/1/2018	10,005.00	10,005.00	0.00	6,900,000.00
35	12/1/2018	10,005.00	10,005.00	0.00	6,900,000.00
36	1/1/2019	10,005.00	10,005.00	0.00	6,900,000.00
37	2/1/2019	10,005.00	10,005.00	0.00	6,900,000.00
38	3/1/2019	10,005.00	10,005.00	0.00	6,900,000.00
39	4/1/2019	10,005.00	10,005.00	0.00	6,900,000.00
40	5/1/2019	10,005.00	10,005.00	0.00	6,900,000.00
41	6/1/2019	10,005.00	10,005.00	0.00	6,900,000.00
42	7/1/2019	10,005.00	10,005.00	0.00	6,900,000.00
43	8/1/2019	10,005.00	10,005.00	0.00	6,900,000.00
44	9/1/2019	10,005.00	10,005.00	0.00	6,900,000.00
45	10/1/2019	10,005.00	10,005.00	0.00	6,900,000.00
46	11/1/2019	10,005.00	10,005.00	0.00	6,900,000.00
47	12/1/2019	10,005.00	10,005.00	0.00	6,900,000.00
48	1/1/2020	10,005.00	10,005.00	0.00	6,900,000.00
49	2/1/2020	10,005.00	10,005.00	0.00	6,900,000.00
50	3/1/2020	10,005.00	10,005.00	0.00	6,900,000.00
51	4/1/2020	10,005.00	10,005.00	0.00	6,900,000.00
52	5/1/2020	10,005.00	10,005.00	0.00	6,900,000.00
53	6/1/2020	10,005.00	10,005.00	0.00	6,900,000.00
54	7/1/2020	10,005.00	10,005.00	0.00	6,900,000.00
55	8/1/2020	10,005.00	10,005.00	0.00	6,900,000.00
56	9/1/2020	10,005.00	10,005.00	0.00	6,900,000.00
57	10/1/2020	10,005.00	10,005.00	0.00	6,900,000.00
58	11/1/2020	10,005.00	10,005.00	0.00	6,900,000.00
59	12/1/2020	10,005.00	10,005.00	0.00	6,900,000.00
60	1/1/2021	10,005.00	10,005.00	0.00	6,900,000.00
61	2/1/2021	10,005.00	10,005.00	0.00	6,900,000.00
62	3/1/2021	10,005.00	10,005.00	0.00	6,900,000.00
63	4/1/2021	10,005.00	10,005.00	0.00	6,900,000.00
64	5/1/2021	10,005.00	10,005.00	0.00	6,900,000.00
65	6/1/2021	10,005.00	10,005.00	0.00	6,900,000.00
66	7/1/2021	10,005.00	10,005.00	0.00	6,900,000.00
67	8/1/2021	10,005.00	10,005.00	0.00	6,900,000.00
68	9/1/2021	10,005.00	10,005.00	0.00	6,900,000.00
69	10/1/2021	10,005.00	10,005.00	0.00	6,900,000.00
70	11/1/2021	10,005.00	10,005.00	0.00	6,900,000.00
71	12/1/2021	10,005.00	10,005.00	0.00	6,900,000.00
72	1/1/2022	10,005.00	10,005.00	0.00	6,900,000.00
73	2/1/2022	10,005.00	10,005.00	0.00	6,900,000.00
74	3/1/2022	10,005.00	10,005.00	0.00	6,900,000.00
75	4/1/2022	10,005.00	10,005.00	0.00	6,900,000.00
76	5/1/2022	10,005.00	10,005.00	0.00	6,900,000.00
77	6/1/2022	10,005.00	10,005.00	0.00	6,900,000.00

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78	7/1/2022	10,005.00	10,005.00	0.00	6,900,000.00	
79	8/1/2022	10,005.00	10,005.00	0.00	6,900,000.00	
80	9/1/2022	10,005.00	10,005.00	0.00	6,900,000.00	
81	10/1/2022	10,005.00	10,005.00	0.00	6,900,000.00	
82	11/1/2022	10,005.00	10,005.00	0.00	6,900,000.00	
83	12/1/2022	10,005.00	10,005.00	0.00	6,900,000.00	
84	1/1/2023	10,005.00	10,005.00	0.00	6,900,000.00	balance due
85	2/1/2023	49,453.63	10,005.00	39,448.63	6,860,551.37	unless extended
86	3/1/2023	49,453.63	9,947.80	39,505.83	6,821,045.54	
87	4/1/2023	49,453.63	9,890.52	39,563.11	6,781,482.43	
88	5/1/2023	49,453.63	9,833.15	39,620.48	6,741,861.95	
89	6/1/2023	49,453.63	9,775.70	39,677.93	6,702,184.02	
90	7/1/2023	49,453.63	9,718.17	39,735.46	6,662,448.56	
91	8/1/2023	49,453.63	9,660.55	39,793.08	6,622,655.48	
92	9/1/2023	49,453.63	9,602.85	39,850.78	6,582,804.70	
93	10/1/2023	49,453.63	9,545.07	39,908.56	6,542,896.14	
94	11/1/2023	49,453.63	9,487.20	39,966.43	6,502,929.71	
95	12/1/2023	49,453.63	9,429.25	40,024.38	6,462,905.33	
96	1/1/2024	49,453.63	9,371.21	40,082.42	6,422,822.91	
97	2/1/2024	49,453.63	9,313.09	40,140.54	6,382,682.37	
98	3/1/2024	49,453.63	9,254.89	40,198.74	6,342,483.63	
99	4/1/2024	49,453.63	9,196.60	40,257.03	6,302,226.60	
100	5/1/2024	49,453.63	9,138.23	40,315.40	6,261,911.20	
101	6/1/2024	49,453.63	9,079.77	40,373.86	6,221,537.34	
102	7/1/2024	49,453.63	9,021.23	40,432.40	6,181,104.94	
103	8/1/2024	49,453.63	8,962.60	40,491.03	6,140,613.91	
104	9/1/2024	49,453.63	8,903.89	40,549.74	6,100,064.17	
105	10/1/2024	49,453.63	8,845.09	40,608.54	6,059,455.63	
106	11/1/2024	49,453.63	8,786.21	40,667.42	6,018,788.21	
107	12/1/2024	49,453.63	8,727.24	40,726.39	5,978,061.82	
108	1/1/2025	49,453.63	8,668.19	40,785.44	5,937,276.38	
109	2/1/2025	49,453.63	8,609.05	40,844.58	5,896,431.80	
110	3/1/2025	49,453.63	8,549.83	40,903.80	5,855,528.00	
111	4/1/2025	49,453.63	8,490.52	40,963.11	5,814,564.89	
112	5/1/2025	49,453.63	8,431.12	41,022.51	5,773,542.38	
113	6/1/2025	49,453.63	8,371.64	41,081.99	5,732,460.39	
114	7/1/2025	49,453.63	8,312.07	41,141.56	5,691,318.83	
115	8/1/2025	49,453.63	8,252.41	41,201.22	5,650,117.61	
116	9/1/2025	49,453.63	8,192.67	41,260.96	5,608,856.65	
117	10/1/2025	49,453.63	8,132.84	41,320.79	5,567,535.86	
118	11/1/2025	49,453.63	8,072.93	41,380.70	5,526,155.16	
119	12/1/2025	49,453.63	8,012.92	41,440.71	5,484,714.45	
120	1/1/2026	49,453.63	7,952.84	41,500.79	5,443,213.66	
121	2/1/2026	49,453.63	7,892.66	41,560.97	5,401,652.69	
122	3/1/2026	49,453.63	7,832.40	41,621.23	5,360,031.46	
123	4/1/2026	49,453.63	7,772.05	41,681.58	5,318,349.88	
124	5/1/2026	49,453.63	7,711.61	41,742.02	5,276,607.86	

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125	6/1/2026	49,453.63	7,651.08	41,802.55	5,234,805.31
126	7/1/2026	49,453.63	7,590.47	41,863.16	5,192,942.15
127	8/1/2026	49,453.63	7,529.77	41,923.86	5,151,018.29
128	9/1/2026	49,453.63	7,468.98	41,984.65	5,109,033.64
129	10/1/2026	49,453.63	7,408.10	42,045.53	5,066,988.11
130	11/1/2026	49,453.63	7,347.13	42,106.50	5,024,881.61
131	12/1/2026	49,453.63	7,286.08	42,167.55	4,982,714.06
132	1/1/2027	49,453.63	7,224.94	42,228.69	4,940,485.37
133	2/1/2027	49,453.63	7,163.70	42,289.93	4,898,195.44
134	3/1/2027	49,453.63	7,102.38	42,351.25	4,855,844.19
135	4/1/2027	49,453.63	7,040.97	42,412.66	4,813,431.53
136	5/1/2027	49,453.63	6,979.48	42,474.15	4,770,957.38
137	6/1/2027	49,453.63	6,917.89	42,535.74	4,728,421.64
138	7/1/2027	49,453.63	6,856.21	42,597.42	4,685,824.22
139	8/1/2027	49,453.63	6,794.45	42,659.18	4,643,165.04
140	9/1/2027	49,453.63	6,732.59	42,721.04	4,600,444.00
141	10/1/2027	49,453.63	6,670.64	42,782.99	4,557,661.01
142	11/1/2027	49,453.63	6,608.61	42,845.02	4,514,815.99
143	12/1/2027	49,453.63	6,546.48	42,907.15	4,471,908.84
144	1/1/2028	49,453.63	6,484.27	42,969.36	4,428,939.48
145	2/1/2028	49,453.63	6,421.96	43,031.67	4,385,907.81
146	3/1/2028	49,453.63	6,359.57	43,094.06	4,342,813.75
147	4/1/2028	49,453.63	6,297.08	43,156.55	4,299,657.20
148	5/1/2028	49,453.63	6,234.50	43,219.13	4,256,438.07
149	6/1/2028	49,453.63	6,171.84	43,281.79	4,213,156.28
150	7/1/2028	49,453.63	6,109.08	43,344.55	4,169,811.73
151	8/1/2028	49,453.63	6,046.23	43,407.40	4,126,404.33
152	9/1/2028	49,453.63	5,983.29	43,470.34	4,082,933.99
153	10/1/2028	49,453.63	5,920.25	43,533.38	4,039,400.61
154	11/1/2028	49,453.63	5,857.13	43,596.50	3,995,804.11
155	12/1/2028	49,453.63	5,793.92	43,659.71	3,952,144.40
156	1/1/2029	49,453.63	5,730.61	43,723.02	3,908,421.38
157	2/1/2029	49,453.63	5,667.21	43,786.42	3,864,634.96
158	3/1/2029	49,453.63	5,603.72	43,849.91	3,820,785.05
159	4/1/2029	49,453.63	5,540.14	43,913.49	3,776,871.56
160	5/1/2029	49,453.63	5,476.46	43,977.17	3,732,894.39
161	6/1/2029	49,453.63	5,412.70	44,040.93	3,688,853.46
162	7/1/2029	49,453.63	5,348.84	44,104.79	3,644,748.67
163	8/1/2029	49,453.63	5,284.89	44,168.74	3,600,579.93
164	9/1/2029	49,453.63	5,220.84	44,232.79	3,556,347.14
165	10/1/2029	49,453.63	5,156.70	44,296.93	3,512,050.21
166	11/1/2029	49,453.63	5,092.47	44,361.16	3,467,689.05
167	12/1/2029	49,453.63	5,028.15	44,425.48	3,423,263.57
168	1/1/2030	49,453.63	4,963.73	44,489.90	3,378,773.67
169	2/1/2030	49,453.63	4,899.22	44,554.41	3,334,219.26
170	3/1/2030	49,453.63	4,834.62	44,619.01	3,289,600.25
171	4/1/2030	49,453.63	4,769.92	44,683.71	3,244,916.54

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172	5/1/2030	49,453.63	4,705.13	44,748.50	3,200,168.04
173	6/1/2030	49,453.63	4,640.24	44,813.39	3,155,354.65
174	7/1/2030	49,453.63	4,575.26	44,878.37	3,110,476.28
175	8/1/2030	49,453.63	4,510.19	44,943.44	3,065,532.84
176	9/1/2030	49,453.63	4,445.02	45,008.61	3,020,524.23
177	10/1/2030	49,453.63	4,379.76	45,073.87	2,975,450.36
178	11/1/2030	49,453.63	4,314.40	45,139.23	2,930,311.13
179	12/1/2030	49,453.63	4,248.95	45,204.68	2,885,106.45
180	1/1/2031	49,453.63	4,183.40	45,270.23	2,839,836.22
181	2/1/2031	49,453.63	4,117.76	45,335.87	2,794,500.35
182	3/1/2031	49,453.63	4,052.03	45,401.60	2,749,098.75
183	4/1/2031	49,453.63	3,986.19	45,467.44	2,703,631.31
184	5/1/2031	49,453.63	3,920.27	45,533.36	2,658,097.95
185	6/1/2031	49,453.63	3,854.24	45,599.39	2,612,498.56
186	7/1/2031	49,453.63	3,788.12	45,665.51	2,566,833.05
187	8/1/2031	49,453.63	3,721.91	45,731.72	2,521,101.33
188	9/1/2031	49,453.63	3,655.60	45,798.03	2,475,303.30
189	10/1/2031	49,453.63	3,589.19	45,864.44	2,429,438.86
190	11/1/2031	49,453.63	3,522.69	45,930.94	2,383,507.92
191	12/1/2031	49,453.63	3,456.09	45,997.54	2,337,510.38
192	1/1/2032	49,453.63	3,389.39	46,064.24	2,291,446.14
193	2/1/2032	49,453.63	3,322.60	46,131.03	2,245,315.11
194	3/1/2032	49,453.63	3,255.71	46,197.92	2,199,117.19
195	4/1/2032	49,453.63	3,188.72	46,264.91	2,152,852.28
196	5/1/2032	49,453.63	3,121.64	46,331.99	2,106,520.29
197	6/1/2032	49,453.63	3,054.45	46,399.18	2,060,121.11
198	7/1/2032	49,453.63	2,987.18	46,466.45	2,013,654.66
199	8/1/2032	49,453.63	2,919.80	46,533.83	1,967,120.83
200	9/1/2032	49,453.63	2,852.33	46,601.30	1,920,519.53
201	10/1/2032	49,453.63	2,784.75	46,668.88	1,873,850.65
202	11/1/2032	49,453.63	2,717.08	46,736.55	1,827,114.10
203	12/1/2032	49,453.63	2,649.32	46,804.31	1,780,309.79
204	1/1/2033	49,453.63	2,581.45	46,872.18	1,733,437.61
205	2/1/2033	49,453.63	2,513.48	46,940.15	1,686,497.46
206	3/1/2033	49,453.63	2,445.42	47,008.21	1,639,489.25
207	4/1/2033	49,453.63	2,377.26	47,076.37	1,592,412.88
208	5/1/2033	49,453.63	2,309.00	47,144.63	1,545,268.25
209	6/1/2033	49,453.63	2,240.64	47,212.99	1,498,055.26
210	7/1/2033	49,453.63	2,172.18	47,281.45	1,450,773.81
211	8/1/2033	49,453.63	2,103.62	47,350.01	1,403,423.80
212	9/1/2033	49,453.63	2,034.96	47,418.67	1,356,005.13
213	10/1/2033	49,453.63	1,966.21	47,487.42	1,308,517.71
214	11/1/2033	49,453.63	1,897.35	47,556.28	1,260,961.43
215	12/1/2033	49,453.63	1,828.39	47,625.24	1,213,336.19
216	1/1/2034	49,453.63	1,759.34	47,694.29	1,165,641.90
217	2/1/2034	49,453.63	1,690.18	47,763.45	1,117,878.45
218	3/1/2034	49,453.63	1,620.92	47,832.71	1,070,045.74

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219	4/1/2034	49,453.63	1,551.57	47,902.06	1,022,143.68
220	5/1/2034	49,453.63	1,482.11	47,971.52	974,172.16
221	6/1/2034	49,453.63	1,412.55	48,041.08	926,131.08
222	7/1/2034	49,453.63	1,342.89	48,110.74	878,020.34
223	8/1/2034	49,453.63	1,273.13	48,180.50	829,839.84
224	9/1/2034	49,453.63	1,203.27	48,250.36	781,589.48
225	10/1/2034	49,453.63	1,133.30	48,320.33	733,269.15
226	11/1/2034	49,453.63	1,063.24	48,390.39	684,878.76
227	12/1/2034	49,453.63	993.07	48,460.56	636,418.20
228	1/1/2035	49,453.63	922.81	48,530.82	587,887.38
229	2/1/2035	49,453.63	852.44	48,601.19	539,286.19
230	3/1/2035	49,453.63	781.96	48,671.67	490,614.52
231	4/1/2035	49,453.63	711.39	48,742.24	441,872.28
232	5/1/2035	49,453.63	640.71	48,812.92	393,059.36
233	6/1/2035	49,453.63	569.94	48,883.69	344,175.67
234	7/1/2035	49,453.63	499.05	48,954.58	295,221.09
235	8/1/2035	49,453.63	428.07	49,025.56	246,195.53
236	9/1/2035	49,453.63	356.98	49,096.65	197,098.88
237	10/1/2035	49,453.63	285.79	49,167.84	147,931.04
238	11/1/2035	49,453.63	214.50	49,239.13	98,691.91
239	12/1/2035	49,453.63	143.10	49,310.53	49,381.38
240	1/1/2036	49,452.98	71.60	49,381.38	0.00

**EXHIBIT 5
CASHFLOW ANALYSIS**

**7.23.14 ProForma and Operating Assumptions
21c Museum Hotel**

21c Oklahoma City
Operating Cash Flows
Scenario #1 - NMTC Allocation

	Year 1 2016	Year 2 2017	Year 3 2018	Year 4 2019	Year 5 2020	Year 6 2021	Year 7 2022	Year 8 2023	Year 9 2024	Year 10 2025
Room Available	49,275	49,275	49,275	49,275	49,275	49,275	49,275	49,275	49,275	49,275
Rooms Sold	32,029	34,493	35,478	35,971	36,464	36,464	36,464	36,464	36,464	36,464
ADR	\$ 190.00	\$ 199.50	\$ 209.48	\$ 215.76	\$ 222.23	\$ 226.90	\$ 235.77	\$ 242.84	\$ 250.12	\$ 257.63
Occupancy	65.00%	70.00%	72.00%	73.00%	74.00%	74.00%	74.00%	74.00%	74.00%	74.00%
RevPAR	\$ 123.50	\$ 139.65	\$ 150.82	\$ 157.50	\$ 164.45	\$ 169.39	\$ 174.47	\$ 179.70	\$ 185.09	\$ 190.64
Revenues										
Rooms	\$ 6,085,463	\$ 6,881,254	\$ 7,431,754	\$ 7,761,022	\$ 8,103,358	\$ 8,346,458	\$ 8,596,852	\$ 8,854,758	\$ 9,120,400	\$ 9,394,012
F/B	4,914,085	5,159,789	5,366,181	5,580,828	5,748,253	5,920,700	6,098,321	6,281,271	6,469,709	6,663,801
Parking	124,000	127,898	135,499	141,502	147,744	152,176	156,742	161,444	166,287	171,276
Spa	105,341	108,501	111,756	115,109	118,562	122,119	125,783	129,556	133,443	137,446
Gift Shop	146,433	150,826	155,350	160,011	164,811	169,756	174,848	180,094	185,497	191,061
Mini Bar	45,848	50,856	53,879	56,266	58,748	60,510	62,325	64,195	66,121	68,106
Rents & Other Income	70,931	78,678	83,354	87,047	90,887	93,613	96,422	99,315	102,294	105,363
Total Revenues	\$ 11,492,100	\$ 12,557,803	\$ 13,337,773	\$ 13,901,785	\$ 14,432,362	\$ 14,865,333	\$ 15,311,293	\$ 15,770,632	\$ 16,243,781	\$ 16,731,064
Departmental Expenses										
Rooms	\$ 2,129,912	\$ 2,339,626	\$ 2,452,479	\$ 2,483,527	\$ 2,471,524	\$ 2,545,670	\$ 2,622,040	\$ 2,700,701	\$ 2,781,722	\$ 2,865,174
F/B	3,538,141	3,689,249	3,783,157	3,934,484	4,052,518	4,174,094	4,299,317	4,428,296	4,561,145	4,697,979
Parking	55,800	57,554	60,975	63,676	66,485	68,479	70,534	72,650	74,829	77,074
Spa	57,938	59,676	61,466	63,310	65,209	67,166	69,181	71,256	73,394	75,595
Gift Shop	80,538	82,954	85,443	88,006	90,646	93,365	96,167	99,052	102,023	105,084
Mini Bar	19,339	20,343	21,551	22,505	23,499	24,504	25,578	26,648	27,742	28,900
Total Departmental Expenses	\$ 5,880,668	\$ 6,249,402	\$ 6,465,071	\$ 6,655,509	\$ 6,769,882	\$ 6,972,978	\$ 7,182,167	\$ 7,397,632	\$ 7,619,561	\$ 7,848,148
Gross Operating Income	\$ 5,611,432	\$ 6,308,401	\$ 6,872,702	\$ 7,246,276	\$ 7,662,481	\$ 7,892,355	\$ 8,129,126	\$ 8,373,000	\$ 8,624,190	\$ 8,882,915
Undistributed Operating Expenses										
Administrative & General	\$ 1,091,750	\$ 1,155,318	\$ 1,200,400	\$ 1,251,161	\$ 1,298,913	\$ 1,337,880	\$ 1,378,016	\$ 1,419,357	\$ 1,461,938	\$ 1,505,796
Management Fee	459,684	502,312	533,511	556,071	577,294	594,613	612,452	630,825	649,750	669,243
Sales/Marketing	632,066	678,121	706,902	736,795	764,915	787,863	811,499	835,844	860,919	886,746
Brand & Art Services Fee	459,684	502,312	533,511	556,071	577,294	594,613	612,452	630,825	649,750	669,243
Marketing Allocation Reimbursements	114,921	125,576	133,378	139,018	144,324	148,653	153,113	157,706	162,438	167,311
IT Services Fee	76,491	78,786	81,149	83,584	86,091	88,674	91,334	94,076	96,896	99,803
Repairs & Maintenance	390,731	414,407	426,809	444,857	461,896	475,691	489,961	504,660	519,800	535,394
Utilities	229,842	251,156	268,755	278,036	288,647	297,307	306,226	315,413	324,875	334,621
Total Undistributed Expenses	\$ 3,455,168	\$ 3,707,991	\$ 3,882,415	\$ 4,045,593	\$ 4,196,314	\$ 4,325,294	\$ 4,455,053	\$ 4,588,704	\$ 4,726,355	\$ 4,868,156
Gross Operating Profit	\$ 2,156,264	\$ 2,600,410	\$ 2,990,288	\$ 3,200,684	\$ 3,466,166	\$ 3,567,061	\$ 3,674,073	\$ 3,784,295	\$ 3,897,824	\$ 4,014,759
Fixed and Other Expenses										
Property Taxes	\$ 215,563	\$ 218,797	\$ 222,079	\$ 225,410	\$ 228,791	\$ 232,223	\$ 235,706	\$ 239,242	\$ 242,830	\$ 246,473
Insurance	114,921	125,576	133,378	139,018	144,324	148,653	153,113	157,706	162,438	167,311
Total Fixed Expenses	\$ 330,484	\$ 344,375	\$ 355,456	\$ 364,428	\$ 373,115	\$ 380,876	\$ 388,819	\$ 396,948	\$ 405,268	\$ 410,784
Net Operating Income	\$ 1,825,780	\$ 2,256,035	\$ 2,634,831	\$ 2,836,256	\$ 3,093,052	\$ 3,186,185	\$ 3,285,254	\$ 3,387,347	\$ 3,492,556	\$ 3,603,975
Tax Refunds										
State Sales Taxes (100%)	-	494,980	541,847	575,907	600,383	623,322	642,022	661,283	681,121	701,555
Total Tax Refunds	\$ -	\$ 494,980	\$ 541,847	\$ 575,907	\$ 600,383	\$ 623,322	\$ 642,022	\$ 661,283	\$ 681,121	\$ 701,555
Net Operating Income After Tax Refunds	\$ 1,825,780	\$ 2,751,015	\$ 3,176,678	\$ 3,412,163	\$ 3,693,435	\$ 3,809,507	\$ 3,927,276	\$ 4,048,630	\$ 4,173,678	\$ 4,305,530
Reserve for Replacement										
Reserve for Replacement	114,921	251,156	400,133	556,071	777,294	994,613	1,212,452	1,430,825	1,649,750	1,869,243
Adjusted Net Operating Income After Tax Refunds	\$ 1,710,859	\$ 2,499,859	\$ 2,776,545	\$ 2,856,092	\$ 3,113,140	\$ 3,214,894	\$ 3,214,824	\$ 3,417,805	\$ 3,523,927	\$ 3,633,288
Debt Service and Other Costs/Fees										
Construction Loan - \$16,970,200, 5.5%, 20 Year Amort	\$ 933,361	\$ 1,400,830	\$ 1,400,830	\$ 1,400,830	\$ 1,400,830	\$ -	\$ -	\$ -	\$ -	\$ -
Permanent Loan - \$20,502,416, 6.5%, 20 Year Amort	-	-	-	-	-	1,834,326	1,834,326	1,834,326	1,834,326	1,834,326
HUD Section 108 Loan - \$6.9M, variable rate	124,200	124,200	124,200	124,200	124,200	595,685	595,685	595,685	595,685	595,685
City TIF Loan - \$3.3M, variable rate, 20 year term	16,500	16,500	16,500	33,000	33,000	33,000	306,869	306,869	306,869	306,869
F-NMTC Annual Cost - 0.75% of \$10M Allocation	75,000	75,000	75,000	75,000	75,000	-	-	-	-	-
F-HTC Annual Cost of 2% + Put - 5% of \$7.85M	141,000	141,000	141,000	141,000	141,000	493,500	-	-	-	-
Total Debt Service Cost and Fees	\$ 1,290,061	\$ 1,757,530	\$ 1,757,530	\$ 1,774,030	\$ 2,126,500	\$ 2,463,011	\$ 2,736,880	\$ 2,736,880	\$ 2,736,880	\$ 2,736,880
Refinance Proceeds	-	-	-	-	5,053,179	-	-	-	-	-
Cash Flow After Debt Service	\$ 420,798	\$ 742,329	\$ 1,019,015	\$ 1,082,061	\$ 986,610	\$ 5,805,062	\$ 577,945	\$ 680,925	\$ 787,048	\$ 896,408
<i>Construction Loan DSCR (on NOI after tax refunds)</i>	<i>1.62</i>	<i>1.64</i>	<i>1.82</i>	<i>1.87</i>	<i>2.04</i>	<i>1.32</i>	<i>1.36</i>	<i>1.41</i>	<i>1.45</i>	<i>1.50</i>

EXHIBIT 6

CITIZENS PARTICIPATION AND PUBLIC HEARING DETAIL

The City of Oklahoma City, pursuant to the Housing and Community Development Act (HCDA) of 1974, as amended, and to 24 CFR 570.302 and 570.303 of the CDBG regulations, as amended, adopted the procedures set forth herein to be followed with regard to **Citizen Participation for approval of the Consolidated Plan or Plan Amendments**.

Goals and Objectives

The principal goals and objectives of **Citizen Participation** are:

1. To provide for and encourage citizen participation, with particular emphasis on persons of low/moderate income who reside in slum/blighted areas; areas in which funds are proposed to be used; and provide for the participation of residents in low/moderate income neighborhoods as defined by the City;
2. To provide citizens with reasonable and timely access to local meetings, information, and records relating to the City's proposed use of grant funds in the Federally funded programs administered by the City, as required by the Secretary of HUD, and relating to the actual use of funds under the HCDA, etc., as amended;
3. To provide technical assistance to groups that represent persons of low/moderate income that request such assistance in developing proposals. The level of funding and type of assistance will be determined by the City;
4. To provide for public hearings to obtain citizen views and to respond to proposals/questions at all stages of the community development process, including at least the development of needs, review of proposed activities, and evaluation of program performance, which hearings shall be held after adequate notice, at times and locations convenient to potential or actual beneficiaries, and with accommodation for minorities and non-English speaking persons, as well as persons with mobility, visual or hearing impairments in all stages of the process;
5. To encourage participation of residents of public and assisted housing developments and residents of targeted revitalization areas in which developments are located.
6. To consult with and provide information to housing agencies concerning Consolidated Plan activities related to their developments and the surrounding communities that said agencies can make available to their residents for use in formulating their required housing agency plans.
7. To provide for timely written answers to written complaints/grievances, within 15 working days where practicable; and,
8. The City shall publish a synopsis of its draft Consolidated Plan or amendments, and shall provide the opportunity to inspect the draft documents so as to provide citizens a thirty (30) day comment period before proceeding to the final public hearing and adoption of the Consolidated Plan or any amendments. A record of comments received shall be

EXHIBIT 6

CITIZENS PARTICIPATION AND PUBLIC HEARING DETAIL page 2 of 5

maintained and shall be submitted with the Consolidated Plan indicating responses to said comments.

9. The City shall provide a minimum of two-week notice of public hearings on the Consolidated Plan and/or the one-year Action Plan proposed for adoption by the governing body. Said notice to the public shall be accomplished by publication in a city-wide newspaper in the community section of said paper and on the city's website.

Citizens' Committee for Community Development (CCCD)

The CCCD, is an advisory committee to the Mayor and City Council and makes recommendations on all substantial amendments to the Consolidated Plan with regard to CDBG, performance reports, proposed changes in CDBG funding allocations or entities funded with CDBG. The CCCD forwards their recommendation on all relevant actions to the Neighborhood Conservation Committee of the City Council for their review and recommendation to the full City Council.

Purposes

The Committee was established to provide the City with citizen input on development, monitoring, and updating of the CDBG and other related programs as they may affect persons of low/moderate incomes and the neighborhood districts in which they reside. It shall also serve as the formal means through which citizen participation is promoted, in order to advise the City Council on such matters involving the City.

Consolidated Plan Performance Reports

Annually, after information is compiled, a notice will be posted alerting citizens to a CCCD meeting to review proposed financial and performance reports which will be submitted to the U.S. Department of Housing and Urban Development (HUD) on the due date of such reporting. The posted meeting notice will allow fifteen (15) days for citizens to comment on the performance reports before submission to HUD. Citizen comments received on the performance reporting will be submitted to HUD

Availability of the Consolidated Plan to the Public

Copies of the full Plan document or amendments will be published on the City's web page and available for review; the web page is accessible in the six metropolitan libraries serving the City, and a hard copy is available at the City Clerk's Office, and in the City's Planning Department. A synopsis of the "Plan" will be published on or about April 1st to establish a thirty (30) day comment period for citizens to submit written or oral comments on the proposed Plan. Finally, a fifteen day (15) day notice of a public hearing on the proposed Plan will be published which will establish the date of the public hearing held before the City Council. The Council will act to approve, amend, or disapprove the Consolidated Plan and the Action Plan after the public hearing.

EXHIBIT 6

CITIZENS PARTICIPATION AND PUBLIC HEARING DETAIL page 3 of 5

Access to Records

Citizens, public agencies, and other interested parties shall be afforded the opportunity to access information and records relating to the Consolidated Plan and the City's use of funds under programs covered by the Plan during the preceding five years; provided reasonable notice is given to the City and the costs to the City for providing and/or copying information is reimbursed to the City in accordance with the Open Records Act.

Technical Assistance

Technical assistance is provided to organized groups representing persons of low/moderate income in preparing proposals for funding consideration for activities covered under the Plan.

Complaints

All written complaints relative to the Consolidated Plan, amendments to the Plan, and the performance report are answered in writing within fifteen (15) days of the receipt of such complaint where practicable.

Public Hearings

The City will arrange for public hearings so citizens can participate in the planning/input process whenever a Consolidated Plan is to be prepared and when a Plan is proposed for adoption or amendment. Hearings will be held at times and locations accessible to citizens. Accommodation will be made for non-English speaking persons based on prior written request. All meetings are held in facilities that are accessible for persons with disabilities.

Notices of Hearings

A Notice of Public Hearing is published to alert citizens that an input/planning meeting is scheduled when a Consolidated Plan is to be prepared, adopted, or amended. The Notice is published several weeks in advance of the proposed meeting date in the "Area Legal Notices" section of The Oklahoman, a newspaper of wide circulation. Notices are in several forms:

- Planning/input session notices will be published with the time, date and location of the hearing in a facility that is accessible to persons with disabilities. The Notice will contain an announcement of the amounts of the formula allocation grants (if known), a description of the uses to which funds can be put under the various grants, a review of activities that are currently funded and a performance report.
- Notices of a hearing for the purpose of adopting a Consolidated Plan will contain a synopsis of the Plan and the funding of activities proposed in the Annual Action Year Plan.
- Notices of hearing for the purpose of a substantial amendment to the Plan will contain a synopsis of the proposed changes. A substantial amendment is one that adds a new sub-grantee, creates a new program or activity, or transfers funds from one activity to another involving 30% or more of the funds, or cancels an activity.

EXHIBIT 6

CITIZENS PARTICIPATION AND PUBLIC HEARING DETAIL page 4 of 5

For each new five-year Consolidated Plan, a notice is published alerting citizens of the locations where planning/input meetings will be held. Then, a notice is published prior to each meeting to provide reasonable notice to increase citizen participation.

All CDBG actions related to an existing or proposed Consolidated Plan are reviewed by the CCCD. All CCCD recommendations on proposals, related to an existing or proposed Consolidated Plan, are forwarded to the Neighborhood Conservation Committee, a subcommittee of the City Council for their recommendations before the action is docketed for a hearing and action of the City Council.

Substantial Amendment

A substantial amendment to the Consolidated Plan is an amendment that adds a new program or sub-grantee, or transfers funds from one activity to another involving 30% or more of the funds or if it adds or cancels an activity.

The Citizen Input process for the 21c Section 108 Substantial Amendment began with a public meeting of the Citizen's Committee for Community Development on May 20th, 2014. City Planning staff gave a presentation of the project scope and financing to seven members of the committee and one citizen who was in attendance. The following is a summary of discussion which followed the presentation:

- A committee member asked for clarification on 21c project financing and the City's loan position. City staff discussed variables having to do with bank participation and the possibility of New Market Tax Credits, but assured that the Section 108 Loan would have adequate collateral and would require no less than a 2nd lien position behind the primary lender. City staff mentioned that HUD would have to approve the collateral and debt coverage and may ask for additional security.
- A citizen asked about Section 108 loan capacity and inquired about the City's participation using Section 108 financing on a project in the uptown area of the city. City staff assured ample capacity and clarified that the uptown project was considered for Section 108, but the developer was able to secure financing elsewhere.
- A committee member asked about project ownership. City staff described the ownership and management structure without detailing the potential complexities of a New Market Tax Credit structure.
- A committee member asked a series of questions as follows:
 - What is 21c, where is it chartered and what are its various locations? City staff answered that 21c is a corporation that operates Museum Hotel locations like the one proposed in OKC. They are headquartered in Louisville, KY and have Museum Hotel locations in Louisville; Bentonville, AR; and Cincinnati, OH.
 - Did 21c seek and receive public assistance for its other Museum Hotel projects? City staff answered, yes to both questions.

EXHIBIT 6

CITIZENS PARTICIPATION AND PUBLIC HEARING DETAIL page 5 of 5

- Is staff confident in the estimates of annual hotel revenue and tax revenue? City staff answered that the estimates are based on certain assumptions. As the assumptions change, so will the estimates. It was explained certain assumptions are based on a range of value or pricing, but staff has taken a conservative approach to underwriting the deal and has confidence that the deal will work. Additional information such as a building appraisal and a pricing commitment on state historic tax credits, for example, is yet needed.
- What is the purpose of the Section 108 loan program and what are its eligible activities. City staff explained the program and eligible activities in detail.
- How does a Section 108 loan affect the City's CDBG program? Staff described the requirement for the City to pledge current and future allocations of CDBG to cover the loan amount as security for the loan, but that this pledge does not affect the City's ability to use its annual CDBG allocation for other projects as long as the Section 108 loan performs.
- What is the difference between interim and permanent financing. City staff explained that the loan is proposed for interim financing, which will have a floating rate during the term based on LIBOR and that permanent financing would fix a principal and interest payment that would be based on U.S. treasury yields comparable to the financing term at the time of the public offering. Prepayment would generally not be possible under permanent financing, especially during the first 10 years, unless the borrower would defease the debt.
- How does Tax Increment Financing work in this project? City staff explained that City Council had approved a \$3.3 million dollar loan and a \$2 million dollar grant of TIF funds in December 2013 for the project. A Section 108 loan would be additional public financing. The TIF is structured to subordinate to the Section 108 position.

The Neighborhood Conservation Committee of City Council (subcommittee) considered the Substantial Amendment for the 21c Section 108 Loan on August 12th, 2014.


City Planning staff introduced a Resolution for a Consolidated Plan Substantial Amendment to include the 21c Museum Hotel project and to authorize staff to submit a Section 108 Loan application to HUD. Staff asked the NCC to recommend approval to move the Resolution item forward for full City Council consideration on August 26th, 2014. Two members of the three-member committee were present along with two representatives of 21c Museum Hotel and several members of City staff. No private citizens were in attendance.

Staff presented the project and the committee members asked the following questions:

- Was the Section 108 loan contemplated during the approval process for TIF financing on the project? City staff answered that a Section 108 loan was contemplated, but the process for Section 108 review has taken longer and the project itself is difficult to do.
- Of the total project cost, how much is going to be a form of public assistance? Staff answered that about 23% of the project will be assisted with public financing through the City from TIF and Section 108 loan sources.

Public Notice

Below is a copy of the affidavit of the Consolidated Plan Amendment notice of public hearing for the 21c Section 108 Loan Guarantee program. This notice ran on July 11, 2014 in the "Area Legal Notices" section of the Daily Oklahoman, a newspaper with city-wide circulation. The notice begins the minimum 30 day comment period and 15 day notice of public hearing.

<p>NOTICE OF PUBLIC HEARING 2010-15 CONSOLIDATED PLAN AND FIFTH ACTION YEAR SUBSTANTIAL PLAN AMENDMENT</p> <p>A Public Hearing will be held before the City Council on August 26, 2014 at 8:30 A.M. in the City Council Chambers on the third floor, at 200 North Walker, Oklahoma City, OK 73102. The purpose of the hearing is to consider a Resolution amending the 2010-15 Consolidated Plan and Fifth Action Year Plan to provide a Section 108 Loan Guarantee for economic development activities that meet the public benefit of job creation in a federally approved revitalization strategy area of Oklahoma City.</p> <p>The hearing is intended to provide citizens with an opportunity to comment on activities and funding recommendations proposed to amend the City of Oklahoma City's 2010-15 Consolidated Fifth Action Year Plan, the document that establishes the priorities and programs for use of federal grant funds for community planning and development.</p> <p>FUNDING RECOMMENDATION:</p> <p>Establish a Section 108 Loan Guarantee for the 21c Museum Hotel. A Section 108 Loan Guarantee in the amount of \$6,900,000 will finance development of the 21c Museum Hotel located at 302 W Main Street, Oklahoma City, OK 73106. The activity is for rehabilitation of an underutilized historical building for renewed commercial purposes. The project is for the conversion of the building to a museum hotel consisting of approximately 135 rooms, a restaurant and art museum on the ground floor. The project proposes to create 138 new service sector jobs. Financing would be provided to the project as a collateralized loan repaid with interest.</p> <p>SUBSTANTIAL PLAN AMENDMENT SUBMISSION:</p> <p>The Substantial Plan Amendment to the 2010-15 Consolidated Plan Fifth Action Year document will be submitted to the U.S. Department of Housing and Urban Development on or before September 12, 2014. Publication of this Notice starts a 30-day period during which citizens can make comment about the activity proposed for use of funds or about the Substantial Amendment to the Consolidated Plan Fifth Year Action Plan document. Relevant documents pertaining to the Consolidated Plan may be viewed on the City of Oklahoma City's Consolidated Plan website at: http://www.okc.gov/planning/consolidatedplan.html.</p> <p>Written comments should be directed to:</p> <p>Chris Varga Planning Department Community Development Division 420 West Main Street, Suite 920 Oklahoma City, OK 73102 405-297-1639 http://www.okc.gov/planning/consolidatedplan.html</p>	<p>STATE OF OKLAHOMA, } COUNTY OF OKLAHOMA } SS.</p> <p style="text-align: center;">Affidavit of Publication</p> <p><u>Kerry Dixon</u>, of lawful age, being first duly sworn, upon oath deposes and says that she/he is the <u>Classified Legal Notice Admin</u> of The Oklahoma Publishing Company, a corporation, which is the publisher of <i>The Oklahoman</i> which is a daily newspaper of general circulation in the State of Oklahoma, and which is a daily newspaper published in Oklahoma County and having paid general circulation therein; that said newspaper has been continuously and uninterruptedly published in said county and state for a period of more than one hundred and four consecutive weeks next prior to the first publication of the notice attached hereto, and that said notice was published in the following issues of said newspaper, namely:</p> <p style="text-align: center;">City Of Okc Planning 11210425 - Metro Published on 07/11/2014</p> <p style="text-align: center;"><i>Kerry Dixon</i></p> <p>Subscribed and sworn to before me this <u>July 14, 2014</u> <u>Dianne Featherston</u> Notary Public</p> <p>My commission expires <u>April 1, 2017</u></p> <div style="text-align: center;">  </div>
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**EXHIBIT 7
CITY COUNCIL RESOLUTION**

Substantial Amendment to City of Oklahoma City Consolidated Plan

RESOLUTION

RESOLUTION AMENDING THE 2010-15 CONSOLIDATED PLAN AND FIFTH ACTION YEAR PLAN TO SUBMIT AN APPLICATION TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR A SECTION 108 LOAN GUARANTEE IN THE AMOUNT OF \$6,900,000 FOR THE 21C HOTEL AND MUSEUM PROJECT; AND AUTHORIZING THE MAYOR TO EXECUTE ALL RELATED SECTION 108 LOAN GUARANTEE DOCUMENTS.

WHEREAS, The Consolidated Plan and Annual Action Year Plan establish the priorities and programs for use of federal grant funds for community planning and development; and

WHEREAS, the City Of Oklahoma City has been in discussions with 21c Hotels since the Spring of 2013 to locate a unique museum/hotel/restaurant in Oklahoma City's Film Exchange district, specifically within the historic Fred Jones Manufacturing Plant building located at 900 W. Main Street in Oklahoma City; and

WHEREAS, in December 2013, the City Of Oklahoma City approved a \$5,300,000 allocation of Downtown/MAPS Economic Development Project Plan TIF No. 2 funds for the project; and

WHEREAS, the Section 108 Loan Guarantee Program is an additional public mechanism contemplated for the project to encourage economic development and job creation; and

WHEREAS, the need for further public investment along with Federal and State historic tax credits is demonstrated by the positive economic and social impact of the project to the area as well as high redevelopment costs associated with retaining the building's historic integrity, and maintaining free year-round access to the museum for the general public; and

WHEREAS, public incentives will attract private investment to the project and surrounding area for furthering downtown revitalization; and

WHEREAS, the Section 108 Loan of \$6,900,000 will be fully capitalized and repaid with interest; and

WHEREAS, submitting a Section 108 Loan application to provide financing for the project requires an allocation of funding in the Consolidated Plan and such allocation requires a public meeting and an Amendment to the Consolidated Plan and Current Action Year Plan; and

WHEREAS, any subsequent loan agreement between the City and 21C Hotels for the use of Section 108 Loan funds will require City Council approval.

NOW, THEREFORE, BE IT RESOLVED the resolution approving an application to the U.S. Department of Housing and Urban Development for a Section 108 Loan Guarantee in the amount of \$6,900,000 for the 21C Hotel and Museum project; and authorizing the Mayor to execute all related Section 108 Loan Guarantee documents is hereby approved.

APPROVED by the Council and signed by the Mayor of the City of Oklahoma City this
26TH day of August, 2014.

Phil Curran
MAYOR

ATTEST:

Travis Kiser
CITY CLERK



REVIEWED as to form and legality

Paul Brunner
ASSISTANT MUNICIPAL COUSELOR