

**PRELIMINARY OFFICIAL STATEMENT DATED JUNE 30, 2022**

**NEW ISSUE: BOOK-ENTRY-ONLY**

**Ratings: Standard and Poor's: "AAA"  
Moody's: "Aaa"  
(See "RATINGS" herein.)**

*In the opinion of The Public Finance Law Group, PLLC, Oklahoma City, Oklahoma, and Williams, Box, Forshee & Bullard, P.C., Oklahoma City, Oklahoma, acting as co-Bond Counsel ("Co-Bond Counsel") with respect to Oklahoma City Water Utilities Trust, Series 2022 Taxable Bonds (the "Series 2022 Taxable Bonds"), interest on the Series 2022 Taxable Bonds is included in gross income for federal income tax purposes. Co-Bond Counsel is also of the opinion that, under existing Oklahoma statutes, interest on the Series 2022 Taxable Bonds is exempt from Oklahoma income taxation. See "TAX MATTERS" herein.*

**OKLAHOMA CITY WATER UTILITIES TRUST**

**Oklahoma City, Oklahoma**

**\$270,170,000\***

**Utility System Revenue Refunding Bonds, Taxable Series 2022**

**Dated Date:** Date of Delivery

**Due:** July 1, as shown on inside cover

The Utility System Revenue Refunding Bonds, Taxable Series 2022 (the "Series 2022 Taxable Bonds") are being issued by the Oklahoma City Water Utilities Trust (the "Issuer"). The Series 2022 Taxable Bonds, and other available monies, will provide funds to refund \$281,930,000\* of the Issuer's outstanding Water and Sewer Revenue System Bonds, Series 2013, Series 2015, and Series 2016 (see APPENDIX F – Schedule of Refunded Bonds), in order to lower the overall senior lien debt service payments and pay the cost of issuance of the Series 2022 Taxable Bonds. The Series 2022 Taxable Bonds are being issued under an Amended and Restated General Bond Indenture dated April 1, 1987 (the "General Bond Indenture"), as previously supplemented, and as supplemented and amended by a Series 2022 Supplemental Bond Indenture dated as of July 1, 2022 by and between the Issuer and BancFirst, Oklahoma City, Oklahoma, as trustee (the "Trustee"). The General Bond Indenture as so supplemented is herein referred to as the "Indenture".

The Series 2022 Taxable Bonds, together with the Issuer's Outstanding Bonds and any Additional Bonds issued under the Indenture, are limited and special obligations of the Issuer secured by and payable solely from the Trust Estate, as defined herein, including the Gross Revenues, as defined herein, derived by the Issuer from the operation of the System, as defined herein, and the monies received by the Issuer pursuant to the Lease Agreement, as defined herein. Neither the faith and credit nor the taxing power of the State of Oklahoma, any county, municipality, political subdivision or governmental unit or agency thereof or of the City of Oklahoma City, Oklahoma (the "City"), is or shall be pledged to the payment of principal of or interest on the Series 2022 Taxable Bonds. THE ISSUER HAS NO TAXING POWER.

The Series 2022 Taxable Bonds will be initially issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Series 2022 Taxable Bonds. Beneficial ownership interests will be available to purchasers in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive physical bond certificates representing their interest in the Series 2022 Taxable Bonds purchased. As long as DTC or its nominee is the registered owner of the Series 2022 Taxable Bonds, principal of, premium, if any, and interest on the Series 2022 Taxable Bonds will be payable by the Trustee, as Paying Agent and Registrar to DTC, or its nominee, which will remit such payments in accordance with its normal procedures, as described herein. See "DESCRIPTION OF THE SERIES 2022 TAXABLE BONDS - Book-Entry-Only System" herein.

Principal of the Series 2022 Taxable Bonds, payable annually on each July 1, beginning July 1, 2023 and interest on the Series 2022 Taxable Bonds, payable initially on January 1, 2023 and thereafter on each January 1 and July 1.

**SEE INSIDE COVER PAGE FOR MATURITY SCHEDULE**

The Series 2022 Taxable Bonds maturing on and after July 1, 2032, shall be subject to redemption at the option of the Issuer in whole at any time or in part on any interest payment date on and after July 1, 2031, at a price of par plus accrued interest. The Series 2022 Taxable Bonds are also subject to special redemption as provided herein.

The Series 2022 Taxable Bonds are offered when, as and if issued and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by The Public Finance Law Group PLLC, and Williams, Box, Forshee & Bullard, P.C., Co-Bond Counsel, all of Oklahoma City, Oklahoma. Certain legal matters will be passed upon for the Issuer by the Office of the Municipal Counselor, Oklahoma City, Oklahoma. Certain legal matters will be passed upon by Kutak Rock LLP as Special Tax Counsel and as Disclosure Counsel and by [ ] as Counsel to the Underwriters. It is expected that the Series 2022 Taxable Bonds will be available for delivery to the Trustee on behalf of DTC on or about July 26, 2022.

**TBD**

*(THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.)*

\*Preliminary; subject to change.

**OKLAHOMA CITY WATER UTILITIES TRUST**  
**Oklahoma City, Oklahoma**

**\$270,170,000\***

**Utility System Revenue Refunding Bonds, Taxable Series 2022**

**Amounts, Maturities, Interest Rates and Yields**

\$\_\_\_\_\_ \* **Serial Series 2022 Taxable Bonds**

<u>Maturity</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP (1)</u>	<u>Maturity</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP (1)</u>
				678657					678657
				678657					678657
				678657					678657
				678657					678657
				678657					678657
				678657					678657
				678657					678657
				678657					678657
				678657					678657
				678657					678657

\$\_\_\_\_\_ % Term-Series 2022 Bond Maturing July 1, 20\_\_ – Yield \_\_\_\_\_%, CUSIP No. 678657\_\_

CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein provided by CUSIP Global Services (“CGS”), managed on behalf of the American Bankers Association by FactSet Research Systems. This information is not intended to create a database and does not serve in any way as a substitute for services provided by CGS. CUSIP numbers have been assigned by an independent company not affiliated with the Issuer or the Underwriters and are included solely for the convenience of the registered and beneficial owners of the Series 2022 Taxable Bonds. None of the Issuer or the Underwriters is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2022 Taxable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2022 Taxable Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2022 Taxable Bonds.

\*Preliminary; subject to change.

## CITY OF OKLAHOMA CITY, OKLAHOMA

### Elected Officials

<u>Name</u>	<u>Position</u>
David Holt .....	Mayor
Bradley Carter .....	Ward 1
James Cooper.....	Ward 2
Barbara Young.....	Ward 3
Todd Stone.....	Ward 4
David Greenwell .....	Ward 5
JoBeth Hamon.....	Ward 6
Nikki Nice .....	Ward 7
Mark K. Stonecipher .....	Ward 8

## OKLAHOMA CITY WATER UTILITIES TRUST

### Trustees

<u>Name</u>	<u>Position</u>
David Holt.....	Trustee – Mayor
James D. Couch, Chairman .....	Independent Trustee
Craig Freeman.....	Trustee – City Manager
Todd Stone.....	Trustee – Council Member
Sharon Voorhees .....	Independent Trustee

### *Surrogate Trustees*

Laura A. Johnson.....	City Manager Surrogate – Assistant City Manager
Mark K. Stonecipher, Vice-Chairman .....	Mayor Surrogate – Council Member

### Administration

Chris Browning.....	General Manager / Utilities Director
Bret Weingart .....	Assistant Utilities Director
Vanessa Aguilar .....	Business Manager
Amy K. Simpson .....	Secretary – City Clerk
Crystal Kowalik, P.E.....	Engineering Manager
Jeffrey Bolden .....	Water Quality Superintendent
Vacant .....	Wastewater Quality Superintendent
Allen McDonald.....	Line Maintenance Superintendent
Michelle Lisenby.....	Utilities Customer Services Superintendent
Byren Trent .....	Southeast Water Supply Superintendent
James Linn.....	Solid Waste Management Superintendent
Jerry Johnson .....	Fleet Services Manager
Vacant .....	Utilities Business System Manager

### Co-Bond Counsel

The Public Finance Law Group PLLC  
Oklahoma City, Oklahoma

Williams, Box, Forshee & Bullard, P.C.  
Oklahoma City, Oklahoma

### Financial Advisor

PFM Financial Advisors, LLC  
Austin, Texas

### Special Tax and Disclosure Counsel

Kutak Rock LLP  
Denver, Colorado

## REGARDING USE OF THE OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the U.S. Securities and Exchange Commission (the “Rule”), this document constitutes an Official Statement of the Issuer with respect to the Bonds defined in this Official Statement that has been deemed “final” by the Issuer as of its date except for the omission of no more than the information permitted by the Rule.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than as contained in this Official Statement, and if given or made, any such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2022 Taxable Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the Issuer and other sources which are believed to be reliable. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information and this Official Statement is not to be construed as the promise or guarantee of the Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the information or opinions set forth herein after the date of this Official Statement.

This Official Statement contains statements that are “forward looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “intend,” “expect” and similar expressions are intended to identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date hereof.

**THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. THE COVER PAGE IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.**

Any statements contained in this Official Statement involving matters of opinion, estimations, or projections, whether or not expressly so stated, are intended as such and not as representation of facts. This Official Statement shall not be construed as a contract or agreement between the Issuer, and the purchasers or registered owners of any of the Series 2022 Taxable Bonds.

Internet addresses herein are provided as a matter of convenience for the purchasers of the Series 2022 Taxable Bonds. The Issuer does not incorporate herein any information provided at such internet address or any other internet addresses that may be contained therein or herein, and the information at such internet address or internet addresses is not to be construed or incorporated as part of this Official Statement.

**NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE TAXABLE SERIES 2022 BONDS OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE TAXABLE SERIES 2022 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

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## SELECTED DATA FROM THE OFFICIAL STATEMENT

The following information is furnished solely to provide limited introductory information regarding Oklahoma City Water Utilities Trust's (the "Issuer") Utility System Revenue Refunding Bonds, Series 2022 (the "Series 2022 Taxable Bonds"). All such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Official Statement, including the Appendices hereto.

<b>The Issuer</b> .....	Oklahoma City Water Utilities Trust (formerly Oklahoma City Municipal Improvement Authority).
<b>Authority for Issuance</b> .....	The Series 2022 Taxable Bonds are issued pursuant to Title 60, Oklahoma Statutes, 2011, Sections 176 to 180.4 as amended, an Amended and Restated General Bond Indenture dated April 1, 1987 (the "General Bond Indenture"), as supplemented and amended by a Series 1999A Supplemental Bond Indenture dated as of February 1, 1999 (the "Series 1999A Supplemental Bond Indenture"), as supplemented and amended by a Series 2004 Supplemental Bond Indenture dated as of June 1, 2004 (the "Series 2004 Supplemental Bond Indenture"), as supplemented by a Series 2009A and Series 2009B Supplemental Bond Indenture dated as of September 1, 2009 (the "Series 2009A and Series 2009B Supplemental Bond Indenture"), as supplemented by a Series 2011 Supplemental Bond Indenture dated as of January 1, 2011 (the "Series 2011 Supplemental Bond Indenture"), as supplemented by a Series 2013 Supplemental Bond Indenture dated as of March 1, 2013 (the "Series 2013 Supplemental Bond Indenture"), as supplemented by a Series 2015 Supplemental Bond Indenture dated as of February 1, 2015 (the "Series 2015 Supplemental Bond Indenture"), as supplemented by a Series 2016 Supplemental Bond Indenture dated as of November 1, 2016 (the "Series 2016 Supplemental Bond Indenture"), as amended by an Amendment to General Bond Indenture dated as of March 1, 2021, and as supplemented and amended by a Series 2022 Supplemental Bond Indenture dated as of July 1, 2022 (the "Series 2022 Supplemental Bond Indenture") by and between the Issuer and BancFirst, Oklahoma City, Oklahoma as trustee (the "Trustee"). The General Bond Indenture as so supplemented is herein referred to as the "Indenture".
<b>Security</b> .....	The Series 2022 Taxable Bonds are secured on a parity with all other bonds outstanding under the Indenture by the Gross Revenues pledged from the Issuer's water, sewer, and solid waste management systems.
<b>Purpose</b> .....	The Utility System Revenue Refunding Bonds, Taxable Series 2022, and other available monies, will provide funds to refund \$281,930,000* of the Issuer's outstanding Water and Sewer Revenue System Bonds, Series 2013, Series 2015, and Series 2016 (collectively, the "Refunded Bonds") (see APPENDIX F – Schedule of Refunded Bonds), in order to lower the overall senior lien debt service payments and pay the cost of issuance of the Series 2022 Taxable Bonds.
<b>Optional Redemption</b> .....	Series 2022 Taxable Bonds maturing on and after July 1, 2032, shall be subject to redemption on and after July 1, 2031, in whole or in part at any time upon 30 days notice at par and accrued interest. See "DESCRIPTION OF THE SERIES 2022 TAXABLE BONDS – Redemption."
<b>Mandatory Redemption</b> .....	Term Bonds shall be subject to mandatory redemption at par, and by lot, in the amounts and on the dates of the consecutive maturities shown in the maturity schedule shown herein. See "DESCRIPTION OF THE SERIES 2022 TAXABLE BONDS - Redemption".
<b>Special Redemption</b> .....	In whole on any date and in part on any interest payment date, at the option of the

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\* Preliminary, subject to change.

	Issuer, if payment is made from funds derived from special circumstances at par and accrued interest as more fully described herein.	
<b>Other Conditions Causing Acceleration of Principal Payments</b> .....	Upon the occurrence of an Event of Default and upon written request of the holders of more than 51% of the principal amount of all bonds outstanding under the Indenture, the Trustee may declare all bonds immediately due and payable.	
<b>Denominations</b> .....	\$5,000 or integral multiples thereof.	
<b>Record Date</b> .....	The 15th day of the month preceding the payment date.	
<b>Principal Payments</b> .....	Annually commencing July 1, 2023, by check, draft or wire of the Registrar to the owner as of the record date.	
<b>Interest Payments</b> .....	Semiannually on January 1, and July 1, commencing January 1, 2023, by check, draft or wire of the Registrar to the owner as of the record date.	
<b>Timing of Notices to Securities Holders</b> .....	<u>Redemption:</u> At least 30 days' notice. <u>Event of Default:</u> Within 30 days after receipt of Notice of an Event of Default (unless the Event of Default has been cured).	
<b>Tax Status</b> .....	In the opinion of Co-Bond Counsel, interest on the Series 2022 Taxable Bonds is included in gross income for federal income tax purposes. Co-Bond Counsel is also of the opinion that, under existing Oklahoma statutes, interest on the Series 2022 Taxable Bonds is exempt from Oklahoma income taxation. See "TAX MATTERS" herein.	
<b>Professional Consultants</b> .....	<i>Financial Advisor:</i>	PFM Financial Advisors, LLC Austin, Texas
	<i>Co-Bond Counsel:</i>	The Public Finance Law Group PLLC and  Williams, Box, Forshee & Bullard, P.C. Oklahoma City, Oklahoma
	<i>Special Tax Counsel:</i>	Kutak Rock LLP, Denver, Colorado
	<i>Disclosure Counsel:</i>	Kutak Rock LLP, Denver, Colorado
	<i>Trustee/Registrar:</i>	BancFirst, Oklahoma City, Oklahoma
<b>Legal Matters</b> .....	Legal matters incident to the authorization and issuance of the Series 2022 Taxable Bonds are subject to the opinion of The Public Finance Law Group PLLC, and Williams, Box, Forshee & Bullard, P.C., acting as Co-Bond Counsel (herein referred together as "Co-Bond Counsel"), as to validity. The opinion will be substantially in the form set forth in Appendix D hereto. Co-Bond Counsel have not participated in the preparation of this Official Statement except for information under the captions "DESCRIPTION OF THE SERIES 2022 TAXABLE BONDS", "TAX MATTERS" and "LEGAL MATTERS" and Appendices C and D hereto.	
<b>Conditions Affecting Issuance of the Series 2022 Bonds</b> .....	The Series 2022 Taxable Bonds are offered when, as and if issued, subject to the approving legal opinion of Co-Bond Counsel.	
<b>Delivery</b> .....	On or about July 26, 2022. Payable in immediately available funds.	
<b>Book-Entry-Only</b> .....	The Series 2022 Taxable Bonds will be initially issued as book-entry-only securities through The Depository Trust Company. See "DESCRIPTION OF THE SERIES	



2022 TAXABLE BONDS – Book-Entry Only System”.

<b>Limitations on Transfer of..... Securities</b>	No dealer, broker, salesman or other person has been authorized by the Issuer, the Financial Advisor or the Underwriters to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such information and representations must not be relied upon as having been authorized by the Issuer, the Financial Advisor or the Underwriters.
<b>Limitations on Offering or..... Reoffering Securities</b>	This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Series 2022 Taxable Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.
<b>No Litigation.....</b>	There is no litigation now pending or, to the knowledge of the Issuer’s officials, threatened which questions the validity of the Series 2022 Taxable Bonds or of any proceedings of the Issuer taken with respect to the issuance or sale thereof.
<b>Continuing Disclosure.....</b>	In order to assist the Underwriters in complying with the continuing disclosure requirements of SEC Rule 15c2-12, the Issuer will provide an executed copy of its Continuing Disclosure Agreement. See “CONTINUING DISCLOSURE” and APPENDIX E – “FORM OF CONTINUING DISCLOSURE AGREEMENT” herein.

Questions regarding the Series 2022 Taxable Bonds or the Official Statement can be directed to and additional copies of the Official Statement, the Issuer’s audited financial reports and the Indenture may be obtained from PFM Financial Advisors, LLC, 111 Congress Avenue, Suite 2150, Austin, Texas 78701, (512) 472-7194, the Issuer’s Financial Advisor, or Vanessa Aguilar, Business Manager, Oklahoma City Water Utilities Trust, 420 West Main Street, 5<sup>th</sup> Floor, Oklahoma City, Oklahoma 73102.

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## **OFFICIAL STATEMENT**

relating to

### **OKLAHOMA CITY WATER UTILITIES TRUST Oklahoma City, Oklahoma**

**\$270,170,000\***

### **Utility System Revenue Refunding Bonds, Taxable Series 2022**

#### **INTRODUCTION**

This Official Statement, which includes the cover page hereof, the Selected Data from the Official Statement and the Appendices hereto, provides certain information regarding the Oklahoma City Water Utilities Trust (the “Issuer”) and the issuance by the Issuer of \$270,170,000\* Utility Revenue Refunding Bonds, Taxable Series 2022 (the “Series 2022 Taxable Bonds”). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Indenture described herein, except as otherwise indicated herein. See Appendix C - “Excerpts From the Amended and Restated Bond Indenture Dated as of April 1, 1987, as Amended and Supplemented for The Oklahoma City Municipal Improvement Authority presently the Oklahoma City Water Utilities Trust”. There follows in this Official Statement descriptions of the Series 2022 Taxable Bonds and certain information regarding the Issuer and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the Issuer’s Financial Advisor, PFM Financial Advisors, LLC, Austin, Texas.

#### **DESCRIPTION OF THE SERIES 2022 TAXABLE BONDS**

##### **Authorization of the Series 2022 Taxable Bonds**

The Series 2022 Taxable Bonds are issued pursuant to the provisions of and in full compliance with the Constitution and Laws of the State of Oklahoma, particularly Title 60, Oklahoma Statutes, 2011, Sections 176 to 180.4, as amended. The Series 2022 Taxable Bonds are issued under and are equally and ratably secured as to principal and interest by an Amended and Restated General Bond Indenture, dated as of April 1, 1987 (the “General Bond Indenture”), as supplemented and amended by a Series 1999A Supplemental Bond Indenture dated as of February 1, 1999 (the “Series 1999A Supplemental Bond Indenture”), as supplemented and amended by a Series 2004 Supplemental Bond Indenture dated as of June 1, 2004 (the “Series 2004 Supplemental Bond Indenture”), as supplemented by a Series 2009A and Series 2009B Supplemental Bond Indenture dated as of September 1, 2009 (the “Series 2009A and Series 2009B Supplemental Bond Indenture”), as supplemented by a Series 2011 Supplemental Bond Indenture dated as of January 1, 2011 (the “Series 2011 Supplemental Bond Indenture”), as supplemented by a Series 2013 Supplemental Bond Indenture dated as of March 1, 2013 (the “Series 2013 Supplemental Bond Indenture”), as supplemented by a Series 2015 Supplemental Bond Indenture dated as of February 1, 2015 (the “Series 2015 Supplemental Bond Indenture”), as supplemented by a Series 2016 Supplemental Bond Indenture dated as of November 1, 2016 (the “Series 2016 Supplemental Bond Indenture”), as amended by an Amendment to General Bond Indenture dated as of March 1, 2021, and as supplemented and amended by a Series 2022 Supplemental Bond Indenture dated as of July 1, 2022 (the “Series 2022 Supplemental Bond Indenture”) by and between the Issuer and BancFirst, Oklahoma City, Oklahoma, as trustee (the “Trustee”). The General Bond Indenture as so supplemented and amended is herein referred to as the “Indenture”.

##### **Purpose of the Series 2022 Taxable Bonds**

The Series 2022 Taxable Bonds, and other available monies, will provide funds to refund \$281,930,000\* of the Issuer’s outstanding Water and Sewer Revenue Bonds, Series 2013, Series 2015, and Series 2016 (collectively, the “Refunded Bonds”), in order to lower the overall senior lien debt service payments and pay the cost of issuance of the Series 2022 Taxable Bonds. Proceeds of the Series 2022 Bonds will be escrowed for payment of certain maturities of the Refunded

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\* Preliminary, subject to change.

Bonds on their respective maturity dates, at a price equal to the principal amount thereof plus interest accrued thereon to the date of redemption, or the Refunded Bonds will be called for redemption as shown in Appendix F.

The Refunded Bonds, and interest due thereon, are to be paid as shown in Appendix F hereto from funds to be deposited with BancFirst, Oklahoma City, Oklahoma (the “Escrow Agent”) pursuant to Special Escrow Fund Agreement dated as of the date of delivery of the Series 2022 Taxable Bonds (the “Escrow Agreement”).

The Bond Resolution (defined below), dated June 21, 2022 (the “Bond Resolution”), and the Escrow Agreement provide that the City will deposit certain proceeds of the sale of the Series 2022 Taxable Bonds along with other lawfully available funds of the Issuer, if any, with the Escrow Agent in the amount necessary to accomplish the discharge and final payment of the Refunded Bonds (see “VERIFICATION OF MATHEMATICAL CALCULATIONS”). Such funds will be held by the Escrow Agent in a trust clearing account to pay the Refunded Bonds on their scheduled redemption date. See APPENDIX F “Description of Refunded Bonds”. Pending the payment of the Refunded Bonds on their scheduled redemption date, the funds held by the Escrow Agent will be invested in direct obligations of the United States of America or its agencies (the “Federal Securities”).

The verification agent will verify at the time of delivery of the Series 2022 Taxable Bonds that the Federal Securities will mature and pay interest, without reinvestment, at such times and in such amounts which, together with uninvested funds, if any, in the Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Refunded Bonds to and on their scheduled redemption dates. Such maturing principal and interest on the Federal Securities will not be available to pay the debt service requirements on the Series 2022 Taxable Bonds.

**Table 1**  
**Series 2022 Taxable Bonds**  
**Estimated Sources and Uses of Funds**

Sources of Funds

Par Amount of the Series 2022 Taxable Bonds	
Net Original Issue Premium	
Other Available Funds	
<b>Total Sources</b>	

Uses of Funds

Deposit to Escrow for Refunded Bonds	
Underwriters’ Discount	
Cost of Issuance (1)	
<b>Total Uses</b>	

- 
- (1) Cost of issuance includes the fees and expenses paid by the Issuer including the following fees/expenses: Co-Bond Counsel, Special Tax/Disclosure Counsel, Financial Advisor, Trustee, Accountants, Rating Agencies, and Financial Printing.

### **The Capital Improvement Program**

The following project list is part of the Issuer’s ongoing commitment to maintain the water, sanitary sewer, and solid waste management systems (herein referred to collectively as the “System”) of the City of Oklahoma City (the “City”). The projects include construction of a second 100-mile raw water pipeline, treatment plant improvements, city-wide main replacements, storage tank rehabilitations and solid waste equipment replacements.

For fiscal years 2023 through 2027, the Issuer has adopted a capital improvement plan of approximately \$1.7 billion (\$1,258.3 million for the Water System, \$432.7 million for the Wastewater System and \$26.3 million for the Solid Waste Management System). The Issuer anticipates funding these capital improvement needs through a combination of net operating revenues and proceeds from the issuance of debt obligations. Proceeds of the Series 2022 Taxable Bonds will not be used for funding of the projects. For fiscal years 2023 and 2024 the estimated cost of these capital projects is \$804.2 million.

	<u>Projects</u>	<u>FY 2023</u>	<u>FY 2024</u>
<b>Water System</b>			
Water - Renewal and Replacement		\$ 74,155,000	\$ 66,128,000
Transmission and Distribution		27,672,000	2,759,000
System Improvements in Response to Growth		248,126,000	154,096,000
Water - Asset Management		-	2,122,000
Water - Capital Plan Program Management		618,000	637,000
Subtotal Water System		\$ 350,571,000	\$ 225,742,000
<b>Wastewater System</b>			
Sewer - Renewal and Replacement		88,454,000	39,178,000
Interceptors		850,000	-
Wastewater Treatment Expansion / Major Improvements		13,324,000	35,554,000
System Improvements in Response to Growth		8,938,000	2,866,000
Sewer - Asset Management		15,300,000	11,515,000
Sewer - Capital Plan Program Management		618,000	637,000
Subtotal Wastewater System		\$ 127,484,000	\$ 89,750,000
<b>Solid Waste Management System</b>			
Solid Waste - Renewal and Replacement		4,678,000	5,923,000
Solid Waste- System Improvements in Response to Growth		0	106,000
Subtotal Solid Waste Management System		\$ 4,678,000	\$ 6,028,000
Total Water, Wastewater, and Solid Waste Management Systems		\$ 482,833,000	\$ 321,520,000

### **Security for the Series 2022 Taxable Bonds**

The Series 2022 Taxable Bonds are being issued on a parity with the Issuer's outstanding bonds (the "Outstanding Bonds") described under the caption "INDEBTEDNESS" herein. The Series 2022 Taxable Bonds, the Outstanding Bonds and any Additional Bonds issued in the future on a parity therewith are collectively herein referred to as the "Bonds".

The Bonds shall be solely the obligations of the Issuer and not of the State of Oklahoma or the City. The Bonds are payable solely out of the Trust Estate, including the income, revenues and receipts derived or to be derived from the Issuer's leasehold interest in the water, sewer, and solid waste management systems of the City leased to the Issuer pursuant to separate lease agreements pertaining to both the water, sewer, and solid waste management systems, respectively. The Bonds are special obligations of the Issuer and do not constitute an obligation, either general or special, of the State of Oklahoma, or the City within the meaning of any constitutional or statutory provisions whatsoever. The Issuer has no taxing power.

The Bonds are special and limited obligations of the Issuer payable from and secured by a pledge of the Trust Estate which consists of (i) the Gross Revenues derived from the Issuer's operation of the System of the City leased to the Issuer pursuant to the Lease Agreement (hereinafter defined), (ii) all funds and accounts (except for the Operating Fund) established by the Indenture, including the income derived from the investment thereof, if any, (iii) the leasehold interest in and to the water system created by the Lease Agreement, as amended, initially dated August 1, 1960, whereby the City leased its water system to the Issuer, (iv) the leasehold interest in and to the sewer system created by the Sewer System Lease Agreement dated July 1, 1986, whereby the City leased its sewer system to the Issuer, and (v) the leasehold interest in and to the solid waste management system created by the Solid Waste Management System Lease Agreement dated March 31, 2021, whereby the City leased its solid waste management system to the Issuer (the lease agreements described in clause (iii), (iv), and (v) shall be hereinafter referred to collectively as the "Lease Agreement"). The Lease

Agreement is assigned pursuant to the Indenture and represents the interest of the Bondowners created, given, granted, assigned, pledged and conveyed by and subject to the terms of the Indenture, and all other contracts and agreements which are pledged to the Trustee under the Indenture as security for the Bonds. In June 2022, the City and the Issuer signed a Lease Extension which extended the term of the Water System and Sewer System Leases until March 31, 2071. The term of the Solid Waste Management System Lease Agreement extends until March 31, 2071. Further, the Lease Agreement provides that it shall remain in effect as long as revenue bonds of the Issuer remain outstanding.

Gross Revenues are defined as (i) all rates, fees, rentals, other charges, income, transfers in and monies properly allocable to the System in accordance with generally accepted accounting principles resulting from the ownership of a leasehold interest in and to the System and as derived by the Issuer from the operation of the System, except customer deposits and any other deposits subject to refund until such deposits have become the property of the Issuer, (ii) the proceeds of any insurance covering interruption loss relating to the System, and (iii) interest on any monies or securities held in any fund or account established by the Indenture and pledged to the payment of the Bonds pursuant to the Indenture; but shall not include proceeds of insurance received with respect to damage or destruction to the System, the proceeds of borrowing or the proceeds of sale or disposition of the System.

#### Indenture Funds and Accounts

The following Funds and Accounts are held by the Trustee under the Indenture and shall be maintained by the Trustee so long as any Bonds remain outstanding for the equal and proportionate benefit of the owners of any of the Bonds from time to time outstanding. Additional Funds and Accounts may be created by any supplemental indenture authorizing a series of bonds to be utilized as set out in such supplemental indenture.

- 1) Construction Fund. The Construction Fund may be held by the Trustee or a separate Construction Fund Trustee as may be provided for in any supplemental indenture. Construction funds shall be used to pay project costs as established by the Indenture or by a duly adopted resolution of the Issuer.
- 2) Revenue Fund. The Revenue Fund shall be held by the Trustee and utilized to receive the Gross Revenues of the System and to make the transfers and payments required in the Indenture.
- 3) Bond Fund. The Bond Fund shall be held by the Trustee and consist of an Interest Account, Principal Account and Bond Reserve Account. Funds in the Bond Fund shall be reserved for the payment of principal of and interest on the Bonds as more fully set out in the Indenture. After the issuance of the Series 2022 Taxable Bonds, the "Reserve Requirement" for each series of bonds shall be established by the respective supplemental indenture. The "Reserve Requirement" for the 2022 Bond Reserve Account shall be \$0.
- 4) Renewal and Replacement Fund. The Renewal and Replacement Fund shall be held by the Trustee. The amounts in the Renewal and Replacement Fund shall be used to pay the cost of extraordinary and unanticipated renewals and replacements to the System. The Renewal and Replacement Fund shall be maintained with a minimum balance of \$600,000 which may be increased by a Supplemental Indenture or by the Issuer's budget.

#### Flow of Funds

Under and pursuant to the terms of the Indenture and Lease Agreement, the Issuer shall deposit the Gross Revenues of the System as received to the credit of the Revenue Fund established by the Indenture. For purpose of the Issuer's books and records the Issuer may direct the Trustee to establish separate accounts within the Revenue Fund in respect to Gross Revenues derived from and attributable to the solid waste management portion, sewer portion and water portion of the System. Subject to the terms of the Indenture, not later than the 28<sup>th</sup> day of each calendar month, the Issuer shall cause to be made the following transfers from the Revenue Fund in the order or priority set forth below:

- (1) Bond Fund.
  - a) *Interest Account*. 1/6th of the interest due on the Bonds or in all cases an amount sufficient to pay the interest due on the next succeeding interest payment date;
  - b) *Principal Account*. 1/12th of the principal due on the Bonds or in all cases an amount sufficient to pay the principal due on the Bonds on the next succeeding principal payment date;
  - c) *Bond Reserve Account*. The amounts, if any, required to be paid in equal monthly installments to reestablish a balance in the Bond Reserve Account to satisfy any applicable Reserve Requirement as may be set

forth in a Supplemental Indenture within twenty-four months from the creation of any deficiency thereon;

- (2) Operation and Maintenance Expenses. Pay, or transfer to the City, the amount necessary to meet Operation and Maintenance Expenses;
- (3) Renewal and Replacement Fund. To the Renewal and Replacement Fund for credit thereto an amount, if any, which will cause the sum deposited therein to be equal to the required minimum balance;
- (4) Administrative Payments. Make payments to the City for administrative services;
- (5) Other Obligations. Make payments for other obligations such as the McGee Creek Authority Support Agreement.

For further information regarding the Indenture, please refer to Appendix C hereto. A copy of the Indenture, if needed, may be requested, The Public Finance Law Group PLLC, 5657 North Classen, Suite 100, Oklahoma City, Oklahoma 73118.

### **Additional Bonds**

Additional Bonds may be issued on a parity with all outstanding Bonds, including the Series 2022 Taxable Bonds, pursuant to supplemental indentures as set forth in the Indenture. Prior to the issuance of Additional Bonds the Issuer must provide an Accountant's Certificate, an Engineer's Certificate or a Financial Advisors Certificate reflecting that Net Revenues Available for Debt Service in twelve consecutive months of the eighteen months immediately preceding the issuance of Additional Bonds shall have been at least equal to 120% of the maximum annual aggregate debt service requirements for all bonds to be outstanding under the Indenture immediately after the delivery of such Additional Bonds. Such Net Revenues Available for Debt Service may be adjusted to reflect rate increases or system additions presented in an engineer's certificate as set forth in the Indenture.

### **Annual Operating Pledge and Debt Service Coverage**

The Issuer shall prescribe and collect rates, fees and charges as may be necessary or proper in order that the Gross Revenues collected in respect to the System will at all times be adequate to maintain the System in good repair and sound operating condition and to pay all operation and maintenance expenses and such rates, fees and charges shall at all times be established and collected so as to render annual Net Revenues Available for Debt Service at least equal to 120% of the maximum annual principal of and interest on all Bonds and to comply in all respects with the terms and provisions of the Indenture. Net Revenues Available for Debt Service are defined as Gross Revenues less: the Operation and Maintenance Expenses of the System (except that: (1) interest on any debt payable from the revenues of the System; (2) depreciation and any other items not requiring the expenditure of cash; (3) any amounts expended for capital replacement, repairs and maintenance not recurring annually (or shorter intervals) or reserves therefore; and (4) reserves for administration, operation and maintenance occurring in the normal course of business, shall not be included as Operation and Maintenance Expenses).

Table 2 below presents Bond Debt Service coverage for parity debt not including the Series 2022 Taxable Bonds and for debt under the McGee Creek Support Agreement maintained by the Issuer for the last five years.

<b>Debt Coverage - Table 2</b>						
(Dollars are in thousands)						
<u>Fiscal Year</u>	<u>Gross Revenue</u>	<u>Operating Expenses</u>	<u>Available for Debt Service</u>	<u>Parity Debt Service<sup>(1)</sup></u>	<u>Parity Debt Coverage</u>	<u>Debt Coverage with McGee Creek<sup>(2)</sup></u>
2017	\$ 251,746	\$ 134,073	\$ 117,672	\$ 34,277	3.43	2.88
2018	264,068	131,011	133,057	34,277	3.88	3.25
2019	270,058	128,155	141,903	34,277	4.14	3.47
2020	293,006	142,376	150,630	34,277	4.39	3.68
2021	357,365	213,172	144,193	25,623	5.63	4.47

(1) See “INDEBTEDNESS - Authority to Issue Debt; Outstanding Bonds” herein.

(2) Transfers for McGee Creek debt service are not parity debt. See “INDEBTEDNESS - Agreements of Support” herein.

## Redemption

### Optional Redemption

The Series 2022 Taxable Bonds maturing on or after July 1, 2032, shall be subject to redemption at the option of the Issuer, on at least thirty (30) days’ notice, in whole or in part at any time, on and after July 1, 2031, at par plus accrued interest to the date fixed for redemption.

### Mandatory Sinking Fund Redemption

The Series 2022 Taxable Bonds maturing on July 1, 20\_\_ and July 1, 20\_\_, are “Term Bonds” and are subject to mandatory Sinking Fund Payments and redemption by lot, in such manner as shall be designated by the Trustee, in principal increments of \$5,000, at a price of par plus accrued interest without premium, on each July 1 in the years and amounts as follows:

<u>Term Bonds Due: July 1, 20__ , \$</u>	<u>Term Bonds Due: July 1, 20__ , \$</u>
<u>July 1</u>	<u>July 1</u>
<u>Payment Amounts</u>	<u>Payment Amounts</u>

If Term Bonds are purchased by the Issuer prior to the due date of any Mandatory Sinking Fund Payment, such Term Bonds so purchased may, at the option of the Issuer, be applied as a credit against any subsequent Mandatory Sinking Fund Payment with respect to such Term Bonds of the series and maturity otherwise to be redeemed, such credit to be equal to the principal amount of such purchased Term Bonds, provided that the Issuer shall have delivered to the Trustee not less than sixty (60) days prior to such redemption date written notice stating its election to apply such Term Bonds as such a credit. In such case, the Trustee shall reduce the amount of the Mandatory Sinking Fund Payment to be made on the Mandatory Sinking Fund Payment Date specified in such Issuer notice by the principal amount of such Term Bonds of the series and maturity so purchased. Any credit given to Mandatory Sinking Fund Payments shall not affect any other Mandatory Sinking Fund Payments, which shall remain payable as otherwise provided in the Indenture, unless and until another credit is given in accordance with the provisions of the Indenture.

### Special Redemption

The Series 2022 Taxable Bonds are subject to redemption at the option of the Issuer from available monies in whole on any date and in part on any interest payment date, if such redemption is made from: (a) insurance proceeds; (b) expropriation awards; (c) the proceeds of the sale of all or part of the System; or (d) payments received from the Issuer pursuant to an Event of Default as defined in the Indenture. In the event that such redemption is made, such redemption shall be made at the principal amount so redeemed and the interest accrued thereon to the redemption date, but without premium.

### Notice and Other Redemption Provisions

Notice of any redemption shall be given by the Trustee, not less than 30 days before the redemption date, by notice by first class mail (postage prepaid) or electronic mail with receipt confirmation to the holder or holders of the Series 2022 Taxable Bonds to be redeemed, directed to the addresses shown on the registration books maintained by the paying agent bank. During the period in which the Series 2022 Taxable Bonds are registered in the name of DTC or its nominee, notice of any redemption will be given to DTC or its nominee as registered owner of the Series 2022 Taxable Bonds in accordance with the provisions of the Securities Depository Letter Agreement with DTC.

No interest shall accrue on any Series 2022 Taxable Bonds called for redemption after the redemption date if the amount of the redemption price and accrued interest to the redemption date for those Series 2022 Taxable Bonds has been duly deposited with the Trustee.

### **Payment of Principal and Interest**

The Series 2022 Taxable Bonds shall be dated as of the date of delivery, be lettered as the Trustee shall determine and be numbered 1 upwards, shall be in fully registered form in the denomination of \$5,000 or with respect to principal maturing on the same date, integral multiples thereof. The Series 2022 Taxable Bonds shall mature on July 1 of each of the years and in the principal amounts and shall bear interest at the rates per annum, all as set forth on the inside cover page hereof.

Interest on the Series 2022 Taxable Bonds shall be payable semiannually on January 1 and July 1 of each year beginning January 1, 2023, and continuing until the principal amount of the Series 2022 Taxable Bonds is paid. Both the principal of and interest on the Series 2022 Taxable Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts at BancFirst, Oklahoma City, Oklahoma (hereinafter called “Trustee” or “Paying Agent”).

Payments of interest due on all such Series 2022 Taxable Bonds shall be remitted to the person appearing as the registered owner on the registration books maintained by the Paying Agent at the close of business on the fifteenth day of the calendar month next preceding an interest payment date. Principal shall be paid to the registered owner thereof upon surrender of the Series 2022 Bond at the principal office of the Trustee.

### **Interest Computation**

Interest on the Series 2022 Taxable Bonds will be computed on a 360-day year, 30-day month basis. Payments coming due on a non-business day will be paid the following business day.

### **Registration and Payment**

The Series 2022 Taxable Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”) which will act as securities depository for the Series 2022 Taxable Bonds. Principal and interest on the Series 2022 Taxable Bonds will be paid by the Issuer’s Paying Agent/Registrar bank to DTC. Disbursement of such payments to the DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of the DTC participants and the Indirect Participants, as more fully described herein. See “Book-Entry-Only System”.



## Book-Entry-Only System

THE INFORMATION IN THIS SECTION, “BOOK-ENTRY-ONLY SYSTEM”, HAS BEEN FURNISHED BY THE DEPOSITORY TRUST COMPANY. NO REPRESENTATION IS MADE BY THE ISSUER AS TO THE COMPLETENESS OR ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OR MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF. NO ATTEMPT HAS BEEN MADE BY THE ISSUER TO DETERMINE WHETHER DTC IS OR WILL BE FINANCIALLY OR OTHERWISE CAPABLE OF FULFILLING ITS OBLIGATIONS. THE ISSUER SHALL HAVE NO RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR THE PERSONS FOR WHICH THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2022 TAXABLE BONDS, OR FOR ANY PRINCIPAL, PREMIUM, IF ANY, OR INTEREST PAYMENT THEREOF.

**The Issuer has elected to utilize the Book-Entry-Only System of DTC, as described under this heading. The obligation of the Issuer is to timely pay the Paying Agent/Registrar the amount due under the Indenture. The responsibilities of DTC, the Direct Participants and the Indirect Participants to the Beneficial Owner of the Series 2022 Taxable Bonds are described herein.**

*This section describes how ownership of the Series 2022 Taxable Bonds is to be transferred and how the principal of, premium, if any, and interest on the Series 2022 Taxable Bonds are to be paid to and credited by DTC, while the Series 2022 Taxable Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Issuer believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

*The Issuer cannot and does not give any assurance that (1) DTC will distribute payment of debt service on the Series 2022 Taxable Bonds, or redemption or other notices to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Series 2022 Taxable Bonds), or redemption or other notices, to the beneficial owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.*

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2022 Taxable Bonds. The Series 2022 Taxable Bonds will be issued as fully-registered Series 2022 Taxable Bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Series 2022 Taxable Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). Direct Participants and Indirect Participants are referred to herein as “Participants”. DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2022 Taxable Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2022 Taxable Bonds on DTC's records. The ownership interest of each actual purchaser of each bond ("Beneficial Owner") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2022 Taxable Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2022 Taxable Bonds, except in the event that use of the book-entry system for the Series 2022 Taxable Bonds is discontinued.

To facilitate subsequent transfers, all Series 2022 Taxable Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2022 Taxable Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2022 Taxable Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2022 Taxable Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2022 Taxable Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2022 Taxable Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Series 2022 Taxable Bonds may wish to ascertain that the nominee holding the Series 2022 Taxable Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2022 Taxable Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2022 Taxable Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2022 Taxable Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Series 2022 Taxable Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Series 2022 Taxable Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

DTC may discontinue providing its services as depository with respect to the Series 2022 Taxable Bonds at any time by giving reasonable notice to the Issuer or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer, the Financial Advisor nor the Underwriter take any responsibility for the accuracy thereof.

## **OKLAHOMA CITY WATER UTILITIES TRUST**

### **General Information**

The Oklahoma City Water Utilities Trust (the "Issuer"), formerly the Oklahoma City Municipal Improvement Authority, was created as a public trust pursuant to Title 60 of the Oklahoma Statutes, Section 176, et seq., as amended. The Issuer was established pursuant to a Trust Indenture dated as of August 1, 1960, as amended and restated by the Oklahoma City Water Utilities Trust Indenture dated April 17, 1990, on behalf of The City of Oklahoma City (the "City"), which is beneficiary of the Issuer. The solid waste management system was leased from the City by OCWUT on March 31, 2021. The purpose of the Issuer is to operate and maintain the City's water, wastewater, and solid waste management utility systems and to provide financing, through loans and the issuance of revenue bonds or other debt instruments, for the construction and acquisition of water, sewer, and solid waste management facilities and other general improvements to and for the extension, repair and replacement of the water, sewer, and solid waste management systems serving the City. The provisions of the Indenture, as amended, provide that the Issuer will lease or otherwise manage the related water, sewer, and solid waste management systems. The Issuer will receive all revenues generated from the water, sewer, and solid waste management systems to pay the debt service requirements on revenue bonds or other debt instruments issued by the Issuer plus costs and expenses incidental to operating and maintaining the water, sewer, and solid waste management systems.

The City Manager, the Mayor, one Council person, and two citizens of the City who are appointed by the City Council serve as trustees of the Issuer. The Issuer does not have the power to levy taxes. The City has no obligation for debt issued by the Issuer.

### Lease Agreement

An agreement dated August 1, 1960, amended July 1, 1986 (the "Water Lease"), between the Issuer and the City basically provides that all City-owned water system assets (as of the date of the Water Lease, as well as property acquired thereafter) would be leased to the Issuer. An agreement dated July 1, 1986 (the "Sewer Lease") between the Issuer and the City, basically provides that all City owned sanitary sewer assets (as of the date of the Sewer Lease, as well as property acquired thereafter) would be leased to the Issuer. A Solid Waste Management Lease Agreement (the "Solid Waste Lease") dated March 31, 2021, between the Issuer and the City, provides that all City-owned solid waste management system assets (as of the date of the Solid Waste Management Lease, as well as property acquired thereafter) is leased to the Issuer. The Water Lease, Sewer Lease, and the Solid Waste Lease are referred to collectively herein as the "Lease Agreement". The Lease Agreement also provides that all revenue generated by these assets will accrue to the Issuer. The Issuer is responsible for payment of all debt service requirements and expenses incident to the management and conservation of the Issuer, as well as for paying or providing for the payment of all costs and expenses of operating, maintaining, and improving the water, sewer, and solid waste management systems.

Pursuant to a Lease Extension dated June 21, 2022, the term of the Water System and Sewer System Leases extends until March 31, 2071. The term of the Solid Waste Management Lease extends until March 31, 2071. Further, the Lease Agreement provides that it shall remain in effect until all indebtedness incurred by OCWUT and secured by the revenues of the Trust Estate or from the revenues derived therefrom, has been paid or provision for the payment thereof has been made.

### Operating Expenses

The Issuer has chosen to provide for the operations, maintenance, and improvements of the Systems through the City's Utilities Department. The City Council of the City approves budgets for water, wastewater, and solid waste management operations separately. These budgets are set up in separate funds apart from the City's General Fund. The Issuer prefunds water, sewer, and solid waste management operations as necessary in amounts not to exceed approved budgets. Appropriations not expended during a fiscal year remain in the fund for future use by the utility and are not forfeited to the City.

The Issuer pays a fee to the City calculated on two percent of water and wastewater receipts from inside Oklahoma City customers. A franchise fee is also paid to the City of Warr Acres, the Town of Lake Aluma and the City of The Village based on the same calculation for customers in each respective city. In addition, as consideration for the Lease Extension entered into in May 2003, the Issuer has agreed to pay an administrative fee equal to 1 percent of receipts from inside Oklahoma City customers to the City.

## **Employees**

The Issuer does not have any employees. A majority of operations are performed by City employees. A private contractor, Inframark, LLC operates and maintains the four wastewater treatment facilities.

There are 808 employee positions providing for water, wastewater and solid waste management services in the Utilities Department. The employees are allocated as follows: Water, 420, Wastewater, 278, and Solid Waste Management, 110. The American Federation of State, County and Municipal Employees (AFSCME) represent 362 water and wastewater system and 55 solid waste management employees. AFSCME's current contract extension expires June 30, 2022. However, they have voted to extend it beyond the current expiration date.

## **The Water, Wastewater, and Solid Waste Management Systems**

### Service Area

The Service Area of the Issuer includes the corporate limits of Oklahoma City, most other communities within its Combined Statistical Area, and areas along the raw water pipelines to Lakes Atoka and McGee Creek. In addition to Oklahoma City, retail individual water service is also provided to all customers located in the cities of Warr Acres and The Village. Wholesale drinking water service is provided to the following communities: Blanchard, Edmond, El Reno, Moore, Mustang, Newcastle, Norman, Piedmont, Yukon, Canadian County Water Authority, and Tinker Air Force Base. Raw water supply is provided to the communities of Atoka, Pottawatomie County Rural Water District #3, and Shawnee. The McGee Creek Authority provides raw water to the Atoka Rural Water District #4. Private raw water service is provided to Oklahoma Gas & Electric Company (Mustang and Seminole Electric Generating Plants), Lattimore Materials Corp., and Stability Strategic Management LLC.

The wastewater system currently provides retail wastewater service to customers within the corporate limits of Oklahoma City, The Village, Nichols Hills, and Tinker Air Force Base. Wholesale wastewater service is provided to Piedmont and Moore. Reclaimed wastewater supply is provided to Oklahoma Gas & Electric for two other power plants (Redbud Energy and McClain). Individual water and wastewater service is also provided to a number of unincorporated areas within the counties surrounding Oklahoma City.

The solid waste management system provides residential solid waste services for the City, serving 210,755 urban and 9,532 rural residential customers within the City limits as well as limited commercial service to 5,269 customers. Collection of residential solid waste is performed by both City and privately contracted crews. City crews service 82,336 urban customers, and the contracted crews service 128,419 urban customers and 9,532 rural customers. Four landfills have been contracted for the disposal of residential solid waste collected within the City. In addition, various environmental services including street sweeping, cleanup of illegal trash dump on the right of way and assistance with storm debris collection throughout the City are provided.

### Supply

Oklahoma City receives water from two sources. First, the North Canadian River and Canton Reservoir provide raw water to Lakes Overholser and Hefner, and second, Lake Draper receives raw water via a 100-mile conduit from Lake Atoka and McGee Creek Reservoir, in southeastern Oklahoma.

The Issuer has taken steps to guarantee that water supply will be adequate in the years to come. Canton Reservoir is a federal multipurpose facility located upstream of Oklahoma City on the North Canadian River. In 1991, the Issuer contracted with the United States Corps of Engineers for storage in Canton Reservoir to supplement owned storage in Lakes Overholser and Hefner. The Issuer owns and has the vast majority of the water rights in Lake Atoka. Additionally, the Issuer is a participant and beneficiary of the McGee Creek Authority, an owner of storage rights in

McGee Creek Reservoir, assuring an additional southeastern water supply that can be transported via Lake Atoka's pipeline.

The Trust continuously plans for future water supply needs and has secured additional water rights in southeast Oklahoma from the Sardis Reservoir in the Kiamichi River basin. The construction of a 30-mile pipeline connecting the Kiamichi River to the existing water supply system is anticipated to begin within the next eight years.

Additionally, on June 15, 2010, the Issuer entered into a Storage Contract Transfer Agreement with the State of Oklahoma to acquire water storage rights in Lake Sardis in the Kiamichi River basin in southeastern Oklahoma. Lake Sardis was originally constructed by the United States Army Corps of Engineers for the purpose of flood protection; however, representatives from Oklahoma lobbied Congress and the purpose of Lake Sardis was expanded to provide municipal and industrial water storage. The Issuer and the City of Oklahoma City have a pending application with the Oklahoma Water Resources Board for an additional 136,000 acre-feet of stream water rights in the Kiamichi basin. As part of the settlement of the existing litigation of the water rights, the City of Oklahoma City has agreed to amend this application to provide for an additional 115,000 acre feet of stream water rights in the Kiamichi Basin. The 50 year long range water plan envisions Lake Sardis being tied by a pipeline to Lake Stanley Draper, in southeastern Oklahoma City, to provide water to Oklahoma City and metro area residents.

#### Water System Facilities and Distribution

The water treatment and pumping facilities consist of:

- 1) The Lake Hefner Water Treatment Plant which has a maximum filtering rate of 176 m.g.d. The maximum pumping rate to the distribution system is 160 m.g.d.; and
- 2) The Lake Draper Water Treatment Plant which has a maximum filtering rate of 162 m.g.d. The maximum pumping capacity is 254 m.g.d.

Treated water is distributed throughout the Water System through 4,058 miles of pipe ranging in size from 2-inch to 72-inch diameters. Service is provided to all major developed areas within the City and to water users of most adjacent cities. Nine elevated and ground tanks provide a total storage on the distribution system of 21.28 million gallons. Eleven remotely controlled booster pumping stations and three fire pump stations increase pressure and flow to serve customers.

#### Wastewater System Facilities

*Chisholm Creek Plant* - a 10 m.g.d. tertiary wastewater treatment plant with a 18 m.g.d. peak loading range. The plant accomplishes primary treatment by sedimentation, secondary treatment by activated sludge process, ammonia removal by biological means followed by gravity filters. The plant was placed in service in October, 1978, and is presently treating 5.6 m.g.d. dry weather flow.

*Deer Creek Plant* - a 15 m.g.d. tertiary wastewater treatment plant with a 22.5 m.g.d. peak loading range. The plant accomplishes primary treatment by sedimentation, secondary treatment by activated sludge process, ammonia removal utilizing biological means and followed by gravity filters. The plant was placed in service in July, 1981, and is presently treating 10.6 m.g.d. dry weather flow.

*North Canadian Plant* - a 80 m.g.d. activated sludge wastewater treatment plant with peak loading rate of 120 m.g.d. It is a secondary activated sludge plant presently designed for carbonaceous and nitrogenous removal. The plant accomplishes primary treatment utilizing sedimentation; secondary treatment is accomplished utilizing activated sludge processes. The plant includes final effluent filtration with sand filters. The facility is presently treating 40 m.g.d. dry weather flow.

*South Canadian Plant* - a 6 m.g.d. sequential batch reactor wastewater treatment plant with peak flow rate range of 9 m.g.d. The plant is designed to remove ammonia as well as carbonaceous material and the final effluent is filtered with sand filters. The plant is presently treating 5.2 m.g.d. dry weather flow. The plant was placed in service in July, 1986.

### Billing, Collections and Enforcement Procedures

All water, sewer, and solid waste management service charges are billed and collected by the Customer Service Division of the Utilities Department, using an enterprise software supported by SAP, HCL America Inc., and City staff. Bills are collected in conjunction with the City's own billing and collection ordinances and procedures. Utility bills based on metered use are mailed to each customer monthly. Billing amounts are determined by the volume of water used by each customer since the previous reading date, and solid waste management service charges. Readings are made on a monthly interval and customers are billed monthly. Payment is due on utility service bills within fifteen days of the billing date, and any bills outstanding thereafter are considered delinquent.

City ordinances provide that any person, firm or corporation who has not established credit make a utility deposit of \$80 or more to guarantee payment for service to each premise served. The security deposit is credited to the account, if current, after twelve months of consecutive payments to the City. The security deposit does not relieve the customer of the obligation of paying service charges.

The ordinances also provide that in the event any water service charges remain unpaid four days past the due date, a late charge of 1.5% of the bill is assessed. After an account is thirty days delinquent the Issuer may shut off the supply of water to any premises serviced by the City. A \$20 charge is assessed for providing 48 hour notice of water supply shut off. A \$25 charge is assessed for establishing, transferring, or re-starting service. If the services were shut off and have been turned on illegally and/or the meter reflects registration since the previous shut-off, the meter will be pulled and/or padlocked and the customer is assessed a \$50 fee.

Payment plans are available for customers experiencing financial hardship, and can be arranged by telephone contact with the Utilities Customer Service Division. As long as the terms of the agreement are kept, service is not terminated.

The Utilities Customer Service Division closely monitors bulk water usage through fire hydrant meters. Persons taking water from fire hydrants without using a meter are subject to a fine. All companies utilizing hydrant meters are now in compliance with the permit and reading requirements.

### **Rates**

Multi-year revenue adjustments are made based on the results of an independent cost of service study and/or a financial plan prepared by the Issuer's financial advisor. The resulting rate changes are proposed to meet anticipated expenses for operations, debt service, and capital improvements.

Since 2004, the Issuer and City Council have voted for multi-year rate adjustments six times.

The sixth adjustment series is effective June 1, 2022, and subsequent adjustments going into effect on January 1 of 2023, 2024, 2025 and 2026 with an average annual revenue adjustment of 5%. The cost of service and rate design study recommendations focused on balancing the dichotomy of affordability and sustainability which provides low bill impacts to low volume users while also recovering sufficient revenue to sustain utility operations and improvements. The residential customer class has a four-tier inclining volumetric rate of which the fourth-tier threshold was adjusted from 30,000 gallons down to 25,000 gallons. Additionally, a new customer class for multi-family customers, quadplexes and above was created.

### **Conservation**

In addition to conservation-oriented rates, the Issuer adopted a comprehensive Water Conservation Plan in 2017 and progressive water conservation measures in 2013, which includes defined stages which are triggered based upon water storage capacity of all water supply reservoirs collectively, excluding capacity inside the flood control pool. Mandatory odd-even lawn watering measures begin in stage one, which is permanently in effect, transitioning to stage two which is two-day-a-week restrictions when the total usable storage capacity in the lakes are less than 50 percent full. Further reductions occur as combined capacity continues to decrease. The Water Conservation Team provides customer technical assistance for landscape and irrigation best management practices to identify opportunities for water efficiency.

Furthermore, the Issuer has partnered with Oklahoma County, Oklahoma State University Cooperative Extension Services, the Myriad Botanical Gardens and Oklahoma City Beautiful to provide water conservation program services including public outreach, education and water conservation demonstration gardens.

A history of water charges for 2015-2021 appears below in Table 3.

**Water Charges - Table 3**

Oklahoma City Residential Customers											
Fiscal Year	Monthly Charge	Meter Size(1)			Block 1:	Block 2:	Block 3:	Block 4:			
					<u>Consumption</u>	<u>Consumption</u>	<u>Consumption</u>	<u>Consumption</u>			
					<u>up to 2,000</u>	<u>on next 8,000</u>	<u>on next</u>	<u>over 30,000</u>			
					<u>gallons</u>	<u>gallons</u>	<u>20,000 gallons</u>	<u>gallons</u>			
*2022	18.38	X	MM	+	3.19/Kgal.	+	3.97/Kgal.	+	5.45/Kgal.	+	7.44/Kgal.
**2021	18.38	X	MM	+	3.11/Kgal.	+	3.61/Kgal.	+	4.92/Kgal.	+	6.79/Kgal.
2020	17.22	X	MM	+	3.06/Kgal.	+	3.42/Kgal.	+	4.55/Kgal.	+	5.91/Kgal.
2019	16.10	X	MM	+	3.00/Kgal.	+	3.24/Kgal.	+	4.18/Kgal.	+	5.06/Kgal.
2018	15.04	X	MM	+	2.94/Kgal.	+	3.06/Kgal.	+	3.83/Kgal.	+	4.26/Kgal.
2017	14.09	X	MM	+	2.89/Kgal.	+	2.89/Kgal.	+	3.50/Kgal.	+	3.50/Kgal.
2016	13.04	X	MM	+	2.81/Kgal.	+	2.81/Kgal.	+	3.32/Kgal.	+	3.32/Kgal.
2015	12.00	X	MM	+	2.73/Kgal.	+	2.73/Kgal.	+	3.14/Kgal.	+	3.14/Kgal.

Outside City Residential Customers											
Fiscal Year	Monthly Charge	Meter Size(1)			Block 1:	Block 2:	Block 3:	Block 4:			
					<u>Consumption</u>	<u>Consumption</u>	<u>Consumption</u>	<u>Consumption</u>			
					<u>up to 2,000</u>	<u>on next 8,000</u>	<u>on next</u>	<u>over 30,000</u>			
					<u>gallons</u>	<u>gallons</u>	<u>20,000 gallons</u>	<u>gallons</u>			
*2022	18.81	X	MM	+	3.75/Kgal.	+	4.82/Kgal.	+	6.69/Kgal.	+	8.98/Kgal.
**2021	18.81	X	MM	+	3.65/Kgal.	+	4.38/Kgal.	+	6.04/Kgal.	+	8.19/Kgal.
2020	18.06	X	MM	+	3.65/Kgal.	+	4.38/Kgal.	+	5.94/Kgal.	+	7.51/Kgal.
2019	17.34	X	MM	+	3.65/Kgal.	+	4.38/Kgal.	+	5.84/Kgal.	+	6.85/Kgal.
2018	16.65	X	MM	+	3.65/Kgal.	+	4.38/Kgal.	+	5.74/Kgal.	+	6.23/Kgal.
2017	16.00	X	MM	+	4.62/Kgal.	+	4.62/Kgal.	+	5.64/Kgal.	+	5.64/Kgal.
2016	15.25	X	MM	+	4.25/Kgal.	+	4.25/Kgal.	+	5.07/Kgal.	+	5.07/Kgal.
2015	14.50	X	MM	+	3.91/Kgal.	+	3.91/Kgal.	+	4.50/Kgal.	+	4.50/Kgal.

\* Effective for utility bills issued from June 1, 2022 to December 31, 2022 with Block 1: Consumption up to 2,000 gallons, Block 2: Consumption on next 8,000 gallons, Block 3: Consumption on next 15,000 gallons, and Block 4: Consumption on over 25,000 gallons

\*\* Effective for utility bills issued through May 31, 2022

(1) "MM" indicates meter multiplier.

#### Wastewater Discharge Calculation

Residential wastewater charges are calculated on a "winter period consumption base," which is the average monthly amount of the metered water consumed by a residential unit during the months of December, January, and February. Water from private sources is metered as set forth in City ordinances and the wastewater service charges are billed accordingly.

Oklahoma City residential commercial and industrial customer classes incur the same wastewater user charges. In addition, industrial waste contributors are assessed a surcharge for waste exceeding concentrations greater than domestic wastewater as defined by City ordinances. The surcharges per million gallons (MG) recover costs of treatment and encourage businesses to reduce their discharge concentration through pre-treatment or other alternatives. Surcharges include biodegradable oxygen demand (BOD) and suspended solids (SS). A history of wastewater charges for 2015-2022 appear below in Table 4.

**Wastewater Charges - Table 4**

Fiscal Year	<u>Oklahoma City Customers</u>		<u>Outside City Incorporated Customers</u>		<u>Surcharges for Applicable Commercial and Industrial</u>	
	<u>Monthly Charge</u>	<u>Quantity Charge</u>	<u>Monthly Charge</u>	<u>Quantity Charge</u>	<u>BOD\$/MG</u>	<u>SS\$/MG</u>
2022 <sup>(1)</sup>	7.71	4.88/Kgal.	8.11	4.53/Kgal.	4.93	3.14
2021 <sup>(2)</sup>	7.14	4.79/Kgal.	7.51	4.47/Kgal.	4.81	3.05
2020	6.58	4.65/Kgal.	7.29	4.20/Kgal.	4.49	2.94
2019	6.03	4.51/Kgal.	7.08	3.94/Kgal.	4.18	2.83
2018	5.50	4.37/Kgal.	6.87	3.69/Kgal.	3.88	2.72
2017	4.97	4.20/Kgal.	6.67	3.45/Kgal.	3.59	2.62
2016	4.34	4.06/Kgal.	5.45	3.45/Kgal.	3.47	2.5
2015	3.72	3.93/Kgal.	4.27	3.45/Kgal.	3.36	2.39

(1) Effective for utility bills issued from June 1, 2022 to December 31, 2022

(2) Effective for utility bills issued through May 31, 2022

#### Solid Waste Management Rates, Fees, and Charges

The City Council has approved increases to Solid Waste rates 3.0% per year effective June 1, 2022, and each January 1<sup>st</sup> thereafter through 2026.

**Solid Waste Management System Charges –  
Table 5**

<u>Solid Waste Residential</u>		
FY	Base	Flow
	<u>Rates</u>	<u>Rates</u>
2022 <sup>(1)</sup>	24.15	5.03
2021 <sup>(2)</sup>	23.45	5.03
2020	23.45	5.03
2019	22.65	5.03
2018	21.88	5.03
2017	21.14	5.03

(1) Rates become effective June 1, 2022, through December 31, 2022

(2) Rates become effective October 1, 2019, through May 31, 2022

#### Customers

As of May 31, 2022, the Oklahoma City Water System had an average of 232,816 active accounts, a 1.74% increase over the average of 228,817 accounts for the 11 months prior. The average annual daily amount of water pumped into the distribution system as of May 31, 2022 was 96.65 million gallons, a 0.22% decrease from the 96.87 million gallons pumped in 2021.



The largest class of Water System customers is residential customers representing 49.44% of the total consumption. The second largest class of customers is non-residential representing 38.17% of the current total consumption. Multifamily customers represent 12.39% of the total. Total water consumption is expected to increase as population in the metropolitan area increases.

As of May 31, 2022, the Wastewater System had an average 219,802 customers, a 1.45% increase over the average of 216,640 accounts for the 11 months prior. The average annual daily amount of wastewater treated from the collection system was 74.19 m.g.d. as of May 31, 2022, a 8.2% decrease from the 81.69 m.g.d. treated in 2021.

The largest class of Wastewater System customers is residential customers representing 43.59% of the current total usage. The second largest class of customers is non-residential customers representing 31.55% of the current total usage. The third largest class of customers is multi-family customers representing 13.83% of the current total usage. Reclaimed Wastewater customers represent 11.04% of the total usage.

Table 5 below presents water and wastewater consumption by customer class for fiscal years 2017 through 2022.

**Water and Wastewater Usage by Customer Class - Table 6**  
(in Thousand Gallons)

	FY <u>2022<sup>(1)</sup></u>	FY <u>2021</u>	FY <u>2020</u>	FY <u>2019</u>	FY <u>2018</u>
Water					
Residential	13,534,934	15,148,176	11,499,395	3,206,151	30,911,531
Non-residential	10,450,804	11,695,880	28,653,019	30,399,122	13,016,852
Multi-family	<u>3,393,103</u>	<u>3,734,227</u>	<u>3,298,111</u>	<u>12,831,363</u>	<u>14,612,896</u>
Total	<u>27,378,841</u>	<u>30,578,283</u>	<u>13,855,513</u>	<u>14,361,608</u>	<u>3,281,783</u>
Wastewater					
Residential	8,569,339	9,097,256	8,529,608	8,654,324	9,042,504
Non-Residential	6,202,782	6,895,830	7,124,492	7,492,330	7,455,130
Multi-family	2,718,742	2,910,149	2,689,414	2,662,653	2,720,265
Reclaimed Wastewater	<u>2,169,620</u>	<u>2,734,144</u>	<u>3,720,421</u>	<u>2,520,213</u>	<u>1,828,595</u>
Total	<u>19,660,483</u>	<u>21,637,379</u>	<u>22,063,935</u>	<u>21,329,520</u>	<u>21,046,494</u>

Source: The City of Oklahoma City, Utilities Department.

(1) Fiscal Year 2022 metered consumption as of May 31, 2022.

Solid waste management had 220,287 active accounts as of May 31, 2022, a 1.70% increase over the 216,598 accounts as of June 30, 2021.

Table 7 presents solid waste customer counts by customer class for fiscal years 2017 through 2022.

**Solid Waste Management Customer Counts - Table 7**

FY	Residential	Commercial
2022 <sup>(1)</sup>	215,018	5,269
2021	212,103	4,495
2020	208,628	3,183
2019	206,099	3,604
2018	203,046	3,418
2017	199,554	3,239

(1) Fiscal Year 2022 customer data as of May 31, 2022.

The ten largest industrial and institutional water customers (based on FY 2022 consumption) are listed below.

**Top Ten Water Customers - Table 8<sup>(3)</sup>**

(In Thousand Gallons)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City of Yukon	489,281	568,404	465,258	464,551	463,254	514,587
City of Newcastle	449,984	484,180	417,363	380,604	525,350	440,623
City of Norman	317,240	354,383	396,193	365,454	374,860	364,860
City of Moore	270,027	580,855	760,410	1,359,299	1,488,703	1,519,919
El Reno Municipal Authority	245,402	247,538	223,678	216,721	220,490	97,093
Mustang Improvement Authority	230,915	249,434	246,218	184,116	251,076	106,429
City of Blanchard	192,746	201,323	198,483	181,278	52,055	4,380
Niagara Bottling Company <sup>(1)</sup>	171,578	180,970	187,680	171,452	21,975	N/A
City of Piedmont	126,621	121,382	75,456	60,462	177,852	79,993
OGE&E Electric Services <sup>(2)</sup>	105,655	N/A	N/A	N/A	N/A	N/A

Source: The City of Oklahoma City, Utilities Department.

(1) Niagara Bottling Company is a new customer in 2018, therefore past data is unavailable

(2) OGE&E Frontier Power Plant is a new customer in 2022, therefore past data is unavailable.

(3) Fiscal Year 2022 metered consumption data as of May 31, 2022.

**INDEBTEDNESS**

**Authority to Issue Debt; Outstanding Bonds**

Revenue debt is issuable by the Issuer upon a majority vote of the Trustees and upon approval of 2/3 of the City Council. Revenue debt may be issued on a parity with the outstanding Bonds subject to the provisions of the Indenture as further set forth herein.

Table 9 below presents a listing of the Issuer's outstanding revenue debt as it was on June 30, 2021, which is prior to the issuance of the Series 2022 Taxable Bonds.

**Revenue Debt Outstanding by Issue - Table 9**

(Dollars are in thousands)

<u>Issue</u>	<u>Dated</u>	<u>Maturity Date</u>	Amount <u>Issued</u>	Amount Outstanding <u>June 30, 2021</u> (1)
Series 2013 <sup>(2)</sup>	03/14/13	2017-2042	\$ 167,760	\$ 139,540
Series 2015 <sup>(2)</sup>	02/04/15	2018-2045	67,650	63,900
Series 2016 <sup>(2)</sup>	11/17/16	2019-2046	97,135	94,565
Total				<u>\$ 298,005</u>

(1) Unaudited.

(2) Preliminary and subject to change; all outstanding maturities proposed to be refunded by the Series 2022 Taxable Bonds.

**Agreements of Support**

*McGee Creek Authority*

McGee Creek Reservoir is located 118 miles southeast of the City. The reservoir was constructed by the Bureau of Reclamation as a multi-purpose flood control, municipal water supply and recreation project. Congress authorized construction of the reservoir in 1976, and in August 1977, the McGee Creek Authority ("MCA") was established for the principal purposes of acting as the contracting party for the repayment of project costs and financing, operating, and

maintaining the water supply and related facilities. The City is a primary beneficiary of the MCA trust and has state permitted rights to 40,000 ac-ft/year. Other member participants are Atoka County (8,000 ac-ft/year); City of Atoka (8,000 ac-ft/year); and the Southern Oklahoma Development Trust (4,000 ac-ft/year). The MCA took over operation of the water delivery systems in September, 1990, and in December 1992, the MCA sold McGee Creek Authority Water Revenue Bonds, Series 1992, (the "MCA Bonds") in the amount of \$91.86 million to finance the prepayment of the project costs.

The MCA Bonds are secured by an Agreement of Support between the MCA and the Issuer pursuant to which the Issuer granted a security interest in the Net Revenues Available for Support which generally means the Issuer's Gross Revenues remaining after payment of debt service, reserve replenishment and operations and maintenance expenses. The Issuer transfers funds necessary to pay the principal and interest on the MCA Bonds and such transfers are the sole source of repayment of the MCA Bonds. The Issuer is further required to maintain or revise its schedule of rates, rentals and charges for use and services at or to a level sufficient to provide adequate Net Revenues Available for Support.

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Table 10 below presents annual principal and interest payments on all Bonds outstanding following the issuance of the Series 2022 Taxable Bonds.

**SCHEDULE OF ANNUAL DEBT SERVICE – Table 10**

Fiscal Year	Parity Debt					Total Parity Debt Service Requirements	Subordinate	Subordinate	Total
	Outstanding Debt Service	(Less Refunded Bonds)	Series 2022 Principal	Series 2022 Interest	Total		Obligations McGee Creek	Obligations SRF Loans	
2022	21,152,756	-					6,651,700	27,325,357	
2023	21,055,881	6,330,566					6,651,500	30,781,480	
2024	24,171,006	24,171,006					-	33,135,610	
2025	25,623,381	25,623,381					-	34,671,475	
2026	23,109,656	23,109,656					-	32,522,203	
2027	22,943,181	22,943,181					-	32,517,727	
2028	22,795,556	22,795,556					-	32,513,968	
2029	22,725,506	22,725,506					-	32,501,854	
2030	22,522,706	22,522,706					-	32,502,021	
2031	22,578,381	22,578,381					-	32,497,162	
2032	22,384,256	22,384,256					-	32,095,320	
2033	22,178,581	22,178,581					-	32,082,894	
2034	22,124,281	22,124,281					-	32,077,942	
2035	21,928,219	21,928,219					-	32,074,919	
2036	17,480,359	17,480,359					-	32,069,796	
2037	17,490,806	17,490,806					-	32,061,785	
2038	17,480,325	17,480,325					-	32,055,719	
2039	17,440,125	17,440,125					-	32,053,689	
2040	14,284,400	14,284,400					-	30,100,590	
2041	10,015,525	10,015,525					-	28,150,885	
2042	10,002,600	10,002,600					-	24,731,219	
2043	9,996,550	9,996,550					-	24,598,751	
2044	7,431,925	7,431,925					-	23,775,349	
2045	7,426,125	7,426,125					-	23,769,187	
2046	7,421,075	7,421,075					-	22,846,426	
2047	3,121,200	3,121,200					-	20,387,385	
2048								18,823,751	
2049								14,841,180	
2050								5,859,897	
2051								3,683,554	
2052								1,511,160	
2053								1,511,680	
2054								1,511,080	
<b>Total</b>	<b>\$ 456,884,366</b>	<b>\$421,006,294</b>					<b>\$ 13,303,200</b>	<b>\$ 823,643,013</b>	

## FINANCIAL INFORMATION

### Financial Information

For reporting purposes, the Issuer is treated as a component unit of the City and is included in the City's financial reporting entity. As such, the financial activity of the Issuer is reported in the City's ACFR.

The Issuer accounts for financial activity as an enterprise fund and uses the accrual basis of accounting for reporting purposes. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when incurred.

### Results of Operations

Table 9 below presents the statements of revenues, expenses and changes in net position for the fiscal years 2017 to 2021.

### Budget Process

The City's Utilities Department (the "Department") prepares an annual budget for the System in conformity with the City's requirements and procedures. The budget is a financial plan which sets forth estimated revenues and expenses by Department, Division and Section. Appropriations are made for each account under individual sections. Appropriation increases must be funded by transfer from other appropriations within the Department's funds. The annual budget is sent to the City's Office of Management & Budget for review before submission to the Trustees and City Council for approval. The entire preparation and review process takes approximately six months and the final budget is approved during June, to be effective July 1 of each year.

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**Statements of Revenues, Expenses and Changes in Net Position**  
**Oklahoma City Water Utilities Trust**  
**(Fiscal Years Ending June 30) – Table 11 (1)**

STATEMENTS OF REVENUES, EXPENSES,  
AND CHANGES IN NET ASSETS  
For the Years Ended June 30,

OKLAHOMA CITY WATER UTILITIES TRUST

	2021	2020	2019	2018	2017
<b>OPERATING REVENUES</b>					
<b>CHARGES FOR SERVICES</b>					
Water charges-----	\$182,760,372	\$173,851,562	\$155,916,902	\$158,130,736	\$151,551,530
Wastewater charges-----	108,131,580	104,680,128	97,484,670	98,334,630	95,255,444
Solid waste management charges-----	61,547,730	-	-	-	-
Other charges-----	1,395,952	3,327,207	3,238,009	3,095,000	2,978,000
Total charges for services-----	353,835,634	281,858,897	256,639,581	259,560,366	249,784,974
Lease and rental income-----	707,991	711,885	691,957	637,334	641,998
Other-----	614,808	855,829	1,848,760	425,839	406,232
Total operating revenues-----	355,158,433	283,426,611	259,180,298	260,623,539	250,833,204
<b>OPERATING EXPENSES</b>					
Personal services-----	62,345,813	48,510,739	45,915,987	48,866,771	49,199,384
Maintenance, operations, and contractual services-----	126,566,056	75,635,044	65,173,919	63,778,317	60,342,522
Materials and supplies-----	17,044,420	13,405,623	11,984,477	10,911,670	10,430,119
Depreciation-----	68,173,615	56,312,559	49,336,206	45,118,703	42,358,082
Total operating expenses-----	274,129,904	193,863,965	172,410,589	168,675,461	162,330,107
Operating income-----	81,028,529	89,562,646	86,769,709	91,948,078	88,503,097
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Grant operating-----	-	-	28,734	(2,319)	2,706
Investment income-----	535,593	9,294,545	10,713,413	1,251,583	809,220
Interest on bonds-----	(11,984,332)	(13,957,017)	(14,986,107)	(13,124,246)	(11,335,997)
Bond issue costs-----	(951,806)	-	-	(77,486)	(601,646)
Bond insurance-----	-	-	-	-	(157)
Payments from (to) City of Oklahoma City-----	(5,045,600)	26,862	(5,080,264)	(7,454,136)	(8,435,921)
Oil and gas royalties-----	31,116	(4,824,686)	46,384	57,932	100,378
Other revenue-----	421,342	258,259	88,781	1,136,479	(5,665,119)
Net non-operating expenses-----	(16,993,687)	(9,202,037)	(9,189,059)	(18,212,193)	(25,126,536)
Income before contributions and transfers-----	64,034,842	80,360,609	77,580,650	73,735,885	63,376,561
<b>CONTRIBUTIONS AND TRANSFERS</b>					
Other capital contributions-----	-	-	34,481,807	1,000,418	-
Transfers from other funds-----	-	-	-	-	-
Transfers to other funds-----	-	-	-	-	-
Total contributions and transfers-----	-	-	34,481,807	1,000,418	-
Special Item-----	72,297,435	-	-	-	-
Changes in net position-----	136,332,277	80,360,609	112,062,457	74,736,303	63,376,561
Total net position, beginning, as previously reported-----	1,050,307,415	969,946,806	857,884,349	840,622,474	777,245,913
Change in accounting principle-----	-	-	-	(57,474,428)	-
Prior period adjustment-----	-	-	-	-	-
Total net position, beginning, as restated-----	1,050,307,415	969,946,806	857,884,349	783,148,046	777,245,913
Total net position, ending-----	\$1,186,639,692	\$1,050,307,415	\$969,946,806	\$857,884,349	\$840,622,474

## **RATINGS**

Ratings of “AAA” and “Aaa” have been assigned from S&P Global Ratings (“S&P”) and Moody’s Investor’s Service, Inc. (“Moody’s”), respectively. Each such rating reflects only the views of such rating organization. An explanation of the significance of such rating may be obtained from such rating organization. The Issuer, the Financial Advisor and the Underwriters make no representation as to the appropriateness of such rating. The Issuer furnished each rating agency with certain information and materials relating to the Series 2022 Taxable Bonds that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing such rating, circumstances so warrant. Neither the Underwriters nor the Financial Advisor has undertaken any responsibility to bring to the attention of the owners of the Series 2022 Taxable Bonds any proposed revision or withdrawal of a rating of the Series 2022 Taxable Bonds or to oppose any such proposed revision or withdrawal. Any such revision or withdrawal of such a rating could have an adverse effect on the market price and marketability of the Series 2022 Taxable Bonds.

## **TAX MATTERS**

### **General Matters**

Co-Bond Counsel is of the opinion that interest on the Series 2022 Taxable Bonds is included in gross income for federal income tax purposes. Co-Bond Counsel is also of the opinion that, under existing Oklahoma statutes, interest on the Series 2022 Taxable Bonds is exempt from Oklahoma income taxation. Co-Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Series 2022 Taxable Bonds under any federal, state or local law.

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the Series 2022 Taxable Bonds under the Internal Revenue Code of 1986, as amended (the “Code”) and the regulations, and the judicial and administrative rulings and court decisions now in effect, all of which are subject to change or possible differing interpretations. The summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws. Potential purchasers of the Series 2022 Taxable Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the Series 2022 Taxable Bonds.

In general, interest paid on the Series 2022 Taxable Bonds, original issue discount, if any, and market discount, if any, will be treated as ordinary income to the owners of the Series 2022 Taxable Bonds, and principal payments (excluding the portion, if any, of such payments characterized as original issue discount or accrued market discount) will be treated as a return of capital.

### **Bond Premium**

An investor that acquires a Series 2022 Taxable Bond for a cost greater than its remaining stated redemption price at maturity and holds such instrument as a capital asset will be considered to have purchased such instrument at a premium. Such premium may generally be amortized under the constant yield method upon prior election permitted by Section 171(c) of the Code and, if so amortized, any call options of the Issuer with respect to the Series 2022 Taxable Bonds are generally disregarded such that the instruments are amortized to their maturity date. Except as may be provided by regulation, amortized premium will be allocated among, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizing bond premium that reduces interest payments under Section 171 of the Code. Investors of any Series 2022 Taxable Bond purchased with a bond premium should consult their own tax advisors as to the effect of such bond premium with respect to their own tax situation and as to the treatment of bond premium for state tax purposes.

### **Original Issue Discount**

If the Series 2022 Taxable Bonds are issued with original issue discount, Section 1272 of the Code requires the current ratable inclusion in income of original issue discount greater than a specified de minimis amount using a constant yield method of accounting. In general, original issue discount is calculated, with regard to any accrual period, by applying the instrument’s yield to its adjusted issue price at the beginning of the accrual period, reduced by any qualified stated

interest allocable to the period. The aggregate original issue discount allocable to an accrual period is allocated to each day included in such period. As a general rule, the owner of a debt instrument must include in income the sum of the daily portions of original issue discount attributable to the number of days the owner owned the instrument. Owners of Series 2022 Taxable Bonds purchased at a discount should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning such Series 2022 Taxable Bonds.

### **Market Discount**

An investor that acquires a Series 2022 Taxable Bond for a price less than the adjusted issue price of such instrument may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the regulations, “market discount” means (a) in the case of a Series 2022 Taxable Bond originally issued at a discount, the amount by which the issue price of such instrument, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (b) in the case of a Series 2022 Taxable Bond not originally issued at a discount, the amount by which the stated redemption price of such instrument at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a Series 2022 Taxable Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and, upon sale or other disposition of the instrument, to recognize the gain on such sale or disposition as ordinary income to the extent of such cumulative amount of accrued market discount as of the date of sale or other disposition of such an instrument or (ii) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies. The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest or, in the case of a Series 2022 Taxable Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a Series 2022 Taxable Bond that acquired such instrument at a market discount also may be required to defer, until the maturity date of such instrument or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry such instrument in excess of the aggregate amount of interest (including original issue discount) includable in such owner’s gross income for the taxable year with respect to such instrument. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Series 2022 Taxable Bond for the days during the taxable year on which the owner held such instrument and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Series 2022 Taxable Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the owner elects to include such market discount in income currently as it accrues on all market discount obligations acquired by such owner in that taxable year or thereafter.

Attention is called to the fact that regulations implementing the market discount rules have not yet been issued. Therefore, investors should consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

### **Unearned Income Medicare Contribution Tax**

Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals earning certain investment income. Holders of the Series 2022 Taxable Bonds should consult their own tax advisors regarding the application of this tax to interest earned on the Series 2022 Taxable Bonds and to gain on the sale of a Series 2022 Taxable Bond.

### **Sales or Other Dispositions**

If an owner of a Series 2022 Taxable Bond sells the instrument, such person will recognize gain or loss equal to the



difference between the amount realized on such sale and such owner's basis in such instrument. Ordinarily, such gain or loss will be treated as a capital gain or loss.

If the terms of a Series 2022 Taxable Bond were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications that may be treated as material are those that relate to redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. Each potential owner of a Series 2022 Taxable Bond should consult its own tax advisor concerning the circumstances in which such instrument would be deemed reissued and the likely effects, if any, of such reissuance.

### **Defeasance**

The legal defeasance of a Series 2022 Taxable Bond may result in a deemed sale or exchange of such instrument under certain circumstances. The owner of such a Series 2022 Taxable Bond should consult its tax advisors as to the federal income tax consequences of such a defeasance.

### **Foreign Investors**

An owner of a Series 2022 Taxable Bond that is not a "United States person" (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a Series 2022 Taxable Bond will generally not be subject to United States income or withholding tax in respect of a payment on a Series 2022 Taxable Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose the term "United States person" means a citizen or resident of the United States of America, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States of America is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a United States withholding tax may apply to interest paid and original issue discount accruing on Series 2022 Taxable Bonds owned by foreign investors. In those instances in which payments of interest on the Series 2022 Taxable Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of Series 2022 Taxable Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a Series 2022 Taxable Bond.

### **Tax-Exempt Investors**

In general, an entity that is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. Unrelated business taxable income generally means the gross income derived by an organization from any unrelated trade or business as defined in Section 513 of the Code. An unrelated trade or business is any trade or business that is not substantially related to the purpose that forms the basis for such entity's exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation that gave rise to such interest is subject to acquisition indebtedness. Therefore, except to the extent any owner of a Series 2022 Taxable Bond incurs acquisition indebtedness with respect to such instrument, interest paid or accrued with respect to such owner may be excluded by such tax-exempt owner from the calculation of unrelated business taxable income. Each potential tax-exempt holder of a Series 2022 Taxable Bond is urged to consult its own tax advisor regarding the application of these provisions.

### **ERISA Considerations**

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, including entities whose underlying assets are considered to include "plan assets" (within the meaning of 29 C.F.R. Section 2510.3 (as modified by Section 3(42) of ERISA), such as collective investment funds and separate accounts whose underlying assets include the assets of

such plans (collectively, “ERISA Plans,” and together with arrangements that are subject to Section 4975 of the Code or similar provisions under any other federal, state, local, non-United States or other laws or regulations or similar law, as applicable, “Plans”) and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the Series 2022 Taxable Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan’s particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of the Series 2022 Taxable Bonds, could be viewed as violating those prohibitions. In addition, Section 4975 of the Code prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Section 503 of the Code includes similar restrictions with respect to governmental and church plans. In this regard, the Issuer or any dealer of the Series 2022 Taxable Bonds might be considered or might become a “party in interest” within the meaning of ERISA or a “disqualified person” within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Sections 4975 or 503 of the Code. Prohibited transactions within the meaning of ERISA and the Code may arise if the Series 2022 Taxable Bonds are acquired by such plans or arrangements with respect to which the Issuer or any dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above sections of the Code, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Series 2022 Taxable Bonds. The sale of the Series 2022 Taxable Bonds to a Plan is in no respect a representation by the Issuer or any dealer that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular Plan. Any plan proposing to invest in the Series 2022 Taxable Bonds should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.

Neither the Issuer nor the Underwriters are acting as a fiduciary, or undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, to such purchaser or transferee with respect to the decision to purchase or hold the Series 2022 Taxable Bonds or an interest in the Series 2022 Taxable Bonds.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed on persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Series 2022 Taxable Bonds on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any similar laws to such investment and whether an exemption would be applicable to the purchase and holding of the Series 2022 Taxable Bonds.

### **Backup Withholding**

An owner of a Series 2022 Taxable Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Series 2022 Taxable Bonds if such owner fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner’s taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other “reportable payments” (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

### **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “TAX MATTERS” or adversely affect the market value

of the Series 2022 Taxable Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2022 Taxable Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2022 Taxable Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2022 Taxable Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Co-Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2022 Taxable Bonds, and Co-Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

**PROSPECTIVE PURCHASERS OF THE SERIES 2022 TAXABLE BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2022 TAXABLE BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2022 TAXABLE BONDS.**

**Oklahoma Income Taxation**

In the opinion of Co-Bond Counsel, interest on the Series 2022 Taxable Bonds is exempt from Oklahoma income taxation.

**No Other Opinions**

Except as stated above, neither Co-Bond Counsel nor Special Tax Counsel will express an opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt or accrual of interest on or acquisition or disposition of the Series 2022 Taxable Bonds.

**CERTIFICATIONS**

The Issuer will furnish a statement to the effect that this Official Statement, to the best of its knowledge and belief as of the date of sale and the date of delivery, is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made not misleading.

**LEGAL MATTERS**

Legal matters incident to the authorization and issuance of the Series 2022 Taxable Bonds are subject to the opinion of The Public Finance Law Group PLLC and Williams, Box, Forshee & Bullard, P.C., as Co-Bond Counsel to the Issuer, as to validity and tax exemption. The opinion will be in substantially the form as set forth in Appendix D hereto. Co-Bond Counsel have not participated in the preparation of this Official Statement except for the captions "DESCRIPTION OF THE SERIES 2022 TAXABLE BONDS", "TAX MATTERS", and "LEGAL MATTERS" and Appendices C and D hereto. Certain legal matters will be passed upon for the Issuer by the Office of the Municipal Counselor, Oklahoma City, Oklahoma, and by Kutak Rock LLP as Disclosure Counsel. Certain legal matters will be passed upon by Kutak Rock LLP as Special Tax Counsel and [\_\_\_\_], as Counsel to the Underwriters.

**UNDERWRITING**

The Series 2022 Taxable Bonds are to be purchased by the Underwriters identified on the cover hereof for whom [ ] is acting as Representative (the "Underwriters"), pursuant to a Bond Purchase Agreement with the Issuer (the "Bond Purchase Agreement"). The Underwriters have agreed to purchase the Series 2022 Taxable Bonds at a price of \$\_\_\_\_\_ (representing the principal amount thereof less underwriter's discount of \$\_\_\_\_\_, less original issue discount of \$\_\_\_\_\_ and plus original issue premium of \$\_\_\_\_\_). The Bond Purchase Agreement provides that the Underwriters will not be obligated to purchase any Series 2022 Taxable Bonds if all Series 2022 Taxable Bonds are not available for purchase, and requires the Issuer to indemnify the Underwriters against losses, claims, damages and liabilities arising out of any incorrect or incomplete statements or information contained in this Official Statement pertaining to the Issuer and other matters. The initial public offering prices set forth on the inside cover page hereof

may be changed by the Underwriters.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, investment management, principal investment, hedging, financing and brokerage services. The Underwriters and their affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer.

The Underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The Issuer intends to use a portion of the proceeds from this offering to redeem the Refunded Bonds. To the extent an Underwriter or an affiliate thereof is an owner of Refunded Bonds, such Underwriter or its affiliate, as applicable, would receive a portion of the proceeds from the issuance of the Series 2022 Taxable Bonds contemplated herein in connection with such Refunded Bonds being redeemed by the Issuer.

#### **FINANCIAL ADVISOR**

PFM Financial Advisors LLC, was retained by the Issuer to act as Financial Advisor in connection with this financing and has assisted in the preparation of certain information in this Official Statement. Such firm will receive compensation for its services as Financial Advisor. The Financial Advisor is not a public accounting firm and has not been engaged by the Issuer to compile, review, examine or audit any information in this Official Statement in accordance with accounting standards. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Series 2022 Taxable Bonds.

#### **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

Robert Thomas CPA (the “Verification Agent”), will independently verify, and issue a report on, the arithmetical accuracy of the computations included in schedules provided to them by the Financial Advisor on behalf of the Issuer indicating: (i) the sufficiency of the anticipated receipts from the Defeasance Securities together with an initial cash deposit to pay the principal of and interest on the Refunded Bonds prior to and on their redemption date, and (ii) the yield on the Defeasance Securities as compared to the yield on the Refunded. Such verification will be based solely on assumptions and information supplied by the Financial Advisor on behalf of the Issuer. Furthermore, the Verification Agent will have restricted its procedures to verifying the arithmetical accuracy of such computations and will not have made any study or evaluation of the assumptions and information on which the computations were based and, accordingly, will not express an opinion on such assumptions and information, the reasonableness of such assumptions, or the achievability of future events.

#### **INDEPENDENT AUDITOR**

The basic financial statements of The Oklahoma City Water Utilities Trust as of and for the year ended June 30, 2021 included in this Official Statement as APPENDIX B, have been audited by Allen, Gibbs & Houlik, L.C., independent accountants, as stated in their report appearing in APPENDIX B. The Issuer did not request Allen Gibbs & Houlik, L.C., perform any updating procedures subsequent to the date of its audit report on the June 30, 2021 financial statements.

## LITIGATION

It is the opinion of the Municipal Counselor that there is no pending litigation against OCWUT that would have a material adverse financial impact upon OCWUT or its operations other than any potential impact from the matter discussed below.

*Chickasaw Nation v. Fallin.* On August 18, 2011, the Chickasaw Nation and Choctaw Nation of Oklahoma (the “Indian Nations”) filed a complaint in the United States District Court for the Western District of Oklahoma against Oklahoma Governor Fallin, the nine members of the Oklahoma Water Resources Board (the “Board”), the Executive Director of the Board, the City and OCWUT. A settlement has been reached and a Settlement Agreement was executed and approved by the OCWUT on August 16, 2016. A copy of the Settlement Agreement is available on [www.okc.gov](http://www.okc.gov).

On February 10, 2012, the Oklahoma Attorney General filed on behalf of the Board an application for the Supreme Court of Oklahoma to assume original jurisdiction to initiate such McCarran Amendment adjudication proceedings to protect and accurately determine all rights to the use of water in the Kiamichi, Clear Boggy, and Muddy Boggy stream systems, and moved to dismiss the Tribes’ federal court action as a premature effort to have federal courts usurp Oklahoma’s management of waters of the State. On February 23, 2012, the Oklahoma Supreme Court granted the application to assume original jurisdiction in the case Oklahoma Water Resources Board v. United States of America. A settlement has been reached and a Settlement Agreement was executed and approved by the OCWUT on August 16, 2016. A copy of the Settlement Agreement is available on [www.okc.gov](http://www.okc.gov).

A joint motion to stay proceedings has been granted for both cases (*Chickasaw Nation and Choctaw Nation v. Fallin* and *OWRB v. United States*) and has been renewed on a continual basis to allow further efforts in mediation. On August 11, 2016, the State of Oklahoma, Chickasaw Nation, Choctaw Nation of Oklahoma, City of Oklahoma City Water Settlement (“Tribal Water Settlement”) was announced at a joint press conference. The Tribal Water Settlement is intended to resolve the above referenced litigation (*Chickasaw Nation, Choctaw Nation v. Fallin et al.*, CIV 11-927 (W.D. Ok.) and *OWRB v. United States, et al.*, CIV 12-275 (W.D. Ok.)). The OCWUT and the City of Oklahoma City have a pending application with the Oklahoma Water Resources Board for an additional 136,000 acre-feet of stream water rights in the Kiamichi basin. As part of the settlement of the existing litigation of the water rights, the City of Oklahoma City has agreed to amend this application to provide for an additional 115,000-acre feet of stream water rights in the Kiamichi Basin. There are several conditions precedent that must be completed before the settlement agreement becomes enforceable, including the enactment of federal legislation. However, once the conditions precedent have been completed, the settlement will, inter alia, resolve the OWRB’s remaining debt and other obligations related to the construction and operation of Sardis Lake. Both cases have been stayed by the District Court for the Western District of Oklahoma.

After the execution of the Settlement Agreement, the City applied water rights and, upon satisfaction and completion of the notice and hearing requirements of Oklahoma law, was issued OWRB Permit No. 2017-0017 for water appropriation out of the Kiamichi basin. (Permit No. 2017-0017 is currently being appealed by a small group of southeastern Oklahomans. Judge DeBerry heard closing arguments on September 25, 2019. The District Court upheld the issuance of the Permit No. 2017-0017 by the OWRB. Subsequently, Plaintiffs have appealed to the Oklahoma Supreme Court, which appeal is pending. Oklahoma City, the OCWUT and OWRB have requested the appeal be fast-tracked. The Oklahoma Supreme Court is expected to uphold the issuance of the Permit. If the Oklahoma Supreme Court should remand the case for further proceedings the issuance of the permit would likely be delayed.

In addition, the City and OCWUT have been sued by the Deer Creek Water Corporation for infringement of their service area in an action in the Western District of the United States District Court styled: *Deer Creek Water Corporation v. Oklahoma City and the Oklahoma City Water Utilities Trust*. Deer Creek is a private water corporation which alleges that although it is not a water district or has any prescribed service area that Deer Creek has an exclusive right to provide water service as it deems. The City and OCWUT counterclaimed for a determination of whether Deer Creek has any service area and if so the determination of where that service area might be. The District Court granted judgment in favor of the OCWUT and the City and Deer Creek appealed to the Tenth Circuit.

On May 22, 2018, the Oklahoma City Water Utilities Trust awarded Project WC-0864, Atoka Dam and Spillway Rehabilitation, to ASI Construction LLC in the amount of \$27,948,808. The Project has yet to be accepted by the Oklahoma City Water Utilities Trust. ASI Construction LLC is well beyond the date for completion of the Project. On December 3, 2021, ASI Construction LLC filed an action against OCWUT, the City and Freese and Nichols (the project

engineer) requesting damages of over \$17 million, well in excess of the limits of the Competitive Bidding Act and the Governmental Tort Claims Act. The City is not a party to this Contract. Outside counsel has been engaged to provide legal services. OCWUT has claims against ASI for damages, costs and expenses incurred because of the failures of ASI Construction LLC to comply with the Contract and failure to timely complete the Project. In addition, OCWUT and the City has filed motions to dismiss OCWUT and the City and multiple defenses on behalf of all parties, but it is too early to project the outcome of the litigation. The Oklahoma Competitive Bidding Act limits change orders on construction contracts to ten (10%) percent of the contract price.

On March 14, 2019, the McGee Creek Authority, an entity with which the OCWUT has a support agreement, awarded Project MWC-029, McGee Creek Pump Station and Facilities Improvements, 5355 South Farris Road, Atoka, Oklahoma, to Meridian Contracting Inc. in the amount of \$782,951.00. Meridian Contracting completed the Project. On December 14, 2021, Meridian Contracting Inc. filed an action against the McGee Creek Authority, the OCWUT and Oklahoma City claiming delays caused additional costs and requests additional compensation in the amount of \$137,195.63, which is in excess of the limits of the Oklahoma Competitive Bidding Act. Neither Oklahoma City nor the OCWUT are parties to this Contract. Outside counsel has been engaged to provide legal services. The McGee Creek Authority, OCWUT and the City have and will present motions to dismiss and multiple defenses, but it is too early to project the outcome of the litigation.

### **CONTINUING DISCLOSURE**

The Issuer has covenanted for the benefit of the holders of the Series 2022 Taxable Bonds to provide certain financial information and operating data relating to the Issuer by not later than 190 days following the end of its fiscal year commencing with the fiscal year ending June 30, 2022 (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events to the Municipal Securities Rulemaking Board (the “MSRB”), accompanied by identifying information and in an electronic format, as prescribed by the MSRB, pursuant to its Electronic Municipal Market Access (“EMMA”) System. Investors will be able to access continuing disclosure information filed with the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org). The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in the form of continuing disclosure agreement attached as APPENDIX E hereto. These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”).

The Finance Department of the City of Oklahoma City is responsible for making the annual filings of financial information and operating data and the filing of notices of material events for all bond issues of the City and of the City’s public trusts, including the Issuer, that are subject to the provisions of the Rule. There are numerous continuing disclosure agreements relating to such bond issues, some of which specify slightly different dates by which the annual filings are required to be made, the earliest of which is [\_\_\_\_] days following the end of the Issuer’s fiscal year.

### **MISCELLANEOUS**

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement by its Chairman has been duly authorized by the Issuer.

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Chairman  
Oklahoma City Water Utilities Trust  
Oklahoma City, Oklahoma

ATTEST:

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Secretary  
Oklahoma City Water Utilities Trust  
Oklahoma City, Oklahoma

## **APPENDIX A**

### **DEMOGRAPHIC AND ECONOMIC INFORMATION CONCERNING THE CITY OF OKLAHOMA CITY**

**DEMOGRAPHIC AND ECONOMIC INFORMATION  
CONCERNING THE CITY OF OKLAHOMA CITY**

**AREA AND POPULATION**

Historically, the City has pursued a policy of annexation, and is one of the largest cities in land area in the United States with a total area of approximately 620 square miles. The City had a 2020 estimated population of 690,000. With a six county Metropolitan Statistical Area (MSA) population of approximately 1.39 million, Oklahoma City ranks 41<sup>st</sup> in the nation based on 2018 Census estimates.

**Table A-1  
City, MSA, and State  
Population Estimates**

	<u>Oklahoma City<sup>(1)</sup></u>	<u>Oklahoma City MSA<sup>(2)</sup></u>	<u>State of Oklahoma<sup>(3)</sup></u>
1960	324,253	584,721	2,328,284
1970	368,856	717,825	2,559,259
1980	403,891	860,969	3,025,290
1990	445,500	960,538	3,145,585
2000	507,579	1,085,282	3,450,654
2010	582,352	1,252,987	3,751,351
2011	589,655	1,276,680	3,791,508
2012	598,350	1,297,834	3,802,027
2013	599,199	1,321,040	3,829,773
2014	610,613	1,336,784	3,857,527
2015	629,000	1,356,965	3,885,288
2016	641,000	1,373,211	3,913,057
2017	653,000	1,373,211	3,940,833
2018	661,000	1,383,737	3,930,864
2019	670,200	1,396,400	3,949,000
2020	679,705	1,408,950	3,956,971
2021	689,743	1,425,375	3,986,639

(1) Source: Planning and Research Department, The City of Oklahoma City

(2) Source: US Census Bureau

(3) Source: Oklahoma Department of Commerce

**TRANSPORTATION**

The City is served by Interstate Highways 35, 40, 44, 235, and 240. Freight railroad transport is provided by three major railway lines; it is the headquarters for several motor freight lines, and bus service is provided by the major passenger carriers.

Will Rogers World Airport (“Will Rogers”) is a major airport classed by the Federal Aviation Administration (FAA) as a small hub, multi-purpose airport with runways and facilities capable of handling all presently operating aircraft. Will Rogers handled approximately 2.3 million passengers in Fiscal Year 2021 with five major airlines providing service. The City also operates two general aviation airports, Wiley Post and Clarence E. Page.

**METROPOLITAN AREA PROJECTS 3 (MAPS 3) SALES TAX**

At an election held on December 8, 2009, voters approved the MAPS 3 Sales Tax (the “MAPS 3 Sales Tax”) which funded various projects throughout the City. This one cent dedicated temporary Sales Tax took effect on April 1, 2010 and expired on December 31, 2017. The City Council established the Maps 3 Advisory Board to monitor, review and make recommendations to the Council concerning the Maps 3 projects.



The approved projects included: the construction of a new, approximately 70 acre park, a rail-based transit package, a new downtown convention center, more than 70 miles of sidewalks throughout the City, more than 50 miles of new trails, improvements to the Oklahoma River and construction of the new Riversport Rapids whitewater course, four senior health and wellness centers, and improvements to the Oklahoma State Fairgrounds. The majority of the projects have been completed and include: the downtown convention center, Scissortail Park (70 acre upper section), trails, sidewalks, the Oklahoma City Streetcar, two of the four senior health and wellness centers, Riversport Rapids located on the Oklahoma River, and the Bennett Event Center located at the State of Oklahoma Fairgrounds.

Total collections for the MAPS 3 Sales Tax exceeded original estimates and totaled \$803 million. The MAPS 3 Sales Tax, along with interest earnings of approximately \$32.7 million, are held in a dedicated segregated fund of the City and are sufficient to fully fund the described projects. As of February 12, 2021, the combined budget, including contingencies, for all MAPS 3 projects totaled \$831.7 million. The MAPS 3 Advisory Board will make recommendations to the City Council as how to spend any surplus funds.

### **CITY CAPITAL IMPROVEMENTS SALES TAX**

At an election held on September 12, 2017, voters approved the City Capital Improvements Sales Tax. This tax will fund various capital improvement construction projects throughout the City including: street resurfacing, streetscapes, sidewalks, trails and bicycle lanes. This one cent sales tax took effect on January 1, 2018, one day after the expiration of the MAPS3 Sales Tax, and will last for 27 months during which it is expected to generate approximately \$240 million in revenue.

### **2017 GENERAL OBLIGATION BOND AUTHORIZATION**

At an election held on September 12, 2017, voters authorized a \$967,400,000 General Obligation Bond Program. Included in the authorization is \$907,400,000 in capital improvement projects and \$60,000,000 for economic development purposes. It is anticipated that these bonds will be issued over a ten-year period.

### **METROPOLITAN AREA PROJECTS 4 (MAPS 4) SALES TAX**

At an election held on December 10, 2019, voters approved the MAPS 4 temporary sales tax to fund various projects throughout the City. This one cent temporary sales tax took effect on April 1, 2020 and expires on March 31, 2028. It is expected to raise \$978 million over the next eight years to fund the MAPS 4 projects. The sales tax proceeds accumulate while the program and projects are planned, so the projects are fully funded before construction begins. The City Council established the Maps 4 Citizens Advisory Board and its six subcommittees to monitor, review and make recommendations to the Council concerning the Maps 4 projects. Each project will be refined in the coming years as the process unfolds, much like the [previous MAPS programs](#). The Council has final authority on all Maps 4 projects.

The approved projects include: Parks; Youth Centers; Senior Wellness Centers; Mental Health and Addiction; Family Justice Center; Transit; Sidewalks, Bike Lanes, Trails and Streetlights; Homelessness; Chesapeake Energy Arena; Animal Shelter; Fairgrounds Coliseum; Diversion Hub; Innovation District Freedom Center; Clara Luper Civil Rights Center; Beautification; and a Multipurpose Stadium.

### **CULTURAL, EDUCATIONAL, AND HEALTH FACILITIES**

The City is a regional cultural and art center. The Oklahoma Art Center, Ballet Oklahoma, and the Arts Council of Oklahoma City host renowned artists each year and provide opportunities for local musicians and artists. The Oklahoma City Philharmonic Orchestra performs in Oklahoma City and tours other communities each season.

The City has 143 public parks that provide playgrounds, community recreation centers, gymnasiums, tennis, golf and nature gardens. Other attractions include the Zoo with more than 2,000 animals, the National Cowboy and Western Heritage Museum, the Science Museum Oklahoma which features scientific museums, the National Softball Hall of Fame, the Oklahoma Firefighters Museum, and the 45th Infantry Division Museum.

There are several major institutions of higher learning in the metropolitan area including Oklahoma City University, the University of Oklahoma at Norman, the University of Oklahoma School of Medicine, the University of Central Oklahoma in Edmond, Oklahoma Baptist University in Shawnee, Southern Nazarene University, Oklahoma Christian

University of Science and Arts, Oklahoma City Community College, and Rose State College. There are also many business and technical schools in the area.

The City is a regional center for health care. The Oklahoma Health Sciences Center is located in a 200-acre complex near downtown which includes: The University of Oklahoma School of Medicine, Oklahoma Memorial Hospital, University Medical Research Foundation, Columbia Presbyterian Hospital, Oklahoma Children's Memorial Hospital, the Veterans Administration Hospital, the State Department of Health, and the State Department of Human Services. Other hospitals located in the City include: INTEGRIS Baptist Medical Center of Oklahoma, Mercy Health Center, SSM Health St. Anthony Hospital, INTEGRIS Southwest Medical Center, INTEGRIS Deaconess Hospital, and Hillcrest Health Center.

## EMPLOYMENT

The relative stability of the economy is derived from the diversity of its economic base. Declines in energy production from the boom of the early 1980's have been offset by increases in the service sector, mirroring national economic trends. Oklahoma City is the home of Devon Energy Corporation's headquarters, Chesapeake Energy and Continental Resources as well as many other energy related companies. Manufacturing of communications equipment, computers, electronics, oil and gas well supplies and equipment accounts for much of the area's industrial activity. The City is a major market for the State's livestock industry with major processing plants for both livestock and agricultural products. In addition, Oklahoma City is a regional center for health care services. There are approximately 93,400 employees involved in providing education and health care services in the metropolitan area. Along with the private sector employment, the City has several major governmental employers. The Federal, State, County, and City governments are all major employers. As the capital city of Oklahoma, the City is home to numerous state agencies and over 44,000 state employees. Tinker Air Force Base and the Oklahoma City Air Logistics Center, located in the southeast part of the City, have approximately 24,000 total civilian and military employees. The Federal Aviation Administration's Mike Monroney Aeronautical Center is located in the City at Will Rogers World Airport which is in the southwest part of the City and employs approximately 7,000 employees.

**Table A-2**  
**Oklahoma City MSA**  
**Annual Average Non-Agricultural Employment (in thousands)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Natural Resources & Mining	8.0	16.3	22.0	20.0	16.9
Construction	30.9	32.4	31.3	29.7	29.2
Manufacturing	32.6	33.2	33.7	33.9	33.5
Trade, Transportation & Utilities	117.9	114.5	113.2	111.1	111.7
Information	5.6	6.8	7.3	7.5	7.9
Financial Activities	33.4	33.8	33.4	33.3	33.2
Professional & Business Services	80.6	86.4	85.7	83.3	79.8
Education & Health Services	97.8	96.1	93.3	92.5	91.3
Leisure & Hospitality	68.0	71.0	74.5	73.2	70.6
Other Services	27.6	28.8	29.4	28.4	27.2
Government	<u>126.1</u>	<u>130.5</u>	<u>129.9</u>	<u>129.3</u>	<u>128.4</u>
Total Non-agricultural	<u>628.5</u>	<u>649.8</u>	<u>653.7</u>	<u>642.2</u>	<u>629.7</u>

Source: United State Bureau of Labor Statistics; Average Annual Non-agricultural Employment. As reported in the City's Supplemental Disclosure Annual Financial Report for Fiscal Year 2021.

**Table A-3**  
**OKLAHOMA CITY MSA**  
**Major Employers - Private and Public**  
**Oklahoma City Metropolitan Area**  
**Estimated Number of Employees (1)**

<u>Employer</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
INTEGRIS Health (3)	9,000	9,000	6,000	6,000	6,000	6,000
Oklahoma University Health Science Center	7,500	7,500	5,000	5,000	5,000	5,000
Hobby Lobby Stores Inc.	6,500	6,500	5,100	5,100	5,100	5,100
Mercy Health System of OK	5,540	5,500	4,500	4,500	4,500	4,500
Amazon	5,000	5,000	-	-	-	-
The Boeing Aerospace Company	3,600	4,200	3,000	2,600	2,600	2,600
Oklahoma Gas & Electric	3,400	3,400	3,400	3,400	3,400	3,400
OU Medical Center	3,300	3,300	3,300	3,300	3,300	3,200
SSM Health Care of Oklahoma, Inc.	3,000	3,000	3,000	3,000	3,000	3,000
Paycom	3,000	3,000	2,500	2,000	-	-
<u>Government (2)</u>						
Federal	30,108	29,500	29,383	28,792	28,800	27,700
State	44,075	47,300	46,075	46,750	47,300	45,700
Local	51,917	55,442	54,475	53,792	55,200	54,400
Tinker Air Force Base	24,000	24,000	24,000	24,000	24,000	24,000
FAA Aeronautical Center	7,000	7,000	7,000	7,000	7,000	7,000

- 
- (1) Information on employers is revised annually to provide the ten largest employers for the current year regardless of employment in prior years reported. Therefore, prior years may have no employment reported for some employers. This is not an indication of their prior year employment status. Data for the year 2021 is from the City's 2021 ACFR. The data was provided by the Greater OKC Chamber and the Bureau of Labor Statistics.
- (2) Information includes civilian and non-civilian combined.
- (3) Includes INTEGRIS Baptist Medical Center and INTEGRIS Southwest Medical Center of Oklahoma.

## UNEMPLOYMENT

The Oklahoma City MSA has consistently maintained a lower unemployment rate over the past ten years than the State of Oklahoma and the United States.

**Table A-4**  
**Oklahoma City MSA**  
**Average Annual Unemployment**  
**As a Percent of Labor Force**

<u>Year</u>	<u>Oklahoma City MSA</u>	<u>State of Oklahoma</u>	<u>United States</u>
2013	4.8	5.1	7.9
2014	5.1	5.4	7.4
2015	4.0	4.5	6.2
2016	3.7	4.2	5.3
2017	4.2	4.9	4.9
2018	3.7	4.1	4.1
2019	3.2	3.2	3.8
2020	5.1	5.3	6.0
2021	3.7 (1)	3.7 (1)	6.9 (1)

Source: U.S. Department of Labor, Bureau of Labor Statistics

(1) Source: City's annual disclosure; data for the State of Oklahoma and the United States is seasonally adjusted.

## BUILDING ACTIVITY AND PROPERTY

Residential building activity and commercial building activity are summarized for the past ten years.

**Table A-5**  
**City of Oklahoma City**  
**Building Activity**

<u>Year</u>	<u>Commercial</u>		<u>Residential</u>	
	<u>Construction Permits</u>	<u>Costs (1)</u>	<u>Construction Permits</u>	<u>Costs (1)</u>
2012	1,685	\$673,075	6,978	\$585,898
2013	1,803	851,718	8,423	720,670
2014 <sup>(2)</sup>	2,062	868,878	13,212	773,993
2015	2,065	1,382,474	9,303	717,511
2016	1,895	1,095,538	8,255	695,723
2017	2,163	944,305	4,325	612,210
2018	1,835	1,279,166	4,293	630,972
2019	1,372	1,248,372	4,234	661,922
2020	2,444	814,310	5,232	817,277
2021	2,475	982,657	5,999	1,066,995

(1) Dollars in thousands.

(2) This report was adjusted in 2014 due to prior year numbers being reported incorrectly. The large increase in the number of residential construction permits issued during FY 2014 is attributed to the damage caused by the two EF5 tornados that struck portions of Oklahoma City on May 20, 2013 and May 31, 2013.

Source: The source of this information is the Oklahoma City Development Services Department annual building permits reports.

**APPENDIX B**

**REPORT OF INDEPENDENT AUDITOR AND FINANCIAL STATEMENTS  
FOR FISCAL YEAR 2021**

**APPENDIX C**

**EXCERPTS FROM THE AMENDED AND RESTATED BOND INDENTURE  
DATED AS OF APRIL 1, 1987, AS AMENDED AND SUPPLEMENTED FOR THE  
OKLAHOMA CITY MUNICIPAL IMPROVEMENT AUTHORITY  
PRESENTLY THE OKLAHOMA CITY WATER UTILITIES TRUST**

## ARTICLE I

### DEFINITIONS

**SECTION 1.01.** In each and every place in and throughout this Indenture, whenever the following terms, or any of them are used, unless the context shall clearly indicate another or different meaning or intent, they shall have the following meanings:

“Accountant” means an independent certified public accountant hired by the AUTHORITY to, among other things, perform the duties of the Accountant hereunder.

“Accountant’s Certificate” means a certificate signed by the Accountant.

“Act” shall mean the Oklahoma Public Trust Act cited as Title 60, Oklahoma Statutes 2001, Sections 176 through 180.4, as amended.

“Additional Bonds” means all bonds or series of bonds, authenticated issued and delivered in the future pursuant to the applicable section of Article III other than the Water and Sewer System Revenue Bonds, Refunding Series 1986A and 1986B.

“Administrative Payments” shall mean those payments to be made to the City as may be requested from time to time by the City and approved by the AUTHORITY.

“Aggregate Bond Service” means as of any date of calculation and with respect to any period, the sum of the amounts of Bond Service for all Bonds outstanding for the applicable period, this shall include payments made as reimbursement pursuant to a Credit Agreement and in accordance with the terms of the Credit Facility.

“Amended Lease Agreement” shall mean, with respect to the water system, the Amended Lease Agreement dated as of November 1, 1985, by and between the AUTHORITY and the City as it amends and modifies the lease agreements pertaining to the water system dated as of August 1, 1960, and shall include any hereafter adopted supplement or amendment thereto.

“Annual Budget” means the annual budget of the AUTHORITY as approved by the AUTHORITY and the City.

“Authorized Investments” shall include any of the following securities, as may be amended from time to time by Supplemental Indentures, if and to the extent the same are at the time legal under Oklahoma law for investment of AUTHORITY funds;

(a) direct obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America;

(b) bonds, debentures or notes or other evidence of indebtedness payable in cash issued by any one or a combination of any of the following federal agencies whose obligations represent full faith and credit of the United States of America: Export Import Bank of the United States, Federal Financing Bank. Farmer’s Home Administration, Federal Housing Administration, Maritime Administration, Public Housing Authority, Government National Mortgage Association;

(c) the following investments fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation: (a) certificates of deposit, (b) savings accounts, (c) deposit accounts, or (d) depository receipts of a bank, savings and loan associations and mutual savings banks;

(d) certificates of deposit, either in excess of FDIC or FSLIC insurance, property secured at all times, by collateral security described in (a) and (b) above. Such agreements are only acceptable with commercial banks, savings and loans associations and mutual saving banks;

(e) commercial paper rated in one of the two highest rating categories by at least two nationally recognized rating agencies or commercial paper backed by a letter of credit or line of credit rated in one of the two highest rating categories;

(f) written repurchase agreement with any bank, saving institution or trust company (not the TRUSTEE) which is insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or with any broker-dealer with retail customers which falls under Securities Investors Protection Corporation protection, provided that such repurchase agreements are fully secured by (a) above or obligations of any agency or instrumentality of the United States of America, and provided further that (i) such collateral is held by the TRUSTEE or any agent acting solely for the TRUSTEE during the terms of such repurchase agreement, (ii) such collateral is not subject to liens or claims of third parties, (iii) such collateral has a market value (determined at least once every 14 days) at least equal to the amount invested in the repurchase agreement, (iv) the TRUSTEE has a perfected first security interest in the collateral, (v) the agreement shall be for a term not longer than 270 days and (vi) the failure to maintain such collateral at the level required in (iii) above will require the TRUSTEE to liquidate the collateral;

(g) Pre-refunded municipal obligations defined as follows:

any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (i) which are not callable at the option of the obligor prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice, (ii) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, (iii) which fund is sufficient, as verified by an independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph (g) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this paragraph (g), as appropriate and (iv) which are rated in the highest rating category by either Standard & Poor's Corporation or Moody's Investors Service, or any successors thereto.

(h) money market funds rated AAA by Standard & Poor's;

(i) upon receipt of the prior written consent of the applicable Credit Facility, shares of mutual funds that invest only in Authorized Investments referred to in clause (a) or (b) above, that are rated "AAm" or "Aam-g" or higher by Standard & Poor's Corporation;

(k) Investment agreements with any financial institution, corporation or other entity providing for the investment of ISSUER monies, provided that the short term indebtedness of any such financial institution, corporation or entity is rated in the top two rating categories of Standard & Poor's Rating Group or Moody's Investors Service and provided further that any such investment agreement shall be subject to approval by AMBAC Indemnity Corporation (and the Bond Insurer). Provided, however, upon payment and discharge of all bonds insured by a particular bond insurer, consent of that insurer will no longer be required.

For purposes of this Authorized Investment definition, "Value", as of any particular time of determination, means that the value of any investment shall be calculated as follows:

(a) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked for prices for such investments so published on or most recently prior to such time of determination;

(b) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times, the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the TRUSTEE in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(c) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and



(d) as to any investment not specified above: the value thereof established by prior agreement between the AUTHORITY, the TRUSTEE and, as long as any bonds insured by AMBAC are outstanding, by AMBAC Indemnity Corporation.

If more than one provision of this definition of “value” shall apply at any one time to any particular investment, the value thereof at such time shall be determined in accordance with the provision establishing the lowest value for such investment.

“AUTHORITY” shall mean the Oklahoma City Water Utilities Trust, a public trust created and existing under the provisions of the Act and the Trust Indenture, as amended, initially dated August 1, 1960, acting by and through its trustees, agents and all qualified and installed successors thereto inclusive of the present trustees and their successors in office.

“Available Moneys” or “Available Monies” means (a) with respect to an Interest Payment Date occurring during the term of the Letter of Credit, (i) moneys drawn under the Letter of Credit, (ii) monies deposited directly by the AUTHORITY with the TRUSTEE which have been on deposit with the TRUSTEE for at least 123 days during and prior to which no Act of Bankruptcy shall have occurred, (iii) the proceeds of the sale of obligations, if, in the opinion of nationally recognized counsel experienced in bankruptcy matters and acceptable to the TRUSTEE, the application of such monies will not constitute a voidable preference in the event of the occurrence of an Act of Bankruptcy, and (iv) the proceeds from investment of monies under clause (1), (ii) or (iii) above, and (b) with respect to any payment date not occurring during the term of the Letter of Credit, any monies held by TRUSTEE and the proceeds from the investment thereof. Notwithstanding the foregoing, when used with respect to payment of amounts due in respect of Bank Bonds, the term “Available Monies” shall mean any monies held by TRUSTEE and the proceeds from the investment thereof, except for monies drawn under the Letter of Credit.

“Beneficiary” shall mean The City of Oklahoma City, Oklahoma.

“Bondholder” or “Holder of bonds” shall mean the legal holder of any registered Bond issued by the AUTHORITY.

“Bond Fund” shall mean the fund by that name established in Section 5.02(3) and 5.07 hereof.

“Bond Reserve Account” shall mean the fund created within the Bond Fund established in Sections 5.02(3) and 5.08.

“Bonds” or “bonds” shall mean all outstanding bonds issued by the AUTHORITY pursuant to the Indenture.

“Bond Service” shall mean, for any period, the combined principal and interest requirements on any series of Bonds.

“Bond Year” shall mean the twelve month period commencing July I of each year.

“Business Day” shall mean any day other than (i) a Saturday or Sunday, or (ii) a day on which banking institutions in New York, New York or Oklahoma City, Oklahoma, are authorized or obligated by law or executive order to be closed for business.

“Certified Interest Rate” shall mean the rate of interest as certified by the underwriters of Variable Rate Bonds at the time of issuance of such Variable Rate Bonds which such Variable Rate Bonds would bear if, assuming the same maturity dates, terms and provisions (other than interest rate) as the proposed Variable Rate Bonds and on the basis of the AUTHORITY credit rating or ratings, such Bonds were issued at a fixed interest rate. Such certificate shall contain or have attached thereto the data and factual information supporting such Certified Interest Rate.

“Charter” shall mean the Charter of the City.

“City” shall mean The City of Oklahoma City, Oklahoma acting by and through its City Council.

“Closing Date” shall mean the date the bonds issued under the Indenture are delivered and payment therefor is received by the AUTHORITY.

“Closing Documents” shall mean all documents required by the Indenture as a condition to the issuance of bonds pursuant to the Indenture.

“Construction Fund” shall mean the fund by that name established in Section 5.02(l) and 5.03 hereof.

“Construction Fund Trustee” shall mean the trustee or trustees appointed, designated and qualified pursuant to the terms of a Supplemental Indenture with respect to a Project; appointment and qualification hereunder constitute limited powers and authority solely with respect to the deposit, management, administration and investment of the Construction Fund established by 5.02 and 5.03 hereof, and any accounts within such Fund; provided, the duties and responsibilities of any Construction Fund Trustee may be extended by a Supplemental Indenture of the Authority.

“Credit Agreement” shall mean the Agreement, if any, entered into by the AUTHORITY and the provider of a Credit Facility which provides for a Credit Facility and any and all modifications, alterations, amendments and supplements thereto.

“Credit Facility” shall mean any instrument such as a letter of credit, a committed line of credit, insurance policy, surety bond or standby bond purchase agreement, or any combination of the foregoing, and issued by a bank or banks, other financial institution or institutions, or any combination of the foregoing, which Credit Facility provides for the payment of (i) the purchase price accrued on the Bonds delivered to the Remarketing Agent or any depository, tender agent or other party pursuant to a Remarketing Agreement or Supplemental Indenture or (ii) principal of and interest on all Bonds becoming due and payable during the term thereof.

“Date of Commercial Operation” means, with respect to any Project, the date upon which such Project has been completed and tested and is, in the opinion of the Engineer of Record, as evidenced by an Engineer’s Certificate filed with the TRUSTEE, ready for commercial operation and performing its intended function; provided however, that in the case of the acquisition of a Project which has been completed and tested and is in the opinion of the Engineer of Record ready for commercial operation, as may be evidenced by an Engineer’s Certificate filed with the TRUSTEE, such term shall mean the date of acquisition. Date of Commercial Operation is not being used herein to mean substantial completion or acceptance by the City.

“Depository Bank” shall mean the bank or banks that hold the Operating Fund of the AUTHORITY.

“Engineer of Record” means competent and qualified registered professional engineers, architect-engineers or architect-engineering firms selected by the AUTHORITY with special reference to his, its or their knowledge and experience in the construction and operation of water and/or sewer systems and other facilities included in the System or appertaining or related thereto. Unless the TRUSTEE shall approve an exception, which approval will not be unreasonably withheld, the Engineer of Record shall not be an official or regular employee of the AUTHORITY, the City or the TRUSTEE. The appointment of the Engineer of Record shall be subject to the approval of the TRUSTEE and the TRUSTEE may, in its discretion, notify the AUTHORITY that in its opinion the Engineer of Record so selected does not meet the qualifications set forth herein, in which event the AUTHORITY shall appoint another or different Engineer, architect-engineer or firm of architect-engineers until such time as the TRUSTEE and the AUTHORITY agree upon the appointment of the Engineer of Record.

“Engineer’s Certificate” means a certificate or opinion issued by the Engineer of Record.

“Estimated Date of Commercial Operation” means with respect to any Project, the date upon which the last items of such Project is reasonably estimated in the opinion of the Engineer of Record, as may be evidenced by an Engineer’s Certificate filed with the TRUSTEE, to be ready for commercial operation and performing its intended function.

“Estimated Net Revenues Available for Debt Service” means for any Fiscal Year, the estimated Net Revenues Available for Debt Service as calculated in the manner described under the definition Net Revenues Available for Debt Service.

“Financial Advisor” means an individual or firm specializing in public finance transactions and serving in such capacity to the AUTHORITY.

“Financial Advisor’s Certificate” means a certificate or opinion issued by the Financial Advisor.

“Fiscal Year” means the fiscal year of the AUTHORITY, initially the twelve month period commencing July 1 of each year.

“General Bond Indenture” means this Amended and Restated General Bond Indenture dated as of April 1, 1987, by and between the AUTHORITY and TRUSTEE.

“Gross Revenues” means, (i) all rates, fees rentals, other charges, income, transfers in and monies properly allocable to the System in accordance with generally accepted accounting principles resulting from the ownership of a leasehold interest in and to the System and as derived by the AUTHORITY from the operation of the System, except customer deposits and any other deposits subject to refund until such deposits have become the property of the AUTHORITY, (ii) the proceeds of any insurance covering interruption loss relating to the System and (iii) interest on any monies or securities held in any fund or account established by the Indenture and pledged to the payment of the bonds pursuant to the Indenture; but shall not include proceeds of insurance received with respect to damage or destruction to the System, the proceeds of borrowing, or the proceeds of sale or disposition of the System.

“Highest Ranking Official of the AUTHORITY” shall mean the Chairman of the AUTHORITY or in his absence the Vice-Chairman of the AUTHORITY who shall be and is empowered to act on behalf of the AUTHORITY to the extent and for the purposes set forth in this Indenture.

“Indenture” shall mean this General Bond Indenture and all Indentures supplementary or amendatory hereto.

“Independent Consultant” shall mean an independent rate consultant, consultant, engineer or firm of engineers of national reputation recognized to be qualified in matters related to water and sewage distribution systems, which shall be selected by the AUTHORITY.

“Interest Account” shall mean the Account created within the Bond Fund established in Sections 5.02 and 5.07 hereof.

“Lease Agreements” the separate lease agreements as amended, by and between the City of Oklahoma City and the OCWUT; the term shall incorporate the (i) Amended Lease Agreement dated November 1, 1985, pertaining to the City’s water system, as amended by a Lease Extension dated June 21, 2022, (ii) the Sewer System Lease Agreement dated July 1, 1986, as amended by a Lease Extension dated May 28, 2003, and (iii) the Solid Waste Management System Lease Agreement dated March 31, 2021.

“Net Revenues” means for any period the Gross Revenues during such period less the Operation and Maintenance Expenses applicable to such period, excluding any proceeds of eminent domain, insurance policies (except as provided in clause (ii) of the definition of “Gross Revenues” herein), the sale of property or other assets (including capitalized interest).

“Net Revenues Available For Debt Service” means the Gross Revenues less: the Operation and Maintenance Expenses of the System (except that (1) interest on any debt payable from the revenues of the System; (2) depreciation and any other items not requiring the expenditure of cash; (3) any amounts expended for capital replacement, repairs and maintenance not recurring annually (or shorter intervals) or reserves therefore; and (4) reserves for administration, operation and maintenance occurring in the normal course of business, shall not be included as an Operation and Maintenance Expense).

“Operating Fund” means the fund by that name established by the Indenture; provided however that the Operating Fund shall not be a part of the Trust Estate and shall not be subject to the lien and pledge of the Indenture.

“Operation and Maintenance Expenses” means the reasonable and necessary current expenses of the AUTHORITY or the City paid or accrued in maintaining any Credit Facility or in operating, maintaining and repairing the System and determined in accordance with generally accepted accounting principles but shall not include the Administrative Payments.

“Opinion of Counsel” means a written opinion of counsel selected by the AUTHORITY who is not a full time employee of the AUTHORITY. Any Opinion of Counsel may be based (insofar as it relates to factual matters or information which is in the possession of the AUTHORITY) upon a written certificate of the AUTHORITY unless such counsel knows, or in the exercise of reasonable care should have known, that such written certificate is erroneous.

“Outstanding”, when used with reference to bonds, shall mean the aggregate of all bonds authorized and issued by the AUTHORITY and authenticated and delivered by the TRUSTEE under this Indenture except:

- (a) Bonds which have been cancelled or surrendered to the TRUSTEE for cancellation;
- (b) Bonds deemed to have been paid pursuant to the Indenture;
- (c) any Bonds in lieu of or in substitution for bonds that have been issued by the AUTHORITY and authenticated and delivered by the TRUSTEE pursuant to the Indenture;
- (d) any Bonds or portions thereof which have matured or been called for redemption or bonds or notes or portions thereof for which funds for full payment have been deposited with the TRUSTEE (except as provided in any Supplemental Indenture with respect to Bonds issued to the provider of a Credit Facility in replacement of Bonds redeemed with the proceeds of a drawing on such Credit Facility);
- (e) any Bonds the principal and interest upon which will be paid on or prior to maturity from the investment proceeds of an escrow established in respect to the Bonds and irrevocably pledged to the payment of same on or prior to maturity.

“Permitted Encumbrances” means, as of any particular time, (i) any lease agreement or sub-lease agreement by the AUTHORITY to the City, (ii) any Security Documents and any Closing Documents, (iii) utility, access and other easements and rights-of-way, mineral rights, restrictions and exceptions that will not materially interfere with or impair the operations of the System; and (iv) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to property of the character of the System and as do not in the aggregate materially impair the property affected thereby for the purpose for which it was acquired or is held by the AUTHORITY.

“Principal Account” means the fund by that name within the Bond Fund, established in Section 5.02 and 5.07 hereof.

“Principal Installment” means as of any date of calculation and with respect to any series of Bonds, so long as any Bonds thereof are outstanding: (i) the principal amount of Bonds of such series due on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance of any Sinking Fund Installment due on a certain future date for Bonds of such series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to such unsatisfied balance of such Sinking Fund Installment, or (iii) if such future dates coincide as to different Bonds of such series, the sum of such principal amount of Bonds and of such unsatisfied balance of such Sinking Fund Installment due on such future date plus such applicable redemption premiums, if any.

“Project” shall mean any capital extension, addition, or improvement to the System, including Projects which will be more particularly described in any Supplemental Indenture and authorized by a resolution of the AUTHORITY. Project shall include but not be limited to, the acquisition of water sources and the transmission, distribution, treatment, pumping and storage thereof. The Project shall also include any extension or expansion of the existing sewer system, including but not limited to, collection lines, sewer treatment facilities and other treatment facilities. The Project Costs of a bona fide Project may be paid, in whole or in part, from all or a portion of the proceeds of bonds. The term Project is to be broadly construed as including any lawful undertaking which will inure to the benefit of the System including the issuance of bonds for the purpose of paying prior indebtedness of the AUTHORITY or the CITY in order to assure the AUTHORITY first and prior charge and lien upon the Gross Revenues of the System, including joint ventures, joint action undertaking including finance and acquisitions of partial interests or contractual rights, and including modification or cancellation of a project previously authorized, should such modification or cancellation be permitted under this Indenture, and including disposal of existing projects or facilities, subject to the provisions hereof.

“Project Account” shall mean, if the AUTHORITY shall elect in its sole discretion to create a separate account within the Construction Fund for each Project undertaken or to be undertaken by the AUTHORITY, such account as may be created by a Supplemental Indenture under authority of Section 5.03 hereof.

“Project Costs” shall mean, but shall not be limited to, in connection with a designated Project authorized by a Supplemental Indenture, together with any other proper cost items not specifically mentioned herein all costs of acquiring, constructing, equipping and furnishing the Project, including but not limited to: the cost of land or interest in land; obligations incurred for labor and materials; obligations to contractors, builders and material men; the restoration or relocation of property damaged or destroyed in connection with such construction; monies required for initial working capital and operating reserves (inclusive of construction interest); the cost of acquiring by purchasing land, property rights, rights-of-way, franchises, easements or other interest in land; premiums on contractors’ performance, payment and completion bonds if required; the cost of machinery, equipment or supplies purchased by the AUTHORITY for inclusion as part of the System; any fees, compensation and expenses of the AUTHORITY or the TRUSTEE for services rendered; taxes, fees, charges, and expenses due and payable in connection with the project, the, financing thereof, or the issuance of and security for the bonds; refunding bonds, premiums on insurance in connection with the project, the financing thereof, or the issuance of and security for the bonds; premiums on insurance in connection with the construction of additions to the System; costs of architects and engineers’ services; all costs related to interim financing loans; all costs incident to and properly allocable to the acquisition, equipping and construction of the project and placing of the same in operation; capitalizing interest requirements and any reserve funds for any bonds or notes issued pursuant to this Indenture or a supplement thereto; legal, financing, financial, administrative, accounting, printing and recording and fees; and the fees and expenses of Bond Counsel; Project Costs may properly include the costs of discharging any prior debt of the CITY and AUTHORITY if such action is necessary to assure and maintain the first and prior lien of the AUTHORITY upon the Gross Revenues of the System.

“Redemption Price” means, with respect to any Bond, the principal amount, thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to any Supplemental Indenture.

“Renewal and Replacement Fund” means the Fund by that name established in, Section 5.02 and 5.09 hereof.

“Reserve Requirement” means that amount for a series of bonds as may be established by Supplemental Indenture, which amount may be \$0.00 or any other amount. Provided, notwithstanding the foregoing or any other provision of the Indenture, the Reserve Requirement may be represented by a surety bond or other insurance or similar agreement for any series of Bonds issued under the Indenture of the ISSUER.

“Revenue Fund” means the fund by that name established in Section 5.02, hereof.

“Security Documents” shall mean any and all documents given to secure the Bonds issued pursuant to the Indenture including this Indenture and the Lease.

“Series” or “series” means all of the Bonds designated as being of the same series authenticated and delivered on original issuance in a simultaneous transaction.

“Sinking Fund Installment” means an amount so designated which is established pursuant to a Supplemental Indenture. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited pursuant to this Indenture (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

“State” shall mean the State of Oklahoma.

“Subordinated Indebtedness” means any evidence of debt referred to in, and complying with, the provisions of Section 5.11 hereof.

“Supplemental Indenture” means any Indenture executed by the TRUSTEE and AUTHORITY in full force and effect which has been duly adopted by the AUTHORITY; but only if and to the extent that such Supplemental Indenture is adopted in accordance with the provisions of this General Bond Indenture.

“Support Agreement” means those Support Agreements between the AUTHORITY and the McGee Creek Authority whereby the AUTHORITY pledges on a subordinate and inferior basis the revenues of the System to the security of and payment for the outstanding \$91,860,000 McGee Creek Authority Water Revenue Bonds, Series 1992.

“System” shall mean the now or hereafter acquired water, sewer, and solid waste management systems owned by the OCWUT and the existing and hereafter acquired water, sewer and solid waste management systems of the City leased to the OCWUT under the respective Lease Agreement, including but not limited to all contracts for services, equipment, facilities, water rights, licenses, storage rights, easements, treatment, transportation, collection and distribution facilities and all real and personal property related to the operation or maintenance thereof as more fully defined in the respective Lease Agreement..

“TRUSTEE”, “BANK” or “TRUSTEE BANK” shall mean interchangeably with equal effect, BancFirst, Oklahoma City, Oklahoma (as successor Trustee to The Liberty National Bank and Trust Company of Oklahoma City) or any other national banking association with corporate trust powers doing business in the State of Oklahoma having a capital, surplus and undivided profit aggregating at least \$50,000,000 which may be designated as Trustee Bank for the Bondholders under this Indenture as a replacement therefor.

“Trust Estate” means the rights of the AUTHORITY in and to the Gross Revenues of the System, all rights, titles and interests of the AUTHORITY in and to the personal property rights contained in the AUTHORITY’s leasehold interest in the System and in all other personal property held by the AUTHORITY, all funds and accounts created by the Indenture as supplemented and amended (except the Operating Fund) and the present and hereinafter acquired interests of the AUTHORITY in and to the Lease Agreement and all other contracts and agreements which are pledged to the TRUSTEE under the Indenture as security for the Bonds.

“Trust Indenture” shall mean the Trust Indenture dated as of August 1, 1960, as amended by Amendments to Trust Indenture dated October 1, 1973, November 21, 1985, December 16, 1985, and July 1, 1986, and as amended and restated by the Oklahoma City Water Utilities Trust Indenture dated April 17, 1990, which created and established the AUTHORITY pursuant to Title 60, Oklahoma Statutes 2001, Sections 176 to 180.4, inclusive, as amended and supplemented, the Oklahoma Public Trust Act and other applicable statutes of the State of Oklahoma.

“Variable Rate Bonds” shall mean any Bonds issued bearing interest at a rate per annum subject to adjustment from time to time pursuant to the terms thereof, based upon an index, or otherwise calculated in a manner which precludes the actual rate for the entire term of such debt from being ascertainable in advance. For the purposes of this definition, Bonds shall not be considered to be Variable Rate Bonds upon the establishment of or conversion of the rate of interest thereon to a fixed interest rate for the remaining term thereof.

“Year” means any period of twelve (12) consecutive months.

SECTION 1.02. For all purposes of this Indenture, unless the context shall otherwise indicate, (1) words used in the singular number shall include the plural, and vice versa; (2) the word “person” shall include all legally cognizable entities; (3) the words “hereof” and “herein” shall be construed to refer to the entirety of the Indenture and not restricted to the particular article, section, subsection or paragraph in which they occur; and (4) words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

## ARTICLE V

### PLEDGE OF REVENUES; ESTABLISHMENT AND USE OF FUNDS

SECTION 5.01. The Pledge Effected by the Indenture. The bonds are obligations of the AUTHORITY payable solely from and secured by the Gross Revenues pledged thereto and the funds and accounts pledged therefor and from any other source designated in a Supplemental Indenture. There are hereby pledged for the payment of the principal and redemption price of, and interest on the bonds in accordance with their terms and the provisions of the Indenture subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Indenture; (i) the proceeds of sale of the bonds (ii) the Trust Estate and the Gross Revenues are as set forth herein, and (iii) all funds and accounts established by the Indenture (except the Operating Fund and any fund created by Supplemental Indentures to receive any monies from a Credit Facility which is pledged to the payment of only that Series of Bonds secured by such Credit Facility and any fund created by Supplemental Indenture to receive monies subject to rebate to the United States Government which shall be held in trust for payment to the United States Government) including the income derived from the investment thereof, if any, and (iv) the leasehold property interests or other estate in real property created, granted, assigned or pledged pursuant to the terms of this Indenture, as supplemented.

The pledge shall be valid and binding from and after the date of adoption of the General Bond Indenture, and the proceeds of sale of the bonds and all the Gross Revenues, funds and accounts as received by the AUTHORITY as set forth in this Section 5.01 shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of the pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the AUTHORITY irrespective of whether such parties have notice thereof.

Any Supplemental Indenture authorizing the issuance of a series of bonds shall include such language of conveyance as is necessary to evidence a transfer or assignment of property rights in order to secure a particular series of bonds.

The bonds and the interest thereon shall be a valid claim of the Bondholder thereof against the Bond Fund and the amount of the Gross Revenues and other monies of the System pledged to the Bond Fund, and shall constitute a first and prior charge over all other charges or claims whatsoever against the Bond Fund and such Gross Revenues and other monies pledged thereto, and the AUTHORITY hereby finds and determines that in creating the Bond Fund and in the preparation of the rates, fees, charges and tariffs assessed and collected in connection with the services of the System that due regard has been and will be given to the Operation and Maintenance Expenses of the System and the amounts required to make the payments prescribed in Section 5.02, hereof, including the required Renewal and Replacement Fund balance and Administrative Payments, as such payments may presently or may be hereafter lawfully imposed against the System on the Gross Revenues, in no case will such payments constitute a charge and lien upon the Gross Revenues of the System equal or superior to the required payments to the funds and accounts established in respect to the Bonds.

#### SECTION 5.02. Establishment of Funds and Accounts.

Indenture Funds and Accounts. Additional Funds and Accounts may be created by any supplemental indenture authorizing any series of bonds to be utilized as set out in such supplemental indenture. Particularly in the case of credit enhanced or variable rate bonds the creation of additional or separate funds or accounts may be necessary. The following Funds and Accounts shall be created in the TRUSTEE BANK upon delivery of and payment for the first series of bonds issued under the Indenture and shall be maintained by the TRUSTEE BANK so long as any bonds remain outstanding for the equal and proportionate benefit of the holders of any of the bonds from time to time outstanding.

(1) Construction Fund. The Construction Fund may be held by the TRUSTEE, or a separate Construction Fund Trustee as may be provided for by any Supplemental Indenture, with any Project Account, which may be established by a series of Supplemental Indentures of the AUTHORITY and utilized as more fully set out in Section 5.03 hereof.

(2) Revenue Fund. The Revenue Fund shall be held by the TRUSTEE and utilized to receive the Gross Revenues of the System and make the transfer and payments as required in Section 5.05 with the exception as set out below.

(3) Bond Fund. The Bond Fund shall be held by the TRUSTEE with its corresponding Interest Account, Principal Account and Bond Reserve Account and utilized as set out in Sections 5.07 and 5.08 hereof.

(4) Renewal and Replacement Fund. The Renewal and Replacement Fund shall be held by the TRUSTEE on behalf of the AUTHORITY and utilized in accordance with Section 5.09 hereof; and

The Operating Fund may be held by the Depository Bank and shall be used by the AUTHORITY for its lawful purposes, including the making of the payments required by the Indenture but shall not be subject to the lien of the Indenture.

#### SECTION 5.03. Construction Fund.

(a) There shall be paid to the Construction Fund the amounts required to be so paid by the provisions of the Indenture, as supplemented, and there may be paid into the Construction Fund, at the option of the AUTHORITY, any monies received for or in connection with the System by the AUTHORITY from any other source, unless required to be otherwise applied as provided in the Indenture.

(b) The AUTHORITY may establish pursuant to a Supplemental Indenture, a separate Project Account within the Construction Fund for each Project of the AUTHORITY.

(c) The proceeds of contractor's performance bonds and/or insurance maintained pursuant to the Indenture against physical loss of or damage to the Project, occurring during the period of construction thereof shall be paid into the Construction Fund.

(d) Amounts in the Construction Fund established for a particular Project shall be applied to the purpose or purposes specified in the Indenture, as supplemented, authorizing the bonds and issued with respect to such Project, or, if no bonds are so issued, to the purpose or purposes specified in a duly adopted resolution of the AUTHORITY, a certified copy of which shall be filed with the TRUSTEE. Interest earned on monies and investments within the Construction Fund shall be paid into the derivative Project Account, unless the AUTHORITY directs otherwise in writing or unless a supplemental indenture provides otherwise.

(e) Before any payment is made from the Construction Fund or any Project Account within the Construction Fund, the TRUSTEE shall receive and the AUTHORITY shall file with the TRUSTEE a Written Request of the AUTHORITY, showing with respect to each payment to be made, a statement that it is part of the Project Costs, the name of the person to whom payment is due and the amount to be paid, and stating that the obligation to be paid was incurred and is a proper charge against the Construction Fund or Project Account, if applicable, against which payment has not been made. Each such Written Request shall be sufficient evidence to the TRUSTEE:

1. That obligations in the stated amounts have been incurred by the AUTHORITY and that each item thereof is a proper charge against the Construction Fund; and
2. That there has not been filed with or served upon the AUTHORITY notice of any lien, right of lien or attachment upon, or claim affecting the right to receive payment of, any of the monies payable to any of the persons named in such Written Request which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Upon receipt of each such Written Request, the TRUSTEE shall pay or cause to be paid the amounts set forth therein as directed by the terms thereof.

(f) Notwithstanding any of the other provisions of this Section, to the extent that other monies are not available therefor, amounts in the Construction Fund that are attributable to Bond proceeds may be applied to the payment of the principal of and interest on bonds when due.

Amounts remaining in the Construction Fund attributable to sources other than Bond proceeds, may be transferred to the Operating Fund.

(g) At the direction of the AUTHORITY or the Highest Ranking Official of the AUTHORITY, amounts in the Construction Fund shall be invested and reinvested by the TRUSTEE to the fullest extent practicable in Authorized Investments maturing in such amounts and at such times as may be necessary to provide funds when needed to pay the Project Costs of construction of each Project or such other purpose to which such monies are applicable; provided, however, in the event such direction to the TRUSTEE is not timely made by the AUTHORITY or its highest ranking official, the TRUSTEE shall proceed with the investment thereof. The TRUSTEE may, and to the extent required for payments from the Construction Fund shall, sell any such Authorized Investments at any time, and the proceeds of such sale, and of all payments at maturity and upon redemption of such investments, shall be held in the Project Account, if applicable, within the Construction Fund.

SECTION 5.04. Revenues and Revenue Fund. Under and pursuant to the terms of the Lease Agreement the AUTHORITY shall deposit or caused to be deposited, the Gross Revenues of the System as received to the credit of the Revenue Fund. For purposes of the AUTHORITY'S books and records the AUTHORITY may direct the TRUSTEE to establish separate accounts within the Revenue Fund in respect to Gross Revenues derived from and attributable to the sewer portion, water portion, and solid waste management portion of the System. Upon receipt of the Gross Revenues, but in no case later than the 28<sup>th</sup> day of each month, the AUTHORITY shall make (or cause to be made) the transfers or payments in the amount and order of priority set out in paragraphs (1), (2), (3), (4) and (5) of Section 5.05 of



the Indenture. PROVIDED HOWEVER (the “Proviso”), so long as the Authority shall make the deposits required by paragraph (1) and (3) of Section 5.05 of this Indenture on or before the 25<sup>th</sup> day of each month from the Operating Fund or any other source, then the Gross Revenues may be deposited as received directly into the Operating Fund of the AUTHORITY. If the transfer on the 25<sup>th</sup> day of each month is not received or if there exists an Event of Default under the Indenture and upon notice to the AUTHORITY from the TRUSTEE, the AUTHORITY agrees to cause the Gross Revenues to be deposited, as received, into the Revenue Fund until such time as the AUTHORITY deposits the required amounts under paragraph (1) and (3) of Section 5.05 and/or this Event of Default no longer exists. It is understood that the use and implementation of the transfers from the Operating Fund, or otherwise, as set forth in this proviso herein expressed shall occur only if all conditions precedent have been met.

SECTION 5.05. Payments from the Revenue Fund. (a) Subject to the terms of the proviso set forth in Section 5.04 hereof, not later than the 28<sup>th</sup> day of each calendar month the AUTHORITY shall cause to be made the following transfers from the Revenue Fund in the order or priority set forth below:

(1) Bond Fund:

A. Interest Account. 1/6<sup>th</sup> of the interest due on the bonds or in all cases an amount sufficient (when aggregated on any interest payment date) to pay the interest due on the bonds on the next succeeding interest payment date; provided that, for the purpose of transfers from the Revenue Fund to the Interest Account within the Bond Fund, there shall be credited any capitalized interest or accrued interest received upon delivery of and payment for the bonds and any other amounts in the Interest Account, including investment earnings;

B. Principal Account. 1/12<sup>th</sup> of the principal due on the bonds or in all cases an amount sufficient (when aggregated on any principal payment date) due to pay principal on the bonds on the next succeeding principal payment date; provided, incremental payments hereunder may be established so that deposits and transfers hereunder are sufficient to meet maturity principal requirements; provided, there shall be credited thereto any funds in the Principal Account, including investment earnings;

C. Bond Reserve Account. The amounts, if any, required to be paid in equal monthly installments to reestablish a balance in the Bond Reserve Account to satisfy any applicable Reserve Requirement as may be set forth in a Supplemental Indenture within twenty-four (24) months from the creation of any deficiency therein.

(2) Operation and Maintenance Expenses. Pay, or transfer to the City for, reimbursement, the amount necessary to meet Operation and Maintenance Expenses as; prescribed by Section 5.06 hereof;

(3) Renewal and Replacement Fund. To the Renewal and Replacement Fund for credit thereto an amount, if any, required to be paid in monthly installments to reestablish the programs required balance of \$600,000 in such Fund with twenty-four (24) months from the creation of any deficiency therein,

(4) Administrative Payments. Pay or transfer to the City, the Administrative Payments.

(5) Other Obligations. Pay any other obligation or make any transfer to or for this Authority or fund such other Funds and accounts of the AUTHORITY, including, in that order the funding of any requirements under the McGee Creek Support Agreement.

The periods of calculation for the transfers contemplated by this Section 5.05 paragraphs (1), (2), (3), (4) and (5) shall be for the current month. Upon receipt of the Gross Revenues into the Revenue Fund, but in no case later than the 28<sup>th</sup> day of each month the AUTHORITY is to make the transfers or payments in the amounts and in the order of priority setout in Section 5.05, hereof.

Assuming the timely deposit of the monies in the Operating Fund for the purpose prescribed in paragraphs (1) and (3) of this Section 5.05, the Operation Fund shall be used to make the remaining transfers required by Section 5.05 hereof. Under either the terms of the proviso, or on or before the 28<sup>th</sup> day of each month, the AUTHORITY shall directly pay the actual Operating and Maintenance Expense or reimburse the City therefor by paying to the City a monthly amount as provided in Section 5.06 hereof and in addition thereto provide for payment of Administrative Payments as established. Any failure to remit on the 25<sup>th</sup> day of any month the payments required to be made by Section 5.05

paragraphs (1) and (3) hereof, shall result in the daily deposit of Gross Revenues directly into the Revenue Fund, unless and until the AUTHORITY shall make current such remittances by the twenty-fifth (25<sup>th</sup>) day of the next month.

If the AUTHORITY is proceeding under the proviso in Section 5.05(a) hereof and the transfers from the Operating Fund are current, the balance, if any, remaining in the Revenue Fund each month after the foregoing transfers have been made may at the option of the AUTHORITY be transferred to the Operating Fund.

Provided further, that so long as there shall be held in the Bond Fund an amount sufficient to pay in full all outstanding bonds in accordance with their terms (including principal or the applicable Redemption Price and interest thereon), no deposits shall be required to be made into the Bond Fund. Provided however, the proviso pertaining to the use and application of the Operating Fund expressed in Section 5.04 shall be implemented unless and until adequate payments are not received pursuant to Section 5.06 hereof.

SECTION 5.06. Payment of Operation and Maintenance Expenses; Limitation on Operation Expenses. Subject to the proviso, all Operation and Maintenance Expenses shall be paid directly by the AUTHORITY or in the alternative the City shall be reimbursed for the payment of same each month from the Revenue Fund after payments prescribed in Section 5.05(a)(1) subsections A, B and C or to the extent not available in the Revenue Fund from the Renewal and Replacement Fund as they become due and payable. The reimbursement to the City shall be in the amount of one-twelfth (1/12th) of the annual Operation and Maintenance Expenses based on the current Annual Budget, as amended from time to time to reflect actual expenses of Operation and Maintenance, it being the intent hereof that the AUTHORITY reimburse the City only for such actual expenditures.

SECTION 5.07 Bond Fund - Principal and Interest Accounts.

(a) The TRUSTEE shall pay out of the Interest Account or the Principal Account: (i) on or before each interest payment date for any of the bonds, the amount required for the interest payable on such date; (ii) on or before each principal due date, the amount required for the principal payable on such due date; and (iii) on or before any redemption date for the bonds, the amount required for the payment of principal on the bonds then to be redeemed. Such amounts shall be applied by the TRUSTEE on and after the due dates thereof. The TRUSTEE shall receive into the Interest Account, any capitalized interest and the accrued interest on the bonds received on the date of delivery of such bonds, and the TRUSTEE shall receive such amounts as shall be transferred by the AUTHORITY pursuant to Section 5.05.

(b) Not more than five (5) days immediately preceding each interest payment date, or principal payment date, the TRUSTEE shall withdraw the amount required to effect such payment from the Interest Account and/or the Principal Account and (a) remit the interest by mail to each owner of each registered bond on said payment date and (b) segregate, in trust, the amounts required to effect the payment of the principal of the bonds to mature on such date.

(c) Any surplus monies in the Principal Account and the Interest Account through investment earnings, contributions or otherwise may at the direction of the AUTHORITY be utilized as a credit against the next required monthly transfer from the Revenue Fund or the Operating Fund or, with respect to surplus monies in the Principal Account, to redeem or purchase bonds on the open market. All expenses in connection with the purchase or redemption of bonds shall be paid by the AUTHORITY as an acceptable Operation and Maintenance Expense.

(d) In the event of the refunding of one or more series of bonds, the TRUSTEE shall, upon the direction of the AUTHORITY, withdraw from the Interest Account and Principal Account in the Bond Fund amounts accumulated therein with respect to monthly principal and interest installments on the bonds being refunded and deposit such amounts with itself as TRUSTEE to be held for the payment of the principal or Redemption Price, if applicable, and interest on the series of bonds being refunded; provided that such withdrawal shall not be made unless (1) immediately thereafter the series of bonds being refunded shall be deemed to have been paid pursuant to the applicable defeasance provisions of this Indenture, and (ii) the amount remaining in the Bond Fund after such withdrawal shall not be less than the requirement thereon.

SECTION 5.08. Bond Fund - Bond Reserve Account. The Bond Fund Reserve shall be used to receive the Reserve Requirement, if any; to transfer the income from the investment of the monies in said Reserve in excess of the Reserve Requirement to the Principal and/or Interest Accounts of the Bond Fund subject to the provisions of Section 5.13 hereof; to transfer any balance in excess of the Reserve Requirement to the Bond Fund and further to transfer monies to

the Principal Account, the Interest Account, or any other account in the Bond Fund created by a Supplemental Indenture to prevent a default in the payment of principal or interest on the bonds or to prevent a default in the reimbursement of the provider of any Credit Facility, if any, for draws made under any Credit Facility; to receive the Reserve Requirement of any Additional Bonds; to pay the last maturing bonds of any series of bonds so long as the Reserve Requirement of the remaining Outstanding bonds is maintained in said Reserve; to transfer any monies in said Reserve in excess of the Reserve Requirement to the Construction Fund until completion of the Project and thereafter to the Principal and/or Interest Accounts of the Bond Fund. Deficiencies occurring in the Bond Reserve Account shall be replenished by equal monthly transfers in an amount sufficient to replenish such deficiency within twenty-four (24) months (or any lesser period) from the date of creation of same. Except as otherwise provided pursuant to Supplemental Indentures, the Reserve Requirement for any series of bonds shall be held solely for the benefit of that series of bonds.

#### SECTION 5.09. Renewal and Replacement Fund.

(a) There is hereby established the Renewal and Replacement Fund initially in the amount of \$600,000 which shall receive additional amounts from available monies of the AUTHORITY or from the proceeds of any series of bonds, as may be provided in a Supplemental Indenture authorizing the issuance of Additional Bonds, and as may be accrued from Gross Revenues of the AUTHORITY. The amounts in the Renewal and Replacement Fund shall be used to pay the cost of extraordinary and unanticipated renewals and replacements (including those required to restore damage, loss or destruction of the System, but only to the extent not covered by the proceeds of insurance or other monies recoverable as a result thereof).

(b) The amount in the Renewal and Replacement Fund shall be at least equal to an amount to be adopted and established by the AUTHORITY in each Year as required in a Certificate to be delivered by the Engineer of Record to the AUTHORITY and the TRUSTEE by April 1 of each year or in a Supplemental Indenture. Pursuant to the terms of a Supplemental Indenture, the amount required to be deposited in the Renewal and Replacement Fund may be derived from: (i) proceeds of the sale of bonds, or (ii) periodic deposits to such Fund, in amounts sufficient to accumulate the requirement.

(c) If at any time the amount in the Bond Fund shall be less than the requirement of such Interest Account or Principal Account pursuant to Section 5.05 paragraph (a) (1) or the amount in the Bond Reserve Account in the Bond Fund shall be less than the Bond Reserve Requirement and there shall not be on deposit in the Operating Fund sufficient monies to cure such deficiency, then there shall be transferred from the Renewal and Replacement Fund for deposit in such appropriate Account the amount necessary (or all the monies in said Renewal and Replacement Fund if less than the amount necessary) to remedy or lessen such deficiency.

(d) Any balance of monies and securities in the Renewal and Replacement Fund in excess of the minimum amount required to be on deposit therein and not required to meet any such deficiencies in the Bond Fund or needed for any of the purposes for which such Fund was established, may at the option of the AUTHORITY be (i) deposited or transferred to the Principal Account and/or Interest Account to reduce the next required transfers to such account, (ii) to meet or diminish any fund or account deficiencies, (iii) to pay current Operation and Maintenance Expenses, not otherwise provided for, or (iv) to be transferred to the Operating Fund.

(e) Any depletion of the required balance in the Renewal and Replacement Fund shall be replenished by making twenty-four (24) equal monthly payments (or any lesser period) sufficient to reestablish the minimum balance in said reserve within 24 months from the creation of such deficiency.

SECTION 5.10. Operating Fund. Although the Operating Fund is not a part of the Trust Estate pledged by the Indenture to secure the bonds and the same shall be held by the Depository Bank, the AUTHORITY covenants that designated monies in the Operating Fund shall be utilized as below described.

(a) Undesignated monies in the Operating Fund shall be available for transfer, at any time, to meet the transfers required by Section 5.05. If the transfers required by Section 5.05 are made from the Operating Fund in the manner and within the times required, and no Event of Default under the Indenture shall exist, then the AUTHORITY shall cause the Gross Revenues to be deposited in the Operating Fund as received. If an Event of Default exists under the Indenture or the transfers required under Section 5.05 are not timely made from the Operating Fund as delineated in Section 5.04, the AUTHORITY shall cause the Gross Revenues to be deposited into the Revenue Fund.

(b) Undesignated monies in the Operating Fund shall be available at all times to replenish any deficiency in any fund or account created hereunder and shall be used if necessary to make payments and transfers required by Section 5.05 hereof.

(c) In the event a deficiency shall occur in the Renewal and Replacement Fund, or any of its Accounts, the AUTHORITY shall transfer from the Operating Fund to the Renewal and Replacement Fund by making deposits to such Fund as required in Section 5.09(e).

(d) Undesignated monies in amounts in the Operating Fund not required to make the payments or transfers required above may on the last day of any month be retained in such fund or used without order of priority for any one or more of the following:

- (1) transfers to the Revenue Fund;
- (2) transfers to the Interest Account or Principal Account within the Bond Fund for the purchase or redemption of any bonds including any expenses in connection with the purchase or redemption of any bonds;
- (3) to make payments of principal or redemption price of or any interest on any Subordinated Indebtedness (including bond anticipation notes);
- (4) to make improvements, extensions, betterments, renewals and replacements of any properties of the System;
- (5) or for any other lawful purpose.

The AUTHORITY is authorized to encumber funds in the Operating Fund for the purposes of paying cost of renewals and replacements characterized as normal Operation and Maintenance Expenses, hereunder.

In the event the AUTHORITY elects to issue its Subordinated Indebtedness under the provisions of Section 5.11 hereof, any Supplemental Indenture or indenture authorizing the issuance thereof shall provide that the monies contained in the Operating Fund, in any month, may be pledged to the payment of such Subordinated Indebtedness as set out in Section 5.10(d)(3), above, prior to the other contemplated transfers set forth in paragraph (d) of this Section. Provided however, in the case of Subordinated Indebtedness incurred in connection with this paragraph (d) any such subordinate obligation shall in all cases be subordinate in every respect to the prior claim of the bonds and any Additional Bonds, and in no case will the AUTHORITY or the City give such Subordinated Indebtedness priority of payment over any prescribed payment hereunder.

SECTION 5.11. Subordinated Indebtedness. In addition, the AUTHORITY may at any time or from time to time, issue evidences of Subordinated Indebtedness, the payment of the debt service requirements on which is subordinate to the requirements of the AUTHORITY to pay the debt service requirements on the Bonds.

SECTION 5.12. Investments. Monies contained in the Construction Fund, the Revenue Fund, the Bond Fund (including the Interest Account, the Principal Account and the Bond Reserve Account), and the Renewal and Replacement Fund shall be continuously invested and reinvested by the TRUSTEE in Authorized Investments as directed by the AUTHORITY, that shall mature not later than the respective dates, as estimated, when the monies in said funds and accounts shall be required for the purposes intended, but in no event more than six (6) months for the Interest Account (except capitalized interest), twelve (12) months for the Principal Account and sixty (60) months for the Renewal and Replacement Fund and the Bond Reserve Account. In absence of direction from the AUTHORITY, the TRUSTEE shall invest such monies in a money market mutual fund provided by the TRUSTEE or any of its affiliates which is eligible under the definition of Authorized Investments.

SECTION 5.13. Establishment and Application of Earnings Fund and Rebate Fund. In the event the Internal Revenue Code of 1954, as amended, is superseded by a subsequent act of the Congress and provisions limiting or directing the manner in which investment earnings upon proceeds of the Bonds may be deposited and used, the AUTHORITY covenants to comply with the provisions of any applicable law or regulation so as to assure compliance and the continued exclusion of the interest upon the Bonds from federal income taxation.

SECTION 5.14. Depository of Monies and Security for Deposits. The Funds and Accounts of the AUTHORITY created hereunder (except the Operating Fund, which may be held by the Depository Bank) shall be maintained with the TRUSTEE set out herein and in any Supplemental Indenture authorizing Additional Bonds. Such Funds and Accounts shall be special trust accounts for the benefit of the holders of the bonds from time to time outstanding and shall not be subject to lien or attachment by any creditors of the AUTHORITY, the City or the TRUSTEE.

SECTION 5.15. Non-Arbitrage. Notwithstanding all the provisions of this Indenture, monies in the various Funds and Accounts created hereunder or any Supplemental Indenture shall not be allowed to accumulate or be invested in a manner which would result in the loss of exemption from Federal income taxation of interest on the bonds or in such manner which would result in the bonds constituting "arbitrage bonds" within the meaning of Section 103(c) of the Internal Revenue Code or any applicable subsequent by enacted tax legislation. To this end, the AUTHORITY shall proceed as expeditiously as possible with the completion of all Projects. Provided, however, the TRUSTEE shall in no event be held liable if the bonds are ever determined to be arbitrage bonds.

## ARTICLE VI

### PARTICULAR COVENANTS OF AUTHORITY

SECTION 6.01. General. The AUTHORITY hereby particularly covenants and agrees with the TRUSTEE and with the Bondholders and makes provisions which shall be a part of its contract with such Bondholders, to the effect and with the purpose set forth in the following provisions and Sections of this Article.

SECTION 6.02. Payment of Bonds. The AUTHORITY shall duly and punctually pay or cause to be paid the principal or redemption price, if any, of every bond and the interest thereon, at the dates and places and in the manner mentioned in such bonds according to the true intent and meaning hereof.

SECTION 6.03. The Project. The AUTHORITY shall with due diligence, in a sound and economical manner and with all reasonable dispatch and expediency complete or cause completion of the construction and acquisition of any Project which has not been heretofore fully constructed or acquired, in conformity with law and all requirements of all governmental authorities having jurisdiction thereover and in accordance with and as more fully shown on the plans therefor prepared by the Engineer of Record and hereby approved by the AUTHORITY and on file in its office, subject to modifications of such plans and specifications approved by the AUTHORITY as necessary or advisable to comply with law and such requirements or to effectuate the general plan of such Project.

SECTION 6.04. Diminution of Gross Revenues. The AUTHORITY shall complete acquisition and construction of any Project or projects authorized by the AUTHORITY as nearly as practicable within the time ordinarily required for such acquisition or construction and shall so carry out such acquisition and construction so as to entitle it to continue to receive and collect the maximum amount of Gross Revenues with respect to the System, subject to sound business practices and public policy, consistent at all times with the security hereunder provided for the protection of the Bondholder. The AUTHORITY shall not enter into any contracts or accept as a gift to become part of the System any facility or obligation for service that will constitute or create a diminution of the Gross Revenues by virtue of such facilities being added to the System.

SECTION 6.05. Progress Reports during Construction. The AUTHORITY shall, during the acquisition or construction of any Project prepare or cause to be prepared not less often than once every six months a written report in reasonable detail as to the progress and cost of such acquisition and construction showing comparisons of such progress and cost with the prior estimates of such progress and cost, describing any modifications made in the plans for such acquisition and construction and explaining in reasonable detail the reasons for any cost overruns or delays in construction. The AUTHORITY shall cause a copy of every such report to be mailed to the TRUSTEE to be available for inspection by Bondholders.

SECTION 6.06. Operation and Maintenance. The AUTHORITY shall at all times operate the System, or provide for the operation and maintenance thereof by the City, in a sound and economical manner, and shall maintain, preserve and keep the same properly, or cause the same to be so maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make or cause to

be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of its properties may be properly and advantageously conducted.

SECTION 6.07. Rules, Regulations and Others Details. The AUTHORITY shall establish and enforce reasonable rules and regulations governing the operation, use and services of the System. In this connection the AUTHORITY shall accept the rules and regulations established by the City, except and to the extent that the said rules and regulations constitute a cessation of or will imminently impair the collection of Gross Revenues and the revenue producing purpose and capacity of the System. All direct compensation, salaries, fees and wages paid by it in connection with maintenance, repair and operation of the System shall be reasonable and no more than would be paid by comparable municipalities or public bodies for similar services. The AUTHORITY shall observe and perform all of the terms and conditions contained in the Indenture, and shall comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the System, the City or the AUTHORITY.

SECTION 6.08. Payment of Lawful Charge. The AUTHORITY shall pay, all taxes and assessments or other municipal or governmental charges including Administrative Payments (subject to the established order of priority), if any, but only to the extent lawfully levied or assessed upon or in respect of the System, or upon any part thereof or upon any revenue therefrom, when the same shall become due, and shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to any part thereof, and shall not create or suffer to be created any lien or charge thereon or any part thereof or upon the revenues therefrom, except the pledge and lien created by this Indenture for the payment of the principal and redemption price of and interest on bonds. The AUTHORITY shall pay or cause to be discharged, or will make adequate provision to satisfy and discharge, within sixty (60) days after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon any Project or any part thereof or the revenues therefrom; provided however, that nothing in this Section contained shall require the AUTHORITY to pay or cause to be discharged, or make provision for, any such lien or charge, so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

SECTION 6.09. Annual Budget; Anticipated Operating Expenses.

A. The AUTHORITY shall (with the aid and assistance of the City) not less than thirty (30) days before the beginning of each Fiscal Year, prepare or cause to be prepared and file with the TRUSTEE a preliminary budget of anticipated Operation and Maintenance Expenses for the next ensuing Fiscal Year, including a revised amount to be deposited to the Renewal and Replacement Fund, if any, and all budgeted renewals and replacement, items which may be billed by the City to the AUTHORITY. The AUTHORITY shall prepare or cause to be prepared such preliminary budget and every Annual Budget so that it will be possible to determine from such budget the anticipated Operation and Maintenance Expenses for the Fiscal Year, and shall comply with any reasonable request of the TRUSTEE as to the classifications in which such budget shall be prepared, particularly with respect to the facilities within the System into which such budget shall be divided or applied. The City will provide recommendations and projected Operation and Maintenance Expenses for the next ensuing Fiscal Year along with projected capital expenditures on the System which may be reasonably predicted and the AUTHORITY shall consider same when adopting the Annual Budget and establishing rates for the use and services of the System. Such preliminary budget and any Annual Budget may set forth such additional material as the AUTHORITY may deem appropriate.

B. On or before the fifteenth day preceding each Fiscal Year after the date above mentioned, the AUTHORITY shall finally adopt the Annual Budget for such Fiscal Year, and the total expenditures stated in any division thereof shall not exceed the total expenditures in the corresponding division of the preliminary Annual Budget. Copies of the Annual Budget shall be promptly filed with the TRUSTEE. In addition, the AUTHORITY shall comply with the provisions of any applicable Statutes or regulatory requirements then in effect and relating to the furnishing of such budget pertaining to estimated revenues and expenditures for the ensuing Fiscal Year.

C. If for any reason the AUTHORITY shall not have adopted the Annual Budget before the First day of any Fiscal Year, the budget for the preceding Fiscal Year shall be deemed to be in effect for such Fiscal Year until the Annual Budget for such Fiscal Year is adopted. For the purpose of any computation under the provisions of Article V, the budget for the preceding year shall be deemed to have been adopted, for any Fiscal Year until the Annual Budget for such Fiscal Year shall be adopted.

D. The AUTHORITY may at any time adopt an amended Annual Budget for the then current Fiscal Year, but no such amended Annual Budget shall supersede any prior budget until a copy thereof shall be filed with the TRUSTEE.

SECTION 6.10. Limitations on Operation and Maintenance. The AUTHORITY shall not incur Operation and Maintenance Expenses in any Year in excess of the reasonable or necessary amount thereof, and shall not expend any amount or incur any indebtedness for salaries, maintenance, renewals, repair and operation taken in total in excess of the amounts provided for Operation and Maintenance Expenses in the Annual Budget then in effect; provided, the AUTHORITY shall in all cases authorize such Operation and Maintenance Expense as shall be necessary to keep the System in good repair, working order and condition, and in such manner that the efficiency thereof will be of high character, and the AUTHORITY will from time to time make, or cause to be made, all necessary and proper repairs and replacements so that the business carried on in connection with the System will at all times be properly and advantageously conducted in a manner consistent with prudent management so as to insure that the rights and security of the Holders of the bonds will be fully protected and preserved. The City may request Operation and Maintenance Expenses for budgeted renewal and replacement items, and the costs for such budgeted items may be accumulated and aggregated in the funds and accounts of the City pending expenditure.

SECTION 6.11. Rates, Fees and Charges. The AUTHORITY shall promptly prescribe, charge and revise from time to time as the need therefor arises, or cause such to be done, and shall collect rates, fees and charges as may be necessary or proper in order that the Gross Revenues collected in respect to the System will at all times be adequate to maintain the System in good repair and sound operating condition and to pay all Operation and Maintenance Expenses and such rates, fees and charges shall at all times be established and collected so as to render annual Net Revenues Available for Debt Service at least equal to 1.20 times the maximum annual principal, of and interest on all Bonds and to comply in all respects with the terms and provisions of this Indenture. The Authority covenants further to charge and collect rates, fees and charges as may be necessary or proper to provide funds sufficient to make payments required under the Support Agreement. Proceeds of borrowings, condemnation, insurance (other than business interruption insurance), sale or disposition shall not be considered Gross Revenues for purposes of this covenant. Copies of every schedule of charges, and revisions thereof, prescribed or adopted by the AUTHORITY shall be promptly filed with the TRUSTEE.

SECTION 6.12. Enforcement of Charges. The AUTHORITY shall take all reasonable measures permitted by the law to enforce prompt payment to it of all fees, rates and charges and other revenues.

SECTION 6.13. Insurance and Reconstruction. The AUTHORITY shall at all times maintain or cause to be maintained all such insurance (or own risk) with respect to the System as is customarily maintained by municipally operated water and sewer systems of the size and type similar to the System to the extent reasonably necessary to protect the interests of the AUTHORITY and the Bondholders. If any useful part of its properties shall be damaged, or destroyed, the AUTHORITY shall, or cause the City to, as expeditiously as may be possible, commence and diligently proceed with the repair or replacement of the damaged property so as to restore the same to use. The proceeds of any such insurance shall be payable to the AUTHORITY and the City, as co-insureds, and (except for proceeds of use and occupancy or business interruption insurance, if any) shall be applied to the necessary costs involved in such liability or repair and replacement and, to the extent not so applied, shall (together with proceeds of any such use and occupancy or business interruption insurance, if any) be deposited by the AUTHORITY as Gross Revenues. In the event that the costs of such repair and replacement of the damaged property exceeds the proceeds of such insurance available for payment of the same, funds available in the Renewal and Replacement Fund shall be used to the extent available and necessary for such purpose.

SECTION 6.14. Sales, Lease or Encumbrance of Project. Except as provided In this Indenture, the Charter and applicable State law no part of the System or any Project made part thereof which has a depreciated book value of more than \$50,000 shall be sold, mortgaged, leased or otherwise disposed of or encumbered; unless to the satisfaction of the AUTHORITY and the TRUSTEE, such property or equipment has, become obsolete or unnecessary to the AUTHORITY, inefficient or constitutes a present or imminent cost to the AUTHORITY or diminution of its Gross Revenues to the extent that it impairs the ability of the AUTHORITY to meet its rate covenant set forth in Section 6.11. This shall prohibit the AUTHORITY from granting a mortgage or encumbrance upon the leasehold interest of the AUTHORITY in and to the System which would constitute a claim or interest therein superior to the security for the Bonds and the other obligations secured by the Trust Estate on a parity with the Bonds.

SECTION 6.15. Condemnation. The AUTHORITY covenants that, if title to or use of any part of a project is taken or condemned under the power of eminent domain by any governmental authority or by any person acting under

governmental authority, the AUTHORITY shall cause any proceeds received upon such condemnation or sale to be deposited in the Bond Fund and will use and apply such monies immediately upon deposit to the redemption or purchase of the bonds of the series issued to acquire or construct said Project; provided that, to the extent stated in a Certificate of title Engineer of Record such proceeds may be expended to replace, repair, restore or reconstruct such facility to the condition of at least equivalent revenue producing value, such proceeds shall be placed in an account held by the TRUSTEE and shall be applied for the necessary costs of such repair, replacement, restoration or administration.

SECTION 6.16. Accounts and Audit. The AUTHORITY shall keep proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the System or any part thereof, and which, together with all other books and papers of the AUTHORITY, shall at all reasonable times be subject to the inspection of the TRUSTEE, any provider of a Credit Facility, or the holder or holders of any of tile bonds then outstanding or their representatives duly authorized in writing. The AUTHORITY shall cause its books and accounts to be audited each Fiscal Year by an Accountant, selected by the AUTHORITY and subject to removal by the AUTHORITY (upon request by the TRUSTEE and a showing of just cause). That within three months after the making of such audits copies of the reports of such audits so made shall be furnished to the AUTHORITY, Engineer of Record and the TRUSTEE, including statements in reasonable detail, certified by said Accountant as to the financial condition of the AUTHORITY and detailing any required Renewal and Replacement Fund transfers, Administrative Payments and the payment of any other obligation of the AUTHORITY. The Audit shall show the Operation and Maintenance Expenses, and the balances of all funds held by the TRUSTEE and the fees, rates and charges and Gross Revenues collected.

SECTION 6.17. Further Assurances. At any and all times the AUTHORITY shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver all and every such further Supplemental Indentures, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, revenues and other funds hereby pledged or assigned, or intended so to be, or which the AUTHORITY may hereafter become bound to pledge or assign, or as may be reasonable and required to carry out the purposes of this Indenture. The AUTHORITY shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Gross Revenues and other funds pledged hereunder and all the rights of the Bondholders hereunder against all claims and demands of all persons whomsoever.

SECTION 6.18. Conditions Precedent. Upon the date of issuance of each series of bonds, all conditions, acts and things required by the Constitution or statutes of the State or this General Bond Indenture to exist, to have happened and to have been performed precedent to or in the issuance of such bonds shall exist, have happened and have been performed.

## ARTICLE VII

### REMEDIES

SECTION 7.01. Events of Default. Each of the following events is hereby declared an "Event of Default":

- (a) The interest on any bond is not paid punctually when due: or
- (b) The principal of and premium, if any, on any bond is not paid punctually when due, whether at the stated maturity thereof, or upon proceedings for redemption or prepayment thereof, or upon the maturity thereof by declaration; or
- (c) The Indenture, or the Lease Agreement, be terminated or for any reason be declared invalid or unenforceable by or against the AUTHORITY (unless all covenants and obligations of this Indenture are assumed by the City); or
- (d) If an order, judgment or decree shall be entered by any court of competent jurisdiction (1) appointing a receiver, trustee, or liquidator for the AUTHORITY, the City or the whole or any substantial part of the System, (2) approving a petition filed against the AUTHORITY or the City under the provisions of Chapter IX of the Federal Bankruptcy Code, as amended, (3) granting relief substantially similar to that afforded by said Chapter IX, or (4) assuming custody or control of the AUTHORITY, the City or of the whole or any substantial part of the System under the provision of any law for the relief or aid of debtors and such order, judgment or decree shall not be vacated or set



aside or stayed (or, in case custody or control is assumed by said order, such custody or control shall not be otherwise terminated), within sixty days from the date of the entry of such order, judgment or decree; or

(e) If the AUTHORITY or the City shall (1) admit in writing its inability to pay its debts generally as they become due, (2) file a petition in bankruptcy or seeking a composition of indebtedness, (3) make an assignment for the benefit of its creditors, (4) consent to the appointment of a receiver of the whole or any substantial part of the System, (5) file a petition or an answer seeking relief under any amendment to said Bankruptcy Act which shall give relief substantially the same as that afforded by said Chapter IX, or (6) consent to the assumption by any court of competent jurisdiction under the provisions of any other law for the relief or aid of debtors of custody or control of the AUTHORITY, the City or of the whole or any substantial part of the System; or

(f) Default by the AUTHORITY in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the bonds, the Lease Agreement or in this Indenture on the part of the AUTHORITY to be performed, and such default shall continue for 90 days after written notice specifying such default and requiring the same to be remedied shall have been given to the AUTHORITY and the City by the TRUSTEE, which may give such notice in its discretion and shall give such notice, at the written request of the holders of not less than twenty-five percent (25%) in principal amount of the bonds then outstanding.

(g) The TRUSTEE shall have received written notice from the issuer of a Credit Facility or the occurrence of an event of default under such Credit Facility or the Credit Agreement and a direction to the TRUSTEE to accelerate the Bonds.

SECTION 7.02. Remedies. Upon the occurrence of an Event of Default, the TRUSTEE and the Bondholders and the issuer of any applicable Credit Facility shall have all the rights and remedies at law or equity as may be allowed by law, the Indenture or pursuant to the provisions of the Lease Agreement, by virtue of its assignment hereunder, including but not limited to, suit for specific performance of any or all of the covenants of the AUTHORITY contained in this Indenture, the Lease Agreement, or the bonds; acceleration of the payment of principal of and interest accrued on all bonds; appointment of temporary trustees to take over, operate and maintain the System on a profitable basis and insure the payment of the principal of and interest on the bonds and any additional parity bonds, or suit at law or equity to enforce or enjoin the action or inaction of parties under the provisions of the Indenture or the Lease Agreement. Notice of the occurrence of an Event of Default shall be given to each registered owner of Bonds and the issuer of any Credit Facility.

SECTION 7.03. Acceleration; Annulment of Acceleration.

(a) Upon the occurrence of an Event of Default, the TRUSTEE may, and upon the written request of the holders of not less than fifty-one percent (51%) of the aggregate principal amount of bonds outstanding shall, by notice in writing to the AUTHORITY and the City, declare the bonds then outstanding immediately due and payable, and such bonds shall become and be immediately due and payable, anything in such bonds or in the Lease Agreement or this Indenture to the contrary notwithstanding. In such event, there shall be due and payable on the bonds an amount equal to the principal amount of all such bonds then outstanding plus all interest accrued thereon and which will accrue thereon to the date of payment; provided, however, that so long as no Event of Default exists under subsection 7.01 (a) or (b) hereof no acceleration of Bonds pursuant to any Event of Default described in subsections 7.01 (c), (d), (e) and (f) in respect of which a Credit Facility exists shall be made except with the prior written concurrence of the issuer of any such Credit Facility; provided further that if there exists an event of default under any Credit Agreement authorizing the Credit Facility to accelerate the payment of any series of bonds, the TRUSTEE shall accelerate the payment of those bonds upon proper notification as may be required in the Support Agreement.

(b) At any time after the principal of the bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Indenture or the Lease Agreement, the TRUSTEE may annul such declaration and its consequences with respect to any bonds not then due by their terms if: (i) monies shall have been deposited with the TRUSTEE sufficient to pay all matured installments of interest and principal or redemption price (other than principal then due only because of such declaration) of all bonds; (ii) monies shall be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the TRUSTEE; (iii) all other amounts then payable by the AUTHORITY under this Indenture or the Lease Agreement shall have been paid or a sum sufficient to pay the same shall have been deposited with the TRUSTEE; and (iv) every Event

of Default known to the TRUSTEE (other than a default in the payment of the principal of such bonds then due only because of such declaration) shall have been remedied to the satisfaction of the TRUSTEE. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

SECTION 7.04. Insufficiency; Application of Monies. Anything in this Indenture to the contrary notwithstanding, if at any time the monies held by the TRUSTEE and available for such purpose shall not be sufficient to pay the interest on or the principal of the bonds as the same shall become due and payable (either by their terms, mandatory redemption or by acceleration of maturities), such monies together with any monies then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied as follows:

(a) Unless the principal of all the bonds shall have become or shall have been declared due and payable, all such monies shall be applied:

FIRST: To the payment to the persons entitled thereto of all installments of interest then due and payable in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment thereof, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the bonds;

SECOND: To the payment to the persons entitled thereto of the unpaid principal of any of the bonds which shall have become due and payable (other than bonds called for redemption for the payment of which monies are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on the principal amount of such bonds due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the bonds and their interest thereon, then to the payment thereof ratably, according to the amount of the interest due on such date, and next to the payment of the principal ratably, according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference; and

THIRD: To the payment of the interest on and the principal of the bonds, to the purchase and retirement of bonds and to the redemption of bonds, all in accordance with the provisions of this Indenture.

(b) If the principal of all the bonds shall have become or shall have been declared due and payable, all such monies shall be applied to the payment of the principal and interest then due and unpaid upon the bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any bond over any other bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preferences except as to any difference in the respective rates of interest specified in the bonds.

(c) If the principal of all the bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled, then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all the bonds shall later become or be declared due and payable, the monies then remaining in and thereafter accruing shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever money is to be applied by the TRUSTEE pursuant to the provisions of this Section, such money shall be applied by the TRUSTEE at such times and from time to time as the TRUSTEE in its sole discretion shall determine, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for such application in the future. The deposit of such money with the Paying Agents, or otherwise setting aside such money, in trust for the proper purpose shall constitute proper application by the TRUSTEE, and the TRUSTEE shall incur no liability whatsoever to the AUTHORITY, to any Bondholder or to any other person for any delay in applying any such money, so long as the TRUSTEE acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the TRUSTEE. Whenever the TRUSTEE shall exercise such discretion in applying such money, it shall fix the date (which shall be an interest payment date unless the TRUSTEE shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The TRUSTEE shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payment to the holder of any unpaid bond until such bond and all

unmatured coupons, if any, appertaining to such bond shall be surrendered to the TRUSTEE for appropriate endorsement, or for cancellation if fully paid.

SECTION 7.05. Discontinuance of Proceedings. In case any proceeding taken by the TRUSTEE on account of any default shall have been discontinued or abandoned for any reason, then and in every such case the AUTHORITY the TRUSTEE and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the TRUSTEE shall continue as though no proceeding had been taken.

SECTION 7.06. Appointment of Receiver. Upon occurrence of an Event of Default or in the event of the appointment of a receiver for the AUTHORITY or for any part of the Trust Estate, or in the event bankruptcy proceedings are instituted by or against the AUTHORITY, or in the event the AUTHORITY makes an assignment of a substantial part of its assets for the benefit of its creditors, or in the event the AUTHORITY fails to strictly and promptly comply with any of its covenants and agreements herein or in the Lease Agreement, or to strictly and promptly perform any provisions hereof and thereof (after the TRUSTEE has first given ten (10) days written notice to comply therewith and upon failure of the AUTHORITY so to comply within said ten (10) day period), or in the event the priority of the pledge and assignment contained in this Indenture shall not be established and at all times fully maintained upon and with respect to the Trust Estate and every part thereof, or in the event the AUTHORITY is found or adjudged not to be regularly seized of an indefeasible right in and to any part of the Trust Estate which it purports herein to so own, or in the event the AUTHORITY is found or adjudged not to have had good right and full power and authority to encumber said Trust Estate or any part thereof in the manner hereby contemplated, then and in any such event, the TRUSTEE or the holders of not less than 51% in aggregate principal amount of the Bonds at the time outstanding or the issuer of a Credit Facility shall be entitled at its option and election and without prior notice to or demand upon the AUTHORITY to have or cause to be appointed a receiver or temporary trustee or trustees for the AUTHORITY to take over, operate and maintain the System on a profitable basis and ensure the payment of the principal of and interest on the bonds and any additional parity bonds. Every appointment shall be in writing or shall be made pursuant to an action filed in a court of competent jurisdiction and shall specify the default or defaults existing hereunder whereby the power of appointment hereby granted is involved, and shall designate, by the name, the person or persons to be such receiver or temporary trustee or trustees (which designation may be changed by the holders of 51% of the bonds outstanding or by the issuer of a Credit Facility) and the trustees of the AUTHORITY so supplanted shall ipso facto cease to have any power or authority under the Indenture or the Lease Agreement.

The receiver, temporary trustee or trustees shall receive a reasonable fee for his or their services in an amount fixed by the TRUSTEE or court, which fee may be changed by holders of at least 51% of bonds then outstanding or by the issuer of a Credit Facility, to be paid from the revenues of the Trust Estate. In the event of any vacancy in the office or position of any receiver, temporary trustee or trustees no permanent trustee so supplanted shall be entitled to act as trustee under the Indenture by reason thereof, but such vacancy shall continue to exist until some person be appointed as temporary trustee under this Section. The written appointment of any receiver, temporary trustee or trustees hereunder shall be sent by registered mail to the Secretary of the AUTHORITY and the City Treasurer of The City of Oklahoma City. Upon the curing of the Default or Defaults pursuant to which any receiver, temporary trustee or trustees shall have been appointed and if there shall not be then any Default under any of the provisions of this instrument, the permanent trustees of the AUTHORITY may give written notice to the TRUSTEE or court of the curing of said default or defaults and of the non-existence of any other defaults hereunder, and upon the delivery of said notice to the TRUSTEE or court and its acquiescence therein, the receiver, temporary trustee or trustees appointed hereunder shall ipso facto cease to have any power or authority under the Indenture, and the trustees of the AUTHORITY shall be reinstated as trustees under the Indenture with all rights and powers to the same extent as though a receiver or temporary trustee or trustees had not been appointed.

During the period of continuance of any default hereunder, the receiver or temporary trustee or trustees appointed as provided herein shall take charge of the Trust Estate for the purpose of collecting the revenues thereof, for the purpose of exercising all rights and remedies conferred by the Lease Agreement, to the extent necessary for the full and complete protection of the security and rights of the Bondholders, and for the purpose of doing all things necessary to assure the most remunerative use of the Trust Estate. Any trustee or receiver of the Trust Estate, whether appointed by the TRUSTEE or court, shall be appointed and serve pursuant to this Section. The rights and protection of the Bondholders set out herein are essential to their security, and receivership and trusteeship procedures hereunder shall be exclusive. All Revenues shall be deposited and disposed of in accordance with the provisions of this Indenture and particularly Article V hereof; provided, however, that the appointment of any receiver or temporary trustee or trustees pursuant to the provisions of this Section shall not be construed as curing or waiving any default hereunder or under the

Lease Agreement, and notwithstanding any such appointment of any receiver or temporary trustee or trustees, the TRUSTEE may enforce any other remedy provided in said documents.

SECTION 7.07. Other Remedies. Upon the occurrence of an Event of Default, the TRUSTEE may, as an alternative, either after entry or without entry, pursue any available remedy by suit at law or equity to enforce the payment of the principal of, premium, if any, and interest on the bonds then outstanding, including, without limitation, mandamus.

Upon the occurrence of an Event of Default, the TRUSTEE may, at its sole option and discretion, or if requested by the holders of 25% in principal amount of the bonds then outstanding, and upon being furnished with indemnification satisfactory to it for all costs and expenses, including attorneys fees and expenses, shall (after first giving the City and/or AUTHORITY ten (10) days written notice to comply with the requirements of this Indenture and upon failure of the City and/or AUTHORITY to so comply within said 10 day period) either in its own name or in the name of the AUTHORITY, compromise or discharge any liens, adverse claims and demands, liabilities and encumbrances; make repairs required under this Indenture; eliminate waste with regard to the Trust Estate; cause each statute, rule or regulation with respect to the Trust Estate to be complied with; procure and provide any necessary insurance; enter an appearance in and defend against any such judicial or other proceeding and file and prosecute therein such cross petition or counter claim as to the TRUSTEE may deem proper; enforce the covenants and requirements of this Indenture; institute and prosecute all suits and actions as may be deemed necessary, expedient or advisable to allay or remove any adverse claim or other difficulty or obstacle with respect to the Trust Estate; and institute and maintain such suits and proceedings and to do or cause to be done any and all other and further things (without limitation by virtue of the express enumeration of the powers hereinabove) which the TRUSTEE may deem proper or may be advised shall be necessary or expedient to prevent an impairment of the security under this Indenture by any acts which may be unlawful, or in violation of this Indenture, or for the protection of the Trust Estate and the security for the bonds, all at the expense of the AUTHORITY.

SECTION 7.08. Remedies Not Exclusive. No remedy by the terms of this Indenture conferred upon or reserved to the TRUSTEE or the Bondholders is intended to be exclusive of any other remedy, but each and every remedy shall be cumulative and shall be in addition to every other remedy given under this Indenture or existing at law or in equity or by statute on or after the date of execution and delivery of this Indenture.

SECTION 7.09. Remedies Vested in TRUSTEE. All rights of action (including the right to file proof of claims) under this Indenture, the Lease Agreement, or under any of the bonds may be enforced by the TRUSTEE without the possession of the bonds and without their production in any trial or other proceedings relating thereto. Any suit or proceeding instituted by the TRUSTEE may be brought in its name as TRUSTEE without the necessity of joining as plaintiffs or defendants any holders of the bonds.

SECTION 7.10. 51% of Bondholders Control Proceedings. If an Event of Default shall have occurred and be continuing, notwithstanding anything in this Indenture to the contrary, and upon receipt of the TRUSTEE of indemnification satisfactory to it for all costs and expenses, including attorneys fees and expenses, the holders of at least fifty-one percent (51%) of the aggregate principal amount of bonds then outstanding (or in the case of an Event of Default in subsection 7.01 (g), the issuer of a Credit Facility) shall have the right, at any time by an instrument in writing executed and delivered to the TRUSTEE, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of this Indenture, provided the direction is in accordance with law and the provisions of this Indenture and, in the sole judgment of the TRUSTEE, is not unduly prejudicial to the interest of Bondholders not joining in the direction and the issuer of any Credit Facility, and provided further, that nothing in this Section shall impair the right of the TRUSTEE in its discretion to take any other action under this Indenture which it may deem proper and which is not inconsistent with the direction by Bondholders.

SECTION 7.11. Individual Bondholder Action Restricted.

(a) No holder of any bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereunder or for any remedy under this Indenture unless:

- (1) An Event of Default has occurred under subsections (a) or (b) of Section 7.01, as to which the TRUSTEE has actual notice, or as to which the TRUSTEE has been notified in writing;

- (2) The holders of at least twenty-five percent (25%) of the aggregate principal amount of bonds outstanding shall have made written request to the TRUSTEE to proceed to exercise the powers granted in this Indenture to the TRUSTEE or to institute an action, suit or proceeding in its own name; and these Bondholders shall have offered the TRUSTEE indemnity as may be satisfactory to the TRUSTEE for all costs and expenses, including attorneys fees and expenses; and
  - (3) The TRUSTEE shall have failed or refused to exercise the powers granted in this Indenture or to institute an action suit or proceeding in its own name for a period of sixty (60) days after receipt of the request and offer of indemnity.
- (b) No one or more holders of bonds shall have any right in any manner whatsoever to disturb or prejudice the security of this Indenture or to enforce any right hereunder except in the manner herein provided and then only for the equal benefit of the holders of all outstanding bonds.

(c) Nothing contained in this Indenture shall be construed to affect or impair the right of the holder of any bonds to receive payment of the principal of or interest on the bonds as the case may be, when due or to institute suit for payment past due; provided, however, no holder may institute or prosecute any suit if the institution or prosecution of the suit or the entry of judgment therein would result in an impairment of the right of all holders of bonds to share ratably in the Trust Estate.

#### SECTION 7.12. Waiver and Non-Waiver of Event of Default.

(A) No delay or omission of the TRUSTEE or of any holder of bonds to exercise any right or power accruing upon any Event of Default shall impair the right or power or shall be construed to be a waiver of an Event of Default or an acquiescence therein. Every power and remedy given by this Article to the TRUSTEE and to the holders of the bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

(B) The TRUSTEE may waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Indenture, or before the completion of the enforcement of any other remedy under this Indenture; provided, however, that the TRUSTEE may not waive any Event of Default under subsection 7.01(g) without the prior written consent of the provider of the Credit Facility referred to in said subsection 7.01(g).

(C) Notwithstanding anything contained in this Indenture to the contrary, the TRUSTEE, upon the written request of the holders of at least fifty-one percent (51%) of the aggregate principal amount of bonds then outstanding, shall waive any Event of Default and its consequences; provided, however, in the event of either an unreimbursed drawing upon a Credit Facility (issued in the form of a letter of credit) accompanied by the direction of such Credit Facility to accelerate the related bonds covered by the attendant letter of credit or a default in the payment of the principal of and interest on any bond, when due and payable or upon call for redemption, may not be waived without the written consent of the holders of all the bonds at the time outstanding; and provided further, in the case of an unreimbursed drawing Support Facility (issued in the form of a letter of credit) and direction has been given to accelerate the related bonds, the TRUSTEE shall not be authorized to waive any Event of Default unless the Support Facility is fully reinstated.

(D) In case of a waiver by the TRUSTEE of an Event of Default, the AUTHORITY, the TRUSTEE and the Bondholders shall be restored to their former positions and rights under this Indenture but no waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The TRUSTEE shall not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with this Section.

SECTION 7.13. Right of City to Cure Default. With regard to any alleged Default concerning which notice is given to the AUTHORITY under the provisions of this Article, the AUTHORITY hereby grants the City full authority for the account of the AUTHORITY to perform any covenant or obligation alleged in said notice to constitute a Default, in the name and stead of the AUTHORITY with full power to do any and all things and acts to the same extent that the AUTHORITY could do and perform any such things and acts and with powers of substitution, in which event the City shall be subrogated to any rights with respect to the AUTHORITY for performance of such covenant or obligation.

SECTION 7.14. Notice of Defaults.

(A) Within thirty (30) days after the receipt of notice of an Event of Default or the occurrence of an Event of Default of which the TRUSTEE is deemed to have notice, the TRUSTEE shall (unless the Event of Default has already been cured) give written notice of the Event of Default by first class mail to each registered owner of bonds then outstanding and to each holder of bonds shown by the list of Bondholders kept by the TRUSTEE, provided that, except in the case of a default in the payment of principal, redemption price, or interest on any of the bonds, the TRUSTEE may withhold the notice if, in its sole judgment, it determines that the withholding of notice is in the best interests of the Bondholders.

(B) The TRUSTEE shall immediately notify, in writing, the AUTHORITY and the City of any Event of Default known to the TRUSTEE.

**APPENDIX D**

**FORM OF CO-BOND COUNSEL OPINION**

**APPENDIX E**  
**CONTINUING DISCLOSURE AGREEMENT**



## FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated July \_\_, 2022 (this “Disclosure Agreement”), is executed and delivered by the Oklahoma City Water Utilities Trust (the “Issuer”) in connection with the issuance of its \$\_\_\_\_\_ Utility System Revenue Refunding Bonds, Taxable Series 2022 (the “Bonds”). The Bonds are being issued pursuant to an Amended and Restated General Bond Indenture dated as of April 1, 1987, as previously amended and supplemented and as supplemented by a Series 2022 Supplemental Bond Indenture dated as of July 1, 2022 (collectively, the “Bond Indenture”) under which BancFirst serves as trustee (the “Trustee”). The Issuer hereby covenants and agrees as follows:

**Section 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist each Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “Commission”). The Issuer represents that it will be the only “obligated person” (as defined in the Rule) with respect to the Bonds at the time the Bonds are delivered to each Participating Underwriter and that no other person presently is expected to become an obligated person with respect to the Bonds at any time after the issuance of the Bonds.

**Section 2. Definitions.** In addition to the definitions set forth in the Bond Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean the financial information and operating data provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“*Beneficial Owner*” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*Dissemination Agent*” shall mean any entity designated by the Issuer to act as the Dissemination Agent hereunder.

“*EMMA*” means the MSRB’s Electronic Municipal Market Access System. Reference is made to Commission Release No. 34-59062, December 8, 2008 (the “*Release*”) relating to the EMMA system for municipal securities disclosure effective on July 1, 2009.

“*Financial Obligation*” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“*Listed Event*” shall mean any of the events listed in Exhibit B to this Disclosure Agreement with respect to the Bonds.

“*Listed Event Notice*” means notice of a Listed Event in Prescribed Form.

“*MSRB*” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

“*Official Statement*” means the “final official statement,” as defined in the paragraph (f)(3) of the Rule, relating to the Bonds. The final official statement related to the Bonds is dated April 19, 2022.

“*Participating Underwriter*” shall mean each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Bonds.

“*Prescribed Form*” means, with regard to the filing of Annual Report and notices of Listed Events with the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org) (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

“*Rule*” means Rule 15c2-12 promulgated by the Commission under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Disclosure Agreement, including any official interpretations thereof.

“*State*” shall mean the State of Oklahoma.

### **Section 3. Provision of Annual Reports.**

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 190 days after the end of the Issuer’s fiscal year (presently July 1 through June 30), commencing with the report for the fiscal year ended June 30, 2022, provide to the MSRB in Prescribed Form (with a copy to the Trustee) the Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; *provided* that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than 190 days after the end of the Issuer’s fiscal year if they are not available by that date but within 10 business days after they become available. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5 of this Disclosure Agreement.

(b) If the Issuer fails to provide an Annual Report to the MSRB by the date required in subsection (a), the Issuer shall send a notice of such failure to the MSRB and to the Paying Agent by a date not in excess of 10 business days after the occurrence of such failure.

**Section 4. Content of Annual Reports.** The Issuer’s Annual Report shall contain or include by reference the following:

(a) Annual audited financial statements (unless provided at a later date, as specified in Section 3(a) above) of the Issuer and an annual update of the financial and operating data of the Issuer, to the same extent as provided in those portions identified in Exhibit A hereto. Such information may be included in a single document such as the Issuer’s audited financial statements. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any annual financial and operating data containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(b) The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles (“GAAP”) as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board; provided, however, that the Issuer may from time to time, if required by federal or State legal requirements, modify the basis upon which its financial statements are prepared. Notice of any such modification shall be provided to the MSRB and to the Trustee, and shall include a reference to the specific federal or State law or regulation describing such accounting basis. If the Issuer’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, if prepared and in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report within 10 business days of when they become available.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB’s internet

website or filed with the Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

**Section 5. Disclosure of Listed Events.** The Issuer hereby covenants that it will disseminate in a timely manner, not in excess of 10 business days after the occurrence of the event, a Listed Event Notice to the MSRB in Prescribed Form with a copy to the Trustee. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds need not be given under this Disclosure Agreement any earlier than the notice (if any) of such redemption is given to the owners of the Bonds. The Issuer is required to deliver such Listed Event Notice in the same manner as provided by Section 3(a) of this Disclosure Agreement.

**Section 6. Duty To Update EMMA/MSRB.** The Issuer shall determine, in the manner it deems appropriate, whether there has occurred a change in the MSRB's e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

**Section 7. Termination of Reporting Obligation.** The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, respectively. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event Notice under Section 5.

**Section 8. Dissemination Agent.** The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement.

**Section 9. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, change in interpretation of the Rule or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Bond Indenture for amendments to the Bond Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event Notice under Section 5, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**Section 10. Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or Listed

Event Notice, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or Listed Event Notice in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or Listed Event Notice.

**Section 11. Default.** In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Bond Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action to compel performance.

**Section 12. Duties, Immunities and Liabilities of Dissemination Agent.** The Bond Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Bond Indenture. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent.

**Section 13. Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, each Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

**Section 14. Recordkeeping.** The Issuer shall maintain records of all filings of Annual Reports and Listed Event Notices, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

**Section 15. Counterparts.** This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signatures on next page]

IN WITNESS WHEREOF, the Issuer has executed this Continuing Disclosure Agreement and has caused its official seal to be hereunto affixed and attested by an authorized representative, all as of the date first above written.

OKLAHOMA CITY WATER UTILITIES TRUST

By: \_\_\_\_\_

\_\_\_\_\_

Chair  
Oklahoma City Water Utilities Trust  
Oklahoma City, Oklahoma

(SEAL)

ATTEST:

\_\_\_\_\_  
Secretary

## **EXHIBIT A**

### **DESCRIPTION OF PORTIONS OF OFFICIAL STATEMENT REQUIRING ANNUAL UPDATE**

1. To the extent that substantially all such information is not already included in the audited financial statements, financial and operating information of the type, but not necessarily in the same form, as set forth in certain tables under certain headings and captions in the Issuer's Official Statement relating to the Bonds including the following:

DESCRIPTION OF THE SERIES 2022 BONDS – Debt Coverage  
OKLAHOMA CITY WATER UTILITIES TRUST – Water Charges  
OKLAHOMA CITY WATER UTILITIES TRUST – Wastewater Charges  
OKLAHOMA CITY WATER UTILITIES TRUST – Solid Waste Management Charges  
OKLAHOMA CITY WATER UTILITIES TRUST – Top Ten Water Customers  
INDEBTEDNESS – Revenue Debt Outstanding by Issue  
FINANCIAL INFORMATION – Statements of Revenues, Expenditures and Changes in Net  
Position

2. Any transfers of funds under Agreements of Support described in the Official Statement.

## EXHIBIT B

### EVENTS WITH RESPECT TO THE BONDS FOR WHICH LISTED EVENT NOTICES ARE REQUIRED

1. Principal and interest payment delinquencies.
2. Nonpayment-related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
7. Modifications to rights of security holders, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the securities, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer<sup>1</sup>.
13. The consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect the security holders, if material<sup>2</sup>.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties<sup>2</sup>.

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<sup>1</sup> This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

<sup>2</sup> The Issuer intends to comply with Listed Events numbered 15 and 16 above, and the definition of “Financial Obligation”, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885, dated August 20, 2018 (the “**2018 Release**”), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

## APPENDIX F

### SCHEDULE OF REFUNDED BONDS

Subject to the existence of favorable market conditions at the time of the pricing of the Bonds, proceeds of the Bonds will provide for the refunding of \$281,930,000\* in outstanding principal amount of the Trust's revenue bonds described below (the "Refunded Bonds"):

	<u>Maturity Date</u>	<u>CUSIP</u>	<u>Interest Rate</u>	<u>Par Amount</u>	<u>Call Date</u>	<u>Call Price</u>
Water and Sewer Revenue Bonds, Series 2013	7/1/2023	678657KP1	5.000%	\$ 9,240,000		100%
	7/1/2024	678657KQ9	5.000%	11,205,000	7/1/2023	100%
	7/1/2025	678657KR7	4.000%	6,755,000	7/1/2023	100%
	7/1/2026	678657KS5	5.000%	7,030,000	7/1/2023	100%
	7/1/2027	678657KT3	5.000%	7,380,000	7/1/2023	100%
	7/1/2028	678657KU0	3.000%	7,745,000	7/1/2023	100%
	7/1/2029	678657KV8	5.000%	7,990,000	7/1/2023	100%
	7/1/2030	678657KW6	3.000%	7,805,000	7/1/2023	100%
	7/1/2031	678657KX4	3.000%	3,795,000	7/1/2023	100%
	7/1/2031	678657LE5	5.000%	4,255,000	7/1/2023	100%
	7/1/2032	678657KY2	5.000%	8,380,000	7/1/2023	100%
	7/1/2033	678657KZ9	3.000%	8,795,000	7/1/2023	100%
	7/1/2034	678657LA3	3.250%	9,070,000	7/1/2023	100%
	***		***	***		
	7/1/2037	678657LB1	4.000%	1,770,000	7/1/2023	100%
	***		***	***		
	7/1/2037	678657LD7	3.375%	12,575,000	7/1/2023	100%
	***		***	***		
	7/1/2042	678657LC9	5.000%	14,435,000	7/1/2023	100%
Water and Sewer Revenue Refunding Bonds, Series 2015	7/1/2023	678657LI9	5.000%	1,520,000		
	7/1/2024	678657LM7	5.000%	1,595,000		
	7/1/2025	678657LN5	5.000%	1,675,000		
	7/1/2026	678657LP0	5.000%	1,760,000	7/1/2025	100%
	7/1/2027	678657LQ8	5.000%	1,845,000	7/1/2025	100%
	7/1/2028	678657LR6	5.000%	1,940,000	7/1/2025	100%
	7/1/2029	678657LS4	5.000%	2,035,000	7/1/2025	100%
	7/1/2030	678657LT2	5.000%	2,135,000	7/1/2025	100%
	7/1/2031	678657LU9	5.000%	2,245,000	7/1/2025	100%
	7/1/2032	678657LV7	5.000%	2,355,000	7/1/2025	100%
	7/1/2033	678657LW5	3.000%	2,475,000	7/1/2025	100%
	7/1/2034	678657LX3	5.000%	2,545,000	7/1/2025	100%
	7/1/2035	678657LY1	5.000%	2,675,000	7/1/2025	100%
	***		***	***		
	7/1/2039	678657MA2	4.000%	11,930,000	7/1/2025	100%
	***		***	***		
	7/1/2045	678657LZ8	5.000%	22,350,000	7/1/2025	100%

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\* Preliminary, subject to change.



Water and Sewer Revenue Refunding Bonds,  
Series 2016

7/1/2023	678657MH7	5.000%	1,045,000		
7/1/2024	678657MJ3	5.000%	1,100,000		
7/1/2025	678657MK0	5.000%	3,570,000		
7/1/2026	678657ML8	5.000%	3,620,000		
7/1/2027	678657MM6	5.000%	3,670,000	7/1/2026	100%
7/1/2028	678657MN4	5.000%	3,720,000	7/1/2026	100%
7/1/2029	678657MP9	5.000%	3,780,000	7/1/2026	100%
7/1/2030	678657MQ7	5.000%	4,550,000	7/1/2026	100%
7/1/2031	678657MR5	5.000%	4,620,000	7/1/2026	100%
7/1/2032	678657MS3	5.000%	4,695,000	7/1/2026	100%
7/1/2033	678657MT1	5.000%	4,780,000	7/1/2026	100%
7/1/2034	678657MU8	5.000%	4,860,000	7/1/2026	100%
7/1/2035	678657MV6	5.000%	5,350,000	7/1/2026	100%
7/1/2036	678657MW4	5.000%	5,620,000	7/1/2026	100%
7/1/2037	678657NA1	5.000%	5,900,000	7/1/2026	100%
7/1/2038	678657NB9	5.000%	6,200,000	7/1/2026	100%
***		***	***		
7/1/2042	678657MY0	4.000%	14,005,000	7/1/2026	100%
***		***	***		
7/1/2046	678657MZ7	4.000%	11,540,000	7/1/2026	100%