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**OKLAHOMA CITY
URBAN RENEWAL AUTHORITY**

FORTY-EIGHT ANNUAL REPORT

FY 2008-2009

OKLAHOMA CITY
URBAN
RENEWAL
AUTHORITY

31 August 2009

The Honorable Mick Cornett
Mayor, City of Oklahoma City
Municipal Building
Oklahoma City, Oklahoma

Dear Mayor Cornett:

As in the past, it is with extreme pleasure and pride to present the Forty-eight Annual Report of the Oklahoma City Urban Renewal Authority on behalf of the Board of Commissioners. As we visualize last July, FY 2008-09 could become another challenging but very productive and dynamic year for The City of Oklahoma City and the Authority.

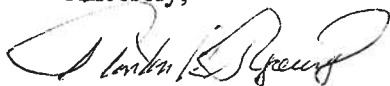
The Authority has been privileged once again to be a participating and supportive partner in many major central city redevelopment activities. The investments from both the public and private sector in Bricktown Entertainment District, Central Business District, Harrison-Walnut, JFK Project area, PHF Medical Research Park and the Devon World Headquarters Complex are dreams coming true.

The accompanying financial schedules reveal the on-going activities of the Authority in the John F. Kennedy, Harrison-Walnut, Central Business District, North Downtown and Sports Entertainment and Parking II of Lower Bricktown. These activities within urban renewal project areas can encompass acquisition, clearance, maintenance of property and disposition for development.

As significant as fiscal schedules are, the schedules cannot accurately replicate the true accomplishments of the Authority. Many of the redevelopment projects have been encouraged due to the success of the MAPS and MAPS for Kids programs and participation of the private sector.

With your continuous support and interest and the City Council members as well, the Authority can progress and be available to contribute additionally to our new Oklahoma City. Your questions and suggestions are always invited and appreciated.

Sincerely,



Stanton L. Young
Chairman

Attachment

FORTY-EIGHT ANNUAL REPORT
For the year ending June 30, 2009

The City of Oklahoma City unquestionably demonstrates the determination to endure and progress in the continuing evolution of urban transformation. The distinguishing accomplishment of the MAPS programs merely authenticates Oklahoma City's foresight and devoted leadership. The Oklahoma City Urban Renewal Authority remains appreciative and proud to be a contributing partner in the City's redevelopment activities. Many projects of today not only embody redevelopment dreams from preceding years but include the foresight of today's community supporters. As in past years, Oklahoma City is reaping the rewards from a resurgence of interest and activities which will be reflected in forthcoming years.

Central Business District

A Request For Proposals was made in May 2008 for the redevelopment of the Authority's property commonly referred to as "Galleria Parking". The Board of Commissioners expressed a desire for the site to be redeveloped into a comprehensive detailed multi-level Class "A" commercial office complex supported with appropriate mixed-use amenities and facilities including parking.

Devon Energy Corporation was selected as the Redeveloper on December 17, 2008. Devon has commenced with site development for its world headquarters to include a 50 story triangular icon office tower, a rotunda and podium building, plazas, parks and parking facilities. The Devon project will significantly enhance Oklahoma City and provide an economic engine that will continue to drive the economic vitality and foster additional development in Oklahoma City and through the region.

In March 2008 a Request For Proposals was issued for the redevelopment of the Authority's property located east of Broadway and south of N.W. 4th. The Greater Oklahoma City Chamber of Commerce was designated conditional redeveloper on June 18, 2008. The Chamber anticipates constructing a 50,000 s.f. multi-level Class "A" office building on the site which will also include property not owned by the Authority. The Chamber has not executed the Redevelopment Agreement since fund raising efforts have been challenging.

In October 2003, the Authority contracted with PKF Consulting to conduct an Economic Impact Study related to the Skirvin Hotel. In January 2004, a preliminary Redevelopment Agreement with Skirvin Partners, L.L.C. was approved for renovation of the historic Skirvin Hotel. Subsequent related approvals regarding the financial plan by the City and the Authority permitted redevelopment of the Skirvin Hotel to a full service convention hotel bearing the "Hilton flag". The Skirvin has experienced tremendous local acceptance and support. The hotel has enjoyed an average occupancy of approximately 85%. The Authority owns the ground the Skirvin Hilton Hotel occupies.

In May 2004, the OCURA Board of Commissioners approved a Revised Contract for the Sale of Land and Redevelopment with Summit Henderson Arts Central L.L.C for the development of residential apartments and retail shops west of Walker between Robert S. Kerr and NW 4th Street. The upscale Legacy at Arts Quarter has 303 apartments (754 s.f. to 2,285 s.f.) courtyard conveniences with pool and a parking structure to accommodate approximately 474 vehicles. In October 2008 the complex was purchase by Inland American of Oak Brook, Illinois.

The Authority owns a developable tract of land on the southeast corner of Shartel and N.W. 4th Street. A future Request For Proposal will be considered when a development interest is demonstrated.

John F. Kennedy Area

Although the JFK Plan was approved predominantly as a residential project in 1966, the Authority still maintains in excess of 300 vacant individual parcels. However, since 2002, the JFK area has commanded new interest and reinvestment.

In FY 2008-2009 the Authority issued 13 Certificates of Completion for single family-family homes with an approximate value of \$2,200,000 and 3 duplex residences with an approximate value of \$435,000. Since 2003 there has been private investments providing for 94 one and two family residential homes reflecting an approximate total of \$14,483,000 or a average value of \$154,000.

Harrison-Walnut Project

When First Worthing Company entered into an agreement with the Authority for the purchase of land in the Deep Deuce area, the development was perceived as perilous. In the spring of 2004, First Worthing transferred ownership of the 294 residential unit complex and the remaining land parcels to Somerset Partners, L.L.C. The sales transaction was above previous market values of apartment projects in the metro area.

Central Avenue Villas at Central and N.E. 4th (Phase II-A) has ground level parking and three stories containing 30 for sale flats ranging in size from 750 s.f. to 2,700 s.f. Central Avenue Villas commenced construction in July 2006 and was completed in early 2009. Approximately 30% of the units are occupied.

The Board of Commissioners in June 2008 notified Somerset Partners, LLC that the redevelopment agreement was being terminated for failure to comply with redevelopment construction terms for the Phase II-B tract (Walnut and N.E. 3rd). Title for the property has been conveyed back to the Authority. A future Request For Proposal will be considered when sufficient development interest is demonstrated.

In April 2005, The Hill at Bricktown, LLC was designated as conditional redeveloper for the Authority's 12 acres adjacent to I-235 and south of N.E. 2nd Street. The Redeveloper original proposal was to build approximately 157 owner-occupied townhomes ranging in size of 1,600 s.f. to 3,500 s.f. over three phases. Phase I construction of 32 townhomes has progressed with 24 units to be completed this fall and the remaining 8 by July 2010. All public capital improvements for the entire site have been installed and accepted by the City Council. This Planned Unit Development (PUD 1132) neighborhood will incorporate environmental friendly features, provide good accessibility, pedestrian friendly streets, and lighted landscaped walkways. Future development phases will ensue as demand commands.

In June, 2005, Urban Form, LLC received conditional designation as the redeveloper of the OCURA 1.25 acre parcel of land on N.E. 4th Street west of I-235. This project is known as Block 42 consisting of 20 townhomes, 21 flats and 1 penthouse. All units were anticipated to be owner-occupied with unit sizes from 1,023 s.f. to 5,200 s.f. The public capital improvements are completed and over 75% of the units are completed. The complex is in accordance to PUD 1120 and overlooks a central attractive landscaped courtyard and a water feature.

The Authority issued a Request For Proposal for parcels located on N.E. 2nd, N.E. 3rd, and N.E. 4th in June 2005. The parcels were offered for redevelopment for the creation of an "Urban Town Center" environment in accordance with a Planned Unit Development [PUD-1078]. At the conclusion of FY2007-08, the Brownstones at Maywood Park had 19 townhomes completed, a retail space available and an open space sculpture assembled in a small park. Currently 25% of the townhouses are occupied.

Construction of the Lofts at Maywood Park on N.E. 2nd and west of Oklahoma was started in FY 2007-08. This is a mixed-use project consisting of 55 lofts above street level commercial space. A below grade parking facility will accommodate the lofts and an attractive landscape plaza has been created at the intersection of NE 2 and Oklahoma. Completion of the Lofts at Maywood Park project will occur in the last half of 2009 and will compliment the Brownstones at Maywood Park.

The Presbyterian Health Foundation Research Park currently provides office and/or lab space for 55 tenants companies; of which 35 are biotech. The complex includes over 700,000 square feet in 7 elegant buildings. PHF Research Park contributes annually in excess of \$535,000 in lieu of taxes, has a capital investment exceeding \$122,600,000 and produces employment for more than 1,400 individuals. The magnificently stunning landscaped 27 acre complex continues to receive national recognition for its biologics research environment and is visited by international representatives regularly.

On the final day of the FY 2003/04, closing transpired to accommodate a building for Cytovance Biologics Inc. in the PHF Research Park. Cytovance has FDA certification to operate a bio-pharmaceuticals manufacturing plant which provides clinical trials through phase 2 for drugs developed by other companies. The \$9,500,000 Building #6 was completed in June 2006 and Cytovance Biologistics, Inc. became fully FDA validated in August 2007. Cytovance continues to secure additional contracts and offers more employment opportunities.

PHF Building #7 containing 130,000 s.f. was completed in May 2009. Four tenants are under contract, occupying 23,500 square feet with Conentis utilizing the majority. Presbyterian Health Foundation Research Park management is negotiating the occupancy of another 10,000 square feet.

The two food services in the service center of Building #5 continue to increase business volumes due to the growth of the PHF Research Park. The second parking garage of 1113 spaces was completed in the spring of 2008. There are a total of 1,898 garage parking spaces for the Park.

PHF officials are currently assisting a hotel developer for a planned Embassy Suite five-story hotel to be located on leased PHF property within one block of the new OU Cancer Institute facility under construction at NE 10th Street and Philips Avenue.

The Authority anticipates in FY 2009-2010 it will be able to proceed with the voluntary acquisition of select properties located between N.E. 4th to N.E. 8th Street and Lincoln to Lottie. Since March 2007 the Authority has purchased 21 properties representing in excess of 28,000 s.f. of structures and 200,000 s.f. of land.

The Oklahoma Blood Institute in December 2008 received approval on the construction documents for expansion of its complex to include new office and laboratory space and a commercial element. Construction commenced in March 2009 with a completion date of October 2010.

Bricktown Entertainment Center

The Major accomplishments in the Bricktown Entertainment Center with the completion of parking south of Bass Pro, The Harkins Theatres, Earl's Rib Palace, Marble Slab, Falcone's, Sonic Restaurant, Toby Keith's I Love This Bar & Grill, Red Pin Bowling and Restaurant, In the Raw, Bolardo's and Starbuck's Coffee have been stimulating. The 160 room Marriott Residence Inn located between Bass Pro and the Sonic Headquarters buildings was completed in the first quarter of 2007 and enjoys high daily occupancy averages.

In August, 2005 the Authority approved the design development documents for a five story structure to be known as Centennial on the Canal to the west of Centennial Plaza. The building contains a below grade residential parking garage, 2 levels of retail and 3 levels accommodating 30 condos ranging in size from 1,220 s.f. to 3,000 s.f. All the units were purchased at the initial offering. The Centennial has a roof swimming pool and exercise center for the residents. The Red Pin Bowling opened in November 2007 followed by Starbucks, In the Raw and Bolaro's.

Impressive improvements are still being accomplished on the Canal by the City and the Redeveloper. The Centennial Plaza and fountain feature at Reno and Mickey Mantle Drive has become a major focus and attraction point of Oklahoma City.

The entire Bricktown District remains incredibly active with new business enterprises, an increase in the number of visitors and impending redevelopment ventures. The Oklahoma City Thunder NBA team is contributing to the increase success of Bricktown opportunities and new visitors. The Authority continues to contract for general and routine maintenance and operations of the Bass Pro Common Area with the Bricktown Entertainment Center Owners' Association.

North Downtown

In 1998, the North Downtown Redevelopment Plan which recognized the benefits and strengths offered by the area was adopted. The potential remains for North Downtown to become home to many who work in downtown Oklahoma City. An environment could be stimulated to create a coexistence of many uses supporting one another, and people interacting in a positive, productive and desirable fashion.

When St. Anthony Hospital announced it was evaluating whether to remain in its downtown location or relocate, advocates of downtown revitalization were very concerned. The City of Oklahoma City, Oklahoma County, the Chamber of Commerce, Downtown OKC, Inc. and OCURA worked collectively to present a report for St. Anthony Hospital to consider the benefits of remaining in its current location. The Oklahoma Industrial Authority, Oklahoma Industries and Cultural Authority, St. Anthony Hospital and OCURA funded RTKL Associates to prepare a campus plan incorporating near and long-term needs of St. Anthony. The Campus Plan has been completed and construction continues on expansion of the main facility. The decision by St. Anthony Hospital to remain at the downtown site and make additional major capital investments reveals St. Anthony's conviction as to the overall importance of downtown.

The Authority issued a Request For Proposals in September 2006 for the redevelopment of the "Mercy Site" (NW 12th to NW 13th and Walker to Dewey). The site is to be redeveloped as Overholser Green by Wiggin Properties. The Redeveloper is planning to construct for sale residential units in four phases which will offer townhouses, condos,

below grade parking, and landscaped open spaces. Due to the current overall state of the national economy, construction of Overholser Green is being delay until at least to the last quarter of 2010.

Summary

FY 2008-2009 was another persuasive, productive and dynamic year for the Oklahoma City Urban Renewal Authority and Oklahoma City even as the overall national economy hindered some planned projects.

New parking south of Bass Pro, the Harkins Theatres, Earl's Rib Palace, Centennial Statutes, Marble Slab, Falcone's, Sonic Restaurant, Toby Keith's I Love This Bar & Grill, Centennial Plaza, In the Raw, Bolaro's, Starbucks, Red Pin Bowling, Marriott Residence Inn and canal improvements have produced exhilarating accomplishments for the entire Bricktown district and adjacent Central Business District. The arrival of the Thunder re-enforces Oklahoma City is a Big League city.

The redevelopment of the historic Skirvin Hilton Hotel continues to complement the remarkable reinvestments occurring in Oklahoma City. The inclusion of the historic Skirvin Hilton Hotel addressed another goal for the demand and need of hotel rooms adjacent to the City's Cox Convention Center, the Ford Arena, the Myriad Gardens, and aid in establishing Oklahoma City as a major convention/conference designation.

The expected redevelopment of the Broadway and N.W. 4th Street site by the Oklahoma City Greater Chamber of Commerce into a multi-story Class "A" office complex with an attractive landscape campus will add another focal point in the Central Business District.

The prominence of the beautiful Presbyterian Health Foundation Research Park was enhanced with the completion of Cytovance Biologistics, Inc., Parking Garage II and the completion of Building #7. Deep Deuce, Block 42, Central Avenue Villas, the Brownstones at Maywood Park and The Hill will become major downtown housing neighborhoods for the return of young professionals and empty nesters based on their

proximity to Bricktown, Oklahoma Health Center, the inner City, PHF and other metropolitan area amenities.

The development of Legacy at Arts Quarter has created a new cornerstone for housing in the vicinity of the Federal Campus, St. Anthony Hospital, the Oklahoma County Courthouse and offices, City Complex, Museum of Art and Civic Center Music Hall. The interest for new housing in the JFK area only corroborates the original objectives and goals from the early years of the Authority.

The redevelopment of the Galleria Parking site potentially could be one of the most multifaceted and largest improvements of the Central Business District in Oklahoma City's proud history. This site has long been envisioned as a centerpiece location for the merging of business enterprise activities and an intersection of pedestrian linkages between uses in the urban core. The development of the Devon world headquarters in Oklahoma City represents an unprecedented opportunity. Without a doubt, immense tangible and intangible benefits will be enjoyed courtesy of the Devon complex.

The Authority will faithfully continue to advance and be available to contribute to the redevelopment endeavors and opportunities of the community as authorized and requested by the City Council.

As acclaimed by Mayor Cornett on January 15, 2009;

“There is no reason for us to stop what we are doing and change our course”.

Oklahoma City Urban Renewal Authority

August 2009