

NEW ISSUE

**Rating: S&P: “AAA”
See “RATING” herein.**

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2014A Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). In addition, interest will not be treated as a specific preference item in calculating the alternative minimum tax that may be imposed on individuals and corporations under the Code. Under the Code, interest on the Series 2014A Bonds is to be included in adjusted current earnings for purposes of calculating the federal alternative minimum tax imposed on certain corporations. See “TAX MATTERS” herein for a description of certain other provisions of the Code which may affect the tax treatment of interest on the Series 2014A Bonds for certain bondholders. In the opinion of Bond Counsel, interest on the Series 2014A Bonds will not be subject to income taxation by the State of Oklahoma or any county, municipality or political subdivision thereof.



\$10,180,000
Oklahoma Water Resources Board
State Loan Program Revenue Bonds, Series 2014A

Dated: Date of Delivery

Due: October 1, as shown on inside cover

The Series 2014A Bonds are issuable only in fully registered form and when issued will be registered in global book-entry form in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, (“DTC”). DTC will act as securities depository (the “Securities Depository”) of the Series 2014A Bonds. Individual purchases will be made in book-entry form only in the principal amount of \$5,000 or integral multiples thereof. Beneficial Owners, as defined herein, of the Series 2014A Bonds will not receive certificates representing their interest in the Series 2014A Bonds. Payments of principal and interest on the Series 2014A Bonds will be made to the Beneficial Owners by DTC through its Participants, as defined herein. See “BOOK-ENTRY-ONLY” herein.

The Series 2014A Bonds are limited and special revenue obligations of the Board, as defined herein, and are secured by and payable solely from the moneys and assets in the Trust Estate assigned and pledged to the Trustee under the General Bond Resolution as amended and supplemented heretofore and by the Twenty-Sixth Supplemental Bond Resolution (defined below) including payments received by the Board from Eligible Entities pursuant to Loan Agreements (each as defined herein). The Trustee is BancFirst, Oklahoma City, Oklahoma.

The Series 2014A Bonds are being issued pursuant to a General Bond Resolution dated as of August 1, 1986, as amended and as supplemented to the date hereof, and a Twenty-Sixth Supplemental Bond Resolution dated as of March 1, 2014 (collectively, the “Resolution”), each between the Board and the Trustee, on a parity with all other bonds issued and that may be issued by the Board under the Resolution. Proceeds of the Series 2014A Bonds, together with other available funds, will be used for the purpose of funding Local Loans to Eligible Entities and paying costs of issuance, all as described herein.

The Series 2014A Bonds will be dated their date of authentication and delivery and will bear interest payable semiannually on April 1 and October 1 in each year until maturity, commencing October 1, 2014. The Series 2014A Bonds are subject to redemption prior to maturity, as described herein. See “REDEMPTION OF THE SERIES 2014A BONDS” herein.

Maturity Schedule on Inside Cover

The Series 2014A Bonds are not obligations or debts of the State of Oklahoma or any department, agency or political subdivision thereof, other than the Board. The Series 2014A Bonds are limited and special obligations of the Board only, payable solely from the revenues and assets pledged therefor, and neither the faith and credit nor the taxing power of the State of Oklahoma, nor any department, agency or political subdivision thereof is pledged for the payment of the Series 2014A Bonds. The Board has no taxing power.

The Series 2014A Bonds described above are offered for sale, when, as and if issued, and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice and subject to certification by the Attorney General of the State, and the approval of legality by the Centennial Law Group, Duncan, Oklahoma, Bond Counsel. Certain legal matters will be passed upon for the Board by its General Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Kutak Rock LLP, Oklahoma City, Oklahoma. It is expected that the Series 2014A Bonds will be available for delivery to DTC in New York, New York, on or about March 13, 2014.

BOSC, Inc.
A subsidiary of BOK Financial Corporation

Wells Nelson & Associates, LLC

\$10,180,000
Oklahoma Water Resources Board
State Loan Program Revenue Bonds, Series 2014A

MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS

\$6,975,000 Series 2014A Serial Bonds

Maturity October 1	Amount	Interest Rate	Yield	CUSIP Base: 67920Q
2014	\$ 225,000	1.000%	0.15%	FR4
2015	415,000	2.000	0.24	FS2
2016	420,000	2.000	0.41	FT0
2017	430,000	2.000	0.72	FU7
2018	440,000	2.000	1.08	FV5
2019	445,000	2.000	1.44	FW3
2020	455,000	2.000	1.88	FX1
2021	465,000	3.000	2.22	FY9
2022	480,000	3.000	2.53	FZ6
2023	495,000	3.000	2.76	GA0
2024	510,000	3.000	2.95	GB8
2025	525,000	3.000	3.18	GC6
2026	540,000	3.125	3.33	GD4
2027	555,000	3.250	3.45	GE2
2028	575,000	3.375	3.58	GF9

\$2,205,000 3.875% Term Series 2014A Bond due October 1, 2033 – Yield 4.04% (CUSIP: 67920Q-GG7)

\$1,000,000 4.000% Term Series 2014A Bond due October 1, 2033 – Yield 4.04% (CUSIP: 67920Q-GH5)

CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This information is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the Board or the Underwriters and are included solely for the convenience of the registered owners of the applicable Series 2014A Bonds. None of the Board 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 applicable Series 2014A Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2014A 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 2014A Bonds.

OKLAHOMA WATER RESOURCES BOARD

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ChairmanRudolf J. Herrmann
Vice Chairman..... Tom Buchanan
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Asst. General Counsel and Funds Manager.....Kate Burum

Bond Counsel

Centennial Law Group
Duncan, Oklahoma

Trustee

BancFirst
Oklahoma City, Oklahoma

REGARDING USE OF THE OFFICIAL STATEMENT

The Series 2014A Bonds are offered only by means of this Official Statement. This Official Statement does not constitute an offering of any security other than the Series 2014A Bonds specifically offered hereby. It does not constitute an offer to sell or a solicitation of an offer to buy the Series 2014A Bonds in any state or jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale, and no dealer, broker, salesman or other person has been authorized to make such unlawful offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Series 2014A Bonds and, if given or made, such other information or representations must not be relied upon.

The Series 2014A Bonds will not be registered under the Securities Act of 1933, as amended, and the Board and the Underwriters of the Series 2014A Bonds do not intend to list the Series 2014A Bonds on any stock or other securities exchange. The Securities and Exchange Commission has not passed upon the accuracy or adequacy of this Official Statement. With respect to the various states in which the Series 2014A Bonds may be offered, no attorney general, state official, state agency or bureau, or other state or local governmental entity has passed upon the accuracy or adequacy of this Official Statement or passed on or endorsed the merits of this offering of Series 2014A Bonds.

All references made herein to the Series 2014A Bonds are qualified in their entirety by reference to the Resolution (as herein defined). All references made herein to the Resolution are qualified in their entirety by reference to such complete documents, original counterparts of which are on file in the offices of the Board, currently located at 3800 North Classen Blvd., Oklahoma City, Oklahoma 73118.

Any statements contained in this Official Statement, including the Appendices hereto, involving matters of opinion, estimates or projections, whether or not expressly so stated, are intended as such and not as representations of fact. Summaries of documents do not purport to be complete or definitive, and all references made to such documents are qualified in their entirety by reference to the complete document. The information contained in this Official Statement, including the cover page and Appendices hereto, has been obtained from the Board and other sources which are deemed 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 a part of, their responsibilities 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. Such information is subject to change and/or correction without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall create any implication that the information contained herein is complete or accurate in its entirety as of any date after the date hereof. This Official Statement is submitted in connection with the sale of securities as referred to herein and may not be reproduced or used in whole or in part for any other purpose. This Official Statement shall not be construed as a contract or agreement between the Board and the purchasers or holders of any of the Series 2014A Bonds.

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.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2014A 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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OFFICIAL STATEMENT

of the

OKLAHOMA WATER RESOURCES BOARD

Relating to

\$10,180,000

State Loan Program Revenue Bonds, Series 2014A

INTRODUCTION

The Oklahoma Water Resources Board (the “Board”) is issuing its \$10,180,000 State Loan Program Revenue Bonds, Series 2014A (the “Series 2014A Bonds”) for the purpose of providing funds under its statewide financial assistance program (the “Program”) to make loans (“Local Loans”) to qualified entities (the “Eligible Entities”) in the State of Oklahoma (the “State”). Proceeds of the Series 2014A Bonds also will be used for the purpose of paying costs of issuance. See “PLAN OF FINANCING” herein. In accordance with Program guidelines, Local Loans will be made to Eligible Entities to provide for acquisition, development and utilization of storage and control facilities for water and sewage systems for the use and benefit of the public and for the conservation and distribution of water for beneficial purposes in or from reservoirs or other storage facilities (the “Projects”) and/or refinancing indebtedness originally incurred for Projects. The Series 2014A Bonds are being issued pursuant to the Board’s General Bond Resolution dated as of August 1, 1986 (the “General Resolution”), as amended and supplemented to the date hereof and as further amended and supplemented by the Twenty-Sixth Supplemental Resolution dated as of March 1, 2014 (the “Twenty-Sixth Supplemental Resolution”). The General Resolution, as so amended and supplemented is herein referred to as the “Resolution.” The Trustee under the General Resolution and each supplemental resolution is BancFirst, Oklahoma City, Oklahoma. The Series 2014A Bonds are issued and secured under the Resolution on parity with all other bonds issued by the Board and outstanding under the Resolution as described under “SUMMARY OF PROGRAM DEBT” herein (the “Outstanding Bonds”) and any additional parity bonds that may be issued by the Board under the Resolution, the Series 2014A Bonds, the Outstanding Bonds and any such additional bonds being collectively referred to herein as the “Bonds.”

The Board was established pursuant to Title 82, Oklahoma Statutes 2011, Sections 1085.1 *et seq.*, as amended, and is authorized pursuant to Title 82, Oklahoma Statutes 2011, Section 1085.31 *et seq.*, as amended (the “Act”), to issue “investment certificates” for the purpose of providing an adequate amount of funds in the Water Resources Fund (the “Loan Fund”), established pursuant to the Act, to carry out the purposes of the Act, including the establishment and administration of the Program.

The Board is authorized to make Local Loans from such Loan Fund to qualifying Eligible Entities, which include the State, counties, master conservancy districts, irrigation districts, municipalities, public trusts, rural water or sewer districts or other political subdivisions of the State or any combination thereof. In accordance with such authorization, the Board has initiated a loan program to make loans to Eligible Entities in the State for purposes of the Act. To qualify under the Program, each Eligible Entity must have entered into a Loan Agreement (the “Loan Agreement”) with the Board and enacted an ordinance or resolution (the “Local Act”) whereunder each Eligible Entity approves the execution of an obligation (the “Local Notes”) which provides for loan payments (the “Loan Payments”) at such times and in such amounts as are sufficient to amortize such Local Loans with final maturities no later than necessary to make scheduled payments on the Program bond issue, the proceeds of which were used to fund such respective Local Loans, and containing covenants acceptable to the Board. Each Local

Loan must be secured at least by the revenues derived from the operation and existence of the water system and/or the sewer system of the Eligible Entity as well as any other utility system revenues and any other revenue source pledged to the payment of the Local Loan and accepted by the Board. The revenues pledged to the payment of the Local Loan shall herein be referred to as the “Revenues.”

The payment of principal and interest on the Series 2014A Bonds is secured solely by: (1) a pledge of the Local Notes and the monies received by the Board as Loan Payments as defined in the Loan Agreements and the assignment by the Board of its rights under the Loan Agreements; and (2) all funds and accounts established by the Resolution (except the Rebate Fund) and the monies and investments therein, including any unexpended Series 2014A Bond proceeds. Participating Eligible Entities will be required to adopt a rate covenant whereby they will be obligated to establish and collect rates which will provide Net Revenues Available for Debt Service at least equal to 125% of the Maximum Annual Debt Service Requirements, each as defined in the Loan Agreements, of each Eligible Entity for the Local Loans and any other parity existing obligations (“Existing Indebtedness”).

The Series 2014A Bonds are secured by the General Resolution on a parity with all other bonds issued by the Board and outstanding under the General Resolution. See “SUMMARY OF PROGRAM DEBT” herein. The General Resolution permits the issuance of additional parity bonds without limitation as to principal amounts. See “SECURITY FOR AND PAYMENT OF THE BONDS — Additional Bonds” herein.

The Board, pursuant to the Resolution, has established a Debt Service Reserve Fund, which shall be held by the Trustee for the benefit of the owners of all Bonds issued and outstanding under the Resolution. The Board specifically reserves the right to create and establish additional reserves by other resolutions. The Resolution requires that the minimum required balance of the Debt Service Reserve Fund shall be not less than the Aggregate Debt Service Reserve Fund Requirement. See “SECURITY FOR AND PAYMENT OF THE BONDS — Debt Service Reserve Fund” herein.

THE SERIES 2014A BONDS ARE NOT OBLIGATIONS OR DEBTS OF THE STATE OF OKLAHOMA OR ANY DEPARTMENT, AGENCY OR POLITICAL SUBDIVISION THEREOF, OTHER THAN THE BOARD. THE SERIES 2014A BONDS ARE LIMITED AND SPECIAL OBLIGATIONS OF THE BOARD ONLY, PAYABLE SOLELY FROM THE REVENUES AND ASSETS PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF OKLAHOMA, NOR ANY DEPARTMENT, AGENCY OR POLITICAL SUBDIVISION THEREOF IS PLEDGED FOR THE PAYMENT OF THE SERIES 2014A BONDS. THE BOARD HAS NO TAXING POWER.

SECURITY FOR AND PAYMENT OF THE BONDS

Pledge of General Resolution

Under the General Resolution, to secure the payment of all the Bonds at any time issued and outstanding under the Resolution and the interest and the redemption premium, if any, thereon and payment of all fees, expenses and other amounts payable to the issuer of a Credit Facility pursuant to a Credit Agreement, the Board has pledged and conveyed a security interest to the Trustee in (i) the Local Notes and the Local Notes Payments, the investments thereof and the proceeds of such investments, if any, all funds and accounts established pursuant to any Supplemental Resolution and the monies therein, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the General Resolution; and (ii) all funds and accounts created under the General Resolution or in any Supplemental Resolution except those funds or accounts as are restricted from the payment of debt service on the Bonds or expenses of any Bond issue.

Pledge of Supplemental Resolutions

Under each Supplemental Resolution, including the Twenty-Sixth Supplemental Resolution, the Board has reaffirmed the pledge of the Local Notes and Local Note Payments, the Debt Service Reserve Fund, all funds and accounts established pursuant to the Resolution and the monies therein, except the Rebate Fund, for the payment of the Principal Installments and Redemption Price, if any, of and interest on, Bonds in accordance with the terms and provisions of the General Resolution.

Special Obligations

The Series 2014A Bonds are not obligations or debts of the State of Oklahoma or any department, agency or political subdivision thereof, other than the Board. The Series 2014A Bonds are limited and special obligations of the Board only, payable solely from the revenues and assets pledged therefor, and neither the faith and credit nor the taxing power of the State of Oklahoma, nor any department, agency or political subdivision thereof is pledged for the payment of the Series 2014A Bonds. The Board has no taxing power.

Loans

In accordance with the Resolution, each Eligible Entity must enter into a Loan Agreement with the Board. Each Loan Agreement requires an Eligible Entity to issue its Local Note to the Board. An Eligible Entity is authorized to make payments on its Local Note from the Revenues and the Local Note will be secured by such Revenues. Under the Loan Agreement, an Eligible Entity covenants to establish, maintain, adjust and collect, as necessary, such rates or charges for the operation of its pledged System which, together with other revenues pledged to the payment of the Local Note and any Existing Indebtedness, will be sufficient to provide Net Revenues Available for Debt Service, as defined herein, equal to at least 125% of the maximum annual debt service requirements of the Eligible Entity on its Local Note and any Existing Indebtedness on a parity with the Local Note.

Local Notes are not redeemable by any Eligible Entity without the written consent of the Board. No Eligible Entity utilizing a Local Note will pledge its ad valorem taxing powers, if any, to the payment of such Local Note.

If an Eligible Entity defaults on its Local Note, the Eligible Entity covenants in the Local Act that the Board, as holder of such Local Note, may exercise in its own right and for its own benefit certain rights. In the event the Board should exercise its lien rights to the revenues of the pledged System of an Eligible Entity upon the occurrence of an event of default, if such Eligible Entity should have outstanding Existing Indebtedness which also has a right to such pledged System revenues, the rights of the Board might be limited by the rights of the other creditors. Upon the occurrence of an event of default by any particular Eligible Entity, such default shall not affect the obligations of the other participating Eligible Entities under their respective Loan Agreements nor shall any such default affect the payment of principal or interest on the Bonds until the Debt Service Reserve Fund created to ensure the payment of same shall have been depleted, subject to the restrictions delineated therein. See "Summary of Certain Provisions of the Form of Loan Agreement" in Appendix A hereto.

Debt Service Reserve Fund

The General Resolution authorizes the establishment of funds, accounts and reserves by supplemental resolution. Under the General Resolution, a reserve fund requirement (the "Aggregate Debt Service Reserve Fund Requirement") is established, as of any date of calculation, in the amount required to be on deposit in the Debt Service Reserve Fund.

Each supplemental resolution adopted by the Board pursuant to the General Resolution has established a Debt Service Reserve Fund. Some of these Debt Service Reserve Funds were funded with cash and others were secured by surety bonds. The Board amended the General Bond Resolution as of May 1, 2011, (the "Amendment") to create a program wide General Debt Service Reserve Fund (the "General Reserve Fund"). The cash in the General Reserve Fund secures all of the Bonds on a parity basis just as the cash in each of the issue specific Debt Service Reserve Funds secures all of the Bonds on a parity basis. The Amendment made no structural or priority of payment changes to the collective reserve funds. Under each supplemental resolution, a Debt Service Reserve Fund may be established in connection with a series of bonds with no additional funding, as in the case of the Series 2014A Bonds, provided that the Aggregate Debt Service Reserve Fund Requirement is satisfied.

As of January 31, 2014, the balance in the Aggregate Debt Service Reserve Fund was \$53,391,052.96. \$24,891,052.96 of such balance was invested in a combination of brokered certificates of deposits with various banks in amounts covered by FDIC insurance and money market funds collateralized with U.S. Government securities. \$28,500,000 of such amount is represented by surety bonds described below. From time to time, at its discretion and subject to the availability of funds, the Board makes additional deposits to the Aggregate Debt Service Reserve Fund, the most recent deposit in the amount of \$1,301,612.31 having been made on January 22, 2014. **The amount of the Aggregate Debt Service Reserve Fund Requirement is not being increased in connection with the issuance of the Series 2014A Bonds.** The Aggregate Debt Service Reserve Fund Requirement shall be, as of any date of calculation, the amount required to be on deposit in the Debt Service Reserve Fund to secure payment of all bonds outstanding under the General Resolution.

Surety Bonds were provided in connection with the issuance of certain series of the Outstanding Bonds, in the amount of \$28,500,000. Provided below is a table indicating the Surety Bond provider, the series for which the Surety Bond was issued as well as the scheduled maturity date of the Surety Bond.

<u>Bond Series</u>	<u>Surety Bond Provider</u>	<u>Surety Amount</u>	<u>Scheduled Maturity</u>
1995	Ambac Assurance Corp.	\$ 5,000,000	09/01/2024
1997	Ambac Assurance Corp.	5,000,000	09/01/2026
1999	Ambac Assurance Corp.	7,500,000	03/01/2032
2001	Ambac Assurance Corp.	11,000,000	10/01/2034

For current ratings and other information relating to the Surety Bond provider, see its web site at www.ambac.com. The Board makes no representation regarding the Surety Bond provider's current or future ability to make payments if and when required under the Surety Bonds.

Pursuant to the terms of each Surety Bond, the Surety Bond Coverage is automatically reduced to the extent of each payment made by the name of the respective surety bond provider under the terms of each respective Surety Bond and the Board is required to reimburse each surety bond provider for any draws under its respective Surety Bond with interest at a specified rate. Upon any such reimbursement, the Surety Bond is reinstated to the extent of each principal reimbursement up to but not exceeding the Surety Bond Coverage for such surety bond. Each reimbursement obligation of the Board in regard to a surety bond is subordinate to the Board's obligations with respect to the Board's Outstanding Bonds.

Any draw on the Surety Bonds shall be made only after all the cash funds in the Debt Service Reserve Fund have been expended. In the event that the amount on deposit in, or credited to, the Debt Service Reserve Fund, in addition to the amount available under each respective Surety Bond, includes amounts available under a letter of credit, insurance policy, surety bond or other such funding instrument (the "Additional Funding Instrument"), draws on the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency. The Tenth Supplemental Resolution provides that the Debt

Service Reserve Fund shall be replenished in the following priority: (i) principal and interest on the Surety Bond issued with respect to the Series 1995 Bonds shall be paid from first available Revenues; (ii) principal and interest on the Surety Bond issued with respect to the 1997 Bonds shall be paid from the next available Revenues; (iii) principal and interest on the Surety Bond issued with respect to the 1999 Bonds and the 2001 Bonds and any additional Funding Instruments shall be paid from the next available Revenues; and (iv) after all such amounts are paid in full, amounts necessary to fund the Debt Service Reserve Fund to the required level, after taking into account the amounts available under each respective Surety Bond, shall be deposited from next available funds.

The monies in the Debt Service Reserve Fund (including the General Reserve Fund) will be transferred to the Debt Service Reserve Funds established under all the Supplemental Resolutions and will then be transferred to the Principal Account and/or the Interest Account of the Debt Service Funds to the extent necessary to prevent a default in the payment of principal of and interest on the Bonds as the same becomes due and payable. In the event monies are transferred from the Debt Service Reserve Fund to any of the Debt Service Funds to cover any deficiencies occurring therein, the Trustee shall request the Board and the Board may, in its sole discretion, request the State Treasurer, to the extent monies are available and not encumbered, to transfer from the balance of the Statewide Water Development Revolving Fund that amount necessary, if any, to cause the sum of the transfer and the balance of the Debt Service Reserve Fund to equal the Aggregate Debt Service Reserve Fund Requirement. No assurances can be made that (i) there will be monies available in the Statewide Water Development Revolving Fund for such purpose or (ii) that the Board will request the State Treasurer to transfer such funds to the Debt Service Reserve Fund or (iii) that the State Treasurer, if so requested, will in fact make such transfer.

In the event a depletion of the Debt Service Reserve Fund shall have occurred as a result of a default in the payment of the debt service requirements of a Local Loan, the Local Notes Payments of the Eligible Entity causing such depletion shall be adjusted so as to replenish the Debt Service Reserve Fund within twenty-four months of such depletion.

In the event of any reduction in the Debt Service Reserve Fund below the Aggregate Debt Service Reserve Fund Requirement, the Board may, at the sole discretion of the Board, to the extent monies are available therefor and not otherwise previously committed or encumbered for other qualified purposes delineated in the Act, replenish the Debt Service Reserve Fund from any monies otherwise available to the Board for such purpose.

The State of Oklahoma Water Infrastructure Credit Enhancement Reserve Fund

Under provisions of a constitutional amendment authorized by the November 6, 2012, passage of State Question 764, codified at Article X, Section 39A of the Oklahoma Constitution, and a statute that became effective November 1, 2013, codified at Title 82 Oklahoma Statutes Section 1085.50, the Board is authorized to issue General Obligation Bonds referred to as Water Infrastructure Credit Enhancement Reserve Fund General Obligation Bonds (the "WICERF Bonds") in an amount not to exceed \$300,000,000. WICERF Bonds can be issued by the Board in order to prevent a payment default on Financial Assistance Program revenue bonds of the Board after the depletion of other Program reserve funds.

It is the Board's intent and desire that no issuance of WICERF Bonds will become necessary. The Board, however, has established written standard operating procedures for action in order to implement the WICERF should that ever become necessary. To date, the Board has never had any

payment defaults on any Program bonds and there has never been a draw on any Program reserve funds and the Board has not been required to issue any WICERF Bonds.

Additional Bonds

The General Resolution authorizes the issuance of Bonds without limitation as to amount, except as provided in the General Resolution or as may be limited by the Act. As a condition of issuing a series of additional bonds, the Board is required to adopt a Supplemental Resolution specifying, among other things, the amount, if any, to be deposited in the Debt Service Reserve Fund. There is also required to be delivered to the Trustee, among other things, either (i) a letter from S&P to the effect that issuance of the Additional Bonds will not cause the Additional Bonds or any previously issued Bonds to be assigned a credit rating lower than BBB, without consideration of the benefits of any Credit Facility or (ii) cash flow projections reflecting a default rate of 15% in Local Notes Payments, whichever shall be more restrictive in the issuance of such Additional Bonds.

THE SERIES 2014A BONDS

The following is a summary of certain provisions of the Series 2014A Bonds. Reference is made to the Series 2014A Bonds themselves for the complete text thereof and to the Resolution, and the discussion herein is qualified by such references.

Form and Denomination

The Series 2014A Bonds will be issuable as fully registered bonds without coupons in denominations of \$5,000 or any integral multiple of \$5,000.

Interest on the Series 2014A Bonds

Interest on the Series 2014A Bonds shall be computed on the basis of a 360-day year, consisting of twelve (12) thirty (30) day months. Interest will accrue from the date of delivery of the Bonds, and will be payable April 1 and October 1 of each year commencing October 1, 2014. The Series 2014A Bonds shall bear interest at the rates set forth on the inside cover page of this Official Statement. Interest on any Interest Payment Date shall be paid by check mailed to the persons in whose names the Series 2014A Bonds are registered at the close of business on the regular record date for such interest, which shall be the March 15 or September 15 (whether or not a business day) next preceding such Interest Payment Date.

Payment of Principal and Interest

So long as all Series 2014A Bonds are registered in the name of Cede & Co., the nominee of DTC, or its registered assign, all payments of interest and principal shall be delivered to Cede & Co. or its registered assign. Interest and principal will be paid when due to DTC then paid by DTC to the Participants and thereafter paid by the Participants to the Beneficial Owners of the Series 2014A Bonds. See "BOOK-ENTRY-ONLY" below.

BOOK-ENTRY-ONLY

The Series 2014A Bonds will initially be available in book-entry-only form, in the principal amount of \$5,000 and integral multiples thereof. Beneficial owners of the Series 2014A Bonds ("Beneficial Owners") will not receive certificates representing their interests in the Series 2014A Bonds purchased.

The information in this section concerning The Depository Trust Company (“DTC”) and DTC’s book-entry-only system has been obtained from DTC, and the Board and the Underwriters take no responsibility for the accuracy thereof.

DTC will act as securities depository for the Series 2014A Bonds. The Series 2014A Bonds will be issued as fully-registered securities 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 Series 2014A Bond certificate will be issued for each maturity of the Series 2014A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC at the office of the Trustee on behalf of DTC utilizing the DTC FAST system of registration.

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”). 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.

Purchases of Series 2014A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2014A Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2014A Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect 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 Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2014A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2014A Bonds, except in the event that use of the book-entry system for the Series 2014A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2014A Bonds deposited by Direct Participants with DTC (or the Trustee on behalf of DTC utilizing the DTC FAST system of registration) 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 2014A Bonds with DTC (or the Trustee on behalf of DTC utilizing the DTC FAST system of registration) 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 2014A Bonds; DTC’s records reflect only the

identity of the Direct Participants to whose accounts such Series 2014A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect 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.

Redemption notices shall be sent to DTC. If less than all the Series 2014A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2014A Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board 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 the Series 2014A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Series 2014A 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 Board or the Paying Agent on the 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 securities 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 (nor its nominee), the Paying Agent or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments on the Series 2014A Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or the Paying Agent, 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 Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2014A Bonds at any time by giving reasonable notice to the Board or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2014A Bond certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2014A Bond certificates will be printed and delivered to DTC.

The Board, Bond Counsel, the Trustee and the Underwriters cannot and do not give any assurances that the DTC Participants will distribute to the Beneficial Owners of the Series 2014A Bonds: (i) payments of principal or interest on the Series 2014A Bonds; (ii) certificates representing an ownership interest or other confirmation of Beneficial Ownership interests in the Series 2014A Bonds; or (iii) redemption or other notices sent to DTC or its nominee, as the Registered Owners of the Series 2014A Bonds; or that they will do so on a timely basis or that DTC or its participants 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.

None of the Board, Bond Counsel, the Trustee or the Underwriters will have any responsibility or obligation to such DTC Participants (Direct or Indirect) or the persons for whom they act as nominees with respect to: (i) the Series 2014A Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by any DTC Participant of any amount due to any Beneficial Owner in respect of the principal amount of or interest on the Series 2014A Bonds; (iv) the delivery by any DTC Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Master Indenture to be given to Registered Owners; (v) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2014A Bonds; or (vi) any consent given or other action taken by DTC as Registered Owner.

In reading this Official Statement, it should be understood that while the Series 2014A Bonds are in the Book Entry system, references in other sections of this Official Statement to Registered Owner should be read to include the Beneficial Owners of the Series 2014A Bonds, but: (i) all rights of ownership must be exercised through DTC and the Book Entry system; and (ii) notices that are to be given to Registered Owners by the Board or the Trustee will be given only to DTC.

REDEMPTION OF SERIES 2014A BONDS

Optional Redemption

The Series 2014A Bonds maturing on and after October 1, 2025, are subject to optional redemption on or after October 1, 2024, by the Board, in whole or in part, at par, plus accrued interest to the date fixed for redemption.

Scheduled Mandatory Sinking Fund Redemption

The two Series 2014A Term Bonds maturing on October 1, 2033, are subject to scheduled mandatory sinking fund redemption, in part by lot, on October 1 of each of the years and in the principal amounts set forth below at a redemption price of 100% of the principal amount thereof plus interest accrued to the redemption date:

October 1, 2033 3.875% Term Bond		October 1, 2033 4.000% Term Bond	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2029	\$ 405,000	2029	\$ 190,000
2030	420,000	2030	195,000
2031	440,000	2031	200,000
2032	460,000	2032	205,000
2033	480,000	2033	210,000
Stated Maturity		Stated Maturity	

Mandatory Special Redemption of Series 2014A Bonds from Unexpended Proceeds

The Series 2014A Bonds shall be subject to redemption at a redemption price of 100% of the principal amount thereof to be so redeemed plus interest accrued to the date fixed for redemption upon the direction of the Board in a principal amount equal to the amount of money which remains on deposit in

the Loan Fund as a result of the failure to lend proceeds to one or more of the Eligible Entities, such redemption to be made on the dates and in the amounts as follows:

(a) in part on or after April 1, 2015 (but not later than May 1, 2015), in an amount equal to the amount by which the proceeds of the Series 2014A Bonds expended from the Loan Fund by March 13, 2015, is less than 30% of the net proceeds of the Series 2014A Bonds; and

(b) in part on or after April 1, 2017 (but not later than May 1, 2017), in an amount equal to the amount by which the proceeds of the Series 2014A Bonds expended from the Loan Fund by March 13, 2017, is less than 95% of the net proceeds of the Series 2014A Bonds.

If and to the extent that Series 2014A Bonds are redeemed by reason of the failure to lend proceeds to one or more of the Eligible Entities by the dates and in the amounts provided above, the Board shall provide the Trustee with specific instructions regarding the maturities and the principal amount of Series 2014A Bonds within maturities to be so redeemed and the Trustee shall cause the particular Series 2014A Bonds or portions thereof to be redeemed to be selected by lot in such manner as the Trustee in its discretion may deem proper.

The Board does not expect that any Series 2014A Bonds will be called for Mandatory Special Redemption. For a discussion of the reason for including this Mandatory Special Redemption feature, see “PLAN OF FINANCING” herein.

Extraordinary Optional Redemption

The Series 2014A Bonds are also subject to redemption at the option of the Board, in whole or in part, at any time, if such redemption is to be made from prepayments on Local Notes resulting from the following occurrences to a System owned or operated by or leased to an Eligible Entity: (a) insurance proceeds; (b) expropriation awards; (c) payments received from an Eligible Entity and/or the Board pursuant to (i) an event of default as defined in the respective Loan Agreement between the Board and such Eligible Entity, or (ii) a determination by the United States Internal Revenue Service that the promissory note executed by an Eligible Entity to evidence a Local Loan constitutes a “private activity bond” under Section 141 of the Code or an obligation the interest on which is not exempt from gross income under Section 103 of the Code. In the event that such redemption is made, such redemption shall be made at the principal amount so redeemed plus interest accrued to the date fixed for redemption.

The Series 2014A Bonds, in addition to being subject to redemption as aforesaid, are furthermore subject to redemption at the option of the Board in whole or in part on thirty days’ notice, at the principal amounts thereof plus accrued interest to the date fixed for redemption, if, as a result of any change in the Constitution of the United States of America or of the State of Oklahoma, or of any legislative or administrative action, whether state or federal, or by final judgment in a court of competent jurisdiction after the contest thereof by the Board in good faith, wherein (i) the Resolution or the respective Loan Agreement become void, unenforceable, or impossible of performance in accordance with the intent and purpose of the parties as expressed therein or (ii) the interest on the Series 2014A Bonds shall become subject to federal income taxation.

Selection of Series 2014A Bonds to be Redeemed

If less than all the Series 2014A Bonds shall be called for redemption under any provision of the Resolution permitting such partial redemption, the particular Series 2014A Bonds or portions of Series 2014A Bonds to be redeemed shall be selected from all Series 2014A Bonds then outstanding, by lot, by the Trustee in such manner as the Trustee in its discretion may deem proper; provided, however, that the

portion of any Series 2014A Bond to be redeemed shall be in the principal amount of \$5,000 or an integral multiple thereof and that in selecting Series 2014A Bonds for redemption, the Trustee shall treat each Series 2014A Bond as representing that number of Series 2014A Bonds which is obtained by dividing the principal amount of such registered Series 2014A Bond by \$5,000 (such amounts being hereinafter referred to as the “units of principal amounts”). If it is determined that one or more, but not all of the \$5,000 units of principal amount represented by any such Series 2014A Bond is to be called for redemption, then upon notice of intention to redeem such \$5,000 unit or units, the holder of such Series 2014A Bond shall forthwith surrender such Series 2014A Bond to the Trustee for (1) payment of redemption price (including interest to the date fixed for redemption) of the \$5,000 unit or units of principal amount called for redemption and (2) exchange for a new Series 2014A Bond or Series 2014A Bonds of the aggregate principal of such Series 2014A Bonds not called for redemption. **IF THE OWNER OF ANY SUCH SERIES 2014A BOND OF A DENOMINATION GREATER THAN \$5,000 SHALL FAIL TO PRESENT SUCH BOND TO THE TRUSTEE FOR PAYMENT AND EXCHANGE AS AFORESAID, SUCH BOND SHALL, NEVERTHELESS, BECOME DUE AND PAYABLE ON THE DATE FIXED FOR REDEMPTION TO THE EXTENT OF THE \$5,000 UNIT OR UNITS OF PRINCIPAL AMOUNT CALLED FOR REDEMPTION (AND TO THAT EXTENT ONLY).**

Notice of Redemption

Notice of redemption shall be given by mailing a copy of the redemption notice by first-class mail at least 30 days prior to the date fixed for redemption to the holders of the Series 2014A Bonds to be redeemed at the addresses shown on the registration books; provided, however, that failure to duly give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of Series 2014A Bonds as to which no such failure or defect has occurred.

THE BOARD

Authority for and Powers of the Board

The Oklahoma Water Resources Board was established by legislative action in 1957 as a body corporate and politic and an instrumentality, agency and department of the State. Authority for the existence and powers of the Board are found at Title 82, Oklahoma Statutes 2011, Section 1085.1 *et seq.*, as amended.

The Board is authorized to provide or assist political subdivisions and municipal corporations of the State, including counties, cities and towns, rural water and sewer districts, irrigation districts, and public trusts in the acquisition, development and utilization of storage and control facilities for the waters and sewage of such governmental entities for the use and benefit of the public and for the distribution of water for beneficial purposes in or from reservoirs or other storage facilities for the general welfare and the future economic growth of the State. Specifically, the Board is empowered to provide funds to Eligible Entities to assist in the development of facilities for the treatment and distribution of water from storage or filtration and treatment plants to wholesale or retail purchasers, and any system necessary to improve or develop sewage treatment, collection or distribution capabilities or to refinance existing indebtedness originally incurred for such purpose. The Board is authorized to issue its obligations, the proceeds of which may be loaned to Eligible Entities to finance the costs of such projects.

The Board is funded by appropriations annually from the Oklahoma Legislature and other sources. The Fiscal Year 2014 operating budget for the Board is \$18,214,654. The Board’s offices are located at 3800 North Classen Blvd., Oklahoma City, Oklahoma 73118 and its telephone number is (405) 530-8800.

Organization and Membership of the Board

The Board is composed of nine members appointed by the Governor of the State for terms of seven years each, with the advice and consent of the Senate. One member is appointed from each of the five congressional districts of the State and four members are appointed at large. At all times, at least one member of the Board shall be well versed in each of the following types of water use: recreational, industrial, irrigation, municipal, rural residential, agricultural and soil conservation. Not more than two members may be appointed representing any one of the major types of water use. The Board is authorized to appoint an Executive Director who shall have had at least six years practical and administrative experience in water resources management and to delegate to such Executive Director such powers and duties that it may deem proper, with the exception of the powers of determining policy or the execution of contracts or adjudication of claims, applications or controversies, all of which powers and duties shall be exercised solely by the Board.

Members of the Board

The members of the Board are as follows:

MEMBERS	TERM EXPIRES	OCCUPATION
Rudolf J. Herrmann, Chairman	May, 2014	Businessman
Tom Buchanan, Vice Chairman	May, 2018	Agri-businessman
Linda P. Lambert, Secretary	May, 2018	Businesswoman
Bob Drake	May, 2014	Agri-businessman
F. Ford Drummond	May, 2013†	Attorney/Businessman
Marilyn Feaver	May, 2017	Ex. Dir., Southern Oklahoma Impact Coalition
Ed Fite	May, 2015	Ex. Dir., Oklahoma Scenic Rivers Comm.
Jason W. Hitch	May, 2019	Agri-businessman
Richard Sevenoaks	May, 2016	Businessman

†In accordance with the provisions of Oklahoma law, Mr. Drummond will continue to serve as a Member of the Board until a successor has been appointed.

Executive Administrative Staff of the Board

J.D. Strong, Executive Director: Mr. Strong was selected as the Executive Director by the Board on October 12, 2010, after having served as Interim Director since February 2010. Mr. Strong was appointed by Governor Henry in 2008 to serve as the Secretary of Environment. In this position, he coordinated the activities of the State's Environmental Cabinet, including the Oklahoma Department of Environmental Quality, the Oklahoma Water Resources Board and the Oklahoma Department of Wildlife Conservation. Mr. Strong is a 1993 graduate of Oklahoma State University with a B.S. in Wildlife Ecology. He worked as an environmental scientist for the Oklahoma Water Resources Board for several years before joining the office of the Secretary of Environment.

Joe S. Freeman, Chief, Financial Assistance Division: Mr. Freeman is a 1981 graduate of Oklahoma State University with a B.S. in Finance and Economics. He received a Master of Business Administration Degree with a Management concentration in 1982 from Central State University. Previous positions include Assistant Controller and Financial Planning Officer for the First National Bank and Trust Company, Ponca City, Oklahoma, 1982 to 1985; Account Executive, Dean Witter Reynolds, Inc., 1985 to 1986; Vice President, Exchange National Bank, Del City, Oklahoma, 1986 to 1990; Financial Analyst, Oklahoma Water Resources Board, 1990 to 1991; Financial Analyst Supervisor, 1991 to 1993; and 1993 to present serves as Chief, Financial Assistance Division.

Jerry Barnett, General Counsel: Mr. Barnett is a 1982 graduate of Oklahoma Baptist University with a B.A. in Religion. He received a Juris Doctorate in Law in 1985 from the University of Oklahoma College of Law. He served as a Staff Attorney for Oklahoma Water Resources Board, 1985 to 1987, and 1989-2013. He became Acting General Counsel, Oklahoma Water Resources Board, in January 2013 and became General Counsel on July 1, 2013.

Kate Burum, Assistant General Counsel and Funds Manager: Ms. Burum earned her Bachelors of Business Administration from the University of Oklahoma, a Post Graduate Certificate in International Business from Flinders University, Adelaide, Australia, and her juris doctorate from the University of Oklahoma College Of Law. Ms. Burum is a member of the Oklahoma Bar Association and National Association of Bond Lawyers.

Summary of Other Activities and Programs of the Board

In addition to its State Loan Program activities regarding the issuance of bonds and making loans to Eligible Entities from the proceeds thereof (as described under the caption “THE PROGRAM” herein), the Board administers Oklahoma law regarding (a) rights to the use of stream water and groundwater, (b) licensing of commercial water well drillers and pump installers, (c) safety of dams, (d) interstate stream compacts, (e) management of development in floodplain areas, (f) promulgation of state water quality standards, and (g) development and updating of the Oklahoma Comprehensive Water Plan. The Board also has other financial assistance programs distinct from its State Loan Program. These financial assistance programs include the administration of (a) the Clean Water State Revolving Fund program for wastewater loans to eligible public entities in Oklahoma according to the federal Water Quality Act of 1987, (b) the Drinking Water State Revolving Fund program for drinking water treatment loans to eligible public entities according to the federal Safe Drinking Water Act as amended, (c) a “Rural Economic Action Plan” program for grants to eligible public entities for qualifying water and sewer projects, and (d) a grant program for funding grants to eligible public entities for emergency water and wastewater projects.

These and other related programs are administered by a staff of approximately 90 full-time equivalent employees organized into a Financial Assistance Division, Planning and Management Division, Water Quality Programs Division, and Administrative Services Division. The Board’s executive staff consists of its Executive Administration (Executive Director, Assistant to the Director, Executive Secretary) and Office of General Counsel (General Counsel and Assistant General Counsel).

THE PROGRAM

In 1975, the Oklahoma Legislature began developing the legislation required to provide the Board with the authorization required to establish a comprehensive statewide vehicle for financing water and sewer system improvements. Since the funding requirements of the various Eligible Entities were growing as a result of federally mandated improvements and population growth and deteriorating systems required expansion and/or replacement of a number of water and sewer facilities, the Oklahoma Legislature in 1979 passed the pertinent sections of the Act authorizing the Program and establishing the Board as an additional funding source for the Eligible Entities.

The Projects which are eligible to be financed through the Program include water and sewage system improvements to conserve and develop surface or subsurface water resources or to control and develop sewage treatment facilities such as construction of dams, reservoirs and other water storage projects including underground storage projects, filtration and water treatment plants, water distribution facilities, and any system necessary to improve or develop sewage treatment, collection or distribution

capabilities. Eligible Entities may also obtain loans through the Program to refinance indebtedness originally incurred for Projects.

The Act provides that the Eligible Entities may secure the Local Loans from the Board with a mortgage on the pledged System and a pledge of the revenues derived from the operation and existence thereof or such other revenues as may be pledged by the applicant for such purposes. The Loan Agreement provides that each Local Loan shall be secured with a security interest in the revenues derived from the existence and operation of the water system and/or any other utility systems pledged to the payment of the Local Notes and the appropriate security interest in any other pledged revenues.

In the event that an Eligible Entity determines to use a supplemental revenue source (referred to herein as the “Additional Revenues”), in addition to pledged System revenues, as a source of funds to pay its Loan Payments to the Board, the ability of the Board to pay the principal of and interest on its Bonds may depend upon the ability of the Eligible Entity to receive such Additional Revenues, which may include the proceeds of a Sales Tax (the “Sales Tax Revenues”). Since the Oklahoma Constitution allows only for a pledge of Additional Revenues which may be pledged to the Eligible Entity on a year-to-year basis, such Additional Revenues, if utilized as a source of payment of the Loan Payments, shall be committed to make the Loan Payments on a year-to-year basis, subject to the annual appropriation of such monies by the beneficiary of the Eligible Entity. If the beneficiary should decide not to appropriate such monies or should the beneficiary take action to eliminate the pledge or should the voters of the beneficiary rescind the right of the beneficiary to levy and collect such source or the legislature rescind the right of the beneficiary to levy and collect such monies, an Eligible Entity using the Additional Revenues as a source of funds to make the Loan Payments could be unable to pay the debt service on its Local Loan from such Additional Revenues and such Eligible Entity would have to raise the rates, fees and/or charges for services from the pledged System to an extent to allow it to meet its obligations under the Loan Agreement.

The authority of a beneficiary of a public trust to levy and collect monies from a source other than utility revenues is provided in the statutes of the State. The legislature has the ability to modify or repeal the authority of such beneficiary to levy and collect such additional monies. If an Eligible Entity should not receive all of the Additional Revenues or if such collections should decline due to economic conditions, it could force the Eligible Entity to raise its System rates, fees or charges in an amount necessary to pay the Loan Payments and therefore could inhibit the ability of such Eligible Entity to pay the debt service requirements of the Local Loan. The occurrence of all or any of such factors could impair the ability of the Eligible Entity to make timely Local Payments which could impair the ability of the Board to pay the debt service requirements of the Series 2014A Bonds.

The procedure for completing a Local Loan begins with review of appropriate data by the staff of the Board. If the Loan request is approved by the staff of the Board, it is then submitted to the Board for approval. Upon completion of a Local Loan, the Trustee shall disburse the loan proceeds to the Local Trustee of the Eligible Entity at closing for such Local Loan. Such Local Loan proceeds shall be disbursed to fund the Project pursuant to an approved requisition system used in conjunction with any Existing Indebtedness or adopted in conformity with rules and regulations of the Board.

Status of Outstanding Loans

See Appendix B hereto for a table of all Local Loans outstanding, as of February 1, 2014. There are no payment-related defaults on any outstanding Local Loans made by the Board.

Additional Information

Audited Financial Statements of each series of Bonds outstanding under the General Resolution may be obtained by contacting Mr. Joe S. Freeman, Chief, Financial Assistance Division, Oklahoma Water Resources Board, 3800 N. Classen Boulevard, Oklahoma City, OK 73118; telephone: 405-530-8800; facsimile: 405-530-8898; e-mail: joe.freeman@owrb.ok.gov.

SUMMARY OF PROGRAM DEBT

The following table sets forth the Bonds issued by the Board under the Resolution, the original issuance amount, the issue date, the scheduled maturity date, interest rate mode and the current outstanding balance:

<u>Issue</u>	<u>Issue Amount</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Outstanding Balance (January 31, 2014)</u>		
				<u>Fixed Rate</u>	<u>Floating Rate</u>	<u>Total</u>
Series 1989	\$ 50,000,000	11/14/1989	09/01/2019	\$ 135,000		\$ 135,000
Series 1994A	109,845,000	01/20/1994	09/01/2023	0	\$ 3,370,000	3,370,000
Series 1995	50,000,000	10/18/1995	09/01/2024	0	3,085,000	3,085,000
Series 1997	50,000,000	07/02/1997	09/01/2026	0	400,000	400,000
Series 1999	75,000,000	03/03/1989	09/01/2032	4,310,000	1,710,000	6,020,000
Series 2001	110,000,000	09/18/2001	10/01/2034	2,005,000	6,165,000	8,170,000
Series 2003A	100,000,000	07/09/2003	10/01/2036	5,480,000	4,840,000	10,320,000
Series 2004A	12,630,000	05/12/2004	09/01/2023	3,620,000	--	3,620,000
Series 2006B	52,585,000	07/12/2006	10/01/2025	37,875,000	--	37,875,000
Series 2007	10,215,000	03/13/2007	10/01/2036	7,870,000	--	7,870,000
Series 2009	2,825,000	11/24/2009	10/01/2031	2,400,000	--	2,400,000
Series 2010A	30,035,000	06/16/2010	10/01/2030	26,625,000	--	26,625,000
Series 2010B	27,955,000	11/03/2010	10/01/2035	25,700,000	--	25,700,000
Series 2011	14,275,000	06/23/2011	10/01/2031	13,270,000	--	13,270,000
Series 2012	30,595,000	01/19/2012	10/01/2040	30,485,000	--	30,485,000
Series 2012A	33,445,000	03/28/2012	10/01/2032	30,005,000	--	30,005,000
Series 2012B	8,750,000	07/02/2012	10/01/2035	8,670,000	--	8,670,000
Series 2012C	9,625,000	08/29/2012	09/01/2042	8,415,000	--	8,415,000
Series 2013A	43,290,000	04/24/2013	10/01/2038	42,245,000	--	42,245,000
Series 2013B	<u>5,460,000</u>	07/18/2013	10/01/2033	<u>5,385,000</u>	<u>--</u>	<u>5,385,000</u>
	<u>\$826,530,000</u>			<u>\$254,495,000</u>	<u>\$19,570,000</u>	<u>\$274,065,000</u>

Note: No Series 2006A Bonds were ever issued by the Board.

PLAN OF FINANCING

The proceeds of the Series 2014A Bonds shall be used to fund certain identified Local Loans pursuant to Program guidelines and to pay costs of issuance of the Series 2014A Bonds.

The Board expects to meet the additional requirements imposed with respect to “pooled bonds” by the federal Tax Increase Prevention and Reconciliation Act of 2005 which provided amendments to Section 149(f)(4) of the Code, including a requirement that an issuer obtain written loan commitments identifying the ultimate borrowers of at least 30% of the net proceeds of pooled financing bonds prior to the issuance thereof and a requirement that such bonds contain redemption features to redeem bonds to the extent that the amount of loans actually made are less than amounts reasonably expected to be made in

certain percentages and by certain dates (30% within one year and 95% within three years of the date of issuance).

The Board has obtained written commitments with respect to 100% of the net proceeds of the Series 2014A Bonds and the loan closings with the Eligible Entities have been scheduled to occur on the date of delivery of the Series 2014A Bonds. Thus, the Board expects that all Local Loans will be originated on the date of delivery of the Series 2014A Bonds and that no Series 2014A Bonds will be redeemed pursuant to “Mandatory Special Redemption of Series 2014A Bonds from Unexpended Proceeds” as described under “REDEMPTION OF SERIES 2014A BONDS” herein.

The Local Loans will be amortized with payments of principal and interest from the Eligible Entities established on a level payment basis and the maximum maturity of each Local Loan will be the final maturity date of the Series 2014A Bonds. All payments of debt service requirements on each Local Loan will be made to the Local Trustee for the Eligible Entity, which will forward required principal and interest payments to the Trustee for the Series 2014A Bonds on March 15 and September 15 of each year during which such Local Loan is outstanding. Payments forwarded to the Trustee will include interest for the full period ending on the last day of March and September of each year during which such Local Loan is outstanding.

SOURCES AND USES OF FUNDS

The following table sets forth the estimated applications of the proceeds of the Series 2014A Bonds and other available funds of the Eligible Entities.

Principal of Series 2014A Bonds	\$10,180,000.00
Less: Original Issue Discount	99,902.65
Plus: Original Issue Premium	<u>137,542.65</u>
Total Sources:	<u>\$10,217,640.00</u>
Deposit to Loan Fund ¹	\$10,095,547.25
Costs of Issuance including Underwriters’ Discount ²	<u>122,092.75</u>
Total Uses:	<u>\$10,217,640.00</u>

¹Deposit to the Loan Fund will be used by Eligible Entities to finance and refinance project expenditures, to pay costs associated with their Local Loans and to fund reserve funds for their Local Notes.

²Includes all costs of issuance of the Series 2014A Bonds, including Underwriters’ discount (\$67,112), fees for legal counsel and other expenses, the payment of which is contingent upon the issuance of the Series 2014A Bonds.

STRUCTURE ASSUMPTIONS

The maturities for all Bonds, including Series 2014A Bonds, have been established on the basis of the scheduled payments of the Local Loans (as if no prepayments of or other early recoveries on the Local Loans would occur). The interest rate on the Local Loans has been established at a rate so that payments of principal of and interest on the Local Loans (as well as certain income derived from the investment thereof) plus moneys on deposit in the various Funds and Accounts (as well as certain earnings thereon) will generate sufficient revenues to pay on a timely basis the principal of and interest on the Bonds, the Board’s Program fees and the fees of the Trustee on the basis of the following assumptions:

(1) In connection with the issuance of the Series 2014A Bonds, no additional amount is being required to be deposited in the Debt Service Reserve Fund; the amount of the Aggregate Debt Service Reserve Fund Requirement remains the same as immediately prior to the issuance of the Series 2014A Bonds. See “SECURITY FOR AND PAYMENT OF THE BONDS—Debt Service Reserve Fund” herein.

(2) All Local Loans will provide for payments as described under “SECURITY FOR AND PAYMENT OF THE BONDS” herein.

(3) Scheduled payments of principal of and interest on the Local Loans will be made on a timely basis.

(4) Cash flows include the Board’s annual program administration fee and the fees for the Trustee.

Payment of debt service on the Series 2014A Bonds depends primarily upon payment of principal of and interest on the Local Loans. The Board anticipates on the basis of the assumptions above, that the revenues from Local Loans, and the amounts held in the funds and accounts under the Resolution and certain earnings thereon, will be sufficient to pay the debt service on the Series 2014A Bonds when due.

RISKS OF BONDHOLDERS

The Bonds are secured by, among other security, the Revenues pledged to the payment of the Local Notes by the Eligible Entities. No assurance can be given that such Revenues will be sufficient to pay utility system operation and maintenance expenses and the principal of and interest on the Local Notes. The ability of the Eligible Entities to charge adequate rates and generate sufficient revenues to pay the principal of and interest on the Local Notes and to pay utility system operation and maintenance costs are dependent on many factors, including the abilities of individuals responsible for operation and maintenance of such local utility systems to operate and maintain the utility systems efficiently and economically and future economic and other pertinent conditions. Such conditions may include difficulties in obtaining sufficient amounts of water, or the cost of purchased water, other increased operation and maintenance costs, regulation and restriction of the utility systems of the Eligible Entities by various governmental entities, restrictions which might arise out of environmental considerations, technological advances or a reduction in the needs and demands for water of the citizens and customers in the area served by the utility systems of the Eligible Entities. In addition, if an Eligible Entity decides to construct additional facilities, any difficulties which such Eligible Entity may encounter in completing or acquiring or operating such additional facilities may negatively impact the Eligible Entity’s ability to satisfy its obligations. In addition, recent case law in Oklahoma indicates that Eligible Entities and others who hold or rely on appropriation rights to use stream water for water supply have rights which are subordinate to rights of riparian landowners to make reasonable use of the stream water. Eligible Entities and other persons who hold or rely on appropriation rights to use stream water may be required to limit diversion of water or release water during periods when the source of stream water supply is insufficient to meet the needs of both the reasonable riparian uses and the appropriation. The limitation on the diversion or required release during such a period could result in an Eligible Entity being unable to meet water demands until the water supply was replenished. A loss of revenues from the water system may also result. Furthermore, at least four of the 38 federally recognized Indian tribes located in Oklahoma have made claims in writing relating to ownership or control over use of water within Oklahoma. It is not known whether or to what extent such claims may affect rights to use of water held by Eligible Entities because no such claims have been determined or quantified through adjudication. Acquisition of additional appropriation water rights, rights to use groundwater, riparian lands or easements thereto, and storage capacity (or any combination of such alternatives) may be necessary in order for such Eligible

Entities to meet water demands in all periods and to address Indian water rights that may be determined or quantified in the future.

The remedies available to the Trustee or the holders of the Series 2014A Bonds upon an Event of Default under the Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies specified by the federal bankruptcy code and the Resolution may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2014A Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Certain municipal beneficiaries of Eligible Entities have determined to appropriate all or a portion of the proceeds of their municipal sales tax to the Eligible Entities to be used in the payment of the costs of operating and maintaining one or more of the utility systems owned by such municipal beneficiaries and operated by such Eligible Entities and paying debt service on indebtedness of the Eligible Entities. The governing bodies of such municipal beneficiaries may at any time repeal the ordinances imposing the sales tax and/or fail to renew the agreements by which the sales tax is appropriated to such Eligible Entities. In the event the ordinance imposing the sales tax is repealed, that additional source of funds provided by the sales tax would not be available to the Eligible Entity. Likewise, in the event the governing body of a municipal beneficiary fails to renew the appropriation agreement, the proceeds of the sales tax would no longer be available to the Eligible Entity for payment of debt service requirements on its Local Note. In addition, the voters of the municipal beneficiary could vote to repeal the sales tax or the Oklahoma legislature could repeal the statutory authorization for municipalities to levy and collect such sales tax.

As discussed in Appendix B hereto, there is a concentration of credit risk in the composition of the currently outstanding Local Loans made under the Program. One borrower under the Program accounts for approximately 45% of all outstanding balances. A second borrower under the Program accounts for approximately 11% of all outstanding balances and a third borrower accounts for approximately 9% of all outstanding balances.

ABSENCE OF MATERIAL LITIGATION

No litigation or investigation is pending or, to the knowledge of the Board's General Counsel, threatened which (a) seeks to restrain or enjoin the issuance or delivery of the Series 2014A Bonds, (b) contests or affects any authority for or the validity of the Series 2014A Bonds, (c) contests the power of the Board to issue the Series 2014A Bonds, or the power of the Board to offer and sell them, (d) affects the power of the Board to make the Local Loans or to receive the appropriate Local Payments thereon, or (e) contests the existence of the Board.

There are pending in various courts within the State several lawsuits in which the Board is a defendant; none of these proceedings pertain to the issuance of the Series 2014A Bonds. In the opinion of the Board's General Counsel, no litigation or examination is pending, or to his knowledge threatened, which is likely to result, either individually or in the aggregate, in judgments against the Board which would affect materially its ability to administer the Program.

Non Program-Related Proceedings

United States of America v. The State of Oklahoma and Oklahoma Water Resources Board. Since 1979 the Board has administered a certain contract dated February 16, 1974 (the "Contract") which calls for annual payments to the United States of America (the "U.S. Government") for the acquisition

and purchase of water storage space in the Sardis Reservoir in the southeastern portion of the State of Oklahoma. By letter dated January 16, 1997, the United States Army Corps of Engineers (the "Corps"), as representative for the U.S. Government, notified the Board that the Corps has determined the total final project cost to be \$75,452,878.00, with water supply costs being \$38,368,568.00. The Corps also indicated that the costs due under the Contract had been revised accordingly, and included an amended amortization schedule for the then remaining 36 annual payments. Before 1998, the Board was authorized to make a total of eight (8) payments under the Contract totaling over \$4,400,000.00 to the Corps for present demand water supply storage costs.

Litigation concerning the non-payment of annual amounts set forth in the amended amortization schedule was filed by the United States in 1998. In January 2007, the United States Supreme Court denied review of a Tenth Circuit Court of Appeals opinion that upheld the federal district court decision that the Contract was valid and enforceable.

On September 11, 2009, an Order executed by the Governor, Oklahoma Office of Attorney General, the Board and the U.S. Department of Justice was filed in the federal court case. Among other matters, the Order provided that the State of Oklahoma and the Board would, by July 1, 2010, make the first of five annual installment payments of \$5,266,775.92 each, or in the alternative, a lump sum payment of \$27,814,262.49 to pay off the present use storage costs. In June 2010, the Board entered into an agreement with the Oklahoma City Water Utilities Trust ("OCWUT") and City of Oklahoma City ("OKC") dated June 15, 2010 (the "Transfer Agreement") to transfer the Contract to OCWUT and OKC. Subsequently, on or about June 18, 2010, OCWUT paid to the State of Oklahoma by electronic transfer to the State Treasurer's office a total of \$27,814,262.49, the figure provided in the September 2009 Order to pre-pay the balance allocated to present use storage at Sardis Lake and other costs. On or about June 23, 2010, pursuant to instructions of the Board as provided by the Corps, an electronic transfer of \$27,814,262.49 was paid from the State Treasurer's office to the Finance Center of the Corps. Pursuant to the Transfer Agreement, OCWUT further agreed to pay other costs for Sardis Lake as invoiced by the Corps.

Until the Corps approves the transfer of the Contract to OKC, the Board will receive invoices from the Corps for the annual operation and maintenance payments and other payments as specified by the Contract. The Board will forward invoices from the Corps to OKC with instructions to make payment to the Board in sufficient time so that the Board can submit the payment amount to the Corps by the due date.

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 Board, the Executive Director of the Board, OKC and OCWUT. A first amended complaint was filed November 10, 2011. As so amended, the complaint alleges the Indian Nations have federally-protected rights in the water and territory located generally in present-day southeastern Oklahoma. Among other things, the complaint seeks (1) declaratory judgments against any action by the Board on a pending application by OKC and OCWUT for a permit to use stream water from Sardis Reservoir, or other withdrawal or export of water from the area at issue, unless and until there is initiated a general stream adjudication that satisfies the requirements of the McCarran Amendment (43 U.S.C. § 666, which generally provides that the United States be allowed to be joined as a defendant in certain suits concerning the adjudication or administration of rights to use of waters) and (2) permanent injunctions against any such action unless and until a general stream adjudication that satisfies the McCarran Amendment is complete.

On February 10, 2012, the Oklahoma Attorney General filed an application for the Supreme Court of Oklahoma to assume original jurisdiction to initiate comprehensive stream 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 Indian Nations' 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. However, on March 12, 2012, the United States filed a Notice of Removal with the federal district court in Oklahoma City so that the Oklahoma Supreme Court no longer has jurisdiction. Since that time, 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. The stay currently has been extended until May 15, 2014.

LEGAL MATTERS

All legal matters related to the authorization, issuance, sale and delivery of the Series 2014A Bonds are subject to the approval of the Centennial Law Group, Duncan, Oklahoma, Bond Counsel. Certain legal matters will be passed upon by Kutak Rock LLP, Oklahoma City, Oklahoma, Counsel to the Underwriters. The approving opinion of Bond Counsel will be delivered with the Series 2014A Bonds in substantially the form appearing in Appendix C hereto. Under the provisions of the Act, the Attorney General of the State is required to examine the record of proceedings relating to the Series 2014A Bonds and execute and file his certificate if he finds the Series 2014A Bonds to have been authorized and issued in accordance with the Constitution and laws of the State. Pursuant to the Act, upon the expiration of a thirty (30) day statutory contest period following the date of the Attorney General's certificate, the Series 2014A Bonds shall be incontestable.

TAX MATTERS

In the opinion of the Centennial Law Group, Bond Counsel, to be delivered at the time of original issuance of the Series 2014A Bonds, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2014A Bonds (including any original issue discount properly allocable to a holder thereof) (a) is excludable from gross income for federal income tax purposes, and (b) will not be treated as a specific preference item in calculating the alternative minimum tax that may be imposed on individuals and corporations under the Code. Under the Code, interest on the Series 2014A Bonds is to be included in adjusted current earnings for purposes of calculating the federal alternative minimum tax imposed on certain corporations. In addition, in the opinion of Bond Counsel, interest on the Series 2014A Bonds will be exempt from income taxation by the State of Oklahoma or any county, municipality or political subdivision therein. The opinion of Bond Counsel is expected to be delivered on the date of delivery of the Series 2014A Bonds in substantially the form appearing in Appendix C hereto.

In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Board and to be made by each Eligible Entity in connection with the Series 2014A Bonds in their respective arbitrage certificates (in each instance, the "Arbitrage and Use of Proceeds Certificate") in connection with the Series 2014A Bonds, and Bond Counsel assumed compliance by the Board and each Eligible Entity with certain ongoing covenants to comply with the applicable requirements of the Code to assure the exclusion of interest on the Series 2014A Bonds from gross income under Section 103 of the Code. Failure to comply with such covenants could cause such interest to be included in gross income retroactive to the date of issue of the Series 2014A Bonds irrespective of the date on which such noncompliance is ascertained.

The accrual or receipt of such interest may otherwise affect the federal income tax liability of certain recipients such as banks, thrift institutions, property and casualty insurance companies, corporations (including S corporations and foreign corporations operating branches in the United States), Social Security or Railroad Retirement benefit recipients or taxpayers otherwise entitled to claim the

earned income credit and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations, among others. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences and investors should consult their own tax advisors regarding the tax consequences of purchasing or holding the Series 2014A Bonds.

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2014A Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007, to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The new reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2014A Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

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 discussed herein or adversely affect the market value of the Series 2014A 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. Other legislative proposals may be considered or introduced that could affect the market price or marketability of tax-exempt bonds, such as the Series 2014A Bonds. 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 2014A 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 2014A Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2014A Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2014A Bonds and Bond Counsel has not expressed any opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

The Series 2014A Bonds will not be "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

The Series 2014A Bonds that were offered at a price less than the principal amount thereof resulting in a yield greater than the interest rate for each such maturity as shown on the inside cover page hereof are herein referred to as the "OID Bonds." The difference between such initial offering price and the principal payable at maturity constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes. In the case of an owner of an OID Bond, the amount of original issue discount which is treated as having accrued with respect to such OID Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such OID Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such OID Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes. Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual OID Bond, on days which are determined by reference to the maturity of such OID Bond. The amount treated as original issue discount on such OID Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such OID Bond and (ii) the amount which would have been the tax basis of such OID Bond at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any payments of qualified stated interest on such OID Bond

during the accrual period. The tax basis is determined by adding to the initial public offering price on such OID Bond the sum of the amounts which would have been treated as original issue discount for such purposes during all prior periods. If such OID Bond is sold between semiannual compounding dates, original issue discount which would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period. An owner of an OID Bond should consult his or her own tax advisor with respect to the determination for federal income purposes of original issue discount accrued with respect to such OID Bond as of any date, with respect to the accrual of original issue discount for such OID Bond purchased in the secondary market and with respect to the state and local tax consequences of owning such OID Bond.

The Series 2014A Bonds that were offered at a price in excess of the principal amount thereof resulting in a yield less than the interest rate for each such maturity as shown on the inside cover page hereof are herein referred to as the “Premium Bonds.” Under the Code, the difference between the principal amount of a Premium Bond and the cost basis of such Premium Bond to an owner thereof is “bond premium.” A purchaser of a Premium Bond must amortize any premium over the term of such Premium Bond in accordance with the provisions of Section 171 of the Code. Owners of Premium Bonds (including purchasers of Premium Bonds in the secondary market) should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption or other disposition of such Premium Bonds and with respect to the state and local consequences of owning and disposing of such Premium Bonds.

UNDERWRITING

The Series 2014A Bonds are to be purchased by BOSC, Inc., A subsidiary of BOK Financial Corporation and Wells Nelson & Associates, LLC (the “Underwriters”), pursuant to a Contract of Purchase with the Board (the “Contract of Purchase”). The Underwriters have agreed to purchase the Series 2014A Bonds at a price of \$10,150,528 (representing the principal amount thereof less an Underwriter’s Discount of \$67,112, less original issue discount of \$99,902.65 and plus original issue premium of \$137,542.65). The Contract of Purchase provides that the Underwriters will not be obligated to purchase any Series 2014A Bonds if all Series 2014A Bonds are not available for purchase, and requires the Board, to the extent permitted by law, 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 Board, the Program, the Statewide Water Development Revolving Fund, the Resolution, the Loan Agreements and other matters. The initial public offering prices set forth on the inside cover page hereof may be changed by the Underwriters.

One of the Underwriters of the Series 2014A Bonds is BOSC, Inc., A subsidiary of BOK Financial Corporation (“BOSC”). BOSC and BOKF, NA (“BOKF, NA”) are both wholly-owned subsidiaries of BOK Financial Corporation (“BOKF”), a bank holding company organized under the laws of the State of Oklahoma. Thus, BOSC and BOKF, NA are affiliated, but BOSC is not a bank. Affiliates of BOSC may provide banking services or engage in other transactions with the Board. BOKF and BOKF, NA are not responsible for the obligations of BOSC.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, 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 Board, 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 Board.

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.

RATING

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, New York, New York ("S&P") has assigned to the Series 2014A Bonds the rating of "AAA." Any explanations of the significance of such rating may only be obtained from S&P. The Board furnished to S&P certain information and materials concerning the Series 2014A Bonds. There is no assurance that such rating will remain unchanged for any given period of time or that it may not be lowered or withdrawn entirely by S&P if in its judgment circumstances so warrant. The Underwriters and the Board have not undertaken any responsibility to bring to the attention of the owners of the Series 2014A Bonds any proposed revision or withdrawal of a rating of the Series 2014A Bonds or to oppose any such proposed revision or withdrawal. Any such reduction in or withdrawal of such rating may have an adverse effect on the market price and marketability of the Series 2014A Bonds.

CERTIFICATE WITH RESPECT TO OFFICIAL STATEMENT

At the time of the original delivery of and payment for the Series 2014A Bonds, the Board will deliver a certificate of the Chairman, Executive Director and General Counsel addressed to the Underwriters to the effect that each has examined this Official Statement (excluding Appendix C) and the financial and other data concerning the Board contained herein and that, to the best of their knowledge and belief, (i) this Official Statement (excluding Appendix C), both as of its date and as of the date of delivery of the Series 2014A Bonds, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (ii) between the date of this Official Statement and the date of delivery of the Series 2014A Bonds there has been no material change in the affairs (financial or other), financial condition or results of operations of the Board except as set forth in or contemplated by this Official Statement.

ONGOING DISCLOSURE

The Board will enter into a Continuing Disclosure Agreement dated as of March 1, 2014, with the Trustee (the "Continuing Disclosure Agreement") to provide certain periodic information and notices of material events in accordance with and to provide notice to the Municipal Securities Rulemaking Board of certain events, pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, § 240.15c2-12) (the "Rule") for the benefit of the holders and beneficial owners of the Series 2014A Bonds. The Underwriters' obligations to accept and pay for the Series 2014A Bonds is conditioned upon delivery to the Underwriters or their agents of a certified copy of the Continuing Disclosure Agreement. The proposed form of the Continuing Disclosure Agreement is attached hereto as Appendix D. During the last five years, the Board has not failed to comply in any material respect with any previous continuing disclosure undertaking by it.

MISCELLANEOUS

All quotations from and summaries and explanations of law herein do not purport to be complete and reference is made to said laws for full and complete statements of their provisions. References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement. This Official Statement is not to be construed as a contract or agreement between the Board and the purchasers or holders of any of the Series 2014A Bonds. Any statements made in this Official Statement involving matters of opinion are intended merely as opinion and not as representation of fact. 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 affairs of the Board since the date hereof. The distribution of this Official Statement and its execution have been duly authorized by the Board.

OKLAHOMA WATER RESOURCES BOARD

By: /s/ Rudolf J. Herrmann
Chairman

SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS

The Series 2014A Bonds are being issued according to the terms and provisions of the General Bond Resolution dated as of August 1, 1986 (the “General Bond Resolution”), as amended and as supplemented to the date hereof and as further amended and supplemented by the Twenty-Sixth Supplemental Bond Resolution dated as of March 1, 2014 (the “Twenty-Sixth Supplemental Resolution”). The following is a summary only of certain provisions of such documents and reference should be made to the actual documents themselves, executed counterparts of which will be on file in the corporate trust office of the Trustee, for a complete recital of the terms and provisions thereof.

**SUMMARY OF CERTAIN PROVISIONS OF THE
GENERAL BOND RESOLUTION**

Definitions

“Accountant’s Certificate” shall mean a certificate signed by a certified public accountant or firm of certified public accountants of recognized standing selected by the Board and satisfactory to the Trustee.

“Act” shall mean Title 82, Oklahoma Statutes 2011, Section 1085.31 *et seq.*, as supplemented and amended from time to time.

“Act of Bankruptcy” shall mean the filing of a petition in bankruptcy (or the other commencement of a bankruptcy or similar proceeding) by or against the Borrower or the Board under any applicable bankruptcy, insolvency, reorganization or similar law, now or hereafter in effect.

“Additional Bonds” shall mean all bonds or series of bonds, authenticated, issued and delivered in the future in addition to the initial Bonds issued under the Resolution.

“Administrative Expenses” shall mean the Board’s expenses of carrying out and administering its powers, duties and functions in making Local Loans to Eligible Entities from the proceeds of bonds and shall include administrative and operating expenses, legal, accounting, engineering and consultants’ services and expenses and any other expenses required or permitted to be paid by the Board under the provisions of the Resolution or otherwise.

“Authorized Newspaper” shall mean a financial paper, or a newspaper of general circulation, customarily published at least once a day for at least five (5) days (other than legal holidays) in each calendar week, printed in the English language, and circulated within the City of Oklahoma City and the Borough of Manhattan, City and State of New York.

“Authorized Representative” shall mean the Chairman, Vice-Chairman, Secretary or Executive Director of the Board and any other member, officer or employee of the Board authorized by resolution of the Board to perform the act or sign the document in question.

“Board” or “Issuer” shall mean the Oklahoma Water Resources Board, a body corporate and politic and instrumentality, agency and department of the State created pursuant to Title 82, Oklahoma Statutes 2011, Section 1085.1, as amended, to exercise essential governmental functions of the State, and any body, agency or instrumentality of the State which shall hereafter succeed to the powers, duties and functions of the Board.

“Board Counsel” shall mean the general counsel to the Board or a member of the legal staff of such general counsel.

“Bond Counsel” shall mean an attorney or firm of attorneys nationally recognized in municipal bond and public finance law.

“Bondholders,” “Holder of bonds,” “Holder” or “Owner” (when used with reference to bonds) or any similar term, shall mean any person or party who shall at any time be the registered owner of any Outstanding bond or bonds.

“bonds” or “Bonds” shall mean the Oklahoma Water Resources Board State Loan Program Revenue Bonds executed, authenticated and issued under the Resolution.

“Borrower” shall mean any Eligible Entity approved by the Board for participation in the Board’s State Loan Program.

“Costs of Issuance” shall mean the costs incurred with respect to the issuance of the bonds, Trustees’ and Tender Agents’ and Credit Facility Providers’ initial fees and expenses, rating fees, costs and expenses of independent consultants, financial consultants, attorneys, printing expenses, and the payment of any officers, departments, boards, agencies and commissions of, or reimbursement to, the Board for any statement of cost, expense or advances rendered by or on behalf of the Boards.

“Counsel’s Opinion” shall mean an opinion signed by an attorney or firm of attorneys selected by or satisfactory to the Board.

“Credit Agreement” shall mean the agreement, if any, entered into by the Board and the provider of a Credit Facility which provides for a Credit Facility and any and all modifications, alterations, and 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 Contract of Purchase, or any combination of the foregoing, 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 bonds delivered to any depository, tender agent or other party pursuant to a Supplemental Resolution or other document executed on behalf of the Board with respect to bonds issued pursuant to the Resolution or (ii) principal of and interest on all bonds becoming due and payable during the term thereof.

“Credit Facility Provider” shall mean the issuer of a Credit Facility.

“Debt Service Reserve Fund” shall mean collectively, the debt service reserve funds for the bonds created by Supplemental Resolution and the General Debt Service Reserve Fund.

“Eligible Entity” shall mean any city, town, county or the State of Oklahoma and any rural water or sewer district, irrigation district, public trust, master conservancy district or other political subdivision or any combination thereof.

“General Bond Resolution” shall mean the General Bond Resolution between the Board and the Trustee dated as of August 1, 1986.

“General Reserve Fund” or “General Debt Service Reserve Fund” shall mean the fund established under Section 5.04(a) of the General Bond Resolution.

“Loan Agreement” shall mean an agreement entered into by and between the Board and an Eligible Entity setting forth the terms and conditions of the Local Loan.

“Loan Obligation” shall mean the principal amount of bonds issued by the Board which shall be equal to the principal amount of Local Notes of a specific Eligible Entity outstanding.

“Loan Proceeds” shall mean the monies received by an Eligible Entity in an initial amount equal to the Loan Obligation with respect to any particular Eligible Entity less any costs of obtaining a rating on the Local Notes.

“Local Act” shall mean the ordinance or resolution, including any supplements or amendments thereto, adopted by an Eligible Entity authorizing the issuance of Local Notes.

“Local Loans” shall mean loans made by the Board to Eligible Entities with bond proceeds for the funding of Project Costs, capitalized interest, establishment of local reserves and payment of local costs of issuance.

“Local Notes” shall mean the obligations issued by an Eligible Entity and purchased by the Board with the proceeds of bonds as evidence of the indebtedness of an Eligible Entity to the Board by virtue of a Local Loan made by the Board pursuant to the Act and a Loan Agreement.

“Local Notes Interest Payment” shall mean that portion of a Local Notes Payment made or required to be made by an Eligible Entity to the Board with respect to the interest due or to become due on the Eligible Entity’s Local Notes.

“Local Notes Payment” shall mean all payments required to be made under a Loan Agreement, including the amounts paid from time to time to the Board with respect to principal of and interest on the Eligible Entity’s Local Notes, and any required replenishment of the Board’s Debt Service Reserve Fund and the Local Notes Reserve held by the Local Trustee.

“Local Notes Principal Payment” shall mean that portion of a Local Notes Payment made or required to be made by an Eligible Entity to the Board with respect to the principal due or to become due on the Eligible Entity’s Local Notes.

“Local Notes Principal Prepayment” shall mean that portion of a Local Loan which is paid prior to the due date of such obligation by the Eligible Entity. Such prepayments shall not be allowed without a prior approval of the Board.

“Local Trustee” shall mean an entity with corporate trust powers domiciled in the State, experienced and qualified pursuant to the Loan Agreement to act as a corporate trustee, selected by the Eligible Entity and approved by the Board to serve as trustee to the Eligible Entity relative to administration of funds and accounts relating to construction of the Project and payment of the Local Notes.

“Maximum Annual Debt Service Requirement” shall mean the maximum amount of principal and interest payable on the Local Loan within any Fiscal Year.

“Net Revenues Available for Debt Service” shall mean the revenues of the System less: (a) any amounts required to replenish the Board’s Debt Service Reserve Fund or the Bond Reserve Fund established in regard to the Local Notes; and (b) the Operation and Maintenance Expenses of the System (except that (1) interest on any debt payable from the revenues of the System and any other revenue

source pledged to payment of the Local Notes; (2) depreciation and any other items not requiring the expenditure of cash; (3) any amounts expended for capital replacements, repairs and maintenance not recurring annually (or at shorter intervals) or reserves therefor; 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), plus any other revenues pledged to payment of the Local Notes.

“Operation and Maintenance Expenses” shall mean the costs of operating and maintaining the System pursuant to generally accepted accounting principles.

“Outstanding,” when used with reference to the bonds, other than bonds held by the Board, shall mean, as of any date, bonds theretofore or then being delivered under the provisions of the Resolution, except: (i) any bonds cancelled by the Trustee or any Paying Agent at or prior to such date, (ii) any bonds for the payment or redemption of which monies equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held by the Trustee or the Paying Agents in trust, (iii) any bonds in lieu of or in substitution for which other bonds shall have been delivered pursuant to the Resolution and (iv) bonds deemed to have been paid as provided in the Resolution.

“Principal Installment” shall mean, as of the date of calculation, so long as any bonds are Outstanding, (i) the principal amount of bonds due on a future date for which no Sinking Fund Installments have been established, or (ii) the Sinking fund Installment due on a future date, or (iii) if such future dates coincide, the sum of such principal amount of bonds and of such Sinking Fund Installment due on such future date.

“Project” shall mean:

(a) any engineering undertaking or work to conserve and develop surface or subsurface water resources or to control or develop sewage treatment facilities of the State for all useful and lawful purposes by the acquisition, improvement, extension or construction of dams, reservoirs and other water storage projects, including underground storage projects, filtration and water treatment plants;

(b) any system necessary to distribute water from storage to points of distribution, or to filtration and treatment plants;

(c) facilities for the distribution of water from storage or filtration and treatment plans to wholesale or retail purchasers;

(d) any system necessary to improve or develop sewage treatment, collection or distribution capabilities; or

(e) the refinancing of any indebtedness originally incurred by an Eligible Entity to acquire or construct any undertaking, system or facilities described in (a), (b), (c) or (d) above.

“Project Costs” shall mean 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 and 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; the cost of acquiring by purchase land, property rights, rights-of-way, franchises, easements or other interests in land; premiums on contractors’ performance, payment and completion bonds as required; the cost of machinery, equipment or supplies purchased by the Eligible Entity for

inclusion as part of the System; any fees, compensation and expenses of the Eligible Entity or the Local Trustee for services rendered during said period; 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; premiums on insurance in connection with the Project, the financing thereof, or the issuance of and security for the Local Notes and 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 principal and interest requirements and any reserve funds for any obligations issued pursuant to the Resolution; legal, financing, financial, administrative, accounting, printing and recording expenses and fees, including the fees and expenses of Bond Counsel, and legal counsel and financial consultant to the Eligible Entity.

“Redemption Price” shall mean, with respect to any bond, the principal amount thereof, plus the accrued interest thereon and the applicable premium, if any, payable upon redemption thereof pursuant to the Resolution.

“Reserve Fund Requirement” shall mean, as of any date of calculation, the amount required to be on deposit in the Reserve Fund, which amount shall be determined by the Board approved in writing by any Credit Facility Provider insuring the payment of the principal of and interest on the bonds issued pursuant to the Resolution.

“Resolution” shall mean the General Bond Resolution as from time to time amended or supplemented in accordance with the terms and provisions thereof.

“Revenues” shall mean, to the extent accrued to or received by the System during the term of the Loan Agreement, (i) all rates, fees, rentals, other charges, income and monies properly allocable to the System in accordance with generally accepted accounting principles resulting from the ownership and/or operation of the System, excluding customer deposits and any other deposits subject to refund until such deposits have become the property of the Eligible Entities, (ii) the proceeds of any insurance covering business interruption loss relating to the System, (iii) interest on any monies or securities held pursuant to the Resolution and the Loan Agreement and (iv) any other monies from other sources pledged by a Borrower to the payment of the principal and interest on a Local Note.

“State” shall mean the State of Oklahoma.

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

“Statewide Water Development Revolving Fund” shall mean the fund of that name created pursuant to Section 1085.40 of the Act.

“Supplemental Resolution” shall mean any resolution executed by the Trustee and Board in full force and effect which has been duly adopted by the Board; but only if and to the extent that such Supplemental Resolution is adopted in accordance with the provisions of the General Bond Resolution.

“System(s)” shall mean the water system together with any other utility system of an Eligible Entity, the revenues of which are pledged to the payment of the Local Notes.

“Trustee” or “Trustee Bank” shall mean, as of the date of issuance and delivery of the Series 2014A Bonds, BancFirst, Oklahoma City, Oklahoma and its successor or successors and any other bank or trust company at any time substituted in its place pursuant to the Resolution.

“Trust Estate” shall mean the Local Notes, Local Notes Payments, rights under a Loan Agreement, monies, securities, funds and accounts, together with the rights thereto, pledged under the Resolution to the payment of the bonds.

“Water Resources Fund” shall mean the fund of that name established pursuant to Section 1085.33 of the Act.

Granting Clause

The Board, for the purpose of fixing and declaring the terms and conditions upon which bonds are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become Holders thereof; and in order to secure the payment of all bonds at any time issued and Outstanding under the Resolution and the interest and the redemption premium, if any, thereon according to their tenor, purport and effect and the payment of all fees, expenses and other amounts payable has given, granted, assigned, pledged and conveyed a security interest unto the Trustee and its successor or successors in trust, in all of the following property, referred to in the Resolution as the “Trust Estate”:

(1) The Local Notes and the Local Notes Payments, the investments thereof and the proceeds of such investments, if any, all funds and accounts established pursuant to any Supplemental Resolution and the monies therein, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution;

(2) All funds and accounts created under any Supplemental Resolution except those funds or accounts as are restricted from the payment of debt service on the bonds or expenses of any bond issue;

in order that all bonds issued under the terms of the Resolution and pursuant to any Supplemental Resolution, not otherwise specified as subordinate indebtedness, shall maintain a first and paramount lien upon the Trust Estate.

Authorization and Issuance of Bonds

Pursuant to the Resolution, there is authorized to be issued, authenticated and delivered, from time to time, one or more series of bonds designated the “Oklahoma Water Resources Board State Loan Program Revenue Bonds, Series (year of issue)”, and pursuant to the Resolution there is created a continuing lien and pledge to secure the full and final payment of the principal and Redemption Price of and interest on all the bonds. The aggregate principal amount of the bonds which may be executed, authenticated and delivered under the Resolution is not limited except as provided in the Resolution or as may be limited by the Act. The bonds may be issued in one or more series pursuant to one or more Supplemental Resolutions. The designation of the bonds shall include in addition to the name “Oklahoma Water Resources Board State Loan Program, Series (year of issue)” such further appropriate particular designation added to or incorporated in such title for the bonds of any particular series as the Board may determine. Each bond shall bear upon its face the designation so determined for the series to which it belongs. Each bond shall recite in substance that it, including the interest thereon, is payable solely from the Trust Estate pledged for the payment thereof. The bonds shall not constitute a debt or obligation of the State of Oklahoma or any political subdivision thereof and neither the faith and credit nor the taxing power of the State of Oklahoma or of any political subdivision thereof is pledged to the payment of the principal and interest on such bonds or series of bonds.

General Provisions for the Issuance of Bonds

(a) Whenever the Board shall determine to issue any series of bonds the Board shall adopt a Supplemental Resolution which shall specify the following:

- (1) The purpose for which such series of bonds is to be issued;
- (2) The authorized principal amount and series designation of such series of bonds, and the manner of lettering of such bonds;
- (3) The denomination or denominations of bonds of such series;
- (4) The place of payment of the principal of, premium, if any, and interest on the bonds of such series;
- (5) The Redemption Price, if any, and subject to the provisions of the Resolution, the redemption terms, if any, for the bonds of such series;
- (6) The amount, if any, of capitalized interest to be provided upon delivery of such series of bonds;
- (7) The amount, if any, to be deposited from the proceeds of such series of bonds so that there shall be on deposit in the appropriate account, immediately after the authentication and delivery of the bonds of such series together with other available monies, an amount at least equal to the amount of the Reserve Fund Requirement established by Supplemental Resolution; and
- (8) The forms of the bonds of such series, and the Trustee's certificate of authentication.

(b) Each series of Additional Bonds (except the initial Bonds issued under the Resolution) shall be authenticated and delivered by the Trustee only upon receipt by the Trustee, in addition to meeting the requirements above, of the following, all dated as of the date of such delivery:

- (1) A Counsel's Opinion to the effect that the Board has good right and lawful authority under the Act to use the proceeds of such Additional Bonds in the manner contemplated in the document relating to the issuance of such bonds;
- (2) A written certificate of an Authorized Representative of the Board to the effect that, to the best of his knowledge, upon the authentication and delivery of the bonds of such series, the Board is not at the time of issuance and authentication in default in the performance of any of the covenants, conditions, agreements, terms or provisions of the Resolution, any Loan Agreement or of any of the bonds;
- (3) Either a letter from Standard & Poor's Corporation to the effect that issuance of the Additional Bonds will not cause the Additional Bonds or any previously issued bonds to be assigned a credit rating lower than BBB, without consideration of the benefits of any Credit Facility or cash flow projections reflecting a default rate of 15% in Local Notes Payments, whichever shall be more restrictive in the issuance of such Additional Bonds;
- (4) An opinion of Bond Counsel dated as of the date of such delivery to the Trustee to the effect that (i) the Resolution and the Supplemental Resolution create the valid pledge which they purport to create of the Local Notes and Local Notes Payments, monies, securities and funds

held or set aside under such Supplemental Resolution, subject to the application thereof to the purposes and on the conditions permitted by the Resolution; and (ii) the bonds are valid and binding obligations of the Board as provided in the Resolution and the Supplemental Resolution, payable and enforceable in accordance with their terms and the terms of the Resolution and the Supplemental Resolution and entitled to the benefits of the Resolution and the Supplemental Resolution and of the Act, and such bonds have been duly and validly authorized and issued in accordance with law, including the Act, as amended, to the date of such opinion;

(5) A written order as to the delivery of such Additional Bonds, signed by an Authorized Representative of the Board; and

(6) A copy of the Resolution and the Supplemental Resolution authorizing such Additional Bonds, together with a copy of any other official action of the Board approving the Supplemental Resolution and the issuance of the bonds, certified by an Authorized Representative of the Board.

Bonds Issuable Under Supplemental Resolution

All bonds shall be issued under one or more Supplemental Resolutions, which Supplemental Resolution shall set forth the specific terms and conditions of such series of bonds.

Transfer and Exchange of Bonds

The bonds are transferable by the registered owner thereof in person or by his attorney duly authorized in writing at the principal office of the Trustee but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of the bond. Upon such transfer a new bond or bonds of the same maturity or maturities, interest rate or rates and of authorized denomination or denominations, for the same aggregate amount, will be issued to the transferee in exchange therefor. The Board and the Trustee may deem and treat the registered owner of the bond or bonds as the absolute owner thereof (whether or not the bond shall be overdue) for the purpose of receiving payment thereon and for all other purposes and neither the Board nor the Trustee shall be affected by any notice to the contrary.

Mutilated, Destroyed, Stolen or Lost Bond

In case any bond shall become mutilated or be destroyed, stolen or lost, the Board shall cause to be executed, and the Trustee shall authenticate and deliver, a new bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated bond upon the holder's paying all reasonable expenses and charges of the Board and the Trustee in connection therewith and furnishing the Board and the Trustee indemnity satisfactory to them.

Redemption of Bonds

The bonds authorized and issued under the Resolution are subject to redemption prior to maturity in accordance with the redemption provisions contained in the Supplemental Resolution authorizing their issuance. Additional Bonds issued under the provisions of the Resolution may be made subject to redemption, whether in whole or in part and at such times and prices, as may be provided in the resolution or resolutions of the Board authorizing the issuance of such bonds.

At least thirty (30) days before the redemption date of the bonds to be redeemed, the Trustee shall cause notice of any such redemption, either in whole or in part, signed by the Trustee to be mailed, postage prepaid, to all Bondholders owning or holding bonds to be redeemed in whole or in part, at their

addresses as they appear on the registration books. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the bonds of any one maturity then Outstanding shall be called for redemption, the numbers and letters, if any, of such bonds to be redeemed, and the portion of the principal amount thereof to be redeemed.

Failure to Present Bonds

Anything in the Resolution to the contrary notwithstanding, any monies held by the Trustee in trust for the payment and discharge of any of the bonds which remain unclaimed for six years after the date when such bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such monies were held by the Trustee at such date, or for six years after the date of deposit of such monies if deposited with the Trustee after the date when such bonds became due and payable, shall at the written request of the Board, be repaid by the Trustee to the Board, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Board for the payment of such bonds.

Pledge of Revenues; Establishment and Use of Funds

The bonds are obligations of the Board payable solely from and secured by the Trust Estate and from any other source designated in a Supplemental Resolution.

The pledge shall be valid and binding from and after the date of adoption of the General Bond Resolution, and the Trust Estate shall immediately be subject to the lien of the pledge without any physical delivery of all or any portion 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 Board irrespective of whether such parties have notice thereof. The bonds and the interest thereon shall be a valid claim of the Bondholder thereof and shall constitute a first and prior charge over all other charges or claims whatsoever against the Trust Estate except as to the payment of Trustee fees and expenses.

Receipt and Application of Proceeds

Upon delivery of a series of bonds and receipt of the purchase price from the sale thereof, such proceeds shall initially be placed within the Water Resources Fund created within the State Treasury pursuant to Section 1085.33 of the Act. Thereafter, the Board shall request the State Treasurer to transfer such proceeds from the Water Resources Fund to the Trustee. Upon receipt thereof, the Trustee shall deposit such proceeds into the various funds and accounts established in the Supplemental Resolution pursuant to which the bonds were issued.

Establishment of Funds and Accounts

The Debt Service Reserve Fund is a special trust fund to be maintained by the Trustee pursuant to provisions of the Act and the General Bond Resolution. The Debt Service Reserve Fund shall serve as further security and collateral and shall secure all of the Board's outstanding bonds issued under the General Bond Resolution and any supplements thereto. The Trustee shall deposit monies from time to time as directed by the Board into the Debt Service Reserve Fund. Monies held in the Debt Service Reserve Fund shall be used to pay debt service on any of the Board's outstanding bonds in the event that the Debt Service Fund for any series of bonds is insufficient to make the required debt service payment on the bonds when due. The monies in the Debt Service Reserve Fund shall be transferred to the Principal Account and/or the Interest Account of the Debt Service Fund of a particular issue to prevent a default in the payment of principal of and interest on bonds as the same become due and payable. In the event monies are transferred from the Debt Service Reserve Fund to the Debt Service Fund of any issue to cover any deficiencies occurring therein, the Trustee shall request the Board and the Board may, in its

sole discretion, request the State Treasurer, to the extent monies are available and not encumbered, to transfer from the Statewide Water Development Revolving Fund that amount necessary to cause the sum of the transfer and the balance of the Debt Service Reserve Fund to equal the Aggregate Debt Service Reserve Fund Requirement. In the event a depletion of such Fund shall have occurred as a result of a default in the payment of the debt service requirements of a Local Loan, the Local Notes Payments of the Eligible Entity causing such depletion shall be adjusted so as to replenish the Fund within twenty-four months of such depletion. In the event of any payment default by an Eligible Entity which results in a reduction in the amount of the Debt Service Reserve Fund below the Aggregate Debt Service Reserve Fund Requirement, all investment income shall be retained within the Debt Service Reserve Fund until the balance in the Debt Service Reserve Fund equals the Aggregate Debt Service Reserve Fund Requirement.

Additional funds, accounts and reserves may be created by the Board pursuant to supplemental resolution.

Investments

Monies contained in the various funds, accounts and reserves shall be continuously invested and reinvested by the Trustee in authorized investments, as may be directed by the Board pursuant to the provisions of Supplemental Resolutions.

Depository of Monies and Security for Deposit

The funds, accounts and reserves of the Board created under Supplemental Resolutions shall be maintained as set out in any Supplemental Resolution authorizing Additional Bonds. Such funds, accounts and reserves 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 Board or the Trustee.

Appointment and Acceptance of Duties of Trustee

The Board shall have the right to appoint a trustee for the benefit of Bondholders by Supplemental Resolution. Any trustee so appointed by Supplemental Resolution shall signify its acceptance of the duties and obligations imposed upon it in the Resolution by executing the Supplemental Resolution prior to or contemporaneously with the delivery of any bonds issued pursuant to such Supplemental Resolution.

Responsibilities of Trustee

(a) The Trustee shall not be deemed to make any representations as to the validity or sufficiency of the Resolution or of any bonds issued thereunder or in respect of the security afforded by the Resolution, and the Trustee shall incur no responsibility in respect thereof. The Trustee shall not be under any responsibility or duty with respect to the issuance of the bonds for value or the application of the proceeds thereof or the application of any monies paid to the Board. The Trustee shall not be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect thereof, or to advance an of its own monies, unless properly indemnified. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or default.

(b) The Trustee, prior to the occurrence of an event of default and after the curing or waiving of all events of default which may have occurred, undertakes to perform such duties, and only such duties as are specifically set forth in the Resolution. In case an event of default has occurred (which has not

been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by the Resolution, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) The permissive right of the Trustee to do things enumerated in the Resolution shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct.

(d) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by any Borrower to cause to be made any of the Local Notes Payments to the Trustee required to be made by the Resolution or the failure of the Board or any Borrower or Credit Facility Provider to file with the Trustee any document required by the General Bond Resolution or any Supplemental Resolution to be so filed with the Trustee, unless the Trustee shall be specifically notified in writing of such default by the Board, any Borrower, Credit Facility Provider or by the owners of at least 25% in aggregate principal amount of bonds then Outstanding.

(e) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(f) All monies received by Trustee or any paying agent shall, until used or applied or invested as in the Resolution provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law.

Trustee Compensation

The Board shall pay to the Trustee its annual administrative fee for all services rendered under the Resolution, including all expenses, charges, fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Resolution and, upon an event of default hereunder, the Trustee shall have a first lien therefor on any and all funds at any time held by it under the Resolution, except as specifically provided otherwise. The Board agrees to indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or default.

Resignation of Trustee

The Trustee may at any time resign and be discharged of the duties and obligations created by the Resolution by giving not less than sixty (60) days' written notice to the Board and publishing notice thereof, specifying the date when such resignation is intended to take effect, once in an Authorized Newspaper, and such resignation shall take effect immediately upon the appointment of a successor Trustee unless previously a successor shall have been appointed, in which event such resignation shall take effect immediately upon the giving of notice.

Removal of Trustee

The Trustee shall be removed by the Board if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Board, and signed by the Holders of a majority in principal amount of the bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any bonds held by or for the account of the Board. The Trustee may be removed at any time by the Board with the written consent of all Credit Facility Providers providing for the payment of principal of and interest on the bonds.

Appointment of Successor Trustee

In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Board covenants and agrees that it will thereupon appoint a successor Trustee. The Board shall publish notice of any such appointment made by it in an Authorized Newspaper, such publication to be made within twenty (20) days after such appointment.

If in a proper case no appointment of a successor Trustee shall be made within forty-five (45) days after the Trustee shall have given to the Board written notice of resignation, or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee, a Credit Facility Provider or the Holder of any bond may apply to any court of competent jurisdiction to appoint a successor Trustee.

Any successor Trustee shall be a bank or trust company organized and in good standing under the laws of the State or a national banking association doing business and having its principal office in the State duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital, surplus and undivided profits of not less than Fifty Million Dollars (\$50,000,000) and authorized by law to perform all the duties imposed upon it by the Resolution.

Merger, Conversion or Consolidation of Trustee

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act, provided that such company shall be a bank or trust company organized under the laws of the State or a national banking association doing business and having its principal office in the State and shall be authorized by law to perform all the duties imposed upon it by the Resolution and shall have a capital, surplus and undivided profits aggregating at least Fifty Million Dollars (\$50,000,000) following such merger or consolidation.

Notice to Rating Agencies

The Trustee shall provide whatever rating agency or agencies is then rating the bonds with written notice, if possible, in advance of, or if impossible, promptly following the effective date of such event of (i) any successor Trustee, (ii) any Co-Trustee or change therein, (iii) any substitute Credit Facility Provider, (iv) any material amendments to the Resolution, (v) any material modification of the Credit Agreement of which the Trustee has knowledge, (vi) each redemption in part and the redemption in whole of the bonds, (vii) any acceleration of the principal amount of the bonds, or (viii) any substantive change to any document material to the issuance of the bonds.

Payment of Bonds

The Board shall duly and punctually pay or cause to be paid, but only from the Local Notes, the Local Notes Payments, the funds and accounts described under the Resolution and the monies therein, to the extent provided in the Resolution, the Principal Installments or premium, if any, of the bonds and the interest thereon, at the dates and places and in the manner provided in the bonds according to the true intent and meaning thereof.

The Board shall not directly or indirectly extend or assent to the extension of the maturity of any of the bonds or the time of payment of any claim for interest by the purchase or funding of such bonds, claim for interest or by any other arrangement. The Board shall likewise not agree to any extension or deferment of the principal of or interest on the Local Notes when due. Nothing in the Resolution shall be deemed to limit the right of the Board to issue bonds of a refunding issue and such issuance shall not be deemed to constitute an extension of maturity of the bonds or the time of payment of any claim for interest.

Books and Records

(1) The Board shall keep, or cause to be kept, proper books, records and accounts in which complete and correct entries shall be made of its transactions relating to all Local Loans, Local Notes Payments, Local Notes, the revenues and all funds and accounts described within the Resolution, which shall be separate and apart from all other books, records and accounts of the Board and shall at all reasonable times be subject to the inspection of the Trustee, a Credit Facility Provider and the Holders of any bonds or their representatives duly authorized in writing.

(2) The Board shall annually, on or before the last day of January in each year, file with the Trustee a copy of an annual report for the preceding Fiscal Year, accompanied by an Accountant's Certificate, setting forth in complete and reasonable detail: (a) its operations and accomplishments; (b) its receipts and expenditures during such Fiscal Year with regard to the funds and accounts established by Supplemental Resolution; (c) the status of the funds and accounts established by Supplemental Resolution; and (d) a schedule of its bonds Outstanding at the end of such Fiscal Year, together with a statement of the amounts paid, redeemed and issued during such Fiscal Year. A copy of each such annual report and Accountant's Certificate shall be mailed promptly thereafter to each Bondholder who shall have filed his name and address with the Board for such purpose.

(3) The Board shall, at least sixty (60) days prior to the beginning of each Fiscal Year (commencing July 1), prepare and file in the office of the Trustee a preliminary budget covering its fiscal operations for the succeeding Fiscal Year which shall be open to inspection by any Bondholder. The Board shall also prepare a summary of such preliminary budget and on or before forty-five (45) days prior to the beginning of each Fiscal Year mail a copy thereof to any Bondholder who shall have filed his name and address with the Board for such purpose.

(4) The Board shall adopt a work program with respect to its annual budget covering its fiscal operations for the succeeding Fiscal Year not later than June 1 of each year and file the same with the Trustee and with such officials of the State as required by law, which budget shall be open to inspection by any Bondholder.

Issuance of Other Obligations

(1) In addition to the issuance of Additional Bonds, the Board expressly reserves the right to adopt one or more other general bond resolutions and reserves the right to issue notes, bonds or other obligations pursuant thereto so long as the same are not a charge or lien on the Local Notes and the Local Notes Payments or payable from the funds and accounts created pursuant to the Resolution. The Board may issue other obligations which may have a parity right to any funds in the Statewide Water Development Revolving Fund.

(2) The Board may at any time or from time to time, issue obligations, the payment of the debt service requirements on which is subordinate to the requirements of the Board to pay the debt service requirements on the bonds.

Modifications and Amendment

The Board may, at any time or from time to time, amend the Resolution or adopt Supplemental Resolutions for any one or more of the following purposes, and any such amendment or Supplemental Resolution shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Representative:

(1) To add additional covenants and agreements of the Board for the purpose of further securing the payment of the bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Board contained in the Resolution;

(2) To prescribe further limitations and restrictions upon the issuance of bonds and the incurring of indebtedness by the Board which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(3) To surrender any right, power or privilege reserved to or conferred upon the Board by the terms of the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Board contained in the Resolution;

(4) To confirm as further assurance any pledge under and the subjection to any lien, claim or pledge created or to be created by the provisions of the Resolution of the Local Notes and Local Notes Payments or of any other monies, securities or funds pledged to the payment of the bonds;

(5) To modify any of the provisions of the Resolution in any other respects, provided that such modifications shall not be effective until after all bonds Outstanding as of the date of adoption of such Supplemental Resolution shall cease to be outstanding, and all bonds issued to the modifications contained in such subsequent resolutions;

(6) To effect any changes necessary in order that the rating assigned to the bonds by Standard & Poor's Corporation shall be the highest possible rating assigned by such rating agency for the bonds;

(7) With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect; or

(8) To issue Additional Bonds.

Events of Default

Each of the following events is hereby declared an "event of default":

(a) the Board shall default in the payment of the principal of, premium, if any, or interest on any bond when and as the same shall become due whether at maturity or upon call for redemption; or

(b) the Board shall fail or refuse to comply with the provisions of the Act, or shall default in the performance or observance of any other of the covenants, agreements or conditions on its part in the Resolution, or in the bonds contained, and such failure, refusal or default shall continue for a period of forty-five (45) days after written notice thereof by the Trustee or the Holders of not less than five per centum (5%) in principal amount of the Outstanding bonds;

provided, however, that an event of default shall not be deemed to exist under the provisions of clause (b) above upon the failure of the Board to enforce any obligation undertaken by an Eligible Entity pursuant to a Loan Agreement including the making of the stipulated Local Notes Payments so long as the Board may be otherwise directed by law and so long as the Board shall be provided with monies from other sources, other than withdrawals from or reimbursements of a debt service reserve which has been funded by the Board, sufficient in amount to pay the principal of and interest on all bonds as the same shall become due during the period for which the Board shall be directed by law to abstain from enforcing the obligations of an Eligible Entity under the applicable Loan Agreement.

(c) any act, failure or event designated or established as an event of default by Supplemental Resolution.

Remedies

Remedies upon the occurrence of an event of default, notice of default, priority or payments after default, Bondholders' control of proceedings, limitation of rights of Bondholders and other limitation of rights of Bondholders and other details regarding defaults and remedies generally shall be as established by Supplemental Resolution.

Defeasance

If the Board shall pay or cause to be paid to the Holders of all bonds then Outstanding, the principal of, premium, if any, and interest to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then, at the option of the Board, expressed in an instrument in writing signed by an Authorized Representative and delivered to the Trustee, the covenants, agreements and other obligations of the Board to the Bondholders shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Board, execute and deliver to the Board all such instruments as may be desirable to evidence such discharge and satisfaction and any fiduciaries (including the Trustee and any Paying Agents) shall pay over or deliver to the Board, all monies, securities and funds held by them pursuant to the Resolution which are not required for the payment or redemption of bonds not theretofore surrendered for such payment or redemption. All other details regarding defeasance shall be as established by Supplemental Resolution.

SUMMARY OF CERTAIN PROVISIONS OF THE TWENTY-SIXTH SUPPLEMENTAL RESOLUTION

Definitions

“Aggregate Debt Service Reserve Fund Requirement” shall mean, as of any date of calculation, the amount required to be on deposit in the Debt Service Reserve Fund to secure payment of all bonds outstanding under the General Bond Resolution.

“Bond,” “Bonds” or “Series 2014A Bonds” shall mean the Oklahoma Water Resources Board State Loan Program Revenue Bonds, Series 2014A, executed, authenticated and issued under and pursuant to this Twenty-Sixth Supplemental Resolution.

“Bond Counsel” shall mean the Centennial Law Group, Duncan, Oklahoma, or other attorney or firm of attorneys nationally recognized in the field of municipal bond and public finance law.

“Bond Proceeds Fund” shall mean the fund of that name established by Section 3.02(1) hereof and administered pursuant to Section 3.04 hereof.

“Cede & Co” means Cede & Co., as nominee of The Depository Trust Company, New York, New York.

“Closing Date” shall mean the date the Bonds initially issued under this Supplemental Resolution are delivered and payment therefor is received by the Board.

“Closing Documents” shall mean all documents required under the General Bond Resolution and this Supplemental Resolution as a condition to the issuance of the Bonds.

“Code” or “Internal Revenue Code” as used in this Supplemental Resolution shall mean the Internal Revenue Code of 1986, as amended.

“Counsel’s Opinion” shall mean an opinion signed by an attorney or firm of attorneys selected by or satisfactory to the Board and the Trustee (which attorney or attorneys may be counsel to the Board); provided, however, that for the purposes of Section 3.05(a)(6)(iii) hereof, such term when used with respect to the Local Notes shall mean an opinion signed by an attorney or firm of attorneys nationally recognized in the field of municipal bond law, selected by the Eligible Entity and approved by the Board.

“Debt Service Fund” shall mean the fund of that name established under Section 3.02(4) hereof and the terms “Interest Account”, “Principal Account” and “Redemption Account” shall mean the respective accounts established within said Fund and administered pursuant to Section 3.07 hereof.

“Debt Service Reserve Fund” or “Reserve Fund” shall mean the fund of that name established under Section 3.02(5) and administered pursuant to Section 3.08 hereof.

“Event of Default” shall mean any event described as such under the General Bond Resolution.

“Fiscal Year” shall mean any twelve (12) consecutive calendar months commencing with the first day of July and ending on the last day of the following June.

“General Bond Resolution” shall mean the General Bond Resolution dated as of August 1, 1986, by and between the Board and First Interstate Bank of Oklahoma, National Association and its successors and assigns, as Trustee, as supplemented or amended in accordance with its terms.

“General Debt Service Reserve Fund” or “General Reserve Fund” shall mean the fund of that name established pursuant to the General Bond Resolution Section 5.04(a), as amended, and held by the Trustee for the purpose of securing payment of the Series 2014A Bonds and all other parity bonds outstanding under the General Bond Resolution and any supplemental resolutions thereto.

“Interest Payment Dates” shall mean with respect to the first interest payment October 1, 2014, and each April 1 and October 1 thereafter, provided, however, that if any such date is not a Business Day, interest shall be paid on the next succeeding date which is a Business Day.

“Investment Securities” or “Qualified Investments” shall mean any of the following which are at the time legal for the investment of the Board’s funds:

- (1) certain obligations of, or obligations guaranteed as to principal and interest by, the U.S. government or any agency or instrumentality of the U.S. government, when such obligations are backed by the full faith and credit of the U.S. Such obligations are limited to instruments that have a predetermined fixed dollar amount of principal due at maturity that cannot vary or change. If the obligation is rated, it must not have an ‘r’ highlighter affixed to its rating.

Interest may be either fixed or variable. Interest must be tied to a single interest rate index plus a single fixed spread, if any, and move proportionately with that index;

(2) bonds, notes or other evidences of indebtedness rated “AAA” by S&P and “Aaa” by Moody’s issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(3) certain federal funds, unsecured certificates of deposit, time deposits, banker’s acceptances, and repurchase agreements having maturities of up to 365 days, of any bank whose short-term debt obligations are rated ‘A-1+’ by S&P. In addition, the instrument should not have an ‘r’ highlighter affixed to its rating and its terms should have a predetermined fixed dollar amount of principal due at maturity that cannot vary or change. Interest may be either fixed or variable. Interest must be tied to a single interest rate index plus a single fixed spread, if any, and move proportionately with that index;

(4) commercial paper which is rated at the time of purchase in the single highest classification, “A-1+” by S&P and “P-1” by Moody’s and which matures not more than 365 days after the date of purchase;

(5) investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P;

(6) 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 which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (A) which are rated, based on the escrow, in the highest rating category of S&P and Moody’s or any successors thereto; or (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or obligations described in paragraph (1) above, 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, and (ii) which fund is sufficient, as verified by a nationally recognized 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 on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate; and

(7) investment agreements with entities having a long-term rating at least in one of the top two ratings provided by S&P.

The value of the investments shall be determined as provided in “Value” below.

“Value,” as of any particular time of determination, shall mean that the value of any investments 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 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 Issuer and the Trustee.

If more than one provision of this definition of “value” shall apply at any 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.

“Loan Fund” shall mean the fund of that name established under Section 3.02(2) hereof, and the terms “Loan Account” and “Local Costs Account” shall mean the respective accounts established within said Fund and administered pursuant to Section 3.05 hereof.

“Moody’s” shall mean Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware.

“Principal Office of Trustee” shall mean the address specified herein or such other address as may be designated in writing to the Board.

“Revenue Fund” shall mean the fund of that name established by Section 3.02(3) hereof and administered pursuant to Section 3.06 hereof.

“S&P” shall mean Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, New York, New York.

“Series 2014A Bonds Reserve Fund Deposit Requirement” shall mean the sum of \$0.

“System(s)” shall mean the water and/or sewer system, together with any other utility system of an Eligible Entity, the revenues of which are pledged to the payment of the Local Notes.

Authorization and Purpose of the Bonds

The Bonds shall be issued on a parity with and entitled to the same benefit and security under and to the extent set forth in the General Bond Resolution as the outstanding Series 1989 Bonds, Series 1992 Bonds, Series 1994A Bonds, Series 1994B Bonds, Series 1995 Bonds, Series 1997 Bonds, Series 1999 Bonds, Series 2001 Bonds, Series 2003A Bonds, Series 2003B Bonds, Series 2004A Bonds, Series 2006B, Series 2007 Bonds, Series 2009 Bonds, Series 2010A Bonds, Series 2010B Bonds, Series 2011 Bonds, Series 2012 Bonds, Series 2012A Bonds, Series 2012B Bonds, Series 2012C Bonds, Series 2013A Bonds and Series 2013B Bonds. The obligations authorized and issued hereunder shall be designated and known as “Oklahoma Water Resources Board State Loan Program Revenue Bonds, Series 2014A”.

Application of Proceeds

Upon delivery of the Series 2014A Bonds and receipt of the Purchase Price thereof, such proceeds shall initially be deposited in the Water Resources Fund created within the State Treasury

pursuant to Section 1085.33 of the Act. Thereafter, and no later than 1:00 O'clock P.M., prevailing Central Time on the same date as such deposit, the State Treasurer shall be requested by the Board to transfer such proceeds from the Water Resources Fund to the Trustee to be deposited by the Trustee into the Bond Proceeds Fund established under the Resolution. Thereafter, such proceeds shall be transferred to the various funds and accounts established with the Trustee in the manner specified in the Resolution.

ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION THEREOF

Pledge

The Local Notes and the Local Notes Payments, the investments thereof and the proceeds of such investments, if any, rights under Loan Agreements, the Debt Service Reserve Fund, all funds and accounts established pursuant to the Resolution and the monies therein, except the Rebate Fund, are pledged and assigned to the Trustee, for the benefit of the Holders of the Bonds, for the payment of the Principal Installments and Redemption Price, if any, of, and interest on, Bonds in accordance with the terms and provisions of the Resolution, subject only to provisions permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

Establishment of Funds

The following funds are established as special trust funds and accounts and directed to be maintained by the Trustee:

- (1) Bond Proceeds Fund;
- (2) Loan Fund and the following accounts therein:
 - (a) Loan Account;
 - (b) Local Costs Account;
- (3) Revenue Fund;
- (4) Debt Service Fund and the following accounts therein:
 - (a) Principal Account;
 - (b) Interest Account;
 - (c) Redemption Account;
- (5) Debt Service Reserve Fund;
- (6) Earnings Fund; and
- (7) Rebate Fund.

Bond Proceeds Fund

The Bond Proceeds Fund shall receive from the State Treasurer the transfer of proceeds derived from the issuance of the Series 2014A Bonds. Such monies shall be disbursed as follows pursuant to written direction of the Board delivered on the Closing Date: (i) such amount as directed shall be applied to the payment of costs of issuance of the Series 2014A Bonds; and (ii) the balance remaining after the deposit and disbursements directed in (i) above have been made shall be deposited into the Loan Account created within the Loan Fund.

Loan Fund

There is created and established within the Loan Fund a “Loan Account” and a “Local Costs Account”, each of which shall be held by the Trustee.

(a) Loan Account.

(1) The Trustee shall distribute monies from the Loan Account as Local Loans to Eligible Entities. In the event any monies (other than interest or investment income earned on such account) remain in the Loan Account, such remaining monies shall be transferred to the Redemption Account within the Debt Service Fund and utilized to redeem Series 2014A Bonds at any time thereafter upon 30 days’ notice to the Holders of Series 2014A Bonds to be redeemed.

(2) Subject to the provision of the Standby Contract of Purchase, if in existence at the time, the Board shall make Local Loans from the Loan Account to such Eligible Entities as it shall, in its discretion, have approved for loans and entered into binding Loan Agreements with provided, however, that the amount of any Local Loan shall be in whole multiples of \$5,000, shall be repayable at such time or times and shall bear such rate of interest as set out in the respective Loan Agreement.

(3) In the event that monies shall not be available from any other source, monies in the Loan Account may be utilized to pay the debt service requirements of the bonds.

(4) Interest earnings on the Loan Account required to pay debt service requirements of the Bonds as well as any costs described under clauses (b) and (d) under “Revenue Fund” below shall be transferred to the Revenue Fund as necessary.

(5) Interest earnings on the Loan Account shall be retained in the Loan Account as necessary to replenish costs of issuance paid from proceeds of the Bonds.

(b) Local Costs Account. There shall be deposited into the Local Costs Account, as and when received by the Trustee from each Eligible Entity upon the making of a Local Loan, the following fees, costs and expenses whenever applicable: for each Local Loan, an amount representing the fee charged the Board by a rating agency for determining the rating of the Local Loan.

The Trustee shall make disbursements from the Local Costs Account for the benefit of the Board to pay the fees, costs and expenses incurred by the Board in making each Local Loan.

Revenue Fund

There is hereby created and established with the Trustee a Revenue Fund, which shall be used to receive from each Local Trustee on the 15th day of the month prior to the payment date of the debt service requirements of the Bonds, the Local Notes Payment paid in respect of each series of Local Notes. The Trustee shall make the payments and transfers from the Revenue Fund in the following order of priority:

(a) On the day preceding a principal payment date or Interest Payment Date, there shall be transferred to the Principal Account and Interest Account of the Debt Service Fund any amount necessary to pay the principal and interest due on such date to the extent not available from amounts in the Principal or Interest Account;

(b) At such times as shall be necessary, to pay the annual administrative fee and expenses of the Trustee and to pay other program expenses;

(c) On the first business day after each Interest Payment Date, there shall be transferred to the Debt Service Reserve Fund an amount, which when added to the amount then on deposit in such fund, will cause the Fund to equal the Aggregate Debt Service Reserve Fund Requirement;

(d) At such times as shall be necessary, to pay the Board's general program administrative fee; provided, that the Board shall not receive an administrative fee in the event items (a) through (c) of this Section have not been paid; and

(e) On the first business day after each Interest Payment Date beginning October 1, 2014, there shall be transferred to the Redemption Account, all moneys remaining in the Revenue Fund not needed for purposes described hereinabove in this Section.

Debt Service Fund

(a) Interest Account. Any accrued interest received upon delivery of and payment for the Series 2014A Bonds shall be deposited into the Interest Account. The Interest Account shall be utilized to receive the interest payments portion of the transfers from the Revenue Fund. In the event the transfers received from the Revenue Fund are not sufficient to pay the debt service requirements of the Bonds, the Trustee shall draw first on any monies in the Loan Account and second, from the Debt Service Reserve Fund as necessary to prevent a default in the payment of interest on the Bonds. The monies in such Account shall be utilized to make the interest payments on the Bonds as the same become due and payable.

(b) Principal Account. The Principal Account of the Debt Service Fund shall be utilized to receive the principal payments portion of the transfers from the Revenue Fund. In the event the transfers received from the Revenue Fund are not sufficient to pay the debt service requirements of the Bonds, the Trustee shall draw first on any monies in the Loan Account and second, from the Debt Service Reserve Fund as necessary to prevent a default in payment of principal on the Bonds. The monies in the Principal Account shall be utilized to make the principal payments on the Bonds as the same become due and payable.

(c) Redemption Account. The Redemption Account of the Debt Service Fund shall be utilized to receive any transfers from the Loan Fund, any monies transferred from the Revenue Fund, and any prepayments on the Local Notes. Such monies shall be utilized, at the appropriate time, to purchase or redeem Bonds at the appropriate Redemption Price prior to or at the scheduled maturity of such Bonds.

Debt Service Reserve Fund- Surety Bond for Certain Outstanding Bonds

In light of recent deposits to the General Reserve Fund, on the date of delivery of and payment for the Series 2014A Bonds, an amount equal to the Aggregate Debt Service Reserve Fund Requirement is on deposit or available through the various surety bonds securing the Debt Service Reserve Funds created by previous supplemental resolutions (the "Surety Bonds") and no additional amount is required to be deposited therein. The Series 2014A Reserve Fund shall receive transfers if and when needed from the General Reserve Fund or other Debt Service Reserve Funds created by previous supplemental resolutions to timely pay the principal and interest of the Series 2014A Bonds. Any excess monies in the Series 2014A Reserve Fund shall be transferred back to the General Reserve Fund. In the event monies are transferred from the General Reserve Fund or other Debt Service Reserve Funds created by previous supplemental resolutions to the Series 2014A Reserve Fund (and subsequently to the Debt Service Fund)

to cover any deficiencies occurring therein, the Trustee shall request the Board and the Board may, in its sole discretion, request the State Treasurer, to the extent monies are available and not encumbered, to transfer from the Statewide Water Development Revolving Fund that amount necessary to cause the sum of the transfer and the balance of the General Reserve Fund and other Debt Service Reserve Funds created by previous supplemental resolutions to equal the Aggregate Debt Service Reserve Fund Requirement. The Trustee shall promptly notify Holders of \$5,000,000 or more in principal amount of the Bonds who have made written request of the Trustee to be so notified in the event monies are transferred from the Debt Service Reserve Fund to the Debt Service Fund to cover deficiencies therein. In the event a reduction of the General Reserve Fund or other Debt Service Reserve Funds created by previous supplemental resolutions shall have occurred as a result of a default in the payment of the debt service requirements of a Local Loan, the Local Notes Payments of the Eligible Entity causing such depletion shall be adjusted so as to replenish the General Reserve Fund and other Debt Service Reserve Funds created by previous supplemental resolutions within twenty-four months of such depletion. The monies deposited to the Series 2014A Reserve Fund from the General Reserve Fund or other Debt Service Reserve Funds created by previous supplemental resolutions shall be transferred to the Principal Account and/or the Interest Account of the Debt Service Fund to prevent a default in the payment of principal of and interest on bonds as the same become due and payable.

In the event of any payment default by an Eligible Entity which results in a reduction in the amount of the General Reserve Fund and other Debt Service Reserve Funds created by previous supplemental resolutions below the Aggregate Debt Service Reserve Fund Requirement, all investment income shall be retained within each of such Funds until the balance in such Funds equals the Aggregate Debt Service Reserve Fund Requirement.

Subject to Section 3.08 of the Tenth Supplemental Resolution, the Debt Service Reserve Fund shall be replenished in the following priority: (i) principal and interest on the Surety Bond issued with respect to the Series 1995 Bonds shall be paid from first available Revenues; (ii) principal and interest on the Surety Bond issued with respect to the Series 1997 Bonds shall be paid from the next available Revenues; (iii) principal and interest on the Surety Bonds issued with respect to the Series 1999 Bonds, the Series 2001 Bonds, and on any additional Surety Bonds, letters of credit, insurance policies or other such funding instruments shall be paid from the next available Revenues on a pro rata basis; (iv) after all such amounts are paid in full, amounts necessary to fund the Debt Service Reserve Fund to the required level, after taking into account the amounts available under the above-referenced Surety Bonds and additional funding instruments shall be deposited from next available Revenues.

Earnings Fund; Investment Income

All investment income or interest earnings on all Funds and Accounts shall be transferred upon receipt by the Trustee to the Earnings Fund except as otherwise set forth under the preceding headings "Loan Fund" and "Debt Service Reserve Fund –Surety Bond for Certain Outstanding Bonds". The Trustee shall account for all amounts deposited into the Earnings Fund to indicate the Fund or Account source of the income or earnings. The Trustee shall withdraw from the Earnings Fund that amount calculated to be the Rebate Amount (as defined in the Arbitrage and Use of Proceeds Certificate) and deposit such amount in the Rebate Fund, to be debited pro rata from among the Funds and Accounts generating such income or earnings. Any amounts remaining in the Earnings Fund following the required transfer to the Rebate Fund shall be accounted for and transferred as follows: Except as otherwise provided herein, interest income and gain received, or loss realized, from investments of monies in any Fund or Account shall be credited or charged, as the case may be, to the Revenue Fund. Except as otherwise provided, all income and gain from investment of the Debt Service Reserve Fund, so long as the value of such Fund equals or exceeds the Reserve Fund Requirement, shall be transferred to the Board for deposit into the Grant Account of the Water Resources Fund. The Trustee shall compute the value of

the Debt Service Reserve Fund at least annually, on or prior to each August 1, and more often as may be requested by the Board. Income and gain from Debt Service Fund Redemption Account investments may be transferred to any other Fund or Account upon direction of the Board. Investment income credited to either the Interest Account or the Principal Account shall be transferred thereto and shall be a credit against the next forthcoming deposit to such respective Account.

Rebate Fund

The Rebate Fund and the amounts deposited therein shall not be subject to a security interest, pledge, assignment, lien or charge in favor of the Trustee or any owner of a Bond, but shall be held by the Trustee as trustee for the benefit of the United States of America.

The Trustee shall deposit in the Rebate Fund an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated in accordance with the Arbitrage and Use of Proceeds Certificate or more frequently as the Trustee or the Board in their discretion may determine in order to withdraw monies from the Earnings Fund not required to be deposited in the Rebate Fund.

The Trustee, upon the receipt of written instructions from an Authorized Representative of the Board with respect to each payment to be made to the United States pursuant to such instructions, shall pay to the United States, out of amounts in the Rebate Fund, (i) not less frequently than once each five (5) years after the date of original issuance of the Series 2014A Bonds, an amount such that, together with prior amounts paid to the United States, the total paid to the United States is not less than 90% of the Rebate Amount with respect to the Series 2014A Bonds as of the date of such payment and (ii) notwithstanding any provisions of the Resolution to the contrary, not later than sixty (60) days after the date on which all Series 2014A Bonds have been paid in full, all of the Rebate Amount as of the date of payment.

Investment of Funds and Accounts Held by the Trustee

(1) Monies in the Loan Account, the Debt Service Fund and the Debt Service Reserve Fund shall, as nearly as may be practicable, be invested by the Trustee upon direction of the Board in writing, signed by an Authorized Representative in Investment Securities or in the absence of such direction of the Board, at the discretion of the Trustee, in Investment Securities. The maturity or redemption date of any such investment shall be prior to the times at which monies in said funds will be required for the purposes of the Resolution.

(2) Obligations purchased as an investment of monies in any fund or account held by the Trustee under the provisions of the Resolution shall be deemed at all times to be a part of such fund or account and the income or interest earned, profits realized or losses suffered by a fund or account due to the investment thereof shall be retained in, credited or charged, as the case may be, to such fund or account, subject to specific provisions otherwise contained herein to the contrary.

General Covenants of the Board

The following conditions shall be satisfied prior to making a Local Loan by the Board from the proceeds of the Bonds:

(i) The Borrower shall have received bids or the Consulting Engineer's estimate, for the accomplishment of the Project, which bids or estimates are in an amount and otherwise compatible with the plan of financing described in the Borrower's loan application;

(ii) The Borrower shall have obtained all requisite authorizations, orders and approvals necessary for the issuance of the Local Notes and the construction or accomplishment of the Project and the proper dedication of the security for the Local Notes, including any required approvals from the beneficiary of the Borrower, if any, and if applicable, the imposition of any rates or fees required by the Board;

(iii) The Borrower shall have obtained any other financing for the Project as described in the Borrower's loan application;

(iv) The Borrower shall have duly authorized the issuance of and shall have delivered for purchase by the Board, the Local Notes in the approved principal amount;

(v) The Borrower shall have received a certificate, in form and substance satisfactory to the Board, from the Consulting Engineer regarding the engineering report for the Project;

(vi) The Borrower shall have obtained all requisite governmental permits or approvals necessary for the construction or accomplishment of the Project, including any required by the federal Environmental Protection Agency and all other federal, state and local agencies; and

(vii) The Borrower shall have selected and the Board shall have approved a Local Trustee to administer the funds and accounts established pursuant to the Loan Agreement.

Modification of Loan Agreement

The Board shall not consent to the modification of, or modify, the rate or rates of interest of, or the amount or time of payment of any installment of principal or interest of, any Local Notes evidencing a Local Loan, or the security for or any terms or provisions of such Local Loan or the Local Notes evidencing the same, in a manner which adversely affects or diminishes the rights of the Bondholders. Provided, however, that, in the event the Bonds are being or have been refunded in whole and the refunding bonds therefor are in a different principal amount from the principal amount of the Bonds refunded, the Board may consent to the modification of and modify the Loan Agreement relating to such Local Loan financed with the proceeds of the Bonds being refunded and the Local Notes evidencing the same, and the Local Notes Payments to be made thereunder so long as such Local Notes Payments are sufficient in amount and payable at the times required for the payment of the principal of and interest on such refunding bonds, and further provided, however, that, in the event Bonds have been refunded, and the interest the Board is required to pay on the refunding bonds issued for the purpose of refunding the Bonds is different from the interest the Board was required to pay on the Bonds being refunded by the Board, the Local Notes Interest Payments to be made by the Eligible Entity in respect of such Local Loan may, upon determination by the Board, be altered.

Enforcement of Local Notes

The Board shall diligently enforce, and take all reasonable steps, actions and proceedings, including, in its discretion, the exercise of any of the rights and remedies available to it under the Resolution necessary for the enforcement of all terms, covenants and conditions of all Loan Agreements and the Local Notes evidencing Local Loans made by the Board.

Pledge of Local Notes and Local Notes Payments

To secure the payment of the principal or Redemption Price of, interest on and Sinking Fund Installments for the Bonds, the Board does pledge and assign to the Trustee for the benefit of the Holders

of the Bonds, all Local Notes and Local Notes Payments. The pledge of such Local Notes and Local Notes Payments shall be absolute and unconditional.

Modification and Amendment

The Board may, at any time or from time to time, amend the Resolution or adopt Supplemental Resolutions for any one or more of the purposes established in the General Board Resolution.

Remedies Upon Occurrence of an Event of Default

Upon the happening and continuance of any event of default as specified in the Resolution, the Trustee shall proceed to protect and enforce its rights and the rights of the Bondholders by such of the following remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(a) by mandamus or other suit, action or proceeding at law or in equity, enforce all rights of Bondholders, including the right to require the Board to collect Local Notes Payments adequate to carry out the covenants and agreements as to and relative to the pledge of such Local Notes Payments and other properties and to require the Board to carry out any other covenants or agreements with Bondholders and to perform its duties under the Act;

(b) by bringing suit upon the Bonds;

(c) by action or suit in equity, require the Board to account as if it were the trustee of an express trust for the Holders of the Bonds;

(d) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds; and

(e) by action or suit in equity, require the Local Trustee to assume the operation of the System and establish and collect such rates and charges from the users thereof as shall be sufficient to make the Local Notes Payments and to remit the same to the Trustee for deposit into the Revenue Fund.

Priority of Payments After Default

In the event that the funds held by the Trustee and Paying Agents shall be insufficient for the payment of Principal Installments of or interest on and Sinking Fund Installments or Redemption Price then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other monies received or collected by the Trustee acting pursuant to the Act and the General Bond Resolution, as supplemented and amended, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under the Resolution, shall be applied as follows:

(a) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments and, if the amounts available shall not be sufficient to pay in full an 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; and

Second: To the payment to the persons entitled thereto to the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all of the Bonds shall have become or have been declared due and payable, 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 preference except as to any difference in the respective rates of interest specified in the Bonds.

Bondholders Control of Proceedings

The Holders of the majority in principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of the General Bond Resolution, as supplemented and amended and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Limitation on Rights of Bondholders

No Holder of any Bond shall have the right to institute any suit, action, mandamus or other proceeding in equity or at law hereunder, or for the protection or enforcement of any right under the Resolution or any right under law, unless such Holder shall have given to the Trustee written notice of the event of default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time.

Defeasance

The following obligations are authorized to be used for the purpose of defeasance of Bonds:

- (a) Cash
- (b) Direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States Government, and certain stripped

securities where the principal-only and interest-only strips of noncallable obligations are issued by the U.S. Treasury and REFCORP securities stripped by the Federal Reserve Bank of New York and evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations the timely payment of the principal of and the interest on which are unconditionally and fully guaranteed by, the United States of America, which obligations shall be rated AAA and shall be (i) held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian; (ii) the owner of the proportionate interest is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying obligations; and (iii) the underlying obligations are held in safekeeping in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated.

(c) 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 (c) on the maturity dates specified in the irrevocable instructions referred to in subclause (i) of this paragraph (c), as appropriate, and (iv) which are rated in the highest rating category of Standard & Poor's Rating Group or any successor thereto.

SUMMARY OF CERTAIN PROVISIONS OF THE FORM OF LOAN AGREEMENT

The following is a summary only of certain provisions of the form of Loan Agreement to be executed in connection with the making of Local Loans by the Board to a Borrower and reference should be made to the specific documents, executed counterparts of which will be on file in the corporate trust office of the Trustee, for a complete recital of the terms of each such Loan Agreement.

Loan Agreements

As a condition precedent to receiving a Local Loan, each Borrower must enter into a Loan Agreement with the Board and execute a Local Note evidencing its indebtedness to the Board as a result of the Local Loan. The terms and conditions and a form of such Loan Agreement and Loan Note are prescribed by the Board in accordance with the Act and the Resolution. Each Loan Agreement incorporates by reference the Borrower's Application for loan. Such title to the Project and the Project site as the Borrower may have remains with the Borrower, subject to any statutorily created interest.

The Board's agreement to make a loan is subject to the issuance and sale of its Bonds, and to other conditions precedent, which must be met on or before the date of the Local Loan, which may not be later than three years from the date of delivery of the Bonds.

The Board may make a loan only if the Borrower satisfies, among others, the following conditions precedent: (i) the Borrower must have received bids for the construction of its Project or estimates from a qualified Engineer acceptable to the Board which are in an amount and otherwise compatible with the plan of financing described in the Borrower's loan application to the Board; (ii) the Borrower must have obtained all requisite approvals necessary for construction of the Project; (iii) the Borrower shall have obtained any other financing for its Project as described in its loan application; (iv) the Borrower shall have duly authorized the issuance of and shall have delivered for purchase by the Board, the Local Notes; (v) the Borrower shall have received a certificate, in form and substance to the Board, from the Consulting Engineer regarding the engineering report for the System; (vi) the Borrower shall have obtained all requisite governmental permits or approvals necessary for the construction or accomplishment of the Project; and (vii) the Borrower shall have selected and the Board shall have approved a Local Trustee to administer the funds and accounts established pursuant to the Loan Agreement.

The Loan Agreement requires appropriate legal action to be taken by the Borrower, containing certain covenants in the form required by the Resolution and acceptable to the Board, and requires the Borrower to obtain an opinion of legal counsel, nationally recognized in municipal bond law and approved by the Board, stating, among other things, (i) that the Local Note evidencing the Local Loan is a valid and binding obligation of the Borrower payable from the revenues dedicated to the payment thereof and is enforceable in accordance with its terms, (ii) that the interest on such Local Note is excluded from gross income for purposes of federal income taxation under Section 103 of the Internal Revenue Code of 1986, and (iii) that the Local Note does not constitute a "private activity bond" under Section 141 of the Code. The Loan Agreement also requires the establishment of a debt service reserve for the Local Note. The Loan Agreement further requires that the Local Loans be secured by fees, charges and other revenues from the pledged System, which shall include at least the water system and/or the sewer system of the Borrower, and any other source which the Board may accept as security for the Loan Payments. The Loan Agreement provides for repayment of principal of the Local Loan and for payment of interest thereon on a monthly basis to the Local Trustee.

Each Borrower must covenant under the Loan Agreement to do all things necessary to construct its Project and to keep its records of the costs of construction and acquisition open to inspection by the Board. The Loan Agreement mandates that a Borrower will require its contractors to furnish 100% performance and payment bonds and will require them to maintain public liability insurance, property damage insurance and vehicle liability insurance in amounts satisfactory to the Engineer for the Borrower, and the Borrower or the contractor will maintain builders risk insurance (fire and extended coverage) on a 100% basis.

The Borrower covenants under the Loan Agreement to fix and collect adequate rates, fees and other charges for use of the System which, when combined with the other revenue sources to be utilized by the Borrower to make the Loan Payments, will be sufficient to provide annually for Net Revenue Available for Debt Service at least equal to 125% of the maximum annual debt service requirements for the Local Loan and other loans on a parity with the Local Note payable from the same revenue sources (the "Rate Covenant"); provided, calculation of the Rate covenant on variable rate obligations shall be on the basis of the average rate of interest borne by variable rate loans in the Board's State Loan Program for the immediately preceding 12 month period; and provided further, that the schedule of rates or charges for the services of the System shall always be at least sufficient to provide monies to pay the Operation and Maintenance Expenses of the System without consideration of any other revenue source.

The Board may refuse to make any Local Loan in the event any representation made to the Board by a Borrower in connection with such loan is incorrect or incomplete in any material respect.

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APPENDIX B

TABLE OF OUTSTANDING LOCAL LOANS
(As of February 1, 2014)

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Oklahoma Water Resources Board
Outstanding Loans
Financial Assistance Program Loans
As of 2/1/2014

<u>Borrower Name</u>	<u>Original Loan Amount</u>	<u>Current Loan Balance</u>	<u>Local Reserve Fund</u>	<u>Maturity Date</u>	<u>Bond Series</u>
Alex Municipal Authority	\$ 350,000.00	\$ 223,400.00	\$ 31,352.53	11/15/2024	Series 1995
Alex Municipal Authority	160,000.00	80,000.00	12,000.00	8/15/2029	Series 1999
Arkoma Municipal Authority	565,000.00	110,000.00	34,000.00	8/15/2016	Series 1999
Broken Arrow Municipal Authority	29,755,000.00	29,755,000.00	2,435,677.25	9/15/2040	Series 2012
Calumet Public Works Authority	560,000.00	340,000.00	47,792.00	8/15/2023	Series 2004A
Canadian County RWS & SWMD #4 (Green Valley)	450,000.00	182,700.00	40,310.40	11/15/2019	Series 1989
Canton Public Works Authority	280,000.00	116,108.28	24,753.03	12/15/2022	Series 1992
Cherokee County Rural Water District #1	380,000.00	303,100.00	33,592.00	11/15/2030	Series 1999
Cherokee County Rural Water District #13	1,600,000.00	1,450,000.00	150,785.00	9/15/2025	Series 2012A
Cherokee County Rural Water District #2	645,000.00	513,650.00	44,144.00	12/15/2032	Series 2001
Cheyenne Utility Authority	850,000.00	173,808.28	75,793.00	12/15/2022	Series 1992
Comanche County Rural Water District #2	840,000.00	730,000.00	84,000.00	9/15/2023	Series 2012
Coyle Public Works Authority	340,000.00	82,950.00	34,000.00	11/15/2016	Series 1994A
Craig County RWSG & SWMD #3	1,055,000.00	521,200.00	95,437.92	11/15/2024	Series 1995
Creek County Rural Water District #2	1,345,000.00	1,087,850.00	118,903.00	5/15/2031	Series 1999
Delaware County Rural Water District #1	360,000.00	150,200.00	32,917.78	11/15/2024	Series 1995
Duke Municipal Authority	200,000.00	24,475.00	18,620.00	5/15/2015	Series 1989
Fairfax Public Works Authority	1,820,000.00	1,695,000.00	160,217.50	9/15/2027	Series 2012B
Fairview Utilities Authority	550,000.00	221,100.00	50,016.00	11/15/2019	Series 1989
Fargo Utilities Authority	125,000.00	18,700.00	11,638.00	11/15/2015	Series 1989
Garfield County Rural Water & Sewer District #5	195,000.00	171,000.00	12,186.46	9/15/2036	Series 2007
Garfield County Rural Water & Sewer District #5	720,000.00	705,000.00	70,680.00	9/15/2028	Series 2013A
Garfield County Rural Water District #6	660,000.00	500,000.00	43,709.50	9/15/2032	Series 2001
Goldsby Water Authority	450,000.00	234,600.00	40,310.39	11/15/2023	Series 1994A
Grady County RWSG & SWMD #7	805,000.00	360,750.00	80,500.00	6/15/2019	Series 2001
Grand Lake Public Works Authority	1,990,000.00	1,755,000.00	169,471.47	9/15/2031	Series 2009
Grand Lake Public Works Authority	1,000,000.00	980,000.00	60,302.50	8/15/2042	Series 2012C
Hobart Public Works Authority	1,070,000.00	190,750.00	107,000.00	11/15/2015	Series 1999
Hughes County Rural Water District #4	200,000.00	5,000.00	18,187.94	11/15/2024	Series 1995
Hughes County Rural Water District #5	575,000.00	445,350.00	39,619.00	12/15/2031	Series 2001
Hugo Municipal Authority	6,930,000.00	6,665,000.00	457,343.75	9/15/2035	Series 2012B
Hulah Water District #20 (Osage County)	200,000.00	67,150.00	16,612.61	12/15/2017	Series 2001
Kay County Rural Water District #5	180,000.00	79,250.00	15,399.01	6/15/2035	Series 2003A
Kingston Municipal Authority	245,000.00	145,000.00	21,000.00	2/15/2031	Series 1999
Kremlin Public Works Authority	175,000.00	104,050.00	15,535.00	11/15/2023	Series 1994A
Kremlin-Hillsdale Rural Water District #1	270,000.00	110,900.00	24,553.00	11/15/2019	Series 1989
Langley Public Works Authority	1,840,000.00	1,613,433.00	100,423.86	9/15/2036	Series 2007
Lawton Water Authority	3,445,000.00	1,575,000.00	260,000.00	2/15/2021	Series 1999
LeFlore County Consolidated Rural Water District #1	200,000.00	81,100.00	18,002.00	11/15/2019	Series 1989
LeFlore County Rural Water District #14	1,305,000.00	1,225,000.00	129,720.00	9/15/2028	Series 2012A
Lexington Public Works Authority	720,000.00	574,100.00	49,277.00	12/15/2032	Series 2001
Lincoln County Rural Water & Sewer District #4	465,000.00	395,000.00	48,815.71	9/15/2021	Series 2012A
Lindsay Public Works Authority	575,000.00	295,000.00	48,500.00	2/15/2026	Series 1999
Locust Grove Public Works Authority	1,675,000.00	980,450.00	150,766.30	11/15/2023	Series 1994A
Logan County RWSG & SWMD #3	1,095,000.00	855,000.00	114,534.03	9/15/2018	Series 2012A
Lone Chimney Water Association	2,585,000.00	2,375,000.00	218,480.00	9/15/2027	Series 2012A
Mayes County Rural Water District #2	4,050,000.00	2,380,650.00	346,477.67	6/15/2035	Series 2003A
Mayes County Rural Water District #3	465,000.00	310,050.00	41,854.53	11/15/2026	Series 1997
Mayes County Rural Water District #3	845,000.00	672,750.00	57,832.00	12/15/2032	Series 2001
Mayes County Rural Water District #5	1,815,000.00	1,197,550.00	159,748.00	6/15/2032	Series 2003A
Mayes County Rural Water District #6	1,310,000.00	668,800.00	108,812.57	12/15/2021	Series 2001
Mayes County Rural Water District #7	420,000.00	150,000.00	35,164.50	8/15/2019	Series 1989
Mayes County Rural Water District #9	1,265,000.00	705,000.00	102,500.00	2/15/2026	Series 1999
McClain County Rural Water District #8	1,520,000.00	1,505,000.00	117,698.76	9/15/2033	Series 2013B
McIntosh County Rural Water District #13	835,000.00	645,000.00	75,501.50	9/15/2024	Series 2009
Miami Special Utilities Authority	2,740,000.00	1,665,860.00	207,892.30	9/15/2023	Series 2003A
Miami Special Utilities Authority	3,020,000.00	1,814,140.00	226,431.96	9/15/2023	Series 2003A
Minco Municipal Authority	2,500,000.00	1,680,000.00	196,970.50	9/15/2024	Series 2003A
Mooreland Public Works Authority	200,000.00	105,000.00	17,112.76	9/15/2022	Series 2001
Muskogee County Rural Water District #1	430,000.00	265,250.00	39,318.46	11/15/2024	Series 1995

Oklahoma Water Resources Board
Outstanding Loans
Financial Assistance Program Loans
As of 2/1/2014

<u>Borrower Name</u>	<u>Original Loan Amount</u>	<u>Current Loan Balance</u>	<u>Local Reserve Fund</u>	<u>Maturity Date</u>	<u>Bond Series</u>
Muskogee County Rural Water District #5	\$ 1,390,000.00	\$ 802,000.00	\$ 115,457.61	6/15/2023	Series 2003A
Newkirk Municipal Authority	915,000.00	338,850.00	82,359.00	11/15/2019	Series 1989
Noble County Rural Water District #2	510,000.00	257,750.00	47,480.00	11/15/2029	Series 1999
Nowata & Rogers County Rural Water District #1 Consolidated	525,000.00	480,000.00	48,400.00	9/15/2026	Series 2012A
Nowata County Rural Water & Sewer District #1	215,000.00	102,250.00	20,016.59	11/15/2020	Series 1994A
Okay Public Works Authority	250,000.00	103,250.00	22,735.00	11/15/2019	Series 1989
Okemah Utilities Authority	1,310,000.00	145,000.00	131,000.00	8/15/2014	Series 2004A
Okmulgee County Rural Water District #1	685,000.00	630,000.00	71,230.81	8/15/2023	Series 2012C
Osage County Rural Water District #18 (Evergreen)	185,000.00	123,250.00	17,368.83	11/15/2024	Series 1995
Osage County Rural Water District #21	930,000.00	320,000.00	64,000.00	9/15/2017	Series 2003A
Osage County RWMD #15	435,000.00	296,450.00	29,772.00	12/15/2032	Series 2001
Owasso Public Works Authority	570,000.00	229,700.00	38,000.00	2/15/2019	Series 1999
Owasso Public Works Authority	1,005,000.00	411,200.00	68,000.00	2/15/2031	Series 1999
Owasso Public Works Authority	1,805,000.00	759,100.00	125,500.00	2/15/2031	Series 1999
Owasso Public Works Authority	655,000.00	455,000.00	65,500.00	9/15/2019	Series 2010
Owasso Public Works Authority	2,350,000.00	470,000.00	235,000.00	8/15/2015	Series 2004A
Owasso Public Works Authority	1,005,000.00	845,000.00	68,000.00	9/15/2016	Series 2012A
Perkins Public Works Authority	180,000.00	118,550.00	18,000.00	12/15/2024	Series 2001
Pittsburg County Water District #8 (Adamson)	1,220,000.00	555,000.00	137,434.24	8/15/2019	Series 2004A
Pocola Municipal Authority	270,000.00	104,900.00	24,303.00	11/15/2019	Series 1989
Ponca City Utility Authority	7,825,000.00	6,350,000.00	821,348.03	9/15/2019	Series 2012A
Porum Public Works Authority	350,000.00	199,250.00	31,209.00	11/15/2023	Series 1994A
Red Oak Public Works Authority	220,000.00	73,674.95	20,482.00	6/15/2018	Series 1992
Red Rock Public Works Authority	130,000.00	72,624.98	11,591.84	12/15/2022	Series 1992
Rogers County Rural Water District #3	750,000.00	233,250.00	75,000.00	11/15/2017	Series 1995
Rogers County Rural Water District #4	1,465,000.00	637,250.00	131,864.00	11/15/2024	Series 1995
Rogers County Rural Water District #5	2,100,000.00	1,269,250.00	188,115.16	11/15/2024	Series 1995
Roland Utilities Authority	3,360,000.00	3,130,000.00	259,005.00	9/15/2029	Series 2012A
Rush Springs Municipal Improvement Authority	320,000.00	162,950.00	28,803.11	11/15/2023	Series 1994A
Sand Springs Municipal Authority	1,240,000.00	1,125,000.00	129,666.10	8/15/2022	Series 2012C
Seiling Public Works Authority	2,895,000.00	2,870,000.00	202,451.25	9/15/2038	Series 2013A
Shawnee Municipal Authority	12,070,000.00	11,475,000.00	1,331,529.78	9/15/2022	Series 2013A
Skiatook Public Works Authority	975,000.00	940,000.00	70,842.50	9/15/2032	Series 2012A
Stephens County RWSG & SWMD #5	3,940,000.00	3,880,000.00	409,603.14	9/15/2025	Series 2013B
Stilwell Area Development Authority	2,760,000.00	1,400,000.00	229,253.96	9/15/2021	Series 2001
Stilwell Area Development Authority	1,000,000.00	584,600.00	90,462.49	11/15/2023	Series 1994A
Tulsa Metropolitan Utility Authority	29,380,000.00	26,170,000.00	2,286,304.75	9/15/2030	Series 2010
Tulsa Metropolitan Utility Authority	14,275,000.00	13,270,000.00	1,131,623.75	9/15/2031	Series 2011
Tulsa Metropolitan Utility Authority	27,605,000.00	27,195,000.00	2,176,707.75	9/15/2033	Series 2013A
Tulsa Metropolitan Utility Authority	2,450,000.00	1,970,000.00	255,912.93	8/15/2017	Series 2012C
Tulsa Metropolitan Utility Authority	11,355,000.00	10,700,000.00	768,690.00	9/15/2032	Series 2012A
Tulsa Metropolitan Utility Authority	8,365,000.00	6,251,000.00	640,064.96	9/15/2026	Series 2007
Tulsa Metropolitan Utility Authority	835,000.00	228,950.00	83,500.00	3/15/2016	Series 2003A
Tulsa Metropolitan Utility Authority	52,585,000.00	37,875,000.00	4,300,608.26	9/15/2025	Series 2006B
Wagoner County Rural Water District #2	1,765,000.00	1,344,450.00	120,797.00	6/15/2032	Series 2001
Wagoner County Rural Water District #5	2,310,000.00	1,717,450.00	160,280.27	12/15/2030	Series 2001
Wagoner County RWSG & SWMD #4	390,000.00	236,500.00	36,309.00	5/15/2024	Series 1997
Wagoner County RWSG & SWMD #4	860,000.00	101,550.00	73,573.00	6/15/2036	Series 2003A
Wagoner County RWSG & SWMD #4	4,625,000.00	2,110,000.00	423,991.00	8/15/2019	Series 2004A
Wagoner Public Works Authority	4,250,000.00	3,710,000.00	443,235.20	8/15/2022	Series 2012C
Warner Utilities Authority	435,000.00	278,400.00	39,775.00	11/15/2024	Series 1995
Waurika Lake Master Conservancy District	27,955,000.00	25,700,000.00	1,853,819.76	9/15/2035	Series 2010B
Weleetka Public Works Authority	300,000.00	179,250.00	26,628.84	11/15/2023	Series 1994A
Westville Utility Authority	1,350,000.00	1,260,000.00	129,720.00	9/15/2028	Series 2012A
Total	\$342,115,000.00	\$276,279,824.49	\$28,012,520.36		

Concentration of Credit Risk

There is a concentration of credit risk in the composition of the currently outstanding Local Loans made under the Program. As of February 1, 2014, there were 114 separate loans made under the Program with an outstanding principal balance aggregating \$276,279,824.49 as shown in the table on the preceding page of this Appendix B. As of February 1, 2014: one borrower under the Program (Tulsa Metropolitan Utility Authority) with eight Local Loans having an aggregate outstanding principal balance of \$123,659,950 in loans outstanding accounted for approximately 45% of all outstanding balances; a second borrower under the Program (Broken Arrow Municipal Authority) with one Local Loan having an aggregate outstanding principal balance of \$29,755,000 accounted for approximately 11% of all outstanding balances; and a third borrower (Waurika Lake Master Conservancy District) with one Local Loan having an outstanding principal balance of \$25,700,000 accounted for approximately 9% of all outstanding balances.

Brief descriptions of and summary information relating to each of the top three borrowers under the Program is provided below. Additional information may be obtained by contacting Joe Freeman, Oklahoma Water Resources Board, (405) 530-8800, e-mail: joe.freeman@owrb.ok.gov.

Tulsa Metropolitan Utility Authority

The Tulsa Metropolitan Water Authority was created in 1957 for the benefit of the City of Tulsa and is governed by seven trustees. The Authority's name was changed in 1989 to the Tulsa Metropolitan Utility Authority. The Authority is composed of the Mayor of the City of Tulsa and six appointees of the Mayor. The Authority is a public trust and an agency of the State of Oklahoma organized under and pursuant to the provisions of Title 60, Oklahoma Statutes, Sections 176 *et seq.*, as amended. The purposes of the Authority, in general, are to construct, operate and maintain utility system facilities for the benefit of the citizens of the City and surrounding areas.

As of December 2013, the Authority served 139,899 water customers and 126,705 sewer customers. As of 2011, the City's population was estimated at 396,466.

Additional information may be obtained by contacting Lisa Crist, (918) 596-7567, e-mail: lcrist@cityoftulsa.org.

Broken Arrow Municipal Authority

The Broken Arrow Municipal Authority was created in 1979 for the benefit of the City of Broken Arrow. The Authority is a public trust and an agency of the State of Oklahoma organized under and pursuant to the provisions of Title 60, Oklahoma Statutes, Sections 176 *et seq.*, as amended. The purposes of the Authority, in general, are to furnish, supply, and maintain water, sewer, and solid waste system facilities for the benefit of the citizens of the City.

As of January 2014, the Authority served 35,200 water customers and approximately 33,310 sewer customers. As of 2010, the City had a population of 102,019.

Additional information may be obtained by contacting Tom Caldwell, (918) 259-8419, e-mail: tcaldwell@brokenarrowok.gov.

Waurika Lake Master Conservancy District

The Waurika Lake Master Conservancy District (the “District”) was created as a master conservancy district in 1962 by court order under Title 82, Section 541 *et seq.*, of the Oklahoma Statutes with the following municipalities joining together: Comanche, Duncan, Lawton, Temple, Walters, and Waurika, Oklahoma. The District was formed to obtain municipal, industrial, and irrigation rights to the Waurika Reservoir and to operate the water conveyance facilities for the benefit of the member municipalities. The District contracted with the United States Army Corps of Engineers (“Corps”) on August 12, 1970, for the construction of a dam and conveyance facilities. Public Law 88-253, 88th Congress 1st Session approved December 30, 1968, authorized the construction of the Waurika Dam and Reservoir. The construction culminated into the existing facilities and infrastructure known as Waurika Lake, which became operational August 31, 1977.

All member cities are governed by the contract with the District and Corps and each member city is responsible for paying its share of pipeline debt, water storage debt and costs of operation and maintenance each year. Of the six member cities, Lawton’s pro rata share of payment obligations is 59.483% and Duncan’s pro rata share is 33.333% with the remaining four cities pro rata share aggregating slightly more than 7%.

As of November 2013, the Duncan Public Utilities Authority served 11,816 water customers and 9,346 sewer customers. As of 2010, the City of Duncan’s population was 23,431.

As of December 2013, the Lawton Water Authority served 28,045 water customers and 27,472 sewer customers. As of 2010, the City of Lawton’s population was 96,867.

Additional information may be obtained by contacting David Taylor, (580) 439-8838, e-mail: wlmcd@pldi.net.

APPENDIX C

FORM OF BOND COUNSEL OPINION

An opinion in substantially the following form will be delivered by the Centennial Law Group, Bond Counsel, upon delivery of the Series 2014A Bonds, assuming no material changes in facts or law.

[Closing Date]

Oklahoma Water Resources Board
3800 North Classen Boulevard
Oklahoma City, Oklahoma 73118

Re: \$ _____ Oklahoma Water Resources Board
 State Loan Program Revenue Bonds, Series 2014A

Ladies and Gentlemen:

We have acted as bond counsel to the Oklahoma Water Resources Board (the “Board”) in connection with the issuance of the above-referenced Series 2014A Bonds (the “Bonds”) pursuant to Title 82 Oklahoma Statutes 2011, Sections 1085.1 *et seq.*, as amended (the “Act”), and a resolution of the Board adopted July 16, 2013 (the “Authorizing Resolution”).

The Bonds are being issued and are equally secured as to the payment of principal and interest under a General Bond Resolution dated as of August 1, 1986 (the “General Bond Resolution”), as amended and supplemented by (i) a Second Supplemental Bond Resolution dated as of September 1, 1989, (ii) a Third Supplemental Bond Resolution dated as of August 1, 1992, (iii) a Fourth Supplemental Bond Resolution dated as of January 1, 1994, (iv) a Fifth Supplemental Bond Resolution dated as of January 1, 1994, (v) a Sixth Supplemental Bond Resolution dated as of October 1, 1995, (vi) a Seventh Supplemental Bond Resolution dated as of July 1, 1997, (vii) an Eighth Supplemental Bond Resolution dated as of March 1, 1999 (viii) a Ninth Supplemental Bond Resolution dated as of September 1, 2001, (ix) a Supplement to the Fourth, Sixth and Seventh Supplemental Bond Resolutions dated as of August 1, 2002, (x) a Tenth Supplemental Bond Resolution dated as of July 1, 2003, (xi) an Eleventh Supplemental Bond Resolution dated as of July 15, 2003, (xii) a Twelfth Supplemental Bond Resolution dated as of May 1, 2004, (xiii) a Fourteenth Supplemental Bond Resolution dated as of June 1, 2006, (xiv) a Fifteenth Supplemental Bond Resolution dated as of March 1, 2007, (xv) a Sixteenth Supplemental Bond Resolution dated as of November 1, 2009, (xvi) a Seventeenth Supplemental Bond Resolution dated as of June 1, 2010 (xvii) an Eighteenth Supplemental Bond Resolution dated as of November 1, 2010, (xviii) a Nineteenth Supplemental Bond Resolution dated as of June 1, 2011, (xix) an Amendment to General Bond Resolution dated as of May 1, 2011 (the “Amendment”), (xx) a Twentieth Supplemental Bond Resolution dated as of January 1, 2012, (xxi) a Twenty-First Supplemental Bond Resolution dated as of March 1, 2012, (xxii) a Twenty-Second Supplemental Bond Resolution dated as of July 1, 2012, (xxiii) a Twenty-Third Supplemental Bond Resolution dated as of August 1, 2012, (xxiv) a Twenty-Fourth Supplemental Bond Resolution dated as of April 1, 2013, (xxv) a Twenty-Fifth Supplemental Bond Resolution dated as of July 1, 2013 (the “Twenty-Fifth Supplemental Resolution”), and (xxvi) a Twenty-Sixth Supplemental Bond Resolution dated as of March 1, 2014 (the “Twenty-Sixth Supplemental Resolution”) by and between the Board and BancFirst, as Trustee (collectively, the “Bond Resolution”). Capitalized terms used herein shall have the meanings ascribed thereto in the Bond Resolution.

The Bonds are issued for the purposes, dated, mature on the dates and in the principal amounts, bear interest, are payable, are subject to redemption prior to maturity and have such other terms and conditions as provided in the Twenty-Sixth Supplemental Bond Resolution.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement). We have not passed upon any matters relating to the business, properties, affairs or condition, financial or otherwise, of the Board and no inference should be drawn that we have expressed an opinion on matters relating to the financial ability of the Board to perform its obligations under the Bonds, the Bond Resolution or other documents described therein.

As to questions of fact material to our opinion, we have relied upon the representations, covenants and certifications of the Board and certifications of public officials and other parties involved in the issuance of the Bonds (including certifications as to the use of the proceeds of the Bonds) without undertaking to verify the same by independent investigation.

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income pursuant to Section 103 of the Code. We have examined the Arbitrage and Use of Proceeds Certificate, dated the date hereof, of the Board (the "Arbitrage and Use of Proceeds Certificate") in which the Board has made representations, warranties, and covenants relating to the exclusion of interest on the Bonds from gross income for federal income tax purposes. The Arbitrage and Use of Proceeds Certificate obligates the Board to take certain actions to assure that interest on the Bonds is excluded from gross income pursuant to Section 103 of the Code. Non-compliance could cause interest on the Bonds to become subject to federal income taxes retroactive to their date of issue, irrespective of the date on which such non-compliance occurs or is ascertained. In rendering the opinion in paragraph number six below, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certificates of fact contained in the Arbitrage and Use of Proceeds Certificate delivered the date hereof, with respect to matters affecting the tax status of interest on the Bonds, and (ii) continuing compliance by the Board with the procedures and covenants set forth in the Arbitrage and Use of Proceeds Certificate as to such tax matters.

Based upon and subject to the foregoing, we are of the opinion that as of the date hereof and under existing law:

1. The Board has been duly created and validly exists as a body corporate and politic and instrumentality, agency, and department of the State of Oklahoma and is vested with full right and power to adopt the Authorizing Resolution, enter into the Twenty-Sixth Supplemental Bond Resolution and perform the agreements on its part contained therein and to issue the Bonds.

2. The Authorizing Resolution has been duly adopted by the Board and the Twenty-Sixth Supplemental Bond Resolution has been duly executed and delivered on behalf of the Board and constitutes a valid and binding obligation of the Board, enforceable in accordance with its terms.

3. The Bond Resolution creates a valid lien on the Local Notes, the Local Notes Payments, and the monies, securities and funds held and pledged thereunder as the security for the Bonds on a parity with other bonds previously issued and to be issued under the General Bond Resolution, subject to the application thereof to the purposes and on the conditions permitted by the Bond Resolution.

4. The Bonds have been duly authorized, executed and delivered by the Board in accordance with Oklahoma law, including the Act, and are valid and binding obligations of the Board, enforceable in accordance with their terms and with the terms of the Bond Resolution, and payable solely from the sources provided therefor in the Bond Resolution.

5. The Bonds do not constitute a debt of the State of Oklahoma or any political subdivision thereof and neither the faith and credit nor the taxing power of the State of Oklahoma or any political subdivision thereof is pledged, or may hereafter be pledged, to the payment of the principal of or interest on the Bonds. The Board has no taxing power.

6. Assuming compliance by the Board with the tax covenants in the Bond Resolution and the Arbitrage and Use of Proceeds Certificate, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income of the recipients thereof for federal income tax purposes and will not be treated as a specific preference item in calculating the alternative minimum tax that may be imposed on individuals and corporations under the Code. Under the Code, interest on the Series 2014A Bonds is to be included in adjusted current earnings for purposes of calculating the federal alternative minimum tax imposed on certain corporations.

7. Interest on the Bonds is not subject to income taxation by the State of Oklahoma, or by any county, municipality or political subdivision therein pursuant to Section 1085.33 of the Act.

We express no opinions regarding any other consequences affecting the income tax liability under federal or State of Oklahoma law of a recipient of interest on the Bonds.

The opinions expressed above with respect to the enforceability of the Bonds and the documents described herein are qualified to the extent that the enforceability thereof may be limited to bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights generally heretofore or hereafter enacted, by the application of general principles of equity, and by the exercise of judicial discretion in appropriate cases.

For the purposes of this opinion, our services as Bond Counsel have not extended beyond the examinations and expressions of the conclusions referred to above. The opinions expressed herein are based upon existing law as of the date hereof and we express no opinion herein as of any subsequent date or with respect to any pending legislation. Each purchaser of the Bonds should consult his or her own tax advisor as regards any pending or proposed federal or state tax legislation.

Respectfully submitted,

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APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Agreement”) dated as of March 1, 2014, by and between the Oklahoma Water Resources Board (the “Issuer”) and BancFirst, a banking corporation with its principal corporate trust office located in Oklahoma City, Oklahoma, as trustee (the “Trustee”) under the General Bond Resolution dated as of August 1, 1986, as previously supplemented and amended and as supplemented and amended by the Twenty-Sixth Supplemental Bond Resolution of the Issuer dated as of March 1, 2014 (collectively, the “Resolution”), is executed and delivered in connection with the issuance of the Issuer’s State Loan Program Revenue Bonds, Series 2014A (the “Bonds”). Capitalized terms used in this Agreement which are not otherwise defined in the Resolution shall have the respective meanings specified in Article I hereof. The parties hereby agree as follows:

ARTICLE I

Definitions

Section 101. **Definitions.** The following terms used in this Agreement shall have the following respective meanings:

(A) “*Annual Financial Information*” means the financial information or operating data with respect to the Issuer, for each fiscal year of the Issuer, as follows:

(i) Audited Financial Statements for each Series of the Issuer’s Bonds Outstanding under the Resolution;

(ii) Investments of Funds and Accounts Established under the Resolution;

(iii) Table of Local Loans with an outstanding principal balance as of the end of the applicable fiscal year of the Issuer; and

(iv) With respect to Eligible Entities borrowing funds from the Issuer from proceeds of any Series of the Issuer’s Bonds Outstanding under the General Bond Resolution, Financial Statements of each Eligible Entity whose total aggregate annual debt service requirement on its Local Loan(s) in any year equals or exceeds 20% of the cash flow servicing all Series of the Issuer’s Bonds Outstanding under the General Bond Resolution in such year. Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

(B) “*Audited Financial Statements*” means the annual financial statements, if any, of the Issuer, audited by such auditor as shall then be required or permitted by State law or the Resolution. Audited Financial Statements shall be prepared in accordance with GAAP; 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 shall include a reference to the specific federal or State law or regulation describing such accounting basis.

(C) “*Business Day*” means any day other than a Saturday, a Sunday or any other day on which banking institutions in New York, New York, or Oklahoma City, Oklahoma, are authorized or required to be closed.

(D) “*Electronic Format*” means the electronic format prescribed by the MSRB for any filings required to be made and notices to be given, initially designated by the MSRB to be PDF, word searchable except for non-textual elements.

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

(F) “*GAAP*” means generally accepting accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board.

(G) “*Material Event*” means any of the following events with respect to the Bonds:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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 Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of holders of the Bonds, if material, and tender offers;
- (viii) bond calls, if material;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Bonds;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Board;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the Board, 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; and
- (xiv) appointment of a successor Trustee or change in the name of the Trustee, if material.

As used in clause (xii) above, the phrase “bankruptcy, insolvency, receivership or similar event” means the appointment of a receiver, fiscal agent or similar officer for the Board 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

Board, or if jurisdiction has been assumed by leaving the Board and official or officers of the Board 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 Board.

(H) “*Material Event Notice*” means written or electronic notice of a Material Event.

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

(J) “*Official Statement*” means the “final official statement,” as defined in paragraph (f)(3) of the Rule, relating to the Bonds.

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

(L) “*SEC*” means the United States Securities and Exchange Commission.

(M) “*State*” means the State of Oklahoma.

(N) “*Unaudited Financial Statements*” means the same as Audited Financial Statements, except that they shall not have been audited.

(O) “*Underwriters*” means the Underwriters identified in the Official Statement.

ARTICLE II

The Undertaking

Section 201. **Purpose.** This Agreement shall constitute a written undertaking for the benefit of the holders of the Bonds, and is being executed and delivered solely to assist the Underwriters in complying with subsection (b)(5) of the Rule.

Section 202. **Annual Financial Information.**

(a) The Issuer shall provide Annual Financial Information with respect to each fiscal year of the Issuer, commencing with the fiscal year ending June 30, 2014, by no later than 180 days after the end of the respective fiscal year, to the MSRB in an Electronic Format accompanied by identifying information as prescribed by the MSRB.

(b) The Issuer shall provide, in a timely manner, not in excess of ten Business Days after the occurrence of the event, notice of any failure of the Issuer to provide the Annual Financial Information by the date specified in subsection (a) above to the MSRB.

Section 203. **Audited Financial Statements.** If not provided as part of Annual Financial Information by the date required by Section 202(a) hereof, the Issuer shall provide Audited Financial Statements, when and if available, to the MSRB.

Section 204. **Notices of Material Events.**

(a) If a Material Event occurs, the Issuer shall provide, in a timely manner not in excess of ten Business Days after the occurrence thereof, a Material Event Notice to (i) the MSRB, and (ii) the Trustee.

(b) The Trustee shall promptly advise the Issuer whenever, in the course of performing its duties as Trustee under the Resolution, the Trustee has actual notice of an occurrence which, if material, would require the Issuer to provide a Material Event Notice hereunder; provided, however, that the failure of the Trustee so to advise the Issuer shall not constitute a breach by the Trustee of any of its duties and responsibilities under this Agreement or the Resolution.

Section 205. **Additional Disclosure Obligations.** The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that under some circumstances compliance with this Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

ARTICLE III

Operating Rules

Section 301. **Reference to Other Documents.** It shall be sufficient for purposes of Section 202 hereof if the Issuer provides Annual Financial Information by specific reference to documents previously filed with the MSRB.

Section 302. **Submission of Information.** Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time.

Section 303. **Material Event Notices.** Each Material Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the Bonds.

Section 304. **Transmission of Information and Notices.** Unless otherwise required by law and, in the Issuer's sole determination, subject to technical and economic feasibility, the Issuer shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of the Issuer's information and notices.

Section 305. **Fiscal Year.** Annual Financial Information shall be provided at least annually notwithstanding any fiscal year longer than twelve (12) calendar months. The Issuer's current fiscal year is July 1 - June 30, and the Issuer shall promptly notify (i) the MSRB and (ii) the Trustee of each change in its fiscal year.

Section 306. **Use of EMMA.** Any filings required to be made with or notices to be given to the MSRB under this Agreement shall be effected by sending the filing or notice to EMMA at www.emma.msrb.org in an Electronic Format accompanied by identifying information as prescribed by the MSRB. The Issuer agrees to comply with the Release and the provisions of EMMA in making such filings and giving such notices under this Agreement. Should the Rule be amended to obligate the Issuer to make filings with or provide notices to entities other than the MSRB, the Issuer agrees to undertake such obligation in accordance with the Rule as amended.

ARTICLE IV

Termination, Amendment and Enforcement

Section 401. Termination.

(a) The Issuer's and the Trustee's obligations under this Agreement shall terminate upon a legal defeasance pursuant to the Resolution, prior redemption or payment in full of all of the Bonds.

(b) This Agreement, or any provision hereof, shall be null and void in the event that the Issuer (1) delivers to the Trustee an opinion of nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Issuer and the Trustee, to the effect that those portions of the Rule which require the provisions of this Agreement, or any of such provisions, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the MSRB.

Section 402. Amendment.

(a) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Issuer shall have delivered to the Trustee an opinion of nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Issuer and the Trustee, to the same effect as set forth in clause (2) above, (4) either (i) the Issuer shall have delivered to the Trustee an opinion of nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Issuer and the Trustee to the effect that the amendment does not materially impair the interests of the holders of the Bonds or (ii) the holders of the Bonds consent to the amendment to this Agreement pursuant to the same procedures as are required for amendments to the Resolution with consent of holders of the Bonds pursuant to the Resolution as in effect on the date of this Agreement, and (5) the Issuer shall have delivered copies of such opinion(s) and amendment to the MSRB.

(b) To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change.

(c) If an amendment is made to the basis on which financial statements are prepared, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a quantitative and, to the extent reasonably feasible, qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Section 403. **Benefit; Third-Party Beneficiaries; Enforcement.**

(a) The provisions of this Agreement shall inure solely to the benefit of the holders from time to time of the Bonds, except that beneficial owners of the Bonds shall be third-party beneficiaries of this Agreement.

(b) Except as provided in this subsection (b), the provisions of this Agreement shall create no rights in any person or entity. The obligations of the Issuer to comply with the provisions of this Agreement shall be enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data and notices, by any holder of Outstanding Bonds, or by the Trustee on behalf of the holders of Outstanding Bonds, or (ii), in the case of challenges to the adequacy of the financial statements, financial information and operating data so provided, by the Trustee on behalf of the holders of Outstanding Bonds; provided, however, that the Trustee shall not be required to take any enforcement action except at the direction of the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding who shall have provided the Trustee with adequate security and indemnity. The holders' and Trustee's rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Issuer's obligations under this Agreement. In consideration of the third-party beneficiary status of beneficial owners of the Bonds pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of the Bonds for purposes of this subsection (b).

(c) Any failure by the Issuer or the Trustee to perform in accordance with this Agreement shall not constitute a default or an Event of Default under the Resolution, and the rights and remedies provided by the Resolution upon the occurrence of a default or an Event of Default shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the State.

ARTICLE V

Miscellaneous

Section 501. **Duties, Immunities and Liabilities of Trustee.** The Trustee shall have only such duties under the Agreement as are specifically set forth in this Agreement, and the Issuer agrees, to the extent permitted by law, to indemnify and save the Trustee, 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 Trustee's negligence or willful misconduct in the performance of its duties hereunder.

Section 502. **Counterparts.** This 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.

IN WITNESS WHEREOF, the parties have each caused this Agreement to be executed by their duly authorized representatives, and the Issuer has caused its corporate seal to be hereunto affixed and attested by an authorized representative, all as of the date first above written.

[Signatures Omitted]