

## SECURITY AGREEMENT

THIS SECURITY AGREEMENT, dated as of April 1, 2005, is entered into by and between the OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY (the "Authority") and THE CITY OF OKLAHOMA CITY, OKLAHOMA (the "City").

### WITNESSETH:

WHEREAS, the Authority is an Oklahoma public trust created pursuant to a written Trust Indenture dated as of August 15, 1961, for the use and benefit of the City of Oklahoma City, Oklahoma (the "City"), under the authority of and in accordance with the provisions of Title 60, Oklahoma Statutes 2001, Sections 176 to 180.4, inclusive, as amended and supplemented, the Oklahoma Trust Act and other applicable statutes of the State of Oklahoma; and

WHEREAS, on September 12, 2004 the City adopted Ordinance No. 22,538 levying and assessing an additional 3.5% hotel occupancy tax to be used, together with revenues generated by a 2% hotel occupancy tax which had been approved by the City in 1972, as set forth therein, which Ordinance was approved by the qualified voters of the City on December 14, 2004; and

WHEREAS, Ordinance No. 22,538 (the Hotel Tax Ordinance") as authorized by the voters of the City, provides that the revenues from all 5.5% hotel occupancy tax (the "Hotel Tax Revenues") shall be set aside and used exclusively for the purpose of encouraging, promoting and/or fostering the convention and/or tourism (visitor) development of the City by the following expenditures:

(1) Four-elevenths (4/11) of the Hotel Tax Revenues (the "Convention and Tourism Development Portion") shall be expended for any projects, items, costs and/or expenses that encourage, promote and/or foster the convention and/or tourism (visitor) development of the City (herein referred to as "Convention and Tourism Development"); and

(2) Six-elevenths (6/11) of the Hotel Tax Revenues (the "Fairgrounds Development Portion") shall be expended for improvements to the Oklahoma City Fairgrounds, not including operational costs (herein referred to as "Fairgrounds Development"); and

(3) One-eleventh (1/11) of the Hotel Tax Revenues (the "Event Development Portion") shall be expended for the sponsorship and/or promotion of events recommended by the Oklahoma City Convention and Visitors Commission and anticipated to enhance the local economy through increased convention and/or tourism (visitor) activity in the City (herein referred to as "Event Development").

Provided, the expenditures specified above may be reduced proportionately in the amount(s) determined by the City Council to be necessary to defray any or all reasonable and necessary

expenses and costs of the City or its agent(s) or contractor(s) in collecting, enforcing, and/or administering the taxes levied by this article and/or in administering and implementing the expenditures specified in this section; provided further, the tax levied by this article may also be expended to pay principal and interest on and costs of issuance and/or administration of bonds, notes or other obligations issued by a City public trust for the purpose of encouraging, promoting and/or fostering the convention and/or tourism (visitor) development of the City.

WHEREAS, the City and the Authority have determined that the best use of the revenues of the Fairgrounds Development Portion of the Hotel Tax Revenue is to support a hotel tax revenue bond issue or issues for the purpose of providing funds to develop the City's fairgrounds; and

WHEREAS, a first lien on both the Convention and Tourism Development Portion and the Fairgrounds Development Portion of the Hotel Tax Revenues is necessary for the marketing of and security for the proposed hotel tax revenue bonds; and

WHEREAS, a General Bond Indenture (as amended and supplemented, the "Indenture") has been entered into between the Authority and J.P. Morgan Trust Company, National Association (the "Trustee"), acting as trustee bank for the purposes of prescribing the manner, terms, conditions, security, creation of funds, uses and payments of revenues and other conditions under which bonds may be issued pursuant to Supplemental Indentures for the purpose of improving the fairgrounds of the City or any other lawful purpose; and

WHEREAS, the Authority is issuing its \$52,820,000 Hotel Tax Revenue Bonds, Series 2005 (the "Series 2005 Bonds") for the purpose of funding initial projects at the fairgrounds (the "Projects") under a Series 2005 Supplemental Indenture; and

WHEREAS, in order to secure the payment of the Series 2005 Bonds and any additional bonds that may be issued in the future under one or more Supplemental Indentures for the purpose of funding any additional projects at the fairgrounds ("Additional Bonds" and collectively with the Series 2005 Bonds, the "Bonds") and provide assurance that the Convention and Tourism Development Portion and the Fairgrounds Development Portion of the Hotel Tax Revenues will be received by the Authority, it is necessary that this Security Agreement be entered into; and

WHEREAS, all things to be done to make this Security Agreement a valid and binding agreement by and between the City and the Authority have been done, happened and performed.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants expressed herein and the issuance of the Series 2005 Bonds by the Authority and other good and valuable consideration, receipt of which is hereby acknowledged by the parties hereto, the City and the Authority, agree as follows:

SECTION 1. That the Authority shall issue its Series 2005 Bonds and use the proceeds thereof for the purpose of paying the cost of the Projects.

SECTION 2. In consideration thereof, the City agrees to apportion or appropriate each year the Hotel Convention and Tourism Development Portion and the Fairgrounds Development Portion of the Hotel Tax Revenue to be paid over to the Authority for deposit in the Revenue Fund monthly on or before the 15th day of the month immediately following the month of receipt by the City to be used only for the authorized purposes of the Convention and Tourism Development Portion and the Fairgrounds Development Portion of the Hotel Tax Revenue as set forth in the Ordinance and elsewhere herein. The provisions of this Section 2 shall be subject to the limitations and provisions of Section 5 hereof.

SECTION 3. The Authority agrees to transfer, or cause the Trustee to transfer, moneys in the Revenue Fund as follows:

(A) From the first revenues deposited in the Revenue Fund each month, as soon as possible, the following transfers or payments in the listed order of priority:

(1) On or before the 25th day of each month transfer to the Interest Account of the Bond Fund an amount equal to one-sixth (1/6th) of the interest due and payable on the Bonds on the next succeeding semi-annual interest payment date for each series of Bonds (less any accrued interest or interest capitalized from bond proceeds and held in the Interest Account therefor).

(2) On or before the 25th day of each month transfer to the Principal Account of the Bond Fund an amount equal to one-twelfth (1/12th) of the principal due and payable on the Bonds on the next succeeding annual principal payment or mandatory redemption date for each series of Bonds.

(3) The amount necessary to re-establish the Reserve Requirement by equal monthly transfers within twenty-four (24) months from the creation of such deficiency shall be transferred to the Bond Fund Reserve.

(4) The amount necessary to pay the fees and expenses of the Trustee due under the Indenture.

Any surplus monies contained in the Principal or Interest Accounts either through interest earnings or otherwise shall act as a credit, thus reducing the next required monthly transfer to said Account by the amount of such surplus.

(B) Any balance in the Revenue Fund after the transfers required by (A), above, have been made shall be transferred monthly to the City for deposit and use as set forth in Section 4. of this Security Agreement.

SECTION 4. The City agrees, upon receipt of the surplus transfer from Section 4 hereof, as follows:

(A) . An amount equal to the Convention and Tourism Development Portion shall be deposited to a special account of the City and used, subject to the proviso contained in the third whereas clause hereof, for any projects, items, costs and/or expenses that encourage, promote and/or foster the convention and/or tourism (visitor) development of the City.

(B) The balance after the transfers under (A) of this Section 4 shall be deposited to a special account of the City and used, subject to the proviso contained in the third whereas clause hereof, for improvements to the Oklahoma City Fairgrounds, not including operational costs.

SECTION 5. It is hereby acknowledged that under Oklahoma Law and Ordinance No. 22,538, the City may not become obligated to transfer money beyond its fiscal year (July 1 through June 30) and the City has no legal obligation or promise to apportion or appropriate increments in future years, and therefore the covenants to transfer made herein by the City shall be on a year-to-year basis to be renewed by the annual apportionment or appropriation for additional one year periods on July 1 of each year until such time as the principal of and interest on all Bonds have been paid or the Hotel Tax Revenue has ended.

SECTION 6. It is understood and agreed that this Security Agreement is a third party beneficiary contract for the benefit of the owners of the Bonds and may be pledged and assigned by the Authority as security for its Bonds to be issued pursuant to the Indenture and all obligations issued on a parity therewith.

SECTION 7. This Security Agreement shall become effective upon the issuance of the Series 2005 Bonds.

IN WITNESS WHEREOF, the Oklahoma City Public Property Authority has caused this Security Agreement to be signed by its Chairman, attested by its Secretary, and has caused the seal of the Authority to be impressed hereon and The City of Oklahoma City, acting by and through its City Council, has caused this Security Agreement to be signed by its Mayor or Vice Mayor, attested by its City Clerk, and has caused the seal of the City to be impressed hereon, all as of the date above set out.

OKLAHOMA CITY PUBLIC PROPERTY  
AUTHORITY



Chairman



Secretary

THE CITY OF OKLAHOMA CITY, OKLAHOMA



Mayor



City Clerk