

**OKLAHOMA CAPITOL IMPROVEMENT AUTHORITY
SPECIAL MEETING MINUTES
November 13, 2018
2:00 p.m.
Governor's Large Conference Room
State Capitol Building
Oklahoma City, Oklahoma**

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

MEMBERS PRESENT: Mary Fallin, Governor
Ken Miller, State Treasurer
Denise Northrup, Executive Director of OMES
Dick Dutton, Director, Tourism and Recreation

MEMBERS ABSENT: Todd Lamb, Lt. Governor
Thomas Kemp, Secretary-Member, Oklahoma Tax Commission
Mike Patterson, Director, Oklahoma Dept. of Transportation
Ed Lake, Director, Department of Human Services

GUESTS: Scott Reygers, OMES OCIA Administrator
Joe Birley, OMES OCIA
Allison Lambert, OMES OCIA
Kim Heaton Wilson, AG/ OCIA
Andrew Messer, Treasurer's Office/State Bond Advisor
Alexandra Edwards, Treasurer's Office/Bond Advisor Office
Susan Stout, OMES Legal
Beverly Hicks, OMES OCIA
Mike Gibson, RSM
Shawn Ashley, E Capitol

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

Governor Fallin called the meeting to order at 2:02 p.m. A roll call was taken and a quorum established. Governor Fallin was advised that notice of the meeting had been given, and an agenda posted in accordance with the Open Meeting Act.

2. Discussion and possible action to approve the minutes of October 22, 2018 meeting. [Chair]

Treasurer Miller moved to approve the October 22, 2018 meeting minutes. Director Northrup seconded the motion. The motion passed and the following votes recorded:

Governor Fallin, aye; Treasurer Miller, aye; Director Northrup, aye; Director Dutton, aye.

3. Discussion and possible action to accept the results of the FY 2018 Audit report from RSM. [Joseph Birley and Mike Gibson]

Mr. Birley gave a report of the Authority's annual audit completed on October 30, 2018, as required by 74 O.S., § 212A. Mike Gibson with RSM conducted the audit. RSM found the Authority's financial statements comply with the generally accepted accounting principles that govern audit requirements.

Although RSM issued an unmodified opinion, at the advice of RSM the Authority has reclassified \$1,081,785 in assets from cash and cash equivalents to investments-restricted. This is due to sinking funds being invested in treasury notes with maturities over ninety days, as opposed to shares in a money market mutual fund. At the advice of RSM, the adjustment was listed out separately in statements.

In relation to the cash and cash equivalents as a whole, it is not a sizable amount, but it does represent most of the sinking fund for the 2017C bond, which is the Oklahoma Pop Museum.

Director Northrup moved to accept the results of the Authority's fiscal year 2018 annual audit. Director Dutton seconded the motion. The motion passed and the following votes recorded:

Governor Fallin, aye; Treasurer Miller, aye; Director Northrup, aye; Director Dutton, aye.

4. Discussion and possible action to modify the Authority's administrative fee and revenue structure. [Scott Reygers & Andrew Messer]

This item was discussed and tabled during the previous meeting in October based on the need for more information and to give further time to process and deliberate before a decision is made, and to allow the OCIA staff to come back with the information requested.

Mr. Reygers thanked the members for allowing a second opportunity to present the proposed revenue structure of the Authority and for their consideration.

Staff of the Authority recommend modifying the Authority's revenue and fee structure as follows:

(a) Increase the Authority's base fee from four hundred twenty thousand dollars (\$420,000) to four hundred sixty thousand dollars (\$460,000). This increase reflects a one percent year over year increase from fiscal year 2007, when the fee was initially set, to fiscal year 2019. The increase will enable the Authority to cover fixed expenses in fiscal year 2020.

(b) Implement an annual one percent (1%) escalation rate to the Authority's base fee. The escalation rate reflects the historical rate of fixed expense escalation experienced by the Authority from fiscal year 2007 to fiscal year 2019. Implementing the escalation rate will help the authority cover fixed expenses on a going forward basis; and

(c) Implement an issuance fee to help absorb the increased costs associated with the first three years of a new money bond issue. The issuance fee will be paid out of bond proceeds. Staff of the Authority recommend implementing the same issuance fee currently charged by the State Bond Advisor and Bond Commissioner. The State Bond Advisor and Bond Commissioner currently charge an issuance fee of 3 basis points on the first five million dollars (\$5,000,000), 2 basis points on the subsequent forty-five million dollars (\$45,000,000), and 1 basis point on the monies in excess of fifty million dollars (\$50,000,000).

Treasurer Miller moved to approve a modification to the Authority's collection of administrative fees, as follows: (a) The Authority's base administrative fee is hereby increased from \$420,000 to \$460,000. (b) The Authority is authorized to charge a bond issuance fee to be paid out of bond proceeds with 3 basis points (0.0003) on the first 5 million dollars, 2 basis points (0.0002) on the subsequent 45 million dollars, and 1 basis point (0.0001) on monies in excess of 50 million dollars. (c) The Authority may annually escalate the administrative fee by 1 percent, beginning in fiscal year 2021. Director Dutton seconded the motion. The motion passed and the following votes recorded:

Governor Fallin, aye; Treasurer Miller, aye; Director Northrup, aye; Director Dutton, aye.

5. Adjournment

There being no further business, Treasurer Miller made the motion to adjourn. Director Northrup seconded the motion. Seeing no opposition, the meeting adjourned at 2:28 p.m.