PRELIMINARY OFFICIAL STATEMENT DATED JULY 14, 2017

NEW ISSUE	**Moody's: Aa2**
BOOK ENTRY ONLY	**S&P: AA-**

In the opinion of Bond Counsel, under existing statutes, regulations, published rulings and judicial decisions, interest on the Series 2017A Bonds (including any original issue discount properly attributable to an owner thereof) is excludable from the gross income of the recipients thereof for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and such interest will not be treated as a preference item in calculating the alternative minimum tax that may be imposed on individuals and corporations. Under the Code, interest on the Series 2017A Bonds is to be taken into account in the computation of certain taxes that may be imposed with respect to corporations, including, without limitation, the alternative minimum tax and the foreign branch profits tax. Interest on the Series 2017B Bonds will be subject to federal income taxation. In the opinion of Bond Counsel, interest on the Series 2017 Bonds is exempt from Oklahoma income taxation. See the information contained herein under the captions "CERTAIN TAX MATTERS RESPECTING THE SERIES 2017A BONDS" and "CERTAIN TAX MATTERS RESPECTING THE SERIES 2017B BONDS."

TULSA PUBLIC FACILITIES AUTHORITY
(Tulsa, Oklahoma)
LEASE PAYMENT REVENUE BONDS
(Subject to annual appropriation)

$34,185,000*	**$25,465,000***
REFUNDING SERIES 2017A	**TAXABLE REFUNDING SERIES 2017B**
Dated: Date of Delivery	**Dated: Date of Delivery**
Due: December 1, as shown on inside cover	**Due: December 1, as shown on inside cover**

The Tulsa Public Facilities Authority (the "Authority") is issuing its Lease Payment Revenue Bonds, Refunding Series 2017A and Taxable Refunding Series 2017B (collectively the "Series 2017 Bonds") for the purpose of refunding and refinancing the outstanding Lease Payment Revenue Bonds, Series 2007A and Lease Payment Revenue Bonds, Taxable Series 2007B (the "Prior Bonds") initially issued to fund the acquisition, rehabilitation, furnishing and equipping of the multi-tenant office building located at 100 S. Cincinnati in the City of Tulsa, Oklahoma commonly known as "One Technology Center" and the attached parking garage (the "Facilities"), and to pay the costs of issuance of the Bonds. Interest on the Series 2017A Bonds and Series 2017B Bonds is payable on each June 1 and December 1, commencing December 1, 2017. The Series 2017 Bonds will be issued and registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"), to which all payments of principal and interest will be made. Beneficial Owners (as defined herein) will acquire beneficial interests in the Series 2017 Bonds, in principal amounts of $5,000 and integral multiples thereof, by book-entry only. Beneficial Owners of the Series 2017 Bonds will not receive physical delivery of bond certificates. The Series 2017 Bonds will not be transferable or exchangeable, except for transfers to another nominee of DTC or otherwise as described herein. See "The Series 2017 Bonds-Book-Entry-Only System" herein.

The Series 2017 Bonds are being issued pursuant to a Master Bond Indenture dated as of November 1, 2007 as supplemented by a Second Supplemental Bond Indenture dated as of August 1, 2017 (collectively the "Bond Indenture") between the Tulsa Public Facilities Authority (the "Authority") and UMB BANK, N.A. as trustee. The Series 2017 Bonds are special and limited obligations of the Authority payable by the Authority from and secured by a pledge of (i) a first mortgage lien and security interest on the Facilities and the Real Property therein described; (ii) the Gross Revenues, including payments of the City under the Lease herein described which are subject to annual appropriation (iii) all right title and interest of the Authority in the Lease, as described herein, (iv) all funds and accounts established by the Bond Indenture, including the proceeds of the Series 2017 Bonds, until expended, (v) the other security interests created, given, granted, assigned, pledged and conveyed by and subject to the terms of the Bond Indenture, and (vi) the present and hereinafter acquired interests of the Authority in and to the Lease and all other leases, contracts and agreements which are pledged to the Trustee under the Bond Indenture as security for the Bonds.

The Series 2017 Bonds are subject to optional and mandatory redemption prior to maturity as described herein. (See "The Series 2017 Bonds, - Redemption of Series 2017 Bonds" herein).

The Series 2017 Bonds do not constitute obligations or debts of the State of Oklahoma, Tulsa County, Oklahoma, the City of Tulsa, Oklahoma or any municipality, county, political subdivision, governmental unit or agency of the State of Oklahoma, or personal obligations of the Trustees of the Authority or general obligations of the Authority, but are limited and special obligations of the Authority payable solely from Gross Revenues derived by the Authority from the operation of the Facilities and including monies received by the Authority from the City of Tulsa pursuant to the Lease , and certain other funds and monies as more fully described herein. Neither the faith and credit nor the taxing power of the State of Oklahoma, any county, municipality, political subdivision or governmental unit or agency thereof or of the City of Tulsa, Oklahoma, is or shall be pledged to the payment of the principal of or interest on the Series 2017 Bonds. **THE AUTHORITY HAS NO TAXING POWER.**

The Series 2017 Bonds are offered when, as and if issued, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Hilborne & Weidman, a professional corporation, Tulsa, Oklahoma, Bond Counsel. Certain legal matters will be passed upon for the Authority by its counsel, David O'Meilia, City Attorney of the City of Tulsa, Oklahoma. It is expected that the Series 2017 Bonds in definitive form will be available for delivery to the Trustee on behalf of DTC in New York, New York on or about August 24, 2017.

*Preliminary, subject to change. See "The Bonds, Adjustment of Principal Amounts" in the Notice of Sale and Instructions to Bidders.

TULSA PUBLIC FACILITIES AUTHORITY
(Tulsa, Oklahoma)
LEASE PAYMENT REVENUE BONDS
(Subject to annual appropriation)

Maturities, Amounts, Interest Rates and Yields

$34,185,000* Series 2017A

Maturity	Principal Amount	Interest Rate	Yield	CUSIP
December 1, 2029	$ 3,310,000	%		
December 1, 2030	3,420,000	%		
December 1, 2031	3,530,000	%		
December 1, 2032	3,650,000	%		
December 1, 2033	3,775,000	%		
December 1, 2034	3,910,000	%		
December 1, 2035	4,050,000	%		
December 1, 2036	4,195,000	%		
December 1, 2037	4,345,000	%		

$25,465,000* Series 2017B

Maturity	Principal Amount	Interest Rate	Yield	CUSIP
December 1, 2019	$ 2,235,000	%		
December 1, 2020	2,285,000	%		
December 1, 2021	2,340,000	%		
December 1, 2022	2,405,000	%		
December 1, 2023	2,475,000	%		
December 1, 2024	2,555,000	%		
December 1, 2025	2,640,000	%		
December 1, 2026	2,735,000	%		
December 1, 2027	2,840,000	%		
December 1, 2028	2,955,000			

The Refunding Series 2017A Bonds and the Taxable Refunding Series 2017B Bonds are being offered by the Authority separately in two different sales. But the Series 2017A Bonds and the Series 2017B Bonds are equally secured under the Master Bond Indenture as supplemented the Second Supplemental Bond Indenture on a parity passu basis.

CUSIP numbers have been assigned to this issue by Standard & Poor's CUSIP Service Bureau, a division of McGraw-Hill Companies, Inc., and are included solely for the convenience of the owners of the Series 2017 Bonds. Neither the Authority nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

*Preliminary, subject to change. See "The Bonds, Adjustment of Principal Amounts" in the Notice of Sale and Instructions to Bidders.

REGARDING USE OF THE OFFICIAL STATEMENT

The Series 2017 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 2017 Bonds specifically offered hereby.

It does not constitute an offer to sell or a solicitation of an offer to buy the Series 2017 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 be given any information or to make any representations other than those contained in the Official Statement in connection with the offering of the Series 2017 Bonds and, if given or made, such other information or representations must not be relied upon.

The Series 2017 Bonds will not be registered under the Securities Act of 1933, as amended, and the Authority does not intend to list the Series 2017 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 2017 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 2017 Bonds.

All references made herein to the Series 2017 Bonds are qualified in their entirety by reference to the Bond Indenture (as hereinafter defined). All references made herein to the Bond Indenture are qualified in their entirety by reference to such complete documents, original counterparts of which are on file in the offices of the Authority, 175 E 2nd St., Tulsa, Oklahoma and the corporate trust offices of UMB BANK, N.A., Oklahoma City, Oklahoma, as Trustee.

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

The information contained in this Official Statement, including the cover page and Exhibits hereto, has been obtained from the Authority and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by any of such sources as to information from any other source. 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. The delivery of this Official Statement does not at any time imply that information herein is correct as of any time subsequent to its date.

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OFFICIAL STATEMENT

TULSA PUBLIC FACILITIES AUTHORITY
(Tulsa, Oklahoma)
LEASE PAYMENT REVENUE BONDS,
(Subject to annual appropriation)

$ 34,185,000*	$25,465,000*
REFUNDING SERIES 2017A	TAXABLE REFUNDING SERIES 2017B

INTRODUCTION

This Official Statement, including the cover page and Exhibits, is being provided by the Trustees of the **TULSA PUBLIC FACILITIES AUTHORITY** (the **"Authority"**), in connection with the issuance of the Authority's $34,185,000* Lease Payment Revenue Bonds, Refunding Series 2017A (the "Series 2017A Bonds" and its $25,465,000* Lease Payment Revenue Bonds, Taxable Refunding Series 2017B (the "Series 2017B Bonds"). The Series 2017A Bonds and the Series 2017B Bonds are referred to herein collectively as the "Series 2017 Bonds". The Authority is a public trust created pursuant to a Trust Indenture, dated March 10, 1981, as amended for the use and benefit of the City of Tulsa, Oklahoma (the "City") under authority of and pursuant to the provisions of Title 60, Oklahoma Statutes 2001, Sections 176 to 180.3, inclusive, as amended and supplemented, (the "Act"), the Oklahoma Trust Act and other applicable statutes of the State of Oklahoma (the "State").

The Authority is issuing the Series 2017 Bonds for the purpose of refunding and refinancing the outstanding Lease Payment Revenue Bonds, Series 2007A and Lease Payment Revenue Bonds, Taxable Series 2007B (the "Prior Bonds") initially issued to fund the acquisition, rehabilitation, furnishing and equipping of the multi-tenant office building located at 100 S. Cincinnati in the City of Tulsa, Oklahoma commonly known as "One Technology Center" and the attached parking garage (the "Facilities"), and to pay the costs of issuance of the Bonds, pursuant to the Master Bond Indenture, (the "Master Bond Indenture") dated as of November 1, 2007 as supplemented by the Second Supplemental Bond Indenture (the "Second Supplemental Indenture") dated as of August 1, 2017 and each by and between the Authority and UMB BANK, N.A., Oklahoma City, Oklahoma, (the "Trustee") (the Master Bond Indenture, as supplemented by the Second Supplemental Indenture, shall be collectively referred to herein as the "Bond Indenture"). Capitalized words or phrases which are not defined herein have the meaning given such words or phrases in the Bond Indenture.

The Authority, acting for the benefit of the City, acquired the Facilities on September 21, 2007 from the owner thereof. Simultaneously with the acquisition of the Facilities, the Authority leased the Facilities to the City pursuant to the terms of a year to year Lease Agreement (the "Lease") dated as of September 21, 2007. The Authority and the City have entered into a renewal of the Lease wherein the Authority has agreed to issue the Series 2017 Bonds and the City agreed, to the extent that funds are available to and duly appropriated by the City for said purpose to make rental payments to the Authority to pay the total of principal and interest due and owing on any indebtedness of the Authority in connection with the Facilities, including the Series 2017 Bonds. See "Summary of Certain Provisions of the Lease".

The City is leasing the Facilities from the Authority for the purpose of housing its primary governmental city offices and administration. The City currently occupies approximately 289,000 square feet of the Facilities, consisting generally of a 15-level office tower containing approximately 626,000 net square feet, and the remainder is occupied by the current tenants or available for lease to third parties. Approximately 314,000 square feet of the Facilities is currently leased to third party tenants pursuant to commercial and capitalized leases. On August 28, 2013, the Authority entered into an agreement with a tenant for 152,748 square feet of the Facilities for a term ending on June 30, 2029. The

*Preliminary, subject to change. See "The Bonds, Adjustment of Principal Amounts" in the Notice of Sale and Instructions to Bidders.

tenant will have the opportunity to purchase the space for one dollar after June 30, 2029. The Authority accounts for this agreement as a capitalized lease. See "Exhibit B: Basic Financial Statements of the Authority for the year ended June 30, 2016, Note 5.

The Series 2017 Bonds are special and limited obligations of the Authority payable by the Authority from and secured by a pledge of (i) a first mortgage lien and security interest on the Facilities and the Real Property therein described; (ii) the Gross Revenues, including payments of the City under the Lease subject to annual appropriation (iii) all right title and interest of the Authority in the Lease, (iv) all funds and accounts established by the Bond Indenture, including the proceeds of the Series 2017 Bonds, until expended, (v) the other security interests created, given, granted, assigned, pledged and conveyed by and subject to the terms of the Bond Indenture, and (vi) the present and hereinafter acquired interests of the Authority in and to the Lease and all other leases, contracts and agreements which are pledged to the Trustee under the Bond Indenture as security for the Bonds. The Series 2017 Bonds and all other bonds of the Authority issued pursuant to the terms of the Bond Indenture are referred to herein as the Bonds.

Notwithstanding anything to the contrary contained in the Lease, if the City does not appropriate funds to be paid to the Authority pursuant to the Lease for any fiscal year (other than the first fiscal year) during the term of the Lease, the City shall not be obligated to make payments for such non-appropriated fiscal year. In such event, the Lease shall automatically terminate and become null and void as of the end of the preceding fiscal year. The City shall notify the Authority in writing of any such non-appropriation as soon as the City so determines.

Included as Exhibit A attached hereto are the Basic Financial Statements for the City of Tulsa, Oklahoma dated as of June 30, 2016. Exhibit B attached hereto are the Basic Financial Statements for the Authority dated as of June 30, 2016. Exhibits A and B should be read in their entirety.

The covenants and representations contained in the Bond Indenture do not and shall never constitute a personal or pecuniary liability or charge against the general credit of the Authority or the individual Trustees thereof. The Series 2017 Bonds are not obligations or debts of the State of Oklahoma or the City, or any municipality, county, political subdivision, or governmental unit or agency of the State of Oklahoma, and neither the faith and credit nor the taxing power of the State of Oklahoma, nor of any county, municipality, subdivision, or governmental unit or agency thereof or of the City or the individual trustees of the Authority is pledged to the payment of the Series 2017 Bonds. **THE AUTHORITY HAS NO TAXING POWER.**

SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS

The Series 2017 Bonds are special and limited obligations of the Authority payable by the Authority from and secured by a pledge of (i) a first mortgage lien and security interest on the Facilities and the Real Property therein described; (ii) the Gross Revenues, including payments of the City under the Lease subject to annual appropriation (iii) all right title and interest of the Authority in the Lease, (iv) all funds and accounts established by the Bond Indenture, including the proceeds of the Series 2017 Bonds, until expended, (v) the other security interests created, given, granted, assigned, pledged and conveyed by and subject to the terms of the Bond Indenture, and (vi) the present and hereinafter acquired interests of the Authority in and to the Lease and all other leases, contracts and agreements which are pledged to the Trustee under the Bond Indenture as security for the Bonds.

The City has agreed, subject to the limitations expressed in the Lease, to appropriate rental payments to the Authority for the purpose of paying the debt service on the Bonds. In addition, the Lease provides that the City is leasing the Facilities on a net-net-net basis and is responsible for paying all expenses and costs relating to the Facilities. Pursuant to the Bond Indenture, the Authority shall deposit such rental payments received from the City and all other Gross Revenues, as defined in the Bond Indenture, in the Authority Revenue Fund created under the Bond Indenture.

The Authority shall deposit the Gross Revenues into the Revenue Fund established under the Bond Indenture as received and as soon as practicable in each month after the deposit of Gross Revenues in the Revenue Fund, (i) the Trustee shall transfer to the credit of the Bond Service Account of the Bond Fund the amount, if any, required so that the balance in said Account shall equal the Accrued Aggregate Bond Service for such calendar month, provided that there shall be credited any capitalized or accrued interest received upon issuance of Bonds and any investment earnings credited to the Bond Fund; (ii) after transfer of the amounts described above, for each month, the Trustee shall withdraw from the Revenue Fund and deposit into the Reserve and Contingency Fund, such remaining amounts in the Revenue Fund, if any, to fund the Reserve and Contingency Fund Requirement for the Building Account and the Parking Account therein by depositing one twelfth of such annual amount for each Account; (iii) after transfer of the amounts described above, for each month, the Trustee shall withdraw from the Revenue Fund and pay to the persons entitled thereto, any fees and expenses due to the Trustee or the Authority as may be due and payable during such monthly period as set forth in the Indenture or any Supplemental Bond Indenture; (iv) after transfer of the amounts described above, for each month, the Trustee shall transfer to the City amounts required for payment or reimbursement of Operation and Maintenance Expenses or other sums advanced by the City pursuant to the Lease; and (v) after transfer of the amounts described above, for each month, the Trustee shall transfer to the Authority or the City any remaining amounts to be used for any lawful purpose.

Provided however, that so long as there shall be held in the Bond Fund an amount sufficient to pay in full all Outstanding Bonds in accordance with their terms (including principal or applicable Redemption Price and interest thereon), no deposits shall be required to be made into the Bond Fund.

The payment of the principal of and interest on the Series 2017 Bonds does not constitute an indebtedness or liability of the State of Oklahoma or any political subdivision thereof, the City, nor the individual trustees of the Authority. The issuance of the Series 2017 Bonds does not directly or indirectly obligate the State of Oklahoma, any political subdivision thereof, the City or the individual trustees of the Authority to provide any funds for the payment of the Series 2017 Bonds. The Series 2017 Bonds do not currently and shall never be considered a debt of the State of Oklahoma, any political subdivision thereof, the City or the individual trustees of the Authority, within the meaning of the Constitution or the statutes of the State of Oklahoma, and do not currently and shall never constitute a charge against the credit or taxing power of the State of Oklahoma, any political subdivision thereof, the City or the individual trustees of the Authority. Neither the State of Oklahoma, any political subdivision thereof nor the City, or the individual trustees of the Authority shall be liable for the payment of the principal of and interest on the Series 2017 Bonds or for the performance of any agreement or covenant of any kind which may be undertaken by the Authority. No breach by the Authority of any covenant or agreement shall create any obligation upon the State of Oklahoma or any political subdivision thereof, the City or the individual trustees of the Authority, including any charge against their credit or taxing power. **THE AUTHORITY HAS NO TAXING POWER.**

THE SERIES 2017 BONDS

The following is a summary of certain provisions of the Series 2017 Bonds. Reference is made to the Series 2017 Bonds themselves for the complete text thereof and to the Bond Indenture, and the discussion herein is qualified by such reference.

General

The Series 2017 Bonds are issued for the purpose of funding the costs of the refunding of the Prior Bonds and paying the Costs of Issuance of the Series 2017 Bonds. Each of the Series 2017A Bonds shall be in fully registered form in denominations of $5,000 and any integral multiple thereof. The Series 2017A Bonds are Fixed Rate Bonds and shall be numbered one upward in consecutive numerical order preceded by the letter “R”. The Series 2017A Bonds shall mature on the dates set forth on the inside cover of this Official Statement.

Each of the Series 2017B Bonds shall be in fully registered form in denominations of $5,000 and any integral multiple thereof. The Series 2017B Bonds are Fixed Rate Bonds and shall be numbered one upward in consecutive numerical order preceded by the letter “R”. The Series 2017B Bonds shall mature on the dates set forth on the inside cover of this Official Statement.

Terms and Provisions of Series 2017 Bonds

Date and Maturity of Series 2017 Bonds. Each Series 2017A Bond shall be dated the date of delivery thereof, and shall bear interest from such date, payable on each June 1 and December 1, commencing December 1, 2017, until payment of the principal thereof has been made or duly provided for. The principal of each Series 2017A Bond shall become due and payable on the Principal Installment date of such Series 2017A Bond. Interest on the Series 2017A Bonds shall be computed on the basis of a 360-day year, consisting of twelve (12) thirty (30) day months.

Each Series 2017B Bond shall be dated the date of delivery thereof, and shall bear interest from such date, payable on each June 1 and December 1, commencing December 1, 2017, until payment of the principal thereof has been made or duly provided for. The principal of each Series 2017B Bond shall become due and payable on the Principal Installment date of such Series 2017B Bond. Interest on the Series 2017B Bonds shall be computed on the basis of a 360-day year, consisting of twelve (12) thirty (30) day months.

Payment of Series 2017 Bonds; Acceptance of Terms and Conditions. The principal or Redemption Price of the Series 2017 Bonds shall be payable by check in lawful money of the United States of America at the Principal Office of the Trustee. Interest on the Series 2017 Bonds shall be paid to the Bondholder whose name appears on the bond registration books of the Trustee as the Holder thereof as of the close of business on the Record Date for each Interest Payment Date. Record Date shall mean the day fifteen days prior to an Interest Payment Date. Payment of the interest on Series 2017 Bonds shall be made by check mailed by first class mail to such Holder at its address as it appears on such registration books, or, upon the written request of any Holder of at least $1,000,000 in aggregate principal amount of Series 2017 Bonds, submitted to the Trustee at least one Business Day prior to the Record Date, by wire transfer in immediately available funds to an account within the United States of America designated by such Holder. CUSIP number identification shall accompany all payments of principal or Redemption Price and interest whether by check or by wire transfer. The principal or Redemption Price of each Series 2017 Bond shall be payable on the Principal Installment date of such Series 2017 Bond upon surrender thereof at the office of the Paying Agent.

Redemption of Series 2017 Bonds

Optional Redemption of Series 2017A Bonds The Series 2017A Bonds are subject to redemption at the option of the Authority, in whole or in part, by lot within a maturity, on any date on and after December 1, 2026, at the principal amount thereof plus accrued interest to the date fixed for redemption.

Optional Redemption of Series 2017B Bonds The Series 2017B Bonds are not subject to optional redemption prior to their maturity.

Selection of Series 2017 Bonds to be Redeemed. If less than all Series 2017 Bonds of a particular Series shall be redeemed, the particular Series 2017 Bonds of such Series to be redeemed shall be chosen by the Trustee. If less than all the Series 2017 Bonds of a Series shall be called for redemption under any provision of this Second Supplemental Bond Indenture permitting such partial redemption, the particular Series 2017 Bonds of such Series or portions of Series 2017 Bonds of such Series to be redeemed shall be selected by lot by the Trustee in such manner as the Trustee in its discretion may deem proper. No redemption of less than all of the Series 2017 Bonds outstanding shall be made unless, the aggregate principal amount of Series 2017 Bonds to be redeemed is equal to Authorized Denominations. Any redemption of less than all of the Series 2017 Bonds of a Series outstanding shall be made in such a manner that all Series 2017 Bonds of such Series outstanding after such redemption are in Authorized Denominations.

Notice of Redemption. When required to redeem Series 2017 Bonds of a particular Series under the provisions of the Bond Indenture or directed to do so by the Authority, the Trustee shall cause a notice of redemption to be mailed to the registered Bondholders of the particular Series of Series 2017 Bonds as set forth in the Bond Indenture. Each notice of redemption shall state: (i) the title of the Bonds to be redeemed, the Series designation (if any) thereof, the redemption date, the place or places of redemption and the redemption price or redemption premium, if any, payable upon such redemption; (ii) if less than all the Bonds of a particular Series are to be redeemed, the distinctive numbers of the Bonds to be redeemed; (iii) that the interest on the Bonds, or on the principal amount thereof to be redeemed, designated for redemption in such notice shall cease to accrue from and after such redemption date; and (iv) that on such date there will become due and payable on each such Bond the principal amount thereof to be redeemed at the then applicable redemption price (or together with the then applicable redemption premium, if any) and the interest accrued on such principal amount to the redemption date. Each notice of redemption mailed to the holder of a Bond to be redeemed shall, if less than the entire principal sum thereof is to be redeemed, also state the principal amount thereof to be redeemed and that such Bond must be surrendered to the Paying Agent of such series in exchange for the payment of the principal amount thereof to be redeemed and the issuance of a new Bond or Bonds equaling in principal amount that portion of the principal sum not to be redeemed of the Bond to be surrendered.

Notice of such redemption shall also be sent by registered mail, overnight delivery service or other secure means, postage prepaid, to any holder of $1,000,000 or more in aggregate principal amount of Bonds to be redeemed to certain municipal registered Securities Depositories which are known to the Trustee to be holding Bonds, and to at least two of the national Information Services that disseminate securities redemption notices, when possible, at least one (1) day prior to the mailing of notices required by the Bond Indenture but in any event at least 16 days but not more than 31 days prior to the redemption date; provided, however, that neither the failure to receive such notice or any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Series 2017 Bonds.

Failure to give such notice by mailing to any registered Bondholder of a Series 2017 Bond or to give any other notice provided herein or in the Bond Indenture, or any defect in such mailing shall not affect the validity of any proceeding for the redemption of any other Series 2017 Bonds. Any notice of redemption mailed in accordance with the requirements set forth herein shall be conclusively presumed to have been duly given, whether or not such registered Bondholder or other addressee actually receives the notice.

Payment of Redemption Price. If notice of redemption has been duly given as provided above, then the Series 2017 Bonds called for redemption shall be payable on the redemption date at the applicable Redemption Price. If provision is made for redemption from funds on deposit with the Trustee, all interest on the Series 2017 Bonds called for redemption accruing on and after the date fixed for redemption shall cease, and the registered Bondholders of the Bonds called for redemption shall have no security, benefit or lien under the Bond Indenture or any right except to receive payment of the Redemption Price. Payment of the Redemption Price shall be made by the Trustee to or upon the order of the registered Bondholders of the Series 2017 Bonds called for redemption upon surrender of such Series 2017 Bonds. The Redemption Price, including the expenses of giving notice and any other expenses of redemption, shall be paid out of the Fund from which the redemption is to be made or from moneys provided by the Authority.

Additional Bonds

The Bond Indenture provides for the issuance of Bonds of the Authority which may be issued from time to time in accordance with the terms and conditions of the Bond Indenture. The Bonds will be payable solely from the Trust Estate of the Authority which is pledged and charged to the Bonds in accordance with the provisions of the Bond Indenture. In no event shall any Bond constitute an obligation, either general or special, of the City or the State.

Except for the Authority's Series 2017 Bonds to be issued and delivered pursuant to this Master Bond Indenture as supplemented by the Second Supplemental Bond Indenture dated as of August 1, 2017, the Authority shall not issue and the Trustee shall not authenticate and deliver any Series of Bonds unless and until the Trustee has received the following certificate, in addition to the requirements of this section, all dated as of the date of such issuance and delivery:

(a) an Accountant's Certificate, dated as of the date of such delivery, to the effect that the Net Revenues shall, in twelve consecutive months of the 18-month period immediately preceding the issuance of such Additional Bonds, have been at least equal to 100% of the maximum annual debt service requirements on the Outstanding Bonds and the Additional Bonds proposed to be issued, as if such Additional Bonds were Outstanding on the date of such calculation; and

(b) a resolution of the City Council of the City consenting to the issuance of the Additional Bonds proposed to be issued; and

(c) a written advice from the Rating Agencies currently rating the Outstanding Bonds to the effect that the issuance of such Additional Bonds will not result in the withdrawal or reduction of any rating then assigned to the Outstanding Bonds.

In determining the funds available as required in (a) above, the Accountant shall consider the funds which were actually available and pledged therefore and any funds to be provided from any newly pledged monies. Any newly pledged monies shall be considered as if effectively pledged during the twelve months prior to the issuance of such Additional Bonds.

Additionally, if newly pledged monies are to be derived from the proceeds of a newly voted tax collection, the Accountant shall determine the revenues which would have been collected during the twelve months prior to the issuance of the Additional Bonds as if such tax had been in effect for the entire twelve month period.

The Bond Indenture authorizes the issuance of Variable Rate Bonds, either as the initial series of Bonds or as Additional Bonds. The Supplemental Indenture or Supplemental Indentures providing for the issuance of such Variable Rate Bonds may provide for the Authority to obtain Support Facilities or alternate Support Facilities and enter into Support Agreements in connection therewith, enter into Remarketing Agreements and appoint Remarketing Agents, provide for interest to be payable or redetermined on such dates and to accrue over such periods as set forth in such Supplemental Indenture, and contain other provisions relating to such Variable Rate Bonds.

One or more Series of Refunding Bonds may be issued in such principal amount which, when taken together with funds otherwise provided by the Authority and available therefor, will provide the Authority with funds which will be sufficient for the purpose of refunding all Outstanding Bonds of one or more Series, or of one or more maturities within a Series.

In addition the Authority may at any time or from time to time, issue evidences of subordinate indebtedness for any term payable out of, and which may be secured by a pledge of, such amounts in the General Fund as may from time to time be available for the purpose of payment thereof subject to the provisions of the Bond Indenture.

Bond anticipation notes or bonds may be issued by the Authority, at such time as the Authority shall have adopted a resolution, authorizing any Project. Each bond anticipation note or bonds or any other type of subordinate indebtedness shall be executed in the manner prescribed for definitive Bonds. Such notes or bonds may be secured in the manner provided by a Supplemental Bond Indenture; provided that, such bond anticipation notes or bonds may be secured by a lien and pledge on the Revenues junior and inferior and subject to the lien and pledge on the Revenues herein created for the payment and security of any Outstanding Bonds issued under the Indenture and the other obligations of the Authority secured thereby and any resolution authorizing issuance of such bond anticipation notes or bonds shall provide for the payment thereof after the required payments into the Bond Fund.

BOOK-ENTRY-ONLY SYSTEM

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

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds 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 Bond certificate will be issued for each maturity of the Bonds 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 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 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 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 Participant' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, and 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 Standard & Poors's highest rating: AAA. 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 the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmation providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by 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 Bonds with DTC (or the Paying Agent 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 Bonds; DTC's records reflect only the identity of the direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holders 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 of a series of 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 any other DTC nominee), will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 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 Authority or UMB BANK, N.A., Oklahoma City, Oklahoma as the paying agent ("Paying Agent") on the payable date in accordance with their respective holding 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, the Paying Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by and authorized representative of DTC) is the responsibility of the Authority or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursements of such payment to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

The Authority and the Paying Agent, so long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, will recognize DTC or its nominee as the Owner of the Bond or Bonds for all purposes, including notices and voting. The Paying Agent, so long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, will send any notice to bondholders only to DTC. Any failure of DTC to advise any Participant, or of any Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings premised on such notice.

The Authority and the Paying Agent have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership of the Bonds.

The Authority cannot and does not give any assurances that DTC, Participants or others will distribute payments of the principal of or interest on the Bonds paid to DTC or its nominee as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will service and act in the manner described in this Official Statement.

THE AUTHORITY

General

The Tulsa Public Facilities Authority was created pursuant to a Trust Indenture dated as of March 10, 1981, as amended, (the **"Trust Indenture"**) designating, ex officio, the Mayor of the City of Tulsa, Oklahoma (the "City") and four (4) appointees of the Mayor of the City, as confirmed by the City Council of the City as Trustees of the Authority for the use and benefit of the City, under authority of and pursuant to the provisions of Title 60, Oklahoma Statutes 2011, Section 176 to 180.3 inclusive, as amended and supplemented (the "Act") and other applicable statutes of the State of Oklahoma.

The Trustees and officers of the Authority are as follows:

Name	Position	Occupation
J. Patrick Cremin	Chairman	Attorney
George L. Sartain, Jr.	Secretary	Certified Public Accountant
Marcia MacLeod	Trustee	V.P., The Williams Companies, Retired
Charles Blue	Trustee	V.P., Treas., Toomey Oil Company
G.T. Bynum	Trustee	Mayor, City of Tulsa, Oklahoma

The Authority's principal office is 175 E. 2nd Street, Tulsa, Oklahoma 74103.

Existing Indebtedness

The Authority has since its inception in 1981 issued many series of bonds and notes which have been secured by specific revenue streams not associated with the payments to be made by the City under the Lease. Generally these obligations are payable from specified revenue sources from various governmental activities of the City. The Authority has issued certain obligations which are payable from funds of the City which are subject to annual appropriation, but none of the existing indebtedness of the

Authority is secured by or payable from the payments of the City to be appropriated to the Authority for payment of the Series 2017 Bonds.

THE CITY

Governmental Structure and General Information

Tulsa has grown dramatically since its incorporation in 1898. A town site survey in 1900 indicated a population of 1,390. The population of the Tulsa MSA (comprised of Creek, Okmulgee, Osage, Pawnee, Rogers, Tulsa and Wagoner counties), as reflected in the 2010 census is 937,478.

The City was governed under a Commission form of government from 1909 until May 1990, at which time City government changed to a Mayor-Council form under a voter-approved Charter change. The Mayor, elected every four years, serves as the chief executive of the City and is responsible for all administration of city departments and preparing and submitting an annual budget to the City Council pursuant to the City Charter and the Oklahoma Municipal Budget Act. The City Council consists of nine members, elected for two year terms and by geographic districts, and serves as the legislative branch under the direction of a Chairman, elected by and from its nine members. The City Auditor, elected biennially, and the Mayor are the only two officials elected at large.

The City Council has the authority to establish procedures for the appropriation of funds and amendment of City budgets. Annual budget requests are prepared by each department and agency of the City desiring public funds. These requests are submitted to the Department of Finance and reviewed by the Mayor and his/her management team. The Mayor’s proposed annual budget is submitted to the City Council on or before May 1 for its review. State law requires the annual budget to be adopted no later than seven days before the start of the new fiscal year on July 1. The City Council may increase, reduce or omit any item, subject to the veto power of the Mayor. A veto by the Mayor can be overridden by a two-thirds super-majority of the City Council. Budget expenditures cannot exceed estimated revenues and fund balance available for appropriation, and it is unlawful for the City to create or authorize a deficit in any fund. Unencumbered appropriation balances lapse at the end of the year.

Downtown Tulsa is the business, financial, governmental and cultural center for the metropolitan area. It contains half of the region’s office space and is the site of the Tulsa Performing Arts Center, Cox Business Center and an 18,000 seat all-purpose arena, Bank of Oklahoma Center, which opened in September 2008. Additionally, ONEOK Field was completed and opened for use in April 2010. The nearly 8,000 seat stadium is home to Tulsa’s AA baseball affiliate.

Tulsa County Independent School District No. 1, the second largest school district in Oklahoma, serves most of the area within the city limits. Other school districts serving parts of Tulsa include: Broken Arrow, Bixby, Jenks, Union and Owasso . The Tulsa Technology Center, which serves high school students not going to college, has been recognized as one of the best job training programs in the country. Both of the state’s major universities, the University of Oklahoma and Oklahoma State University, have branch campuses in Tulsa. Tulsa is also home of the largest community college in the state, Tulsa Community College. Long standing private universities, the University of Tulsa and Oral Roberts University, also offer a wide variety of graduate and post graduate degrees.

As in many cities across the country, medical service is becoming an important component of the region’s economic base. Tulsa is the region’s medical center with five major hospital facilities. There are also special facilities catering to patients with special needs. Two of the local hospitals are affiliated with the OU and OSU medical schools.

Tulsa has numerous points of interest and cultural institutions. There are 130 parks including Mohawk Park, the sixth largest municipal park in the United States and the site of two golf courses, a nature center and the Tulsa Zoo. Woodward Park is the site of a nationally recognized municipal rose garden. Cultural institutions include: Philbrook Museum, the city owned Thomas Gilcrease Institute of American History and Art, and nationally recognized opera and ballet companies. Tulsa is the home of professional baseball and hockey, as well as a full complement of NCAA Division I college athletics including: basketball, golf, baseball, soccer, and tennis.

Tulsa also offers a wide range of shipping options: rail, water, truck, and air. The completion of the McClellen-Kerr Arkansas River Navigation System in 1970 made Tulsa the westernmost inland port on the Inland Waterway System.

Principal Government Services

Among the basic municipal services the City provides are; police and fire protection, airport facilities, parks, street construction and maintenance, mass transit, convention and performing arts centers, parking facilities, water and sewer systems, refuse collection and disposal, recycling, neighborhood revitalization and land use regulation. The City does not provide educational, hospital, or welfare services. Sales and use taxes, and user fees, provide most of the revenue for the City’s annual operating budget.

Historically, the City and public trusts established for the City’s benefit, have financed capital projects with: earmarked sales tax revenues, General Obligation bonds, revenue bonds backed by user fees and federal and state grants.

Economic and Demographic Characteristics of the City

The Tulsa Metropolitan Statistical Area (TMSA) comprises 25.1 percent of the state’s population and 30.3 percent of the state’s economy (TMSA share equals $49.3 billion in 2009 constant dollars). Almost all leading indicators continued to perform well in the Tulsa Metropolitan Statistical Area in 2016. The area population increased 0.8 percent in 2015, and although not all data is available yet, it has been forecast by Experian Group to have increased another 0.7 percent in 2016. This would bring the total population to 982,521. Historically, the TMSA has grown by about 1 percent annually since the formation of the statistical area in 1993.

Tulsa continues to maintain per capita incomes that exceed both the state and national averages. The Metro Area has had a median annual growth of 5.1 percent since its formation in 1993, while the state and U.S. have had rates of 4.3 percent and 3.5 percent respectively. At the same time, the Tulsa area has a distinctly lower cost of living (14 percent in 2015) which on an ACCRA adjusted basis gives area residents an advantage of nearly $10,000 on a per capita basis over the national average.

The area labor force gained 15,100 new participants in FY16. This was an increase of 3.3 percent over the previous year. Wage and Salary employment reported its sixth consecutive year of growth, increasing 0.4 percent over FY15, and ended the fiscal year at a seasonally adjusted total of 443,600. The greatest relative growth was sustained in the Trade sector, which increased 2.5 percent over the previous fiscal year, and at a median annual rate of 1.2 percent over the previous 10 years. The larger Total Employment survey reported an increase of 3.1 percent over the previous year to total 454,300 in FY15. As Total Employment grew at a slower rate than the labor force, the metro jobless rate grew in FY15 to a seasonally adjusted 4.6 percent, an increase of 0.2 points from FY14 (4.4 percent). After 5 years of growth, retail sales in the TMSA remained essentially flat in CY14, and then fell by 2.7 percent in CY15. However, Tulsa’s share of the metro retail trade grew 0.6 percent in CY16. The Oklahoma State University Center for Applied Economic Research has forecast retail sales to increase at an annualized rate of 3.6 percent, employment to grow at 1.3 percent, and per capita personal income to grow at 4.9 percent over the coming 4 years.

Gross Metro Product (GMP) for the area was estimated to have grown slightly at 0.6 percent over the previous year; but is forecast to resume growth at an annualized rate of 2.8 percent through CY20. Barge freight reported lower, but steady traffic during the previous year. Annual totals dropped significantly in CY16, but are now rebounding with some vigor due to the completion of a major dock improvement which had closed multiple channels previously. Annual total barge freight increased 27.3 percent in FY16. Considering the conservative growth forecast in both employment and GMP, it is expected that although the pace is stabilizing, the local economy will continue to experience slight improvement and continued stability for the near future. The local gas and mining industry retrenched early in this cycle, so it is possible that Tulsa has been somewhat hedged against the stalling oil economy. Even as the oil economy contracts, it is apparent that overall employment within the metro is continuing to grow, as demonstrated by the continued growth in employment and labor force participation; as well as the area's low unemployment rate.

Considering the conservative growth forecast in both employment and GMP, it is expected that although the pace may be slowing, the local economy will continue to experience modest improvement and continued stability.

For details on the economic and demographic characteristics of the City and the metropolitan area, see Exhibit C hereto.

Accounting and Reporting Practices

The accounting and reporting policies of the City conform to generally accepted accounting principles for state and local governments. Generally accepted accounting principles for municipalities are defined as those principles promulgated by the Governmental Accounting Standards Board ("GASB").

In accordance with GASB Statement 39, "The Financial Reporting Entity," the City, for financial reporting purposes, includes all funds, account groups, agencies, boards, commissions and other authorities for which the City is financially accountable.

The City's financial statements are prepared in conformity with generally accepted accounting principles. For primary government activities (General, Special Revenue, Capital Projects, and Debt Service), revenues are recognized when measurable and available to finance current expenditures. Expenditures are recognized when a liability is incurred. The City's business type activities (Enterprise and Internal Service) are accounted for on the accrual basis. Revenues are recognized when earned and expenses when incurred.

In developing the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use and the reliability of financial records for preparing financial statements and maintaining accountability for assets.

Estimated purchase orders and contract amounts are encumbered prior to issuance to a vendor or the signing of a contract. Purchase orders and contracts which result in an overrun of encumbered balances are not issued or approved unless additional appropriations are made available. Open encumbrances are reported as reservations of fund balances for governmental activities.

The City has been awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA) for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2016 and for each of the previous 35 years. The June 30, 2017 CAFR will be submitted for review by the GFOA. The Certificate of Achievement for Excellence in Financial Reporting is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR, the content of which conforms to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

Eligible CAFRs are evaluated by an impartial special review committee composed of government finance officers, independent certified public accountants, educators, and others with particular expertise in governmental accounting and financial reporting. The basic financial statements of the City as of and for the year ended June 30, 2016, are included in Exhibit A which should be read in its entirety. The CAFR may be obtained from the City Controller, 175 E 2nd St, Suite 575, Tulsa, OK 74103.

Government-Wide Highlights

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net assets—the difference between the City's assets and liabilities—is one way to measure the City's financial health, or position.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds-not the City as a whole. Funds are grouping of related accounts that the City uses to keep track of specific sources of funding.

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Changes in Net Position

The City's total revenues increased 12.85% to $597.8 million in 2016. Sales taxes, the largest revenue category, increased to $234.9 million in 2016 from $231.9 million in 2015. Property taxes increased to $73.4 million in 2016 from $64.7 million in 2015, satisfying debt service requirements on recent general obligation bond issues. Program revenue generated $163.7 million, consisting of charges for services, federal and state grants, and other contributions, up from $147.1 million in 2015.

CITY OF TULSA

CHANGES IN NET POSITION

Last Five Years

(accrual basis of accounting)

(amounts expressed in thousands)

	2016	2015	2014	2013	2012
Expenses:					
Governmental activities:					
General government	$ 64,141	$ 46,755	$ 42,853	$ 50,697	$ 46,345
Public safety and protection	200,726	186,385	199,749	221,872	204,822
Public works and transportation	75,400	69,523	64,381	54,848	56,650
Culture and recreation	24,124	22,638	24,629	25,372	20,858
Social and economic	38,629	31,409	27,845	32,071	24,089
Interest on long-term debt	11,864	12,285	12,250	13,097	12,724
Total governmental activities expenses	414,884	368,995	371,707	397,957	365,488
Business-type activities:					
Stormwater	30,084	25,877	25,721	26,004	27,729
One Technology Center	9,982	10,643	9,927	11,488	10,435
Arena & Convention	24,910	25,507	23,815	23,993	22,823
Tulsa Stadium Trust	3,330	3,500	4,028	3,733	3,603
Golf Courses	3,288	2,917	3,183	3,544	3,696
Total business-type activities	71,594	68,444	66,674	68,762	68,286
Total primary government	486,478	437,439	438,381	466,719	433,774
Program Revenues:					
Governmental activities:					
Charges for services					
General government	25,492	9,664	10,279	14,789	14,421
Public safety and protection	24,359	25,264	23,918	24,693	21,553
Public works and transportation	11,250	13,693	14,045	13,792	12,761
Culture and recreation	4,814	5,006	4,754	4,516	4,148
Social and economic	1,913	1,626	1,155	2,037	1,850
Operating grants and contributions	29,486	32,364	35,063	35,742	29,629
Capital grants and contributions	6,308	4,694	3,784	34,169	36,144
Total governmental activities program revenues	103,623	92,311	92,998	129,738	120,506
Business-type activities:					
Charges for services					
Stormwater	27,674	25,099	23,625	24,101	23,604
One Technology Center	8,986	9,183	9,176	10,253	9,401
Arena & Convention	15,633	16,514	13,953	12,634	12,012
Tulsa Stadium Trust	281	276	334	299	246
Golf Courses	2,828	2,420	2,700	2,558	2,574
Operating grants and contributions	-	-	-	3	308
Capital grants and contributions	4,689	1,291	2,360	1,277	1,072
Total business-type activities program revenues	60,091	54,783	52,148	51,125	49,217
Total primary government program revenues	$ 163,714	$ 147,094	$ 145,146	$ 180,863	$ 169,723
Net (expense) revenue:					
Governmental activities	(311,261)	(276,684)	(278,709)	(268,219)	(244,982)
Business-type activities	(11,503)	(13,661)	(14,526)	(17,637)	(19,069)
Total primary government net expense	$ (322,764)	$ (290,345)	$ (293,235)	$ (285,856)	$ (264,051)
General Revenues and Other Changes in Net Position:					
Taxes					
Sales tax	234,912	231,997	231,108	227,905	219,240
Property tax	73,450	64,667	59,659	58,445	58,955
Franchise tax	22,620	24,039	24,053	22,588	22,427
Use tax	23,640	24,104	24,776	22,393	21,522
Hotel / motel tax	7,483	7,552	7,050	6,676	6,120
Unrestricted grants and contributions	6,814	6,037	7,894	22,154	23,305
Payments from component units	14,631	14,100	14,710	4,282	690
Investment earnings	7,910	6,469	7,072	(2,343)	2,888
Miscellaneous	4,749	2,734	2,253	9,812	4,586
Transfers	(5,479)	(5,644)	(15,060)	(18,092)	(16,814)
Total governmental activities	390,730	376,055	363,515	353,820	342,919
Business-type activities:					
Investment earnings and other	1,109	937	3,193	(1)	316
Transfers & capital contributions	5,479	5,644	15,060	18,092	16,814
Total business-type activities	6,588	6,581	18,253	18,091	17,130
Total primary government	$ 397,318	$ 382,636	$ 381,768	$ 371,911	$ 360,049
Changes in Net Position:					
Governmental activities	79,469	99,371	84,806	85,601	97,937
Business-type activities	(4,915)	(7,080)	3,727	454	(1,939)
Total primary government	$ 74,554	$ 92,291	$ 88,533	$ 86,055	$ 95,998

General Fund Budget and Actual Year Ended June 30, 2016

The General Fund is summarized below.

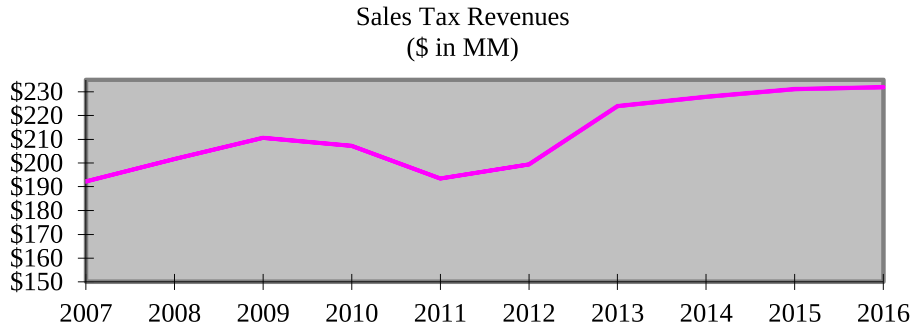
CITY OF TULSA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS)
Year ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts			
	Original	Final	Actual Amounts Budgetary Basis	Variance
Revenues				
Taxes	$ 204,877	$ 200,447	$ 198,552	$ (1,895)
Licenses and permits	8,121	8,121	8,398	277
Intergovernmental	8,128	8,128	8,411	283
Charges for service	21,146	21,146	17,508	(3,638)
Fines and forfeitures	9,900	9,900	7,878	(2,022)
Investment income	2,479	2,479	3,035	556
Payments from component unit	13,545	13,545	14,049	504
Miscellaneous	1,932	1,932	3,523	1,591
Total revenues	270,128	265,698	261,354	(4,344)
Expenditures				
Current				
General government	42,647	39,892	38,928	964
Public works and transportation	21,258	20,625	17,087	3,538
Social and economic development	12,260	11,872	11,690	182
Public safety and protection	169,021	172,359	171,085	1,274
Culture and recreation	22,060	21,012	20,878	134
Payments to component units	7,619	7,238	7,238	-
Total expenditures	274,865	272,998	266,906	6,092
Excess (deficiency) of revenues over expenditures	(4,737)	(7,300)	(5,552)	1,748
Other financing sources (uses)				
Transfers in	2,203	2,203	3,348	1,145
Transfers out	(5,717)	(5,717)	(5,717)	-
Total other financing uses	(3,514)	(3,514)	(2,369)	1,145
Net change in fund balances	(8,251)	(10,814)	(7,921)	2,893
Fund balances, beginning of year	36,109	36,109	36,109	-
Fund balances, end of year	$ 27,858	$ 25,295	$ 28,188	$ 2,893
Reconciliation to GAAP basis - basis differences:				
Reserve for encumbrances			5,020	
Reserve for advances			567	
Reserve for land inventory			44	
Receivables			29,184	
Non-budgetary payables			(1,314)	
Unearned revenue			(175)	
Decrease in fair value of investments			532	
Fund balance - GAAP basis			$ 62,046	

Sales Tax Revenue History

The City's most significant source of General Governmental Revenues is the sales tax. Sales tax collections in 2016 represented 60% of all such governmental revenues received by the City (exclusive of business-type activities). The City's sales tax is a 3.1% tax, of which 1.1% is a special tax dedicated to capital improvements. On November 13, 2013, a new authorization of $563.7 million (Improve Our Tulsa package) in street improvement projects. The capital improvements sales tax will remain in effect until June 30, 2021, or until $563.7 million has been funded. On April 5, 2016, voters approved an authorization of $510.6 million (Tulsa Vision Package) in economic development projects within the City, to be funded by a 0.305% sales tax beginning January 1, 2017 and continuing until December 21, 2031. Furthermore, as part of the authorization, voters approved an additional 0.5% increase in sales tax, beginning July 1, 2021 and lasting until June 30, 2025.

Sales tax revenues increased from 2007 to 2016 at an average growth rate of 2.128%.



Public Trust and Authorities

In addition to the Authority, the following trusts and authorities are included with the City for financial reporting purposes:

Metropolitan Tulsa Transit Authority. MTTA provides public transportation systems and facilities that primarily benefit City residents. MTTA cannot incur indebtedness in excess of $100,000 within any year. As of June 30, 2016, MTTA had no outstanding debt.

Tulsa Airports Fund. The Tulsa International and Richard L. Jones, Jr. Airports have been combined with the Tulsa Airports Improvements Trust ("TAIT") and are included in the Airports fund. The Tulsa Airport Authority ("TAA") is responsible for operating the City's airports. The purpose of TAIT is to fund airport improvements through the issuance of revenue bonds. All improvements are leased by TAIT to TAA and become the property of the City upon termination of the lease. The City is designated as the sole beneficiary of the Trust. TAIT has outstanding bonded indebtedness in the amount of $166,945,000, as of June 30, 2016, all of which are payable from airport facility user fees. TAA and TAIT trustees are appointed by the Mayor and approved by the City Council.

Tulsa Metropolitan Utility Authority. The City is the sole beneficiary of TMUA which operates and maintains its water and wastewater utility properties. As of June 30, 2016, the outstanding indebtedness of TMUA including general obligation debt, revenue bonds and promissory notes, was $426,920,000. TMUA trustees are appointed by the Mayor and approved by the City Council.

Tulsa Authority for the Recovery of Energy. TARE was created for the benefit of the City to provide for the collection, removal, transportation, and disposal of solid waste. TARE trustees are appointed by the Mayor and approved by the City Council. TARE had $3,146,000 in outstanding debt as of June 30, 2016.

Tulsa Parking Authority. TPA was created as a public trust to construct and manage various parking facilities within the City. The City of Tulsa is its sole beneficiary. The City maintains the accounts of TPA, as well as its cash and investments. As of June 30, 2016, TPA had an aggregate of $12,720,000 in bonded indebtedness outstanding. TPA trustees are the Mayor and four mayoral appointees.

Tulsa Development Authority. TDA is a public authority created to finance urban renewal, rehabilitation, and redevelopment. The City staffs TDA and maintains its accounts. The primary source of funding for TDA is from City of Tulsa Community Development Block Grant funds. TDA Commissioners are appointed by the Mayor and approved by the City Council. TDA had no outstanding debt as of June 30, 2016.

Tulsa Performing Arts Center Trust. TPACT is a public trust formed for the purpose of expanding performing arts in the City. TPACT has a 15-member board appointed by the Mayor and confirmed by the City Council. TPACT had no outstanding indebtedness at June 30, 2016.

Tulsa Industrial Authority. TIA is a public trust created to provide for the issuance of industrial development bonds upon approval by the City Council, and to lend the proceeds of such issuance to third party organizations. The bonds do not constitute debt of the City and are collateralized solely by the revenues of the borrowing organizations upon whose behalf the bonds are issued. The Mayor of the City is ex-officio trustee and seven additional trustees are appointed by the Mayor and approved by the City Council.

Tulsa Stadium Trust. TST is a public trust created to acquire, construct, own, operate and maintain a baseball stadium in downtown Tulsa and related amenities and facilities, and to incur indebtedness. Debt issuance requires the approval of two-thirds of the Tulsa City Council. The City is sole beneficiary of the TST. The Mayor of the City is ex-officio trustee and eight additional trustees are appointed by the Mayor and approved by the City Council. As of June 30, 2016, TST had an aggregate of $22,175,000 in outstanding indebtedness.

Multi-Beneficiary Trusts-Joint Venture

The City participates in three joint ventures with other governmental units to provide services to their respective constituents.

Emergency Medical Services Authority. The Authority (EMSA) is a public trust created to provide emergency medical care and transportation and is governed by a ten-member board composed of five appointees from the City and five from other Oklahoma cities and towns. In accordance with the joint venture agreement, Tulsa and Oklahoma City are entitled to their respective share of annual operating income or loss. The City's net investment in EMSA is $11,161,921 resulting from EMSA's net income in 2016 and previous years. Complete financial statements for EMSA can be obtained from EMSA's Chief Financial Officer, 1417 North Lansing, Tulsa, Oklahoma 74106.

River Parks Authority. The City is a participant with Tulsa County in a joint venture to operate and maintain a park along the Arkansas River. RPA, a trust, was created for that purpose. The City and Tulsa County contribute to the annual operating budget of RPA. The Board of Trustees comprises seven members, three appointed by the City, three appointed by the County, and one by the Tulsa Metropolitan Area Planning Commission. Complete financial statements for RPA can be obtained from the Executive Director, 2424 E. 21st St., Suite 300, Tulsa, Oklahoma 74114. The City does not have an equity interest in this organization.

Regional Metropolitan Utility Authority. The City is a participant with the City of Broken Arrow, Oklahoma, to operate a sewage treatment facility. The Authority ("RMUA"), a trust, was created for that purpose. The City contributes one-half of the Authority's annual operating and capital budget and operates a facility for RMUA and leases the facility site to the Authority. The City appoints two of the ten Trustees. The remaining Trustees are appointed two each by the four other participating cities. Services are provided approximately 50% each to the City and the City of Broken Arrow. Upon termination of the trust, the net assets will be distributed to the beneficiaries based upon their pro rata interest. The City's net investment of $17,943,611 is reported in the TMUA statement of net assets. Complete financial statements for RMUA can be obtained from the Office of the Controller, City of Tulsa, 175 East 2nd Street, Suite 575, Tulsa, OK 74103.

The City records its equity interest in the joint ventures, however, the joint ventures are not included in the City's financial statements.

The following related or jointly governed organizations are excluded from the City's CAFR. These organizations are excluded from the City's reporting entity because the City does not retain an ongoing financial interest or an ongoing financial responsibility.

Tulsa City/County Library
Tulsa Housing Authority
Tulsa City/County Health Department
Tulsa County Criminal Justice Authority
City of Tulsa-Rogers County Port Authority
Tulsa Municipal Airport Trust
Tulsa County Vision Authority
Oklahoma State University Medical Center Trust

Other Obligations

Long-term installment judgments payable to employees and dependents, which are indeterminable as to total amount at the time of judgment, are paid as they become due. These judgments totaled $6,722,000 as of June 30, 2016, and are recorded at their net present value of $5,120,000 in the Employee Insurance Service Fund.

The City records an estimated liability for workers' compensation claims against the City. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) plus an estimate for claims which have been incurred but not reported based on historical experience. The estimated liability at June 30, 2016, was $18,542,222.

Retirement Plans. Each qualified employee is included in one of the three retirement plans in which the City participates. These are the Municipal Employees Retirement Plan, Oklahoma Firefighters Pension and Retirement System, and Oklahoma Police Pension and Retirement System. The City does not maintain the accounting records, hold the investments or administer the firefighter or police retirement funds. The police and firefighter plans are statewide systems administered by the State of Oklahoma. The municipal employees' plan is administered by a separate board of trustees and the assets are held in custody by a local bank.

A summary of significant data for each of the retirement plans follows:

Municipal Employees' Retirement Plan

The City contributes to the Municipal Employees' Retirement Plan ("Plan") which is a cost sharing multiple-employer defined benefit pension plan. The Plan was established by the City in accordance with the City Charter and state statutes, and is a component unit of the City's financial reporting entity, reported as a Pension Trust Fund.

Non-uniformed, full-time employees of the participating employers are eligible to participate in the Plan on the first day of the month following the first day of their employment, and become 100% vested after five years of employment. Employees contribute 6.5% of covered payroll, while the participating employers contribute the remaining amounts necessary to fund the Plan, using the actuarial basis specified by City ordinance.

The Net Pension Liability (NPL) is based upon a standardized measure established by the Governmental Accounting Standards Board in Statement No. 67.

The actuarial assumptions and methods used to determine the NPL are as follows:

Valuation date	January 1, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level percent, 30 year closed period beginning January 1, 2016
Remaining amortization periods	30 years
Asset valuation method	5 year smoothed FMV
Investment rate of return	7.50%
Projected salary increases*	4.00%-11.75%
*Includes inflation at	3.00%
Cost-of-living adjustments	None
Mortality Rates	RP-2014 Combined Healthy Mortality Tables with Blue Collar adjustments

(In thousands)	June 30, 2016
Total pension liability	$ 629,218
Plan fiduciary net position	(412,905)
Net pension liability	$ 216,313
Plan fiduciary net position as a percentage of the total Pension liability	65.62%
Covered-employee payroll	$ 115,005
Plan's net pension liability as a percentage of Covered-employee payroll	188.09%

	Percentage	NPL
City of Tulsa (Governmental activities)	42.8245%	$ 92,635
Business type activities	5.8605%	12,677
Trusts & Authorities reported in City of Tulsa	38.1175%	82,453
Organizations outside City of Tulsa reporting	13.1975%	28,548
	100.0000%	$ 216,313

Oklahoma Firefighters' Pension and Retirement System

Uniformed members of the City's Fire Department participate in the Oklahoma Firefighters' Pension and Retirement System, a system administered by the State of Oklahoma. In conformity with state law, the plan does not purport to be an actuarially funded plan; however, benefits are guaranteed by the State of Oklahoma. The contributions to the plan are established by the State, and the City is required to contribute 14% of covered payroll. Each firefighter contributes 9% of covered payroll. City contributions to the system of $6,511,000 for the year ended June 30, 2016 were paid by the General Fund.

	2016	
City's proportion of the net pension liability	15.7228%	
City's proportionate share of the net pension liability	$	166,883,000
City's covered-employee payroll	$	46,505,000
City's proportionate share of the net pension liability as a percentage	358.85%	
Plan fiduciary net position as a percentage of the total pension liability	68.30%	

Oklahoma Police Pension and Retirement System

Uniformed members of the City's Police Department participate in the Oklahoma Police Pension and Retirement System, a system administered by the State of Oklahoma. In conformity with state law, the plan does not purport to be an actuarially funded plan; however, benefits are guaranteed by the State of Oklahoma. Contributions to the plan are established by the State, and the City is required to contribute 13% of covered payroll. Each police officer contributes 8% of covered payroll. City contributions to the system of $7,001,000 for the year ended June 30, 2016 were paid by the General Fund.

	2016	
City's proportion of the net pension liability	17.8728%	
City's proportionate share of the net pension liability	$	728,000
City's covered-employee payroll	$	53,854,000
City's proportionate share of the net pension liability	1.35%	
Plan fiduciary net position as a percentage of the total pension liability	99.80%	

For more information relating to the plans see Appendix A – Notes to Basic Financial Statements – Note 9 from the City of Tulsa Comprehensive Annual Financial Report dated June 30, 2016 attached hereto.

PLAN OF FINANCING AND THE FACILITIES

Plan of Financing

The Authority is issuing the Series 2017 Bonds for the purpose of refunding and refinancing the outstanding the Prior Bonds initially issued to fund the acquisition, rehabilitation, furnishing and equipping of the Facilities and to pay the costs of issuance of the Bonds.

The Authority, acting for the benefit of the City, acquired on the Facilities on September 21, 2007 from the owner thereof. Simultaneously with the acquisition of the Facilities, the Authority leased the Facilities to the City pursuant to the terms of a year to year Lease Agreement (the "Lease") originally dated as of September 21, 2007 The Authority and the City have entered into a renewal of the Lease wherein the Authority has agreed to issue the Series 2017 Bonds and the City agreed, to the extent that funds are available to and duly appropriated by the City for said purpose to make rental payments to the Authority to pay the total of principal and interest due and owing on any indebtedness of the Authority in connection with the Facilities, including the Series 2017 Bonds. See "Summary of Certain Provisions of the Lease".

The City is leasing the Facilities from the Authority for the purpose of housing its primary governmental city offices and administration. The City currently occupies approximately 289,000 square feet of the Facilities, consisting generally of a 15-level office tower containing approximately 626,000 net square feet, and the remainder is occupied by the current tenants or available for lease to third parties. Approximately 314,000 square feet of the Facilities is currently leased to third party tenants pursuant to commercial and capitalized leases. On August 28, 2013, the Authority entered into an agreement with a tenant for 152,748 square feet of the Facilities for a term ending on June 30, 2029. The tenant will have the opportunity to purchase the space for one dollar after June 30, 2029. The Authority accounts for this agreement as a capitalized lease. See "Exhibit B: Basic Financial Statements of the Authority for the year ended June 30, 2016, Note 5.

Description of the Facilities

The Facilities consist primarily of a multi-tenant office building (the "Office Tower") and an attached parking facility (the "Parking Facility"). The Office Tower was completed in 2002 and consist of 1 level below grade plus 14 levels above grade for a total of 15 levels. The basic building "footprint" is approximately 300' by 160' and the building contains approximately 626,802.11 net rentable square feet. The design of the building includes a glass curtain wall system for the exterior and a structural steel frame. The Office Tower is connected to the Parking Facility by an overhead pedestrian walkway. The walkway consists of a steel structure with exterior glass curtain wall system. The Parking Facility is a 6 level building with approximately 1000 parking spaces and 330,000 gross square feet. The building consists of a precast concrete structure and precast concrete exterior. A glass curtain wall system and metal screen system is provided on the south facade.

The City has moved its primary governmental offices and several other divisions and departments of the City government from the previous City Hall and additional facilities located in the City of Tulsa to the Facilities in order to consolidate operations and administration of City government. In addition to the administrative offices of the Mayor and the City Council of the City of Tulsa, and their staff, the following departments are primarily located in the Facilities: Finance; Human Resources; Legal; City Auditor/Internal Auditing; City Clerk; Public Works Administration; Park and Recreation Administration; Planning; IT; Communications; Customer Care; Economic Development and Permitting and Licensing.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Series 2017 Bonds other than accrued interest, and other available monies, are expected to be applied as follows:

Refunding Series 2017A

SOURCES	
Refunding Series 2017A Bond Proceeds	$
Existing Funds	$
Total	$

USES	
Redemption Requirements	$
Cost of Issuance	$
Total	$

Refunding Series 2017B

SOURCES	
Refunding Series 2017B Bond Proceeds	$
Existing Funds	$
Total	$

USES	
Redemption Requirements	$
Cost of Issuance	$
Total	$

RISKS OF BONDOWNERS

An investment in the Series 2017 Bonds is subject to certain risks, including, but not limited to the following. Prospective purchasers of the Series 2017 Bonds should make such investigations and obtain such additional information directly from the Authority and others as they deem advisable in connection with their evaluation of the suitability of the Series 2017Bonds for purchase. Prospective purchasers of the Series 2017 Bonds should carefully consider the risks and uncertainties described below and the other information in this Official Statement before deciding whether to purchase the Series 2017Bonds.

The principal of and interest on the Series 2017 Bonds are payable solely from Gross Revenues of the Facilities including the payments of the City to the Authority pursuant to the Lease and income derived from investment of funds held by the Trustee under the Indenture. Future revenues and expenses of the City will be affected by future events and conditions relating severally to, among other things, economic developments in the State of Oklahoma, the ability to control costs during inflationary periods and government regulation. All of the aforementioned could have negative effects on the ability of the Authority to pay the principal amount, premium, if any, and interest on the Bonds and any additional bonds.

The Oklahoma Constitution requires that any funds of the City be appropriated on a year to year basis. The payments of the City to be made pursuant to the Lease shall be committed to the Authority on a year to year basis, subject to the annual appropriation of such monies by the City. It is anticipated that the City's commitment of such payments set forth in the Lease will be renewed on or about July 1 of each year. If the City should decide not to appropriate such monies or should the City take action to eliminate the commitment of payments, the Authority may be unable to pay the debt service requirements of the Series 2017 Bonds.

The remedies available to the Trustee and the holders of the Bonds upon an event of default under the Bond Indenture 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 Bond Indenture may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 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.

The Term of the Lease shall commenced at 12:01 o'clock A.M. on the 21st day of September, 2007 and has been renewed each year and currently extends to 12:00 o'clock P.M. on the 30th day of June, 2018, unless such term be terminated sooner, as provided in the Lease.

Notwithstanding anything to the contrary contained in the Lease, if the City does not appropriate funds to be paid to the Authority pursuant to the Lease for any fiscal year (other than the first fiscal year) during the term of the Lease, the City shall not be obligated to make payments for such non-appropriated fiscal year. In such event, the Lease shall automatically terminate and become null and void as of the end of the preceding fiscal year. The City shall notify the Authority in writing of any such non-appropriation as soon as the City so determines.

FORWARD LOOKING STATEMENTS

The statements contained in this Preliminary Official Statement, and in any other information provided by the Authority, that are not purely historical, are forward-looking statements, including statements regarding the Authority's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward looking statements included in this Preliminary Official Statement are based on information available to the Authority on the date hereof, and the Authority assumes no obligation to update any such forward-looking statements. It is important to note that the Authority's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Authority. Any of such assumptions could be inaccurate and, therefore, there can be no assurances that the forward-looking statements included in this Preliminary Official Statement would prove to be accurate.

CERTAIN TAX MATTERS RESPECTING THE SERIES 2017A BONDS

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the Series 2017A Bonds under the Internal Revenue Code of 1986, as amended (the "Code"), the regulations promulgated thereunder (final and proposed) (the "Regulations"), and the judicial and administrative rulings and court decisions now in effect, all of which are subject to change or possible differing interpretations. This summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws. This summary does not discuss the tax laws of any state other than Oklahoma or any local or foreign governments. Potential purchasers of the Series 2017A Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the Series 2017A Bonds.

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Series 2017A Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2017A Bonds. Purchasers of the Series 2017A 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 2017A 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.

Federal Income Taxation

In the opinion of Hilborne & Weidman, a professional corporation, Bond Counsel, to be delivered at the time of original issuance of the Series 2017A Bonds, under existing statutes, regulations, published rulings and judicial decisions, interest on the Series 2017A Bonds (including any original issue discount properly attributable to an owner thereof) is (a) excluded from gross income for federal income tax purposes and (b) is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Such interest, however, will be included in the "adjusted current earnings" (i.e., alternative minimum taxable income as adjusted for certain items including those items that would be included in the calculation of a corporation's earnings and profits under Subchapter C of the Code) of certain corporations and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of each such corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operation losses).

The opinions set forth above are subject to continuing compliance by the Authority with its covenants regarding federal tax laws in the Indenture and tax certificate delivered in connection with the issuance of the Series 2017A Bonds. 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 2017A Bonds.

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 2017A Bonds.

The Series 2017A Bonds will not be “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

The Series 2017A 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 2017A 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.

Upon the sale, exchange or retirement (including redemption) of a Series 2017A Bond, an owner of a Series 2017A Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2017A Bond. To the extent the Series 2017A Bonds are held as a capital asset, such gain or loss will be capital gain or loss, except to the extent of accrued market discount not previously included in income, and will be long-term capital gain or loss if the Series 2017A Bond has been held for more than one year at the time of sale, exchange or retirement.

Oklahoma Taxation

In the opinion of Hilborne &Weidman, a professional corporation, Bond Counsel, to be delivered at the time of original issuance of the Series 2017A Bonds, the interest on the Series 2017A Bonds is exempt from Oklahoma income taxation.

No Other Opinions

The opinion to be rendered by Bond Counsel on the date of delivery of the Series 2017A Bonds is expected to be in substantially the form of Exhibit D hereto. Bond Counsel expresses no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2017A Bonds.

State and Local Taxation. Except with respect to State of Oklahoma taxation, the discussion above does not address the tax consequences of purchase, ownership or disposition of the Series 2017A Bonds under any state or local tax law. Investors should consult their own tax advisors regarding state and local tax consequences.

Other Tax Consequences. The foregoing is not intended to be a complete description of all Federal or Oklahoma income tax consequences associated with an investment in the Series 2017A Bonds, and except as set forth in Bond Counsel's opinion (described above), Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2017A Bonds should consult their own tax advisors regarding the particular tax consequences to them of an investment in such bonds.

CERTAIN TAX MATTERS RESPECTING THE SERIES 2017B BONDS

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the Series 2017B Bonds under the Code and the Regulations and the judicial and administrative rulings and court decisions now in effect, all of which are subject to change or possible differing interpretations. This summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws. This summary does not address owners that may be subject to special tax rules, such as banks, insurance companies, dealers in securities or currencies, purchasers that hold Series 2017B Bonds (or foreign currency) as a hedge against currency risks or as part of a straddle with other investments or as part of a "synthetic security" or other integrated investment (including a "conversion transaction") comprised of a Series 2017B Bond and one or more other investments, or purchasers that have a "functional currency" other than the U.S. dollar. Except to the extent discussed below under "Foreign Investors," this summary is not applicable to non-United States persons not subject to federal income tax on their worldwide income. This summary does not discuss the tax laws of any state other than Oklahoma or any local or foreign governments. Potential purchasers of the Series 2017B Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the Series 2017B Bonds.

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Series 2017B Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2017B Bonds. Purchasers of the Series 2017B 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 2017B 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.

Any federal tax advice contained in this Official Statement was written to support the marketing of the Series 2017B Bonds and is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding any penalties that may be imposed under the Code. All taxpayers should seek advice based on such taxpayers' particular circumstances from independent tax advisors. This disclosure is provided to comply with Treasury Circular 230.

Interest Subject to Federal Income Taxation

Interest on the Series 2017B Bonds (including original issue discount, as discussed below) is not excludable from gross income for federal income tax purposes under Code Section 103. Interest on the Series 2017B Bonds will be fully subject to federal income taxation. Thus, owners of the Series 2017B Bonds generally must include interest (including original issue discount) on the Series 2017B Bonds in gross income for federal income tax purposes.

In general, interest paid on the Series 2017B Bonds, original issue discount, if any, and market discount, if any, will be treated as ordinary income to the owners of the Series 2017B Bonds, and principal payments (excluding the portion of such payments, if any, characterized as original issue discount) will be treated as a return of capital.

Premium

An investor that acquires a Series 2017B Bond for a cost greater than its remaining stated redemption price at maturity and holds the Series 2017B Bond as a capital asset will be considered to have purchased the Series 2017B Bond at a premium and, under Section 171 of the Code, must generally amortize such premium under the constant yield method. Except as may be provided by regulation, amortized premium will be allocated among, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizable bond premium that reduces interest payments under Section 171 of the Code. Regulations have been issued dealing with certain aspects of federal income tax treatment of bond premium, but such regulations do not fully address the method to be used to amortize bond premium on obligations such as the Series 2017B Bonds. Therefore, investors should consult their tax advisors regarding the tax consequences of amortizing bond premium.

Market Discount

An investor that acquires a Series 2017B Bond for a price less than the adjusted issue price of such Series 2017B Bond (or an investor who purchases the Bond in the initial offering at a price less than the issue price) may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, "market discount" means (i) in the case of a Series 2017B Bond originally issued at a discount, the amount by which the issue price of such Series 2017B Bond, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (ii) in the case of a Series 2017B Bond not originally issued at a discount, the amount by which the stated redemption price of such Series 2017B Bond at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a Series 2017B Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a bond as ordinary income to the extent of any remaining accrued market discount (as described at "Sale or Other Dispositions" under this caption) or (ii) to elect to include such market discount and income currently as it accrues on all market discount instruments acquired by such Bondholder on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history of the Tax Act will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest or, in the case of a Series 2017B Bond with original issue discount, in proportion to the accrual of original issue discount.

A Bondholder of a Series 2017B Bond who acquired a Series 2017B Bond at a market discount also may be required to defer, until the maturity date of such Series 2017B Bond or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the Bondholder paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a Series 2017B Bond in excess of the aggregate amount of interest (including original issue discount) includable in such Bondholder's gross income for the taxable year with respect to such Series 2017B Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Series 2017B Bond for the days during the taxable year on which the Bondholder held the Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Series 2017B Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the Bondholder elects to include such market discount in income currently as it accrues on all market discount obligations acquired by such Bondholder in that taxable year or thereafter.

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

Sales or Other Dispositions

If a Series 2017B Bond is sold, redeemed prior to maturity or otherwise disposed of in a taxable transaction, gain or loss will be recognized in an amount equal to the difference between the amount realized on the sale or other disposition, and the adjusted basis of the transferor in the Series 2017B Bond. The adjusted basis of a Series 2017B Bond generally will be equal to its costs, increased by any original issue discount or market discount included in the gross income of the transferor with respect to the Series 2017B Bond and reduced by any amortized bond premium under Section 171 of the Code and by the payments on the Series 2017B Bond (other than payments of qualified stated interest), if any, that have previously been received by the transferor. Except as provided in Section 582(c) of the Code, relating to certain financial institutions, or as discussed in the following paragraph, any such gain or loss will be a capital gain or loss taxable at the applicable rate determined by the Code if the Series 2017B Bond to which it is attributable is held as a "capital asset."

Gain on the sale or other disposition of a Series 2017B Bond that was acquired at a market discount will be taxable as ordinary income in an amount not exceeding the portion of such discount that accrued during the period that the Series 2017B Bond was held by the transferor (after reduction by any market discount includable in income by such transferor in accordance with the rules described above under "Market Discount").

Backup Withholding

Payments of principal and interest (including original issue discount) on the Series 2017B Bonds, as well as payments of proceeds from the sale of Series 2017B Bonds may be subject to the "backup withholding tax" under Section 3406 of the Code at a rate of 28% for tax years through 2010 and 31% for tax years 2011 and thereafter with respect to interest or original issue discount on the Series 2017B Bonds if recipients of such payments (other than foreign investors who have properly provided certifications described below) fail to furnish to the payor certain information, including their taxpayer identification numbers, or otherwise fail to establish an exemption from such tax. Any amounts deducted and withheld from a payment to a recipient would be allowed as a credit against the federal income tax of such recipient.

Foreign Investors

An owner of a Series 2017B Bond that is not a "United States person" (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a Series 2017B Bond will generally not be subject to United States income or withholding tax in respect of a payment on a Series 2017B Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose the term "United States person" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a 30% United States withholding tax will apply to interest paid and original issue discount accruing on Series 2017B Bonds owned by foreign investors. In those instances in which payments of interest on the Series 2017B Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of Series 2017B Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a Series 2017B Bond.

ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the Code generally prohibit certain transactions between a qualified employee benefit plan under ERISA (an "ERISA Plan") and persons who, with respect to that plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of a Series 2017B Bond, could be viewed as violating those prohibitions. For example, Code Section 4975 prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons and Code Section 503 includes similar restrictions with respect to governmental and church plans. In this regard, the Authority or any underwriter of the Series 2017B Bonds, might be considered or might become a "party in interest" within the meaning of ERISA or a "disqualified person" within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Code

Sections 4975 or 503. Prohibited transactions within the meaning of ERISA and the Code may arise if Series 2017B Bonds are acquired by such plans or arrangements. In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above Code Sections, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Series 2017B Bonds.

Oklahoma Taxation

In the opinion of Hilborne & Weidman, a professional corporation, Bond Counsel, to be delivered at the time of original issuance of the Series 2017B Bonds, the interest on the Series 2017B Bonds is exempt from Oklahoma income taxation.

No Other Opinions

The opinion to be rendered by Bond Counsel on the date of delivery of the Series 2017B Bonds is expected to be in substantially the form of Exhibit D hereto. Bond Counsel expresses no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2017B Bonds.

State and Local Taxation. Except with respect to State of Oklahoma taxation, the discussion above does not address the tax consequences of purchase, ownership or disposition of the Series 2017B Bonds under any state or local tax law. Investors should consult their own tax advisors regarding state and local tax consequences.

Other Tax Consequences. The foregoing is not intended to be a complete description of all Federal or Oklahoma income tax consequences associated with an investment in the Series 2017B Bonds, and except as set forth in Bond Counsel's opinion (described above), Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2017B Bonds should consult their own tax advisors regarding the particular tax consequences to them of an investment in such bonds.

FINANCIAL STATEMENTS

The Basic Financial Statements for the City of Tulsa, Oklahoma for the fiscal year ended June 30, 2016 has been included herein as Exhibit "A". The Basic Financial Statements for the Authority for the fiscal year ended June 30, 2016 has been included herein as Exhibit "B". Exhibits "A" and "B" should be read in their entirety.

INDEPENDENT AUDITORS

The Basic Financial Statements for the City of Tulsa, Oklahoma for the fiscal year ended June 30, 2016 and the Basic Financial Statements for the Authority for the fiscal year ended June 30, 2016, included in this official statement, have been audited by RSM US, LLP, independent auditors, as stated in its report appearing herein.

CREDIT RATING

It is a condition precedent to the delivery of the Series 2017 Bonds that Moody's Investors Service, Inc., New York, New York, shall have assigned a rating of Aa2 to the Series 2017 Bonds and Standard & Poor's Corporation, New York, New York, shall have assigned a rating of AA- to the Series 2017 Bonds. The ratings reflect only the view of such organizations and an interpretation of the ratings may be obtained only from the rating agencies furnishing the same. There is no assurance that the ratings will continue for any given period of time or that they will not be revised down or withdrawn entirely by such rating agencies, if circumstances so warrant. Any revision or withdrawal of the ratings may have an adverse effect on the market price of the Series 2017 Bonds.

LEGAL MATTERS

The issuance of the Series 2017 Bonds is subject to the approval of Hilborne & Weidman, a professional corporation, Tulsa, Oklahoma, Bond Counsel, which will render an opinion in substantially the form attached as Exhibit D. Certain legal matters will be passed upon for the Authority by David O'Meilia, Attorney for the Authority. The legal fees of all legal counsel are contingent upon the sale and delivery of the Series 2017 Bonds. The various legal opinions to be delivered concurrently with the delivery of the Series 2017 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Bond Counsel has participated in the preparation, and has reviewed those portions, of this Official Statement pertaining to the Series 2017 Bonds, the tax status of interest on the Series 2017 Bonds, the provisions of the Indenture and the matters of law contained under "SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS"; "THE SERIES 2017 BONDS," "CERTAIN DEFINITIONS," "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE" "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE" "CERTAIN TAX MATTERS RESPECTING THE SERIES 2017A BONDS," "CERTAIN TAX MATTERS RESPECTING THE SERIES 2017B BONDS" and "LEGAL MATTERS" and "EXHIBIT D—PROPOSED FORM OF OPINION OF BOND COUNSEL." Bond Counsel has not been retained to pass upon, and will not express any opinion upon, any other information contained in this Official Statement.

LITIGATION

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2017 Bonds or questioning or affecting the validity or enforceability of the Series 2017 Bonds or the proceedings and authority under which they are to be issued or which will adversely affect the transactions contemplated by the Bond Documents as described in this Official Statement.

UNDERWRITING

The Bonds are being purchased at competitive sale by _______________________________ (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price equal to $_____________.

The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts) and others at prices lower than the offering price set forth on cover page hereof.

CONTINUING DISCLOSURE

The Authority has covenanted for the benefit of Bondholders to provide annually certain financial information and operating data relating to the Authority by not later than six months following the end of its fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the Authority with each Nationally Recognized Municipal Securities Information Repository. The notices of material events will be filed by the Authority with the Municipal Securities Rulemaking Board and each State Repository. The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized below under the caption "Exhibit E - Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

DEEMED FINAL

The Authority has certified that the Preliminary Official Statement was deemed final as of its date for purposes of rule 15c2-12(b), except for the information not required to be included therein under rule 15c2-12(b). Concurrently with the delivery of the Series 2017 Bonds, the Authority will furnish a certificate executed on behalf of the Authority by the undersigned to the effect that the Official Statement, as of the date of the Official Statement and as of the date of delivery of the Series 2017 Bonds, does not contain any untrue statement or a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

MISCELLANEOUS

Information concerning the Authority, the Plan of Financing and the Series 2017 Bonds contained in this Official Statement has been furnished by the Authority.

The foregoing summaries or descriptions of provisions in the Bond Indenture and the Lease Agreement, and all references to other materials not purporting to be quoted in full, are only brief outlines of certain provisions thereof and do not constitute complete statements of such provisions and do not summarize all the pertinent provisions of such provisions. For further information, reference should be made to the complete documents, copies of which are on file at the corporate trust offices of the Trustee for examination and will be furnished by the Authority upon request.

All projections and other statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of any of the Series 2017 Bonds.

This Official Statement has been approved by the Authority.

TULSA PUBLIC FACILITIES AUTHORITY

By: /s/ J. Patrick Cremin
Chairman of Trustees

EXHIBIT "A"

BASIC FINANCIAL STATEMENTS OF THE CITY OF TULSA, OKLAHOMA
FOR THE YEAR ENDED JUNE 30, 2016

CITY OF TULSA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year ended June 30, 2016

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SECTION ONE

BOK CENTER

DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR OF FINANCE
OFFICE OF THE CONTROLLER
175 E. Second Street, Suite 575
Tulsa, Oklahoma 74103

December 7, 2016

Honorable Mayor, City Auditor, City Council and Citizens of the City of Tulsa:
City of Tulsa, Oklahoma

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Tulsa, Oklahoma (the City) for the year ended June 30, 2016. The CAFR is provided to give detailed information about the financial position and activities of the City.

City management is responsible for both the accuracy of the presented data and the completeness and fairness of presentations, including all disclosures. We believe the data, as presented, is accurate in all material respects and are presented in a manner which fairly sets forth the financial position and results of operations of the City. The CAFR has been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) as promulgated by the Governmental Accounting Standards Board (GASB), the standard-setting body for governmental accounting and financial reporting and based upon a comprehensive framework of internal control which are established for this purpose. The objective of a system of internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Under Oklahoma state law, municipalities are to publish a complete set of audited financial statements. This report fulfills that requirement for the year ended June 30, 2016. To the best of our knowledge and belief, the enclosed report is accurate in all material respects and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. The accompanying disclosures are necessary to enable the reader to gain the full understanding of the City's financial affairs.

Independent Auditor's Report

The basic financial statements and related notes have been audited by RSM US LLP, an independent firm of Certified Public Accountants. RSM US LLP concluded that there was a reasonable basis to render an unmodified opinion on the financial statements of each opinion unit that collectively comprise the City's basic financial statements, concluding that the basic financial statements are fairly presented in conformity with U.S. GAAP. The independent auditor's report can be found on page A-1 of the Financial Section of this CAFR.

Grant awards were audited under the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and the Compliance report was issued separately.

Management's Discussion and Analysis (MD&A)

Management's discussion and analysis immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY OF TULSA

The City encompasses an area of approximately 201.5 square miles located in northeastern Oklahoma, at the edge of the foothills of the Ozarks, along the Arkansas River. The northeastern part of Oklahoma is often called "Green Country" due to its wooded terrain in the rolling Ozark foothills. With an elevation of 700 feet above sea level and its temperate climate, the City experiences continually changing weather conditions during all four seasons of the year. The average daily temperature is 61 degrees and the average annual rainfall is 39 inches.

Incorporated on January 8, 1898 and following the discovery in 1901 of oil in the nearby town of Red Fork, Tulsa grew quickly, reaching a population of 7,298 by statehood in 1907. Tulsa's current population is 403,085 people, representing a 0.11% increase over 2015. Tulsa, the hub and seat of Tulsa County, is the second largest city in Oklahoma, providing commerce, industrial, transportation and financial services for a metropolitan area of 982,521 people.

Under a Mayor-Council form of government, the Mayor, serving as the chief executive of the City, is responsible for City operations. The City Council, the legislative branch of the government, consists of nine members, each representing a distinct geographic district. The City Auditor is responsible for the City's Internal Audit Department. The Mayor and City Auditor are elected at large.

Services

The City provides a full range of basic municipal services, including police and fire protection, street construction, parks, neighborhood revitalization and land use regulation, and other infrastructure, recreational activities, and cultural events. The following services are provided through an array of legally separate entities incorporated into this report as component units:

Service	Entity
Water and sewer systems	Tulsa Metropolitan Utility Authority
Refuse collection and disposal	Tulsa Authority for Recovery of Energy
Airport	Tulsa Airports Improvement Trust
Parking	Tulsa Parking Authority
Urban redevelopment	Tulsa Development Authority
Public transportation	Metropolitan Tulsa Transit Authority
Performing Arts	Tulsa Performing Arts Center Trust
Economic development	Tulsa Industrial Authority
Commercial leasing	Tulsa Public Facilities Authority
Arena and convention	Tulsa Public Facilities Authority
Sporting events venue	Tulsa Stadium Trust

Budgetary Process and Controls

The Mayor prepares the annual proposed budget and presents it on or before April 30th to the City Council. The Council reviews, refines, changes, and adopts it according to the policies and priorities it wishes to see implemented. Governmental funds with legally adopted annually budgets are the General Fund and the Sales Tax Fund (a capital projects fund).

The City maintains a system of budgetary controls with the objective of maintaining compliance with the City Charter and the Oklahoma Municipal Budget Act. The legal level of budgetary control is the level at which expenditures cannot exceed appropriations. The level of control is by department and category of expenditure within a fund and also by project for capital funds. Expenditures categories are personal services, materials and supplies, other services, debt service, and capital outlay. Expenditures are cash outlays plus encumbrances and encumbrances outstanding at year-end are carried forward to be included in appropriations for the following year.

The Local Economy and Factors Affecting Economic Conditions

The Tulsa Metropolitan Statistical Area (TMSA) comprises 25.1% of the state's population and 30.3% of the state's economy ($48.8 billion in 2010 constant dollars).

Tulsa has a diverse economy including aerospace manufacturing and aviation, health care, energy, machinery and electrical equipment manufacturing and transportation, and distribution and logistics. The Tulsa Metropolitan Chamber of Commerce reported that several of these sectors have large concentrations of employment in the TMSA relative to the rest of the United States. As concentrations go:

- Aerospace parts manufacturing is 2.4 times more,
- Oil and gas production and machinery manufacturing is 8.4 times more,
- Pump and compressor manufacturing is 20.5 times more,
- Fabricated metal product manufacturing is 2.5 times more,
- Heat-exchanger manufacturing sub-cluster being 43.2 times more than at the U.S. level.

Many of these sectors are positioned to grow within the metro area as the cost of doing business and cost of living are 14% and 9% below the national average respectively. Tulsa has one of the shortest average commute times in the nation. Tulsa is home to some of the nation's larger companies including QuikTrip, ONEOK, and The Williams Companies.

Tulsa received several national recognitions in 2015. The Brookings Institute recognized Tulsa as the top performer among US metros for Growth and Inclusion (economic growth as an outcome of regional planning). Site Selection Group, and Independent Location Advisory firm, recognized Tulsa for producing more manufacturing graduates than any other US city in 2015; as well as reported Tulsa to be the 3rd best US city for new and expanded facilities among Tier II cities. Finally, the New York Times recently featured Tulsa on their global list of 'Top 50 Places to See' in 2015.

The Bureau of Labor Statistics reported the unemployment rate for the City at June 30, 2016 decreased from 5.3% in the previous year to 4.5%. The state and national unemployment rates for this same time period increased from 4.4% to 5.0%.

Bond Ratings

In their report dated February 2016, Moody's Investors Service assigned and affirmed the City of Tulsa an Aa1 rating. Standard and Poor's assigned and affirmed an AA rating to the City's general obligation bonds in their report dated February 2016.

Long-term Financial Planning

The City of Tulsa utilizes these primary planning tools to assist policy makers in addressing near and long term operating and infrastructure challenges: A Five-Year Financial Forecast and the Capital Improvements Plan (CIP).

Five-Year Financial Forecast **-**The Annual Five-Year Financial Forecast is prepared to provide policy makers with the most current information needed to make judgments about the major financial policy issues facing the City of Tulsa. It is not a detailed line-item spending plan, service delivery plan, or budget for the next five years, but an examination of how issues will affect Tulsa's financial condition. It has been designed to meet the following objectives:

1. Provide the Mayor and City Council with information about potential financial changes;
2. Provide an updated financial base by which different financing options can be judged; and
3. Provide elected officials information about the long-term impacts of current and anticipated financial policies.

As with any multi-year analysis, it is based on assumptions about the future. Of particular importance to a study of this type is the performance of the national and local economies, since tax revenues and demands for services are directly related to private sector economic activity.

Capital Improvements Plan (CIP) **-** In 1977, Tulsa's governing body adopted a Capital Improvement Plan (CIP) process which outlined a program to build, in an orderly manner, a large backlog of capital projects. Since then, the City has annually updated the five-year CIP schedule. Building on this tradition, the City updated the CIP development process in 2010. The new policy requires departmental justification of expansion projects based on the projects potential return on investment (ROI), its potential leverage and linkages to other projects, and its contribution to the City's strategic initiatives. Additionally, all replacement and rehabilitation projects have been ranked and placed in tiers based on their contribution to public safety, asset preservation, and core service provision. Virtually all of the financing has been provided by four sources: General Obligation (GO) bonds, dedicated sales tax, user fees (pay as you go and a source to repay revenue bonds), and state and federal financial assistance. Local voters have continually validated this approach as 75% of all GO bond and sales tax proposals have been approved since the elected officials adopted the formal Capital Improvements Planning process.

Financial Policies

The City follows a comprehensive set of Financial Policies to ensure the City's financial resources are managed prudently. Policies are shaped by state law and approved by the City Council through the budget adoption process. These financial policies govern the City's budgeting and financial planning, capital planning, revenue, investment, debt management, and procurement. Descriptions of these policies are available in the City's annual budget publication which may be obtained from the City's website, www.cityoftulsa.org.

Such policies, as shaped by state law and Government Finance Officers Association of the United States and Canada (GFOA) Best Practices, advise that total resources will be sufficient to support current operating expenses. Additionally, the City has established and shall maintain an operating reserve in the General Fund to provide for revenue shortfalls or to meet unexpected increases in service delivery costs. The reserve is set annually and was set at 6.39% of the General Fund appropriated expenditures for 2016.

The City created an Economic Stabilization Reserve in 2012. In an emergency situation, upon meeting certain triggers, the City may draw on this pool of reserves in the event of declining revenues. The balance of the reserve was $2 million in 2016.

Major Initiatives (with a Significant Impact on Revenue or Expenditure Trends)

The City initiated or completed several projects which provide enhancements for the general public, as well as the potential to create significant impact on revenue and expenditure trends in the future.

Tulsa Vision Program – In April 2016, Tulsa voters approved three separate ballot proposals related to Public Safety, Streets and Transit, and Economic Development. The three initiatives repurposed an expiring economic development tax of 0.6% (Vision 2025), which had previously been levied by Tulsa County.

- *Public Safety Tax* – As part of this vote, citizens approved a limited-purpose, permanent sales tax for the purpose of providing expanded revenue support for the public safety functions. With this funding, the City will be capable of employing 160 additional police officers, 65 additional firefighters, and 16 additional E-911 employees. This initiative will increase the effectiveness of the City's Public Safety service.

- *Transportation Tax* – Tulsa voters approved a limited-purpose, permanent sales tax for the purpose of providing expanded revenue support of street maintenance, traffic and public transportation functions. This funding will allow for the expansion of 24 street maintenance personnel, as well as necessary materials to perform street repairs. Additionally, this levy will fund various transit related infrastructure projects such as Rapid Bus Transit services along Peoria, renovating the Boston Bridge.

- *Economic Development Tax* – Voters approved a limited-purpose, temporary sales tax for the purpose of providing revenue for the support of economic development projects. Major focal points of the initiative are the Arkansas River, Gilcrease Museum, Cox Business Center, Tulsa Zoo, and a number of other community driven economic development projects. Improvements to the Arkansas River call for two low water dams which will form a major component of the vision for future development.

Awards

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tulsa for its comprehensive annual financial report for the year ended June 30, 2015. This was the 34th consecutive year that the City of Tulsa has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA's Distinguished Budget Presentation Award for its 2016 annual budget document dated June 18, 2015. This was the 21st consecutive year for the City of Tulsa. To qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

Acknowledgements

The preparation of this report could not have been accomplished without the dedicated services of the entire staff of the Finance Department Accounting Division. Other departments and offices of the City contributed directly or indirectly to the preparation of this report; the Budget Division and the Treasury Division as well as other staff and departments throughout the City. We express our appreciation to all who assisted in this effort.

We express our appreciation and acknowledge the thorough, professional, and timely manner in which our independent auditor, RSM US LLP, conducted the audit.

Finally, we acknowledge the Mayor and Council members who have consistently supported the City's goal of excellence in all aspects of financial management. Their support is greatly appreciated.

David W. Bryant, CPA
Controller

Michael P. Kier, CPFO
Director of Finance

CITY OF TULSA,

LIST OF PRINCIPAL OFFICIALS

As of June 30, 2016

MAYOR

Dewey F. Bartlett, Jr.

CITY COUNCIL MEMBERS

Jack R. Henderson	District 1
Jeannie Cue	District 2
David Patrick	District 3
Blake Ewing	District 4
Karen Gilbert	District 5
Connie Dodson	District 6
Anna America	District 7
Phil Lakin, Jr.	District 8
G.T. Bynum, Mayor-Elect	District 9

CHIEF OF STAFF

Jarred Brejcha

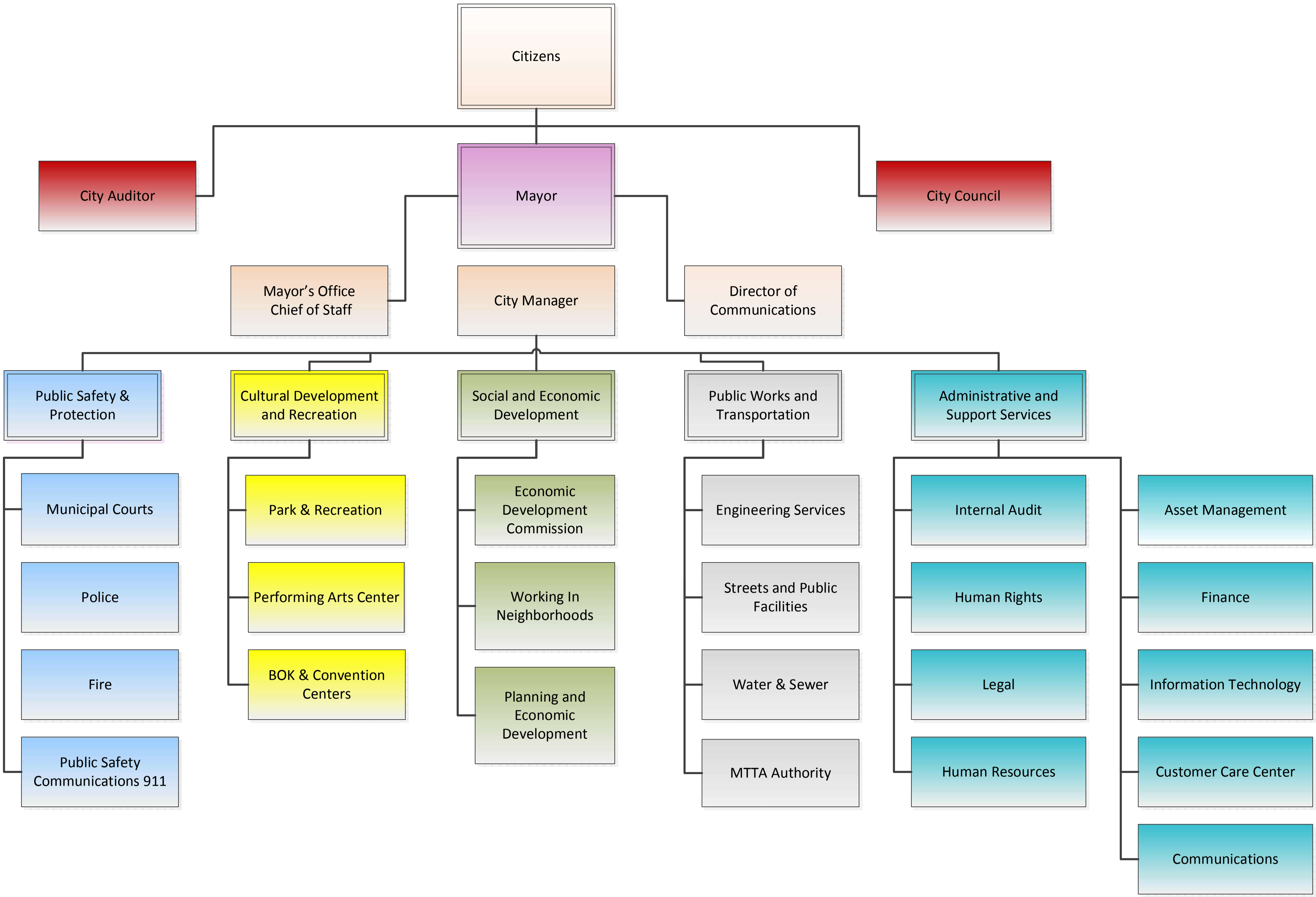
DIRECTOR OF FINANCE

Michael P. Kier, CPFO

CITY AUDITOR

Cathy Criswell

ORGANIZATION CHART



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tulsa

Oklahoma

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2015

Jeffrey R. Emer

Executive Director/CEO

FINANCIAL SECTION

SECTION TWO

WAREHOUSE MARKET BUILDING

RSM

Independent Auditor's Report

RSM US LLP

The Honorable Mayor, City Council and
Audit Committee
City of Tulsa, Oklahoma
Tulsa, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tulsa, Oklahoma (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Tulsa Industrial Authority (TIA), which is a discretely presented component unit of the City. The financial statements of TIA comprise 0.6 percent of total assets and 0.1 percent of total revenues of the aggregate discretely presented component units. Also, we did not audit the financial statements of the Tulsa Stadium Trust (TST), which is a blended component unit and major enterprise fund of the City. The financial statements of TST comprise 7 percent of total assets and 0.5 percent of total revenues of the business-type activities and represent 100 percent of the assets and revenues of the TST major enterprise fund. Also, we did not audit the financial statements of The Operations of the BOK Center, as managed by SMG, or The Operations of the Cox Business Center, as managed by SMG, an agent operating these facilities (collectively, SMG), which are included within the financial statements of the Arena and Convention Center Fund, a major enterprise fund of the City. This activity represents 12 percent and 74 percent, respectively, of the total assets and total revenues of the Arena and Convention Center major enterprise fund, and 4 percent and 22 percent, respectively, of the total assets and total revenues of the business-type activities. Those statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for TIA, TST, The Operations of the BOK Center, as managed by SMG, and The Operations of the Cox Business Center, as managed by SMG, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tulsa, Oklahoma, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the pension and postemployment information, and the Budgetary Comparison schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory, statistical sections and other schedules, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

RSM US LLP

Kansas City, Missouri
December 7, 2016

As management of the City of Tulsa, Oklahoma (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with our letter of transmittal in the Introductory Section of this report and the City's financial statements, which follow this management's discussion and analysis. All amounts, unless otherwise indicated, are expressed in thousands of dollars and references to a year, such as 2016, contain an implied reference to the fiscal year, such as "fiscal year 2016."

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at year end by $1,908,557 *(net position)*. Included as a component of net position is unrestricted net position with a deficit of $170,157. This deficit results primarily from the net pension liability.

- The City's total net position increased $74,554. Expenses increased $49,039 compared to last year while experiencing of an overall increase of $31,302 in revenues from the prior year.

- At the close of the current year, the City's governmental funds reported combined fund balances of $525,223, an increase of $15,175 in comparison with the prior year. Approximately 10% of this amount ($53,942) is available for spending at the government's discretion *(unassigned fund balance)*.

- Unrestricted fund balance (the total of the *committed, assigned,* and *unassigned* components of *fund balance*) for the general fund was $54,252, or approximately 19% of total general fund expenditures.

- The City's long-term liabilities increased by $46,660 during the current year due to the issuance of general obligation debt of $80,133 for capital improvements offset by debt service payments of $70,672 and a net increase in the pension liability of $41,388.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, comprising the following three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

Government-Wide Financial Statements

Government-wide financial statements are designed to provide readers with a broad overview of the City's finances, similar to private-sector business.

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference being reported as *net position*. Over time, increases or decreases in net position can serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

The government-wide financial statements of the City are divided into three categories:

- ***Governmental activities*** - Most of the City's basic governmental services are included here, such as public safety and protection, social and economic, public works and transportation, culture and recreation, and administrative and support functions. Sales, use, and property taxes, charges for services, and state and federal grants finance most of these activities.

- ***Business-type activities*** - The City charges fees to customers to help it cover the costs of certain services it provides. BOK Center and Cox Business Center, One Technology Center, Golf Courses, Tulsa Stadium Trust and Stormwater Management operations are included here.

- ***Discretely presented component units*** - The City includes eight other entities in its report—Tulsa Metropolitan Utility Authority, Tulsa Authority for Recovery of Energy, Tulsa Airports, and the Other Component Units comprising of the Tulsa Development Authority, Metropolitan Tulsa Transit Authority, Tulsa Industrial Authority, Tulsa Parking Authority, and the Tulsa Performing Arts Center Trust. Although legally separate, these "component units" are important because the City is financially accountable for them.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, state law and bond covenants. The fund financial statements provide the reader with information about the City's most significant funds - not the City as a whole.

Fund Financial Statements, continued

The funds of the City are divided into three categories:

- ***Governmental funds*** – Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement that explains the relationships (or differences) between them.

- ***Proprietary funds*** – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information.

    - *Enterprise Funds* (one type of proprietary fund) are used to report the same functions presented as business type activities in the government-wide financial statements, but with additional detailed information, such as cash flows.

    - *Internal Service funds* (the other type of proprietary fund) are used to report activities that provide supplies and services for the City's other programs and activities.

- ***Fiduciary funds –*** The City is the trustee, or fiduciary, for its employees' and other participating entities' pension plan. Fiduciary activities are reported in a statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page FN-1.

Other Information

***Required supplementary information* -** In addition to the basic financial statements and accompanying notes, this report presents ten schedules of *required supplementary information ("RSI")* following the notes.

Municipal Employees' Retirement Plan (MERP) -

- Schedule of Changes in Net Pension Liability
- Schedule of City's Proportionate Share
- Schedule of City's Contributions
- Schedule of Investment Returns
- Schedule of Actuarial Valuation, Methods and Assumptions

Oklahoma Firefighters Pension and Retirement System-

- Schedule of City's Proportionate Share
- Schedule of City's Contributions

Oklahoma Police Pension and Retirement System-

- Schedule of City's proportionate Share
- Schedule of City's Contributions

General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis)

Supplemental Combining and Individual Fund Financial Statements - Combining and Individual Fund Financial Statements, which include nonmajor governmental funds, internal service funds, fiduciary funds, and nonmajor discretely presented component units are presented immediately following the RSI. This section also includes budget to actual schedules for certain special revenue funds and additional General Fund budgetary schedules.

Government-Wide Financial Analysis

Net Position of the City of Tulsa - As of June 30, 2016, the City's *combined* net position was $1,909 million. Total assets and deferred outflows increased $84 million or 3% while liabilities and deferred inflows of resources increased $9 million or 1%. The net position of Governmental activities increased 6% to $1,365 million in 2016 from $1,285 million in 2015. Net position of the Business-type activities was $544 million in 2016 down 1% from $549 million in 2015.

Government-Wide Financial Analysis, continued

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	$ 680,469	$ 687,449	$ 83,927	$ 74,780	$ 764,396	$ 762,229
Capital assets	1,601,163	1,535,030	584,108	596,206	2,185,271	2,131,236
Total assets	2,281,632	2,222,479	668,035	670,986	2,949,667	2,893,465
Deferred outflows of resources	49,372	25,580	5,311	1,659	54,683	27,239
	2,331,004	2,248,059	673,346	672,645	3,004,350	2,920,704
Current and other liabilities	119,890	119,653	20,744	14,699	140,634	134,352
Long-term liabilities	730,686	690,219	106,589	105,245	837,275	795,464
Total liabilities	850,576	809,872	127,333	119,944	977,909	929,816
Deferred inflows of resources	115,861	153,089	2,023	3,796	117,884	156,885
	966,437	962,961	129,356	123,740	1,095,793	1,086,701
Net position:						
Net investment in capital assets	1,288,414	1,235,482	504,926	514,764	1,793,340	1,750,246
Restricted	273,642	262,022	11,732	11,939	285,374	273,961
Unrestricted	(197,489)	(212,406)	27,332	22,202	(170,157)	(190,204)
	$ 1,364,567	$ 1,285,098	$ 543,990	$ 548,905	$ 1,908,557	$ 1,834,003

The largest portion of the City's net position (94%) reflects its investment in capital assets, less any outstanding debt that was used to acquire those assets. The City uses capital assets to provide services to its citizens. Accordingly, these assets are not available for future spending. Although the city's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

	Percent of Total	
Net position category:	**2016**	**2015**
Net investment in capital assets	94%	95%
Restricted	15%	15%
Unrestricted	-9%	-10%
	100%	100%

Government-Wide Financial Analysis, continued

Changes in Net Position of the City of Tulsa – The City's net position increased $74,554 compared to the prior year increase of $92,291. The Governmental activities and Business-type activities had an increase and decrease of $79,469 and $4,915 respectively.

The City's total revenues increased 5.9% to $561 million in 2016. Program revenue generated $163.7 million, consisting of charges for services, federal and state grants, and capital grants/contributions, up from $147.1 million in 2015. Charges for services within governmental activities increased due to a $12.5 million increase in general government services fees.

Sales taxes, the largest revenue category, increased slightly to $234.9 million in 2016 from $231.9 million in 2015. The increase is a result of stable economic conditions and a decrease in the state's administrative charge for collecting sales tax. Property tax revenue increased to $73.5 million in 2016 from $64.7 million in 2015.

Expenses for the primary government increased 11.2% or $49 million to $486 million. The City's expenses cover a range of services, including public safety, public works, culture and recreation, and social and economic programs. Significant changes include:

- General government expenses increased $17.4 million (37%). The increase is primarily attributed to increases of $3.1 million increase in pension expense and $16.7 million in employee insurance offset by a $7.4 million decreases in judgements expenses.

- Public safety and protection expenses totaled $200.7 million, an increase of $14.3 million (7.7%). The pension expense related to public safety employees decreased $2.6 million and all other public safety personnel services increased $7.1.

- Public Works and Transportation expenses increased $5.9 million (8.5%) primarily from a $4.7 million increase in capital outlay from the sales tax funds.

- Social and economic development expenses increased $7.2 million (23%), primarily from a $4.8 million increase in capital spending, $0.5 million increase in pension expense and a $0.9 million increase in Tulsa Stadium Improvement District assessments paid to the Tulsa Stadium Trust.

Government-Wide Financial Analysis, continued

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	$ 67,829	$ 55,253	$ 55,402	$ 53,492	$ 123,231	$ 108,745
Operating grants/contributions	29,486	32,364	-	-	29,486	32,364
Capital grants/contributions	6,308	4,694	4,689	1,291	10,997	5,985
General revenues:						
Sales taxes	234,912	231,997	-	-	234,912	231,997
Property taxes	73,450	64,667	-	-	73,450	64,667
Franchise	22,620	24,039	-	-	22,620	24,039
Use tax	23,640	24,104	-	-	23,640	24,104
Hotel/Motel taxes	7,483	7,552	-	-	7,483	7,552
Intergovernmental revenue	6,814	6,037	-	-	6,814	6,037
Other	27,290	23,303	1,109	937	28,399	24,240
	499,832	474,010	61,200	55,720	561,032	529,730
Expenses:						
General government	64,141	46,755	-	-	64,141	46,755
Public safety & protection	200,726	186,385	-	-	200,726	186,385
Public works & transportation	75,400	69,523	-	-	75,400	69,523
Culture & recreation	24,124	22,638	-	-	24,124	22,638
Social & economic development	38,629	31,409	-	-	38,629	31,409
Interest on long-term debt	11,864	12,285	-	-	11,864	12,285
Stormwater	-	-	30,084	25,877	30,084	25,877
One Technology Center	-	-	9,982	10,643	9,982	10,643
Arena & Convention	-	-	24,910	25,507	24,910	25,507
Tulsa Stadium Trust	-	-	3,330	3,500	3,330	3,500
Golf courses	-	-	3,288	2,917	3,288	2,917
	414,884	368,995	71,594	68,444	486,478	437,439
Changes before transfers	84,948	105,015	(10,394)	(12,724)	74,554	92,291
Transfers	(5,479)	(5,644)	5,479	5,644	-	-
Change in Net position	79,469	99,371	(4,915)	(7,080)	74,554	92,291
Net position, beginning	1,285,098	1,185,727	548,905	555,985	1,834,003	1,741,712
Net position, ending	$ 1,364,567	$ 1,285,098	$ 543,990	$ 548,905	$ 1,908,557	$ 1,834,003

Government-Wide Financial Analysis, continued

Governmental Activities – The City provides various services to the citizens. The costs of these services generally are only partially supported by direct revenues (*program revenues)*. The chart below illustrates the cost of delivering services in the City's governmental activities by comparing the service cost to program revenue.

	Program Expenses	Program Revenues	Net Cost
General government	$ 64,141	$ 25,493	$ (38,648)
Public safety and protection	200,726	47,860	(152,866)
Public works & transportation	75,400	17,558	(57,842)
Culture & recreation	24,124	4,814	(19,310)
Social & economic development	38,629	7,898	(30,731)
Interest on debt	11,864	-	(11,864)
	$ 414,884	$ 103,623	$ (311,261)

The net cost indicates the financial burden of each of these functions.

The cost of all *governmental* activities this year was $414.9 million. A portion of the costs were paid by those who directly benefited from the programs ($67.8 million), or by other governments and organizations that subsidized certain programs with grants and contributions ($35.8 million). The remaining costs are covered by general revenues. Sales tax makes up the majority of general revenues or 59% in 2016. The City's sales tax rate is 3.1%, of which 1.1% is a special tax dedicated for capital improvements. Property taxes fund general obligation debt issued for capital improvements and judgment payments.

	General Revenues			
	2016	Percent of Total	2015	Percent of Total
Sales taxes	$ 234,912	59%	$ 231,997	61%
Property taxes	73,450	19%	64,667	17%
Franchise tax	22,620	6%	24,039	6%
Use tax	23,640	6%	24,104	6%
Hotel/Motel taxes and Other	41,587	10%	36,892	10%
	$ 396,209	100%	$ 381,699	100%

Business-type Activities – The City also provides services that generally require a charge for the service. These expenses are reported in the business-type activities. The chart below illustrates the cost of those services and the related charges for services along with any related grants and contributions (*program revenues*).

Government-Wide Financial Analysis, continued

Business-type activities:	Program Expenses	Program Revenues	Net Cost
Arena & Convention	$ 24,910	$ 15,633	$ (9,277)
One Technology Center	9,982	8,986	(996)
Golf Courses	3,288	2,828	(460)
Tulsa Stadium Trust	3,330	281	(3,049)
Stormwater	30,084	32,363	2,279
	$ 71,594	$ 60,091	$ (11,503)

While program revenues are intended to support the business type activities, transfers from the City augment these activities. The business-type activities received $5,479 in transfers from the Governmental activities of the City. These transfers included:

- Capital transfers of $2,051 for Stormwater Management improvements funded by the City's Bond, Sales tax and grant funds were offset by transfers of $1,653 to the General Fund for payments in lieu of taxes;

- $2,562 to fund Arena and Convention Center debt service and operations of which $2,540 was provided by City hotel/motel taxes;

- $2,215 of special assessment taxes used in connection with the ballpark located downtown.

Governmental Funds Financial Analysis

Governmental Funds reported a fund balance of $525.2 million, up $15.1 million or 3% from 2015. Approximately 10% of the fund balance is unassigned fund balance, which is available for appropriating at the City's discretion. Other categories of fund balance include non-spendable, indicating it is not in spendable form such as inventories and advances to others, restricted, committed or assigned for particular purpose.

The General Fund is the main operating fund of the City and its fund balance decreased to $62 million in 2016 from $65.5 million in 2015. Of this amount $54.3 million represents unassigned fund balance and approximates 19% of General Fund expenditures compared to $54.8 million and 19%, in 2015. The fund balance represents approximately 21% of expenditures compared to 23% in 2015. The change in fund balance can be attributed to the following:

- The General Fund's fund balance decreased $3.4 million to $62 million, as expenditures increased 3.3% while revenues decreased 0.1%.

- Tax revenues increased only $0.3 million due to modest economic conditions and development activity. Investment income increased $1.6 million attributed to the increased returns on the City's investments.

- Public safety expenditures increased due to increased personnel service costs.

Governmental Funds Financial Analysis, continued

The remaining Governmental Funds' fund balance increased $18 million, or 4% to $463.2 million. The majority of fund balance is restricted (99.1%).

- The Debt Service Fund's fund balance increased $8.5 million or 14.9% to $65.7 million primarily from an increase of $8 million in revenue from property taxes. The fund balance of the Debt service fund is restricted for debt service payments.

- Capital expenditures in the Bond fund increased 56.3% or $21.1 million from the prior year, while proceeds from debt issued decreased $13 million or 22.8%. The remaining fund balance of $166.7 million is restricted for capital improvements.

- The Sales Tax Fund's fund balance increased $8.6 million or 4.2% over 2015. Sales tax collections increased $0.7 million due moderate economic conditions and investment income increased $1 million due to increased returns on the City's investments. Payments to component units increased $4.7 million while transfers out decreased $1.5 million. The fund balance of $211.4 million in the sales tax fund is restricted for capital improvements.

Proprietary Funds Financial Analysis

Proprietary funds reported a combined net position of $544 million compared to $548.9 million in the prior year.

- The Stormwater Management fund incurred an operating loss of $2.2 million while receiving $2.1 million in transfers for capital improvements and $4.7 million in capital contributions resulting in an increase of $3.3 million in net position. The fund's net position of $331.6 million is primarily (95%) invested in capital assets.

- One Technology Center fund contributed lease revenue of $9.0 million, a decline of $0.2 million from the prior year. The overall net position decreased $0.3 million to a $5.5 million deficit; largely as a result of decreased operating expenses (primarily leasing commissions) offset by a decrease in investment income.

- The Arena and Convention Center fund contributed revenue of $15.6 million, a decrease of $0.9 million over the previous year, due to a decrease of premier events attracted to the BOK Center while expenses decreased $0.5 million resulting from a decrease in events. The $8.6 million operating loss is partially offset by transfers in of $2.6 million. The overall net position decreased $6.7 million for the year, ending at approximately $188 million.

Budgetary Highlights

The General Fund is the only major fund requiring an annually adopted budget.

General Fund Budgetary Highlights

The original 2016 General Fund budget adopted by the Mayor and City Council totaled $274.6 million. The budget was balanced with revenue estimates of $272.3 million and $2.3 million of unassigned fund balance and was 4.2% more than the 2015 original budget. Taking into consideration the 2015 carry over encumbrances and budget amendments, the total authorized expenditure amount was $278.7 million for 2016.

	Original Budget		Amended Budget		Budgetary Basis Actual		Variance	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenues:								
Taxes	$ 204,877	$ 194,038	$ 200,447	$ 196,622	$ 198,552	$ 197,711	$ (1,895)	$ 1,089
Licenses and permits	8,121	7,995	8,121	7,995	8,398	8,423	277	428
Intergovernmental	8,128	8,115	8,128	8,128	8,411	8,360	283	232
Charges for service	21,146	21,146	21,146	21,146	17,508	19,890	(3,638)	(1,256)
Fines and forfeitures	9,900	9,900	9,900	9,900	7,878	8,818	(2,022)	(1,082)
Investment income	2,479	2,479	2,479	2,479	3,035	2,591	556	112
Payments from component unit	13,545	13,545	13,545	13,545	14,049	13,502	504	(43)
Miscellaneous	1,932	1,894	1,932	1,897	3,523	3,594	1,591	1,697
Transfers In	2,203	2,203	2,203	2,203	3,348	2,227	1,145	24
	$ 272,331	$ 261,315	$ 267,901	$ 263,915	$ 264,702	$ 265,116	$ (3,199)	$ 1,201
Expenses:								
General government	$ 42,647	$ 37,941	$ 39,892	$ 36,660	$ 38,928	$ 35,056	$ (964)	$ (1,604)
Public works and transportation	21,258	24,187	20,625	23,717	17,087	22,394	(3,538)	(1,323)
Social and economic development	12,260	11,962	11,872	11,213	11,690	11,039	(182)	(174)
Public safety and protection	169,021	159,975	172,359	164,669	171,085	162,740	(1,274)	(1,929)
Culture and recreation	22,060	20,894	21,012	21,033	20,878	20,870	(134)	(163)
Payments to component units	7,619	7,449	7,238	7,440	7,238	7,440	-	-
Transfers out	5,717	5,572	5,717	5,922	5,717	5,922	-	-
	$ 280,582	$ 267,980	$ 278,715	$ 270,654	$ 272,623	$ 265,461	$ (6,092)	$ (5,193)

2016 budgetary basis actual revenues of $264.7 million fell short of the amended estimate by $3.2 million or 1.2%. Franchise Tax revenues below the estimate were the largest contributor to the variance in tax revenues. Franchise Taxes were $2.0 million and Fines and Forfeitures were $1.1 million below the estimate. These two revenue sources account for the majority of the variance between budgeted and actual revenue. 2016 budgetary basis actual expenditures were $272.6 million and were $6.0 million under the authorized expenditure amount. The 2016 amended budget reflects the total authorized expenditure amount and reflects amendments that reduced the budget by $1.9 million, appropriations for carry over encumbrances of $5.9 million and the original budget of $274.6 million.

General Fund Budgetary Highlights, continued

The 2016 General Fund budget was amended three times during the year. The largest amendment of $4.0 million reflected an adjustment for revenues below expectations. The remaining amendments addressed compensation issues not anticipated in the Original Budget. A labor contract that settled after the budget was adopted combined with higher than anticipated public safety overtime supported a need for a $2.0 million budget increase.

There were no major service level increases in 2016, policy makers were constrained due to revenue receipts below expectations and increased costs related to the labor contract settlement.

Capital Assets and Debt Administration

Capital Assets - At the end of 2016 the City had invested $2.2 billion in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, and bridges. This amount represents a net increase (after additions, deductions, and depreciation) of $54 million, or 2.5% during the year (see Note 7 to the financial statements for additional detailed information regarding capital assets). Street improvements funded by the Fix Our Streets bond package and the Third Penny Sales Tax Program contributed to the large increase in Infrastructure.

Capital Assets, net of depreciation
(dollar amounts expressed in millions)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	$ 527	$ 528	$ 95	$ 95	$ 622	$ 623
Works of Art	-	-	1	-	1	-
Buildings and improvements	146	123	457	470	603	593
Equipment	68	72	21	25	89	97
Infrastructure	680	659	-	-	680	659
Construction in progress	180	153	10	6	190	159
	$ 1,601	$ 1,535	$ 584	$ 596	$ 2,185	$ 2,131

Capital Assets and Debt Administration, continued

Long-term Liabilities - At year end, the City had $582 million in general obligation and revenue bonds outstanding, an increase of 1.4% from last year, as shown below. More detailed information about the City's long-term liabilities is presented in Note 11 to the basic financial statements.

Long-term Liabilities
(dollar amounts expressed in millions)

	Governmental Activities		Business-type Activities		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
General obligation bonds	$ 481	$ 468	$ -	$ -	$ 481	$ 468
Revenue bonds	6	7	96	99	102	106
Other long-term liabilities	329	296	15	9	344	305
	$ 815	$ 771	$ 110	$ 108	$ 925	$ 879

- General obligation bonds – In April 2016, the City issued General Obligation bonds totaling $58.8 million which includes $1.8 million for premium on debt issuance. The proceeds are to be used for street improvements and will be repaid 100% from the debt service fund.

- Other long-term liabilities – The City's net pension liability increased $5.9 million in 2016 to $12,677.

Economic Factors and Next Year's Budget and Rates

The original 2017 budget was $767.9 million – a 1.1% increase from the original 2016 budget. The operating budget was $642.6 million and the capital Improvement budget was $125.3 million. The operating budget decreased by 0.8% and the capital budget increased by 12.0% from 2016.

Development of the budget begins with a review of the economy. All labor figures have recovered from losses sustained in the previous recession, and are stable at historic highs. The area labor force gained 15,100 new jobs in 2016 and resulted in an increase of 3.3% over the previous year. Wage and salary employment reported its sixth consecutive year of growth, increasing 0.4% over 2015, and ended the fiscal year at a seasonally adjusted total of 443,600. The greatest relative growth was sustained in the service sector, which increased 2.5% over the previous fiscal year, and at a median annual rate of 1.2% over the previous ten years. The larger Total Employment survey reported an increase of 3.1% over the previous year to total a seasonally adjusted 454,300 in 2015. As Total Employment grew at a slower rate than the labor force, the metro unemployment rate grew in 2015 to a seasonally adjusted 4.6%, an increase of 0.2 points from 2014 (4.4%). After five years of growth, retail sales in the Tulsa Metropolitan Statistical Area remained essentially flat in calendar year 2014, and then fell by 2.7% in calendar year 2015. However, Tulsa's share of the metro retail trade grew 0.6% in calendar year 2016. The Oklahoma State University Center for Applied Economic Research forecasts retail sales to increase at an annualized rate of 3.6%, employment to increase 1.3%, and per capita personal income to increase 4.9% over the next 4 years.

Economic Factors and Next Year's Budget and Rates, continued

Gross Metro Product (GMP) was 0.6% over the previous year; but is forecast to resume annualized growth of 2.8% through calendar year 2020. Barge freight reported lower traffic in 2016. Traffic totals dropped significantly in calendar year 2016, but are rebounding due to the completion of a major dock renovation which restricted traffic during construction. The local economy is expected to continue to improve based on the conservative growth forecast in both employment and GMP.

The 2017 budget reflects increases for water and sewer rates. A water rate increase of 7% and a sewer rate increase of 9%, to address capital needs and debt service in 2017.

Contacting the City's Financial Management

Questions about this report or requests for additional information should be directed to:

City of Tulsa
Office of the Controller
175 East 2nd Street, Suite 575
Tulsa, Oklahoma 74103

BASIC FINANCIAL STATEMENTS

SECTION TWO (CONT'D)

HOGAN ASSESSMENT SYSTEMS HEADQUARTERS

CITY OF TULSA
STATEMENT OF NET POSITION
June 30, 2016
(amounts expressed in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current assets:				
Cash, cash equivalents and investments	$ 526,685	$ 42,505	$ 569,190	$ 166,992
Cash and cash equivalents - restricted	398	11,908	12,306	40,891
Investments	-	-	-	2,788
Investments - restricted	-	-	-	200
Receivables, net	116,335	5,147	121,482	39,772
Prepaid expenses	300	594	894	-
Internal balances	2,413	(2,413)	-	-
Inventories	842	356	1,198	3,911
Other current assets	-	-	-	2,060
Total current assets	646,973	58,097	705,070	256,614
Noncurrent assets:				
Cash and cash equivalents - restricted	32	13,412	13,444	103,539
Receivables, net	-	10,839	10,839	17,178
Investments	-	-	-	3,169
Investments - restricted	1,078	1,578	2,656	28,988
Advances to primary government	-	-	-	139
Advances to component units	4,778	-	4,778	-
Land held for resale, net	2,356	-	2,356	661
Other assets	14,090	1	14,091	415
Equity interest in joint ventures	11,162	-	11,162	17,944
Nondepreciable capital assets	707,451	106,238	813,689	299,780
Capital assets, net	893,712	477,870	1,371,582	1,391,522
Total noncurrent assets	1,634,659	609,938	2,244,597	1,863,335
Total assets	2,281,632	668,035	2,949,667	2,119,949
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	48,166	5,311	53,477	31,915
Deferred charge on refunding	1,206	-	1,206	8,997
Total deferred inflows of resources	49,372	5,311	54,683	40,912
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	34,624	5,051	39,675	28,700
Unearned revenue	-	10,787	10,787	876
Advances from primary government	-	-	-	1,372
Current portion of long-term liabilities	85,266	3,764	89,030	45,856
Refundable deposits payable from restricted assets	-	-	-	10,732
Total current liabilities	119,890	19,602	139,492	87,536
Noncurrent liabilities:				
Advances from primary government	-	-	-	3,406
Advances from component units	139	-	139	-
Unearned revenue	725	1,134	1,859	-
Deposits subject to refund	-	8	8	562
Long-term liabilities	729,822	106,589	836,411	689,229
Total noncurrent liabilities	730,686	107,731	838,417	693,197
Total liabilities	850,576	127,333	977,909	780,733
DEFERRED INFLOWS OF RESOURCES				
Property tax revenue	69,427	-	69,427	4,688
Pension related items	46,434	2,023	48,457	13,818
Gain on refunding	-	-	-	116
Total deferred inflows of resources	115,861	2,023	117,884	18,622
NET POSITION				
Net investment in capital assets	1,288,414	504,926	1,793,340	1,178,437
Restricted for:				
Economic stabilization reserve	2,000	-	2,000	-
Debt service	43,629	736	44,365	16,437
Capital projects	218,526	9,907	228,433	16,667
Federal and state grants	6,366	-	6,366	-
Economic development	2,361	-	2,361	-
Other purposes	760	1,089	1,849	23,461
Unrestricted	(197,489)	27,332	(170,157)	126,504
Total net position	$ 1,364,567	$ 543,990	$ 1,908,557	$ 1,361,506

The notes to the financial statements are an integral part of this statement.

CITY OF TULSA
STATEMENT OF ACTIVITIES
Year ended June 30, 2016
(amounts expressed in thousands)

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
					Primary Government			
Functions/Programs	Expenses	Charges for Services and Fines	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
Primary government:								
Governmental activities:								
General government	$ 64,141	$ 25,493	$ -	$ -	$ (38,648)	$ -	$ (38,648)	$ -
Public safety and protection	200,726	24,359	23,501	-	(152,866)	-	(152,866)	-
Public works and transportation	75,400	11,250	-	6,308	(57,842)	-	(57,842)	-
Culture and recreation	24,124	4,814	-	-	(19,310)	-	(19,310)	-
Social and economic development	38,629	1,913	5,985	-	(30,731)	-	(30,731)	-
Interest on long-term debt	11,864	-	-	-	(11,864)	-	(11,864)	-
Total governmental activities	414,884	67,829	29,486	6,308	(311,261)	-	(311,261)	-
Business-type activities:								
Stormwater	30,084	27,674	-	4,689	-	2,279	2,279	-
One Technology Center	9,982	8,986	-	-	-	(996)	(996)	-
Arena & Convention	24,910	15,633	-	-	-	(9,277)	(9,277)	-
Tulsa Stadium Trust	3,330	281	-	-	-	(3,049)	(3,049)	-
Golf Courses	3,288	2,828	-	-	-	(460)	(460)	-
Total business-type activities	71,594	55,402	-	4,689	-	(11,503)	(11,503)	-
Total primary government	$ 486,478	$ 123,231	$ 29,486	$ 10,997	(311,261)	(11,503)	(322,764)	-
Component units:								
Clean water and waste water systems	172,933	211,307	-	16,217	-	-	-	54,591
Refuse collection and disposal	24,751	26,599	-	-	-	-	-	1,848
Airport services	46,345	32,305	8,622	4,096	-	-	-	(1,322)
Other component units	32,185	13,642	6,995	3,660	-	-	-	(7,888)
Component Units	$ 276,214	$ 283,853	$ 15,617	$ 23,973				47,229
General revenues:								
Taxes:								
Sales tax					234,912	-	234,912	492
Property tax					73,450	-	73,450	4,037
Franchise tax					22,620	-	22,620	-
Use tax					23,640	-	23,640	-
Hotel/Motel tax					7,483	-	7,483	-
Intergovernmental revenue, unrestricted					6,814	-	6,814	-
Funding from primary government					-	-	-	7,183
Payments in lieu of taxes					14,631	-	14,631	-
Unrestricted investment earnings					7,910	1,055	8,965	2,860
Miscellaneous					4,430	-	4,430	220
Gain on disposal of capital assets					319	54	373	79
Transfers					(5,479)	5,479	-	-
Total general revenues and transfers					390,730	6,588	397,318	14,871
Change in Net position					79,469	(4,915)	74,554	62,100
Net position--beginning of year					1,285,098	548,905	1,834,003	1,299,406
Net position--end of year					$ 1,364,567	$ 543,990	$ 1,908,557	$ 1,361,506

The notes to the financial statements are an integral part of this statement.

CITY OF TULSA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016
(amounts expressed in thousands)

	General	Debt Service	Bond	Sales Tax	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 43,714	$ 65,114	$ 173,474	$ 210,144	$ 18,798	$ 511,244
Receivables, net	29,184	70,036	-	11,845	4,216	115,281
Due from other funds	164	-	-	-	-	164
Land held for resale	44	-	-	-	-	44
Advances to other funds	241	-	-	-	-	241
Advances to component units	326	-	-	-	-	326
Total assets	$ 73,673	$ 135,150	$ 173,474	$ 221,989	$ 23,014	$ 627,300
Liabilities						
Accounts payable and accrued liabilities	11,325	-	6,714	10,554	1,246	29,839
Unearned revenue	175	-	-	-	550	725
Due to other funds	-	-	-	-	164	164
Advances from other funds	-	-	-	-	95	95
Advances from component units	127	-	12	-	-	139
Total liabilities	11,627	-	6,726	10,554	2,055	30,962
Deferred inflows of resources						
Unavailable revenue - property taxes	-	69,427	-	-	-	69,427
Unavailable revenue - special assessments	-	-	-	-	72	72
Unavailable revenue - intergovernmental	-	-	-	-	1,616	1,616
Total unavailable revenue	-	69,427	-	-	1,688	71,115
Fund balances						
Nonspendable	611	-	-	-	-	611
Restricted	2,000	65,723	166,748	211,435	14,890	460,796
Committed	-	-	-	-	4,691	4,691
Assigned	5,183	-	-	-	-	5,183
Unassigned	54,252	-	-	-	(310)	53,942
Total fund balances	62,046	65,723	166,748	211,435	19,271	525,223
Total liabilities, deferred inflows and fund balances	$ 73,673	$ 135,150	$ 173,474	$ 221,989	$ 23,014	$ 627,300

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	1,591,319
Internal service funds are used by management to charge costs of equipment management, employee insurance and office services.	
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	9,908
Assets, liabilities and deferred outflows and inflows included in governmental activities statement of net position but not in governmental funds:	
Internal balances due to elimination of internal service funds	2,413
Land held for resale	2,356
Facility use lease asset	14,090
Deferred pension outflows	46,246
Investment in joint venture is not reported in the funds	11,162
Deferred charge on debt refunding	1,206
Accrued interest payable	(3,807)
Deferred pension inflows	(45,528)
Unavailable revenue - intergovernmental	1,616
Unavailable revenue - special assessments	72
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds	
The detail of the individual long-term liabilities is as follows:	
General obligation debt	(465,376)
Unamortized bond premium	(15,327)
Compensated absences	(29,186)
Other post employment benefits liability	(7,597)
Net pension liability	(254,567)
Judgments	(18,287)
Payable to other governments	(1,369)
Governmental activities net position	$ 1,364,567

The notes to the financial statements are an integral part of this statement.

CITY OF TULSA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended June 30, 2016
(amounts expressed in thousands)

	General	Debt Service	Bond	Sales Tax	Other Governmental Funds	Total Governmental Funds
Revenues						
Sales tax	$ 151,577	$ -	$ -	$ 83,335	$ -	$ 234,912
Property tax	-	73,450	-	-	-	73,450
Franchise tax	22,040	-	-	-	580	22,620
Use tax	23,640	-	-	-	-	23,640
Hotel/motel tax	150	-	-	-	7,333	7,483
Special assessment tax	-	-	-	-	3,525	3,525
Charges for services	17,866	-	-	-	10,542	28,408
Intergovernmental revenues	29,686	-	-	-	10,073	39,759
Fines and forfeitures	7,878	-	-	-	199	8,077
Investment income	4,905	-	-	2,954	115	7,974
Licenses, permits and fees	8,397	-	-	-	-	8,397
Program income from grants	-	-	-	-	1,337	1,337
Payments in lieu of taxes	14,383	-	-	-	-	14,383
Miscellaneous	2,827	-	1,225	229	132	4,413
Total revenues	283,349	73,450	1,225	86,518	33,836	478,378
Expenditures						
Current:						
General government	37,028	-	-	-	77	37,105
Public safety and protection	192,815	-	-	-	9,979	202,794
Public works and transportation	20,911	-	113	-	14	21,038
Culture and recreation	20,169	-	-	-	621	20,790
Social and economic development	11,850	-	-	5,000	13,745	30,595
Capital and operating funding to component units	7,238	-	-	8,362	-	15,600
Capital outlay	-	-	58,653	59,639	4,078	122,370
Debt service	-	68,950	-	-	-	68,950
Total expenditures	290,011	68,950	58,766	73,001	28,514	519,242
Excess (deficiency) of revenues over expenditures	(6,662)	4,500	(57,541)	13,517	5,322	(40,864)
Other financing sources (uses)						
Transfers in	2,303	163	-	-	2,655	5,121
Transfers out	(305)	-	(502)	(4,935)	(5,420)	(11,162)
Proceeds from sale of capital assets	1,222	-	-	-	-	1,222
Bond issuance	-	-	57,000	-	-	57,000
Refunding bonds issued	-	23,133	-	-	-	23,133
Premium on bonds issued	-	3,858	-	-	-	3,858
Payment to refunded bond escrow agent	-	(23,133)	-	-	-	(23,133)
Total other financing sources (uses)	3,220	4,021	56,498	(4,935)	(2,765)	56,039
Net change in fund balances	(3,442)	8,521	(1,043)	8,582	2,557	15,175
Fund balances, beginning of year	65,488	57,202	167,791	202,853	16,714	510,048
Fund balances, end of year	$ 62,046	$ 65,723	$ 166,748	$ 211,435	$ 19,271	$ 525,223

The notes to the financial statements are an integral part of this statement.

CITY OF TULSA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended June 30, 2016
(amounts expressed in thousands)

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	15,175
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlays		114,177
Capital contributions		4,219
Depreciation expense		(52,166)
		66,230
The effect of miscellaneous transactions involving capital assets:		
Gain on disposal of capital assets		714
Proceeds from sale of capital assets		(903)
		(189)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources:		
Bond issuance		(57,000)
Premium on bond issuance		(2,032)
Refunding bonds issued		(23,133)
Deferred loss on debt refunding		452
Premium on refunding bonds issued		(1,826)
Payment to bond escrow		22,601
Payment of bond principal		45,006
		(15,932)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Accrued interest expense		(92)
Amortization of premium on bond issuance		3,974
Amortization of deferred gain on debt refunding		(200)
Increase in other post employment benefit expense		238
Decrease in compensated absences expense		(348)
Decrease in liability to other governments		343
Increase in tort claims and judgments expense		(7,158)
Amortization of facility use lease		(368)
		(3,611)
Net pension liability is not due and payable in the current period, and accordingly is not reported as a fund liability. Deferred outflows (inflows) of resouces related to pensions are not financial resources, and therefore, are not reported in the governmental funds.		
Net pension liability		(39,563)
Deferred outflows of resources related to pensions		46,270
Deferred inflows of resources related to pensions		12,178
		18,885
Some revenues reported in the statement of activities do not provide current financial resources in governmental funds:		
Loss from investment in joint venture		(239)
		(239)
Some revenues which are unavailable in the governmental funds represent accrual based revenue in the entity-wide statements:		
Intergovernmental revenue		820
Special assessment revenue		(2)
		818
The net revenue of internal service funds is reported within governmental activities:		
Change in net position of internal service funds		(1,921)
Internal balances resulting from the elimination of internal service fund revenues		253
		(1,668)
Change in net position - statement of activities	$	79,469

The notes to the financial statements are an integral part of this statement.

CITY OF TULSA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016
(amounts expressed in thousands)

	Business-type Activities Enterprise Funds						Governmental Activities - Internal Service Funds
	Stormwater Management	One Technology Center	Arena & Convention Center	Tulsa Stadium Trust	Nonmajor - Golf Courses	Total	
ASSETS							
Current assets:							
Cash and cash equivalents	$ 15,255	$ 4,956	$ 16,127	$ 5,627	$ 540	$ 42,505	$ 15,441
Cash and cash equivalents, restricted	-	1,149	8,210	2,549	-	11,908	398
Receivables, net	3,091	1,106	949	-	1	5,147	1,054
Advances to component units	-	-	-	-	-	-	1,372
Prepaid expenses	-	-	572	-	22	594	300
Inventories, net	-	-	300	-	56	356	798
	18,346	7,211	26,158	8,176	619	60,510	19,363
Noncurrent assets:							
Cash and cash equivalents, restricted	8,385	3,388	36	1,603	-	13,412	32
Investments - restricted	-	-	1,578	-	-	1,578	1,078
Receivables, net	23	10,816	-	-	-	10,839	-
Advances to component units	-	-	-	-	-	-	3,080
Other	-	-	-	1	-	1	-
Nondepreciable capital assets	87,901	3,182	9,509	2,841	2,805	106,238	4,791
Depreciable capital assets, net	228,510	35,700	174,877	33,914	4,869	477,870	5,053
	324,819	53,086	186,000	38,359	7,674	609,938	14,034
Total assets	343,165	60,297	212,158	46,535	8,293	670,448	33,397
DEFERRED OUTFLOWS OF RESOURCES							
Pension related items	4,921	390	-	-	-	5,311	1,920
Total deferred outflow of resources	4,921	390	-	-	-	5,311	1,920
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	1,165	901	2,679	83	223	5,051	978
Unearned revenue	-	134	10,653	-	-	10,787	-
Workers compensation claims	-	-	-	-	-	-	6,399
Current portion of long-term liabilities	480	1,509	1,190	585	-	3,764	1,646
	1,645	2,544	14,522	668	223	19,602	9,023
Noncurrent liabilities:							
Unearned revenue	-	-	1,134	-	-	1,134	-
Workers compensation claims	-	-	-	-	-	-	4,419
Advances from other funds	-	-	-	-	-	-	146
Deposits subject to refund	-	8	-	-	-	8	-
Long-term liabilities	13,007	63,502	8,470	21,610	-	106,589	10,915
	13,007	63,510	9,604	21,610	-	107,731	15,480
Total liabilities	14,652	66,054	24,126	22,278	223	127,333	24,503
DEFERRED INFLOW OF RESOURCES							
Pension related items	1,862	161	-	-	-	2,023	906
Total deferred outflow of resources	1,862	161	-	-	-	2,023	906
NET POSITION (DEFICIT)							
Net investment in capital assets	316,411	(11,663)	176,341	16,163	7,674	504,926	9,844
Restricted for:							
Debt service	-	736	-	-	-	736	-
Capital projects	8,408	1,499	-	-	-	9,907	-
Other purposes	-	-	-	1,089	-	1,089	-
Unrestricted	6,753	3,900	11,691	7,005	396	29,745	64
Total net position (deficit)	$ 331,572	$ (5,528)	$ 188,032	$ 24,257	$ 8,070	546,403	$ 9,908
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(2,413)	
Net position of business-type activities						$ 543,990	

The notes to the financial statements are an integral part of this statement.

CITY OF TULSA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year ended June 30, 2016
(amounts expressed in thousands)

	Business-type Activities Enterprise Funds						Governmental Activities - Internal Service Funds
	Stormwater Management	One Technology Center	Arena & Convention Center	Tulsa Stadium Trust	Nonmajor - Golf Courses	Total	
Operating revenues							
Charges for services	$ 26,986	$ 8,986	$ 15,633	$ 183	$ 2,824	$ 54,612	$ 14,245
Insurance premiums	-	-	-	-	-	-	23,640
Workers compensation premiums	-	-	-	-	-	-	5,773
Other	688	-	-	98	4	790	153
	27,674	8,986	15,633	281	2,828	55,402	43,811
Operating expenses							
Salaries and wages	9,642	846	-	-	-	10,488	4,541
Materials and supplies	1,008	152	-	-	216	1,376	6,794
Other services and charges	9,694	4,410	13,404	329	2,763	30,600	3,261
Workers compensation claims	-	-	-	-	-	-	7,583
Insurance claims and premiums	-	-	-	-	-	-	23,898
Depreciation and amortization	9,493	1,224	10,870	1,969	309	23,865	409
	29,837	6,632	24,274	2,298	3,288	66,329	46,486
Operating income (loss)	(2,163)	2,354	(8,641)	(2,017)	(460)	(10,927)	(2,675)
Nonoperating revenues (expenses)							
Investment income	328	658	57	8	4	1,055	175
Interest expense	-	(3,344)	(636)	(1,029)	-	(5,009)	-
Gain on disposal of capital assets	54	(3)	-	-	3	54	17
Other, net	-	-	-	(3)	-	(3)	-
	382	(2,689)	(579)	(1,024)	7	(3,903)	192
Income (loss) before capital contributions and transfers	(1,781)	(335)	(9,220)	(3,041)	(453)	(14,830)	(2,483)
Capital contributions	4,689	-	-	-	-	4,689	-
Transfers in	2,051	17	2,562	2,215	287	7,132	562
Transfers out	(1,653)	-	-	-	-	(1,653)	-
	5,087	17	2,562	2,215	287	10,168	562
Change in net position	3,306	(318)	(6,658)	(826)	(166)	(4,662)	(1,921)
Net position (deficit) - beginning of year	328,266	(5,210)	194,690	25,083	8,236		11,829
Net position (deficit) - end of year	$ 331,572	$ (5,528)	$ 188,032	$ 24,257	$ 8,070		$ 9,908
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(253)	
Change in net position of business-type activities						$ (4,915)	

The notes to the financial statements are an integral part of this statement.

CITY OF TULSA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2016
(amounts expressed in thousands)

	Business-type Activities Enterprise Funds						Governmental Activities - Internal Service Funds
	Stormwater Management	One Technology Center	Arena & Convention Center	Tulsa Stadium Trust	Nonmajor - Golf Courses	Total	
Cash flows from operating activities:							
Receipts from customers	$ 27,277	$ 9,000	$ 20,811	$ 282	$ 2,829	$ 60,199	$ 45,543
Payments to suppliers	(10,731)	(4,842)	(13,306)	(581)	(2,961)	(32,421)	(42,481)
Payments to employees	(9,248)	(789)	-	-	-	(10,037)	(4,520)
Net cash provided (used) by operating activities	7,298	3,369	7,505	(299)	(132)	17,741	(1,458)
Cash flows from noncapital financing activities:							
Transfers from other funds	-	-	2,540	-	150	2,690	-
Transfers to other funds	(1,653)	-	-	-	-	(1,653)	-
Net cash provided (used) by financing activities	(1,653)	-	2,540	-	150	1,037	-
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	(6,279)	(273)	(542)	(192)	(119)	(7,405)	(501)
Principal paid on debt	-	(1,400)	(1,095)	(570)	-	(3,065)	-
Interest paid on debt	-	(3,339)	(652)	(1,035)	-	(5,026)	-
Proceeds from sale of capital assets	69	-	-	-	3	72	17
Proceeds from financing activities	-	1,200	-	-	-	1,200	-
Transfers from other funds	2,051	17	22	2,215	137	4,442	562
Net cash provided (used) by capital and related financing activities	(4,159)	(3,795)	(2,267)	418	21	(9,782)	78
Cash flows from investing activities:							
Interest received	302	43	52	8	4	409	165
Proceeds from sale or maturities of investments	-	742	-	-	-	742	-
Net cash provided by investing activities	302	785	52	8	4	1,151	165
Net increase (decrease) in cash and cash equivalents	1,788	359	7,830	127	43	10,147	(1,215)
Cash and cash equivalents, beginning	21,852	9,134	16,543	9,652	497	57,678	17,086
Cash and cash equivalents, end of year	$ 23,640	$ 9,493	$ 24,373	$ 9,779	$ 540	$ 67,825	$ 15,871
Reconciliation of cash and cash equivalents to the Statement of Net Position:							
Cash and cash equivalents	15,255	4,956	16,127	5,627	540	42,505	15,441
Cash and cash equivalents - restricted	8,385	4,537	8,246	4,152	-	25,320	430
Total cash and cash equivalents	$ 23,640	$ 9,493	$ 24,373	$ 9,779	$ 540	$ 67,825	$ 15,871
Reconciliation of operating income (loss) to net cash provided (used) by operating activities							
Operating income (loss)	(2,163)	2,354	(8,641)	(2,017)	(460)	(10,927)	(2,675)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation and amortization	9,493	1,224	10,870	1,969	309	23,865	409
(Increase) decrease in accounts receivable and other assets	(379)	12	(172)	-	(9)	(548)	1,430
(Increase) decrease in deferred outflows of resources	(4,071)	(354)	-	-	-	(4,425)	(1,413)
Increase (decrease) in accounts payable and other liabilities	5,347	205	5,448	(251)	28	10,777	1,719
Increase (decrease) in deferred inflows of resources	(929)	(72)	-	-	-	(1,001)	(928)
Net cash provided (used) by operating activities	$ 7,298	$ 3,369	$ 7,505	$ (299)	$ (132)	$ 17,741	$ (1,458)
NON-CASH TRANSACTIONS:							
Capital contributions	$ 4,689	$ -	$ -	$ -	$ -	$ 4,689	$ -
Appreciation (decrease) of fair value of investments	$ -	$ 25	$ 4	$ -	$ -	$ 29	$ 45

The notes to the financial statements are an integral part of this statement.

CITY OF TULSA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2016
(amounts expressed in thousands)

	Municipal Employees Retirement Plan	Agency Funds
ASSETS		
Cash and cash equivalents	$ 5,854	$ 5,577
Contributions receivable	1,160	-
Investment income receivable	326	-
Investments:		
US Government obligations	40,989	-
Corporate bonds	17,424	-
Municipal bonds	97	-
Preferred stock	581	-
Common stock	23,369	-
Foreign obligations	3,126	-
Mutual funds	302,961	-
Timber	17,526	-
Total assets	413,413	5,577
LIABILITIES		
Accounts payable and accrued liabilities	508	2,604
Deposits payable	-	2,973
Total liabilities	508	$ 5,577
NET POSITION RESTRICTED FOR PENSIONS	$ 412,905	

The notes to the financial statements are an integral part of this statement.

CITY OF TULSA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year ended June 30, 2016
(amounts expressed in thousands)

	Municipal Employees Retirement Plan
ADDITIONS	
Contributions:	
Employer	$ 14,016
Plan members	7,533
	21,549
Investment Income:	
Net appreciation in fair value of investments	3,606
Interest	1,814
Dividends	1,329
	6,749
Less: investment expense	(1,227)
Net investment income	5,522
Total additions	27,071
DEDUCTIONS	
Benefits	35,147
Refunds of contributions	1,179
Administrative expense	374
Total deductions	36,700
Net decrease in fiduciary net position	(9,629)
NET POSITION RESTRICTED FOR PENSIONS	
Beginning of year	422,534
End of year	$ 412,905

The notes to the financial statements are an integral part of this statement.

CITY OF TULSA
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2016
(amounts expressed in thousands)

	Tulsa Metropolitan Utility Authority	Tulsa Authority for Recovery of Energy	Tulsa Airports	Other Component Units	Total Component Units
ASSETS					
Current assets:					
Cash and cash equivalents	$ 121,240	$ 16,419	$ 14,783	$ 14,550	$ 166,992
Cash and cash equivalents - restricted	25,100	-	2,016	13,775	40,891
Investments	-	-	-	2,788	2,788
Investments - restricted	-	-	200	-	200
Receivables, net	32,077	3,209	2,028	2,458	39,772
Inventories	1,770	-	1,480	661	3,911
Other current assets	-	-	415	1,645	2,060
	180,187	19,628	20,922	35,877	256,614
Noncurrent assets:					
Cash and cash equivalents - restricted	85,530	-	14,141	3,868	103,539
Investments	-	-	2,355	814	3,169
Investments - restricted	10,409	-	18,579	-	28,988
Advances to primary government	12	-	127	-	139
Receivables, net	12	-	687	16,479	17,178
Land held for resale, net	-	-	-	661	661
Equity interest in joint ventures	17,944	-	-	-	17,944
Other noncurrent assets	-	-	415	-	415
Nondepreciable capital assets	99,282	-	188,951	11,547	299,780
Depreciable capital assets, net	1,121,722	10,647	211,007	48,146	1,391,522
	1,334,911	10,647	436,262	81,515	1,863,335
Total assets	1,515,098	30,275	457,184	117,392	2,119,949
DEFERRED OUTFLOW OF RESOURCES					
Deferred charge on refunding	2,212	-	6,309	476	8,997
Pension related amounts	20,795	1,811	4,848	4,461	31,915
Total deferred outflow of resources	23,007	1,811	11,157	4,937	40,912
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	19,393	1,446	5,922	1,939	28,700
Unearned revenue	-	-	477	399	876
Current portion of long-term liabilities	35,689	188	8,100	1,879	45,856
Advances from primary government	-	1,372	-	-	1,372
Deposits subject to refund - restricted	10,692	-	40	-	10,732
	65,774	3,006	14,539	4,217	87,536
Noncurrent liabilities:					
Advances from primary government	-	3,080	-	326	3,406
Deposits subject to refund	-	-	-	562	562
Long-term liabilities, net	479,643	5,697	179,900	23,989	689,229
	479,643	8,777	179,900	24,877	693,197
Total liabilities	545,417	11,783	194,439	29,094	780,733
DEFERRED INFLOW OF RESOURCES					
Property tax revenue	3,535	-	-	1,153	4,688
Pension related amounts	9,881	831	2,049	1,057	13,818
Deferred gain on refunding	116	-	-	-	116
Total deferred inflow of resources	13,532	831	2,049	2,210	18,622
NET POSITION					
Net investment in capital assets	867,665	6,195	254,788	49,789	1,178,437
Restricted for:					
Debt service	13,494	-	667	2,276	16,437
Capital projects	-	-	2,513	14,154	16,667
Other purposes	-	-	6,104	17,357	23,461
Unrestricted	97,997	13,277	7,781	7,449	126,504
Total net position	$ 979,156	$ 19,472	$ 271,853	$ 91,025	$ 1,361,506

The notes to the financial statements are an integral part of this statement.

CITY OF TULSA
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
Year ended June 30, 2016
(amounts expressed in thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Tulsa Metropolitan Utility Authority	Tulsa Authority for Recovery of Energy	Tulsa Airports	Other	Total
Clean water and waste water systems	$ 172,933	$ 211,307	$ -	$ 16,217	$ 54,591	$ -	$ -	$ -	$ 54,591
Refuse collection and disposal	24,751	26,599	-	-	-	1,848	-	-	1,848
Airport services	46,345	32,305	8,622	4,096	-	-	(1,322)	-	(1,322)
Other	32,185	13,642	6,995	3,660	-	-	-	(7,888)	(7,888)
	$ 276,214	$ 283,853	$ 15,617	$ 23,973	54,591	1,848	(1,322)	(7,888)	47,229
General revenues:									
Taxes:									
Sales taxes					-	-	-	492	492
Property taxes					2,729	-	-	1,308	4,037
Funding from primary government					-	-	-	7,183	7,183
Investment earnings					1,750	214	506	390	2,860
Miscellaneous					-	-	-	220	220
Gain on disposal of capital assets					79	-	-	-	79
Total general revenues					4,558	214	506	9,593	14,871
Change in net position					59,149	2,062	(816)	1,705	62,100
Net position, beginning of year					920,007	17,410	272,669	89,320	1,299,406
Net position, end of year					$ 979,156	$ 19,472	$ 271,853	$ 91,025	$ 1,361,506

The notes to the financial statements are an integral part of this statement.

Note 1. Summary of Significant Accounting Policies

The City of Tulsa, Oklahoma (the "City"), is an Oklahoma municipal corporation governed by an elected mayor and nine-member council.

The financial statements of the City are prepared in accordance with Generally Accepted Accounting Principles in the United States of America ("U.S. GAAP") as promulgated by the Governmental Accounting Standards Board ("GASB"), the standard-setting body for governmental accounting and financial reporting.

Governmental accounting standards require reasonable separation between the primary government (including its blended component units) and its discretely presented component units, both in the financial statements and in the related notes and required supplementary information.

Because the discretely presented component units, although legally separate, have been and are operated as if each is part of the primary government, there are limited instances where special note reference or separation will be required. If no separate note reference or categorization is made, the user should assume that information presented is equally applicable.

New Pronouncements - The City implemented the following GASB Statement effective for the year ended June 30, 2016:

GASB Statement No. 72 – *Fair Value Measurement and Application* This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

A. REPORTING ENTITY

The accompanying financial statements present the government and its component units, entities for which the City is considered to be financially accountable. A blended component unit, although a legally separate entity, is, in substance, part of the City's operations and so data from the blended component unit is combined with data of the City, the primary government. An entity is reported as a blended component unit when it meets one of the following criteria as defined by GASB: Substantively the same governing body and a financial benefit or burden; substantively the same governing body and operational responsibility; Almost exclusive service or benefit to the primary government; Total debt of the component unit repayable almost entirely from resources of primary government. When none of these criteria are met, the entity is presented as a discretely presented component unit. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the City.

1. Blended Component Units

The Tulsa Public Facilities Authority ("TPFA") - Trustees of TPFA are appointed by the Mayor and approved by the City Council. Although it is legally separate from the City, TPFA is reported as if it were part of the primary government because its primary purposes are to issue revenue bonds to finance major capital improvements and manage certain properties on behalf of the City. Financing activities of this fund are included as an internal service fund and enterprise activities are included as enterprise funds.

Tulsa Stadium Trust ("TST") – A public trust created to acquire, construct, own, operate and maintain a baseball stadium in downtown Tulsa and related amenities and facilities, and to incur indebtedness. Debt issuance requires the approval of two-thirds of the Tulsa City Council. The City is the sole beneficiary of the TST. The Mayor of the City is ex-officio trustee and eight additional trustees are appointed by the Mayor and approved by the City Council. The City is obligated for the debt of TST through the collection of special assessments. The activity of TST is reported as a major enterprise fund.

2. Discretely Presented Component Units

Major discretely presented component units:

Tulsa Metropolitan Utility Authority ("TMUA") - A public trust created to provide for a clean water utility system and a wastewater utility system. Trustees are appointed by the Mayor and confirmed by the City Council. The City is the sole beneficiary of the trust and will receive all trust properties and resulting revenues upon retirement of all trust indebtedness. The City provides staffing for the operations of TMUA and acts as a collection agent by collecting TMUA's utility revenues as a part of the City's utility billing system.

Note 1. Summary of Significant Accounting Policies, continued

Tulsa Authority for Recovery of Energy ("TARE") - A public trust created to provide a system of collection, transportation and disposal of solid waste. Trustees are appointed by the Mayor and confirmed by the City Council. The City provides staffing for the operations of TARE and acts as a collection agent by collecting TARE utility revenues as a part of the City's utility billing system.

Tulsa Airports - Tulsa Airports Improvement Trust ("TAIT") was created to operate, maintain and finance capital improvements at the City's two airports, Tulsa International and Richard L. Jones, Jr. Airports, and to finance capital improvements. Trustees are appointed by the Mayor and confirmed by the City Council. The City is the sole beneficiary of the trust.

Other discretely presented component units:

Tulsa Development Authority ("TDA") - A public authority created to finance urban renewal, rehabilitation and redevelopment. Commissioners of TDA are appointed by the Mayor and confirmed by the City Council. The City approves urban renewal plans.

Metropolitan Tulsa Transit Authority ("MTTA") - A public trust created to provide public transportation systems and facilities. The Mayor appoints trustees of MTTA. The City is the sole beneficiary and finances a significant portion of the annual operations. MTTA cannot incur indebtedness in excess of $100 within a year without the City's approval.

Tulsa Industrial Authority ("TIA") - A public trust created to provide for the issuance of industrial development bonds upon approval by the City Council, and to lend the proceeds of such issuance to third party organizations. The bonds do not constitute debt of the City and are collateralized solely by the revenues of the borrowing organizations upon whose behalf the bonds are issued. The Mayor is an ex-officio trustee and seven additional trustees are appointed by the Mayor and confirmed by the City Council.

Tulsa Parking Authority ("TPA") - A public trust created by the City to construct and manage various parking facilities within the City. Trustees of TPA consist of the Mayor and four trustees who are appointed by the Mayor and confirmed by the City Council. The City provides certain resources to TPA. The City is the sole beneficiary of TPA and will receive the remaining assets of TPA upon termination.

Tulsa Performing Arts Center Trust ("TPACT") - A public trust created to assist the City in operating the Tulsa Performing Arts Center and to sponsor events promoting the use of the Tulsa Performing Arts Center. Trustees are appointed by the Mayor and confirmed by the City Council. The City is the sole beneficiary of the Trust.

Separate financial statements for the individual component units are available upon request to the Office of the Controller, 175 East 2nd Street, Suite 575, Tulsa, OK 74103.

B. JOINT VENTURES AND RELATED ORGANIZATIONS

1. Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to their joint control and in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility.

The City participates in the following joint ventures:

Emergency Medical Services Authority ("EMSA") - EMSA is a public trust created to provide emergency medical care and transportation and is governed by a ten-member board composed of five appointees from the City and five from other Oklahoma cities and towns. In accordance with the joint venture agreement, Tulsa and Oklahoma City are entitled to their respective share of annual operating income or loss. The City's equity interest in EMSA is $11,162. Complete financial statements for EMSA can be obtained from EMSA's Chief Financial Officer, 1417 North Lansing, Tulsa, Oklahoma 74106.

River Parks Authority ("RPA") – The City is a participant with Tulsa County ("County") in a joint venture to operate and maintain a park along the Arkansas River. RPA, a public trust, was created for that purpose. The City and the County contribute to the annual operating budget of RPA. The Board of Trustees comprises seven members, three appointed by the City, three appointed by the County, and one by the Tulsa Metropolitan Area Planning Commission. The City and the County have no equity interest in the joint venture; therefore, no equity interest is reflected in the City's financial Statements. Complete financial statements for RPA can be obtained from the Executive Director, 2424 E. 21st St., Suite 300, Tulsa Oklahoma 74114.

Regional Metropolitan Utility Authority ("RMUA") – The City is a participant with the Cities of Broken Arrow, Jenks, Bixby, and Owasso, Oklahoma, to operate a sewage treatment facility. Only the City and the City of Broken

Note 1. Summary of Significant Accounting Policies, continued

Arrow, Oklahoma currently hold an equity interest in RMUA. The City contributes approximately one-half of the Authority's annual operating and capital budget, and operates a facility for RMUA and leases the facility site to the Authority. The City appoints two of the ten trustees. The remaining trustees are appointed two each by the four other participating cities. RMUA's treatment plant provides services to the City of Tulsa and the City of Broken Arrow at approximately equal amounts. Upon termination of the trust, the net position will be distributed to the beneficiaries based upon their pro rata interest. The City's equity interest of $17,944 is reported in TMUA's statement of net position. Complete financial statements for RMUA can be obtained from the Office of the Controller, 175 East 2nd Street, Suite 575, Tulsa, OK 74103.

2. Related Organizations

The City's officials are also responsible for appointing the board members of other organizations; however, the City's accountability for those organizations does not extend beyond the making of appointments.

The following organizations are related organizations that are excluded from the reporting entity:

Tulsa Housing Authority ("THA") - Commissioners of the Authority are appointed by the Mayor, however, the City does not provide funding, has no obligation for the debt issued by THA and cannot impose its will.

City of Tulsa/Rogers County Port Authority ("TRCPA") - The City appoints six of the nine Board members of TRCPA. The City does not provide any funding to TRCPA.

Tulsa City-County Health Department ("TCCHD") - The City appoints five of the nine TCCHD Board members. The City does not provide any funding to the TCCHD.

Tulsa City-County Library ("TCCL") - The Tulsa City-County Library Board is composed of eleven members, of which the City appoints six. The City does not provide any funding to the TCCL.

Tulsa Municipal Airport Trust ("TMAT") - The Mayor is an ex-officio trustee and the additional four trustees are approved by the City Council. The City does not provide any funding to TMAT and has no obligation for the debt issued by TMAT.

3. Jointly Governed Organizations

The following organizations are jointly governed organizations that are excluded from the City's reporting entity. These organizations are not a joint venture because the City does not retain an on-going financial interest or an on-going financial responsibility.

The City, in conjunction with the County and other municipalities, has created the following organizations:

Tulsa County Criminal Justice Authority ("TCCJA") --The TCCJA was created for the purpose of acquiring a site and constructing, furnishing, equipping, operating, maintaining, remodeling and repairing a county jail and other detention facilities owned or operated by the County. TCCJA is administered by a seven person Board of Trustees comprising three Tulsa County Commissioners, the Mayor of the City of Tulsa ("ex-officio trustees"), and the mayors of three additional cities situated in whole or in part within the limits of Tulsa County. The City does not provide any funding to the TCCJA.

Tulsa County Vision 2025 Authority ("TCVA") – The TCVA was created for the purpose of determining the use of County sales tax receipts in excess of capital improvements costs generally known as Vision 2025 projects throughout Tulsa County. TCVA is administered by a seven person Board of Trustees composed of three Tulsa County Commissioners, the Mayor of the City of Tulsa ("ex-officio trustees"), and the Mayors of three additional cities situated in whole or in part within the limits of Tulsa County. The City does not provide any funding to the TCVA.

C. GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

Government-wide financial statements and fund financial statements categorize activities as either governmental activities or business-type activities. In the government-wide statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reflects both the gross and net cost per functional category (public safety, public works, etc.), which are otherwise being supported by general government revenues (property taxes, sales and use taxes, certain intergovernmental revenues, etc.). The statement of activities reports gross expenses and related program revenues and operating and capital grants.

Note 1. Summary of Significant Accounting Policies, *continued*

The program revenues must be directly associated with the function or a business-type activity. Program revenues include revenues from fines and forfeitures, licenses and permits fees, special assessment taxes, and charges for services. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenues (sales taxes, franchise taxes, property taxes, intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Non-current assets and liabilities are reported in the governmental activities column in the government-wide statement of net position and are not reflected in the governmental funds balance sheet.

In the fund financial statements the emphasis is on the major funds in either the governmental or business-type categories. Nonmajor funds (by category) or fund type are summarized into a single column.

The enterprise fund statements will match the business-type activity column presented in the government-wide statements, other than the internal balances from the allocation of a portion of the internal service funds to business-type activities.

The governmental funds financial statements are presented on a current financial resource and modified accrual basis of accounting. This presentation is deemed most appropriate to (a) demonstrate legal and covenant compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the City's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented either on the fund statement or on the page following each statement which briefly explains the adjustments necessary to transform the fund-based financial statements into the governmental column of the government-wide presentation.

Internal service funds of a government (which traditionally provide services primarily to other funds of the government) are presented in the summary form as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental column when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate functional activity (public safety, public works, etc.).

The City's fiduciary funds are presented in the fund financial statements by type (pension and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

D. BASIS OF PRESENTATION

The financial transactions of the City are recorded in individual funds. The various funds are reported by generic classification within the financial statements.

Major governmental and proprietary funds are determined based on relative size. Qualitative factors may provide influence in determining a fund be reported as major that would otherwise be classified as nonmajor. The General Fund is always considered major. Major discretely presented components are determined similarly, but no specific thresholds exist. Nonmajor funds are combined into a single column in the fund financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going activity.

Operating expenses include cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Note 1. Summary of Significant Accounting Policies, continued

1. Governmental Funds – The City reports the following major governmental funds:

General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund accounts for the accumulation of resources for the payment of general long-term debt and judgments. The City levies annually an ad valorem tax restricted for the retirement of general obligation bonds and judgments along with their associated interest.

Bond Fund accounts for capital improvements that are financed by the City's general obligation bond issues, excluding those accounted for in proprietary funds (Capital projects fund).

Sales Tax Fund accounts for those capital improvements that are financed by a one-cent sales tax (Capital projects fund).

2. Proprietary Funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City reports the following proprietary funds:

Enterprise Funds are used to report activities for which a fee is charged to external users for goods and services. In the entity-wide financial statements, these enterprise funds are combined into a single, aggregated presentation as business-type activities. The City reports the following major enterprise funds:

Stormwater Management Fund accounts for a special stormwater utility fee and other revenue dedicated to improving the City's stormwater drainage system.

One Technology Center Fund, a blended TPFA fund, accounts for the operation of the One Technology Center, a 15-story building in downtown Tulsa. The building is occupied by the City of Tulsa and other commercial tenants.

Arena and Convention Centers Fund, a blended TPFA fund, accounts for the operation of the Arena and Convention Center; both are sports and entertainment facilities in downtown Tulsa.

Tulsa Stadium Trust, a blended component unit, created to acquire, construct, own, operate and maintain a baseball stadium in downtown Tulsa and related amenities and facilities, and to incur indebtedness.

Internal Service Funds accounts for employee health benefits, risk management services, vehicle and equipment services, print services and financing.

Employee Insurance Fund accounts for the collection and payment of health, dental, life and long term disability insurance premiums as well as workers' compensation medical claims and administrative expenses.

Equipment Management Fund accounts for the maintenance and repair of licensed motor vehicles and fees charged to other departments.

Office Services Fund accounts for office supplies and reproduction services and fees charged to user departments.

Tulsa Public Facilities Authority issues debt and the proceeds may be loaned to the City or to other component units.

3. Fiduciary Funds – The pension trust fund accounts for the general municipal employees' retirement trust. The agency fund accounts for monies held on behalf of others.

Pension Trust Fund accounts for the activities of the Municipal Employees Retirement Plan (MERP), which accumulates resources for pension benefit payments to qualified retirees. MERP is a cost-sharing multiple-employer defined benefit pension trust.

Agency Funds account for resources held by the City in a purely custodial capacity (assets equal liabilities) and include Municipal Court Bonds, Escrow Fund, Police Property Room, Payroll Withholdings, Unclaimed Property and PAC Ticket Office Escrow.

E. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

Note 1. Summary of Significant Accounting Policies, continued

The government-wide financial statements and the proprietary, fiduciary and component unit fund financial statements are presented on an accrual basis of accounting. The governmental funds in the fund financial statements are presented on a modified accrual basis.

Accrual – Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual – All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The City defined the length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements to be 60 days.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are long-term liabilities and related interest, if any, are recognized when due.

In applying the "susceptible to accrual" concept to intergovernmental revenues the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenue when the applicable eligibility requirements, including time requirements, are met.

Resources transmitted before the eligibility requirements are met should, under most circumstances, be reported as advances by the provider and as unearned revenue by the recipient.

Fair Value Measurements – Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same—that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between the market and participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability.

F. ASSETS, LIABILITIES AND NET POSITION

1. Cash and Cash Equivalents

The City Charter requires all cash belonging to the City to be placed in the custody of the City Treasurer. Certain component units participate in the City's pooled cash for non-restricted cash and investments. A "Pooled Cash" concept is used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund and participating component unit have equity in the pooled amount.

All amounts included in the pooled cash and investment accounts are reported as cash and cash equivalents in the fund financial statements because the City and participating component units are able to withdraw cash at any time without prior notice or penalty. In the government-wide financial statements, the pooled cash and investment accounts are reported as cash, cash equivalents and investments.

For purposes of the statement of cash flows, the City, considers cash and cash equivalents (including restricted cash and cash equivalents) to be currency on hand, demand deposits with banks, amounts included in pooled cash and investment accounts and liquid investments held outside the pooled fund with a maturity of three months or less when purchased.

2. Investments

Investments are stated at fair value. The change in the fair value of investments is as follows:

Governmental activities	$ 1,608
Business-type activities	161
Net increase in fair value	$ 1,769

(dollar amounts expressed in thousands)

Note 1. Summary of Significant Accounting Policies, continued

3. Accounts Receivable and Taxes Receivable

Accounts receivable and taxes receivable are shown at net realizable value. The allowance for general government accounts receivable is derived from the age of the individual receivable with age categories ranging from 30 days past due to three years past due. Uncollectible percentages by revenue category are derived using historical write-off experience and range from 1% to 62%, as well as consideration of current expectations and economic considerations. In the current year $1,834 of accounts receivable were written-off.

The allowance for utility services accounts receivable reported in the component units and enterprise funds is derived from the age of the individual receivable. An allowance is established at one-half of the active accounts over 90 days from date of billing plus 100% of the closed accounts over 90 days from date of billing, based on historical experience as well as current expectations.

4. Inventories

Parts and supplies inventories - are stated at cost (specific identification or first-in, first-out basis), which is not in excess of market. Inventories consist primarily of materials and supplies held for consumption. The cost is recorded as an expense at the time individual inventory items are used.

Land held for resale - Land acquired for rehabilitation and held for resale by the City is recorded at the lower of cost or net realizable value (specific identification basis). The cost of land acquired and held for resale by the City at year end amounted to $2,400 and was carried at the lower of cost or net realizable value of $2,400. $44 of the land is considered current and included in inventories on the Statement of Net Position, and is also reported in the governmental funds as it is considered a current financial resource. The remaining $2,356 is noncurrent.

5. Internal Balances

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the entity-wide governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances. Within the governmental fund financial statements, advances to other funds are equally offset by a Nonspendable fund balance that indicates they do not constitute available spendable resources.

Due To/Due From – Amounts which are due within one year and owed to one fund or component unit by another are reported as due to other funds or component units.

Advances To/From Other Funds – Amounts which are not due within one year and owed to one fund or component unit by another are reported as advances to/from other funds or component units.

6. Laboratory Facility Use Lease

The City is a party to an agreement with the Oklahoma Board of Regents whereby the City leases from the Oklahoma Board of Regents office and laboratory facilities for a term of 50 years. The lease terms call for the City to pay a proportionate share of the design and construction costs of the facility and, in turn, the City has the right to use the facilities until the expiration of the lease on June 30, 2058. The lease costs are amortized over the life of the lease. The lease with a carrying value of $14,090, net of amortization, is reflected in other assets on the Government-wide Statement of Net Position.

7. Capital Assets

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at acquisition cost as of the date of the contribution.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized whereas costs incurred for repairs and maintenance are expensed as incurred.

Depreciation or amortization of capital assets is calculated using the straight-line basis over the following estimated useful lives:

	Estimated Service Life	Capitalization Threshold
Buildings	20-50 years	$ 5
Land improvements	20-30 years	5
Equipment	2-50 years	5
Water & sewer lines	33-100 years	5
Intangible assets	Indefinite	5
Streets	25 years	100
Bridges	50 years	100

Note 1. Summary of Significant Accounting Policies, continued

The City owns a collection of art housed in the Gilcrease Museum. The collection is not capitalized because it meets all the following conditions:

- The collection is held for reasons other than financial gain.
- The collection is protected, kept unencumbered, cared for, and preserved.
- The collection is subject to an organizational policy requiring that the proceeds from sales of collection items be used to acquire other items for collections.

8. Interest Capitalization

Interest is capitalized in proprietary funds and discretely presented component units on assets acquired with tax-exempt debt. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Component units capitalized net interest cost in the amount of $3,316 related to tax exempt financing for capital construction projects during the year.

9. Privately Funded Public Improvements

Watermain Extension Contracts - TMUA contracts with various developers for the construction of watermains to provide water service to areas under development. Upon completion, the new watermains become an extension of the City's existing water distribution system. The contract with the developers provides that the developers initially pay for all construction costs. Repayments to the developers are generally limited to 40% of the collected revenues generated by the respective watermain extension, not to exceed the total cost as defined in the contract.

The contracts are payable over a ten-year period, and are non-interest bearing. TMUA has no liability after the ten-year period if the respective revenues generated are insufficient to cover the developers' costs. Historically, revenues generated within the ten-year period have been sufficient to permit recovery of the total costs incurred for the respective watermain extensions.

The liability for watermain extension contracts is $3,364 as of year end. Annual payments of $366 are due in accordance with these contracts.

Water and Sewer Line Extensions – Contributions from area developers to TMUA during the year totaled $10,035.

10. Restricted Assets

Certain debt proceeds as well as certain resources set aside for their repayment, are classified as restricted assets in the statements of net position because their use is limited by applicable bond covenants.

Stormwater fees in lieu of detention are paid by developers in lieu of constructing on-site detention facilities. The in lieu fees are collected and spent on a regional basis as a more effective method of stormwater management. These funds are restricted because their use is restricted by City Ordinance to stormwater drainage basin improvements.

11. Bond Premiums and Discounts

In the governmental funds, bond premiums and discounts are treated as other financing sources or uses in the year of issuance.

In proprietary funds, bond premiums and discounts are capitalized and amortized over the term of the bonds using the effective interest method. Bond premiums and discounts are presented as additions and reductions of the face amount of the revenue bonds payable.

As part of the reconciliation and presentation at the government-wide level premiums and discounts in the governmental funds are adjusted and reflected similarly to proprietary funds.

12. Encumbrances – Budgetary Statements

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the funds.

Other commitments include encumbrances that have been established for future planned expenditures where the purpose is known but a specific contract with a vendor has not yet been finalized.

Note 1. Summary of Significant Accounting Policies, continued

13. Fund Balances

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories and their purposes are:

- Nonspendable fund balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

- Restricted fund balance – The portion of fund balance which is constrained for specific purposes which are externally imposed by bond covenants, grants, providers, or amounts constrained due to constitutional provisions or enabling legislation.

- Committed fund balance – The committed portion of fund balance can only be used for the specific purposes imposed by ordinance. An ordinance is formal action of the City's highest level of decision-making authority, which is enacted by a majority vote of the City Council and approved by the Mayor. Once adopted, the commitment remains in place until a similar action is taken to modify or rescind the commitment.

- Assigned fund balance – The assigned portion of fund balance is constrained by the City's intent to use for specific purposes, but are neither restricted nor committed. Assigned fund balance includes resources that will be used to liquidate encumbrances related to purchase orders and contracts payable from assigned resources. The ordinance containing the annual budget, approved by City Council and the Mayor, includes the authority to carryover encumbered amounts from prior year appropriations.

- Unassigned fund balance – The unassigned portion of fund balance is not otherwise restricted, committed, or assigned to specific purposes. The General Fund is the only fund that reports a positive unassigned fund balance. In other governmental funds, if expenditures incurred for a specific purpose exceed the amounts restricted, committed, or assigned to those purposes, they may report a negative unassigned fund balance.

Spending Policy of Governmental Funds - The City receives inflows from revenue and other financing sources from numerous sources for use in the General Fund and other governmental funds. These Funds will expend those resources on multiple purposes of the local government. The intention of this spending policy is to identify the expenditure order of resource categories for the governmental funds.

When both restricted and unrestricted resources are available in the governmental funds, the following spending policy will apply:

- 1st - Restricted
- 2nd - Committed
- 3rd - Assigned
- 4th - Unassigned

Minimum Fund Balance Policy – The City has a minimum fund balance policy which applies to the General Fund, where by an operating reserve is set and maintained at 6.39% of General Fund revenues. This operating reserve is set forth in the ordinance adopting the City's annual budget.

14. Net Position

In the government-wide and proprietary fund financial statements, equity (Net Position) is displayed in three components as follows:

- *Net Investment in Capital Assets* – This consists of capital assets, net of accumulated depreciation plus deferred inflows/outflows of resources less the outstanding balances of any bonds, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets.

- *Restricted* – This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. Net position restricted by enabling legislation is $218,752. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

- *Unrestricted* – This consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Note 1. Summary of Significant Accounting Policies, continued

15. Stabilization Arrangement

The City Charter established a stabilization arrangement. This stabilization arrangement provides that if the City Treasurer projects that total General Fund revenues for the upcoming budget year will exceed the total General Fund revenues for the current budget year by more than four percent (4%), the budget submitted by the Mayor and approved by the City Council shall allocate fifty percent (50%) of the excess General Fund revenues to the Economic Stabilization Reserve.

If the City Treasurer projects that total General Fund revenues for the upcoming budget year will either (a) be less than the current budget year's total General Fund revenues, or (b) be less than the highest of any other previous year's total General Fund revenues, the budget submitted by the Mayor and approved by the Council may appropriate up to fifty percent (50%) of the current balance in the Economic Stabilization Reserve, but no more than the shortfall in total General Fund revenues as determined above, to be used for any lawful municipal purpose in the upcoming budget year.

For purposes of calculating any shortfall:

1. If the trigger for withdrawal from the Reserve is not met in the current budget year, the City Treasurer shall calculate the shortfall for the upcoming budget year by subtracting the total projected General Fund revenues for the upcoming budget year from the total projected General Fund revenues for the current budget year.

2. If the trigger for withdrawal from the Economic Stabilization Reserve is met in the current budget year, the shortfall shall be calculated by subtracting the total projected General Fund revenues for the upcoming budget year from the highest of any previous year's total General Fund revenues.

The balance in the Economic Stabilization Reserve is $2,000.

G. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Deferred outflows of resources - In addition to assets, the statement of net position reports in a separate section, deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports two items in this category. The first is for pension items related to the recording of the net pension liability. The second is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred inflows of resources - In addition to liabilities, the financial statements include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position in government-wide financial statements and an acquisition of fund balance in governmental funds, that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports three types of unavailable revenue items, which arise under a modified accrual basis of accounting and qualify for reporting as deferred inflows. Accordingly, these items are reported in the governmental funds balance sheet.

The governmental funds report unavailable revenues from three sources: property taxes, special assessments and federal and/or state grant revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

In the City's government-wide statements only the property tax revenues remain as a deferred inflow under the full accrual basis of accounting and will become an inflow in the year for which they are levied. The government-wide Statement of Net Position reports two additional deferred inflows not reported under the modified accrual basis. First is for pension items related to the recording of the net pension liability. The second item, deferred gain on refunding, results from the refunding of debt.

H. REVENUES, EXPENSES AND EXPENDITURES

Identification of Major Revenue Sources Susceptible to Accrual - In the Governmental Funds, property taxes, sales taxes, franchise taxes, licenses, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

Expenditures are recognized when the related fund liability is incurred except for the following, which are

Note 1. Summary of Significant Accounting Policies, continued

permitted by generally accepted accounting principles:

General obligation long-term debt principal and interest, judgments, compensated absences, pension and other benefits, and other long-term liabilities are reported only when due in the governmental funds.

1. Sales Tax Revenue

The City levies a 3.10% sales tax which is collected monthly by the State of Oklahoma and remitted to the City. The General Fund receives 2% for operations and the remaining 1.10% is placed into Sales Tax Funds and is restricted for capital improvements. The tax is collected by the merchants and remitted to the State. The City receives its tax receipts from the State by the 10th of each month. Vendors owing an average of $2.5 or more per month to the State are required to remit actual taxes collected plus an estimate of tax collections for the first 15 days of the following month with remittance due by the 20th of that same month. All other vendors are required to remit the actual amount collected (without any estimated tax collections) by the 20th of the following month.

Sales tax revenue is recognized in the period when the underlying exchange transaction occurs and the resources are available.

2. Property Tax Revenue

Oklahoma statutes require that the City make a property tax levy for a sinking fund (Debt Service Fund) which shall, with cash and investments in the fund, be sufficient to pay all the bonded indebtedness, interest and one-third of all outstanding judgments coming due in the following fiscal year.

On or before August 27th of each year, the City submits its sinking fund requirements to the County Excise Board who determines the property tax levy. The County Assessor is required to file a tax roll report on or before October 1st each year with the County Treasurer indicating the net assessed valuation for all real and public service property.

The Oklahoma Tax Commission determines property assessed valuations. The assessment ratio in Tulsa County averages 11% of market value. Property tax is levied each October 1st on the assessed valuation of non-exempt real property located in the City as of the preceding January 1st, the lien date. Property taxes are due on November 1st following the levy date, although they may be paid in two equal installments (if the first installment is paid prior to January 1st, the second installment is not delinquent until April 1st). Property taxes are collected by the County Treasurers of Tulsa, Wagoner and Osage Counties, Oklahoma, and are remitted to the City. Property tax receivables are recorded on the lien date, although the related revenue is reported as a deferred inflow of resources and will not be recognized as revenue until the year for which it is levied.

3. Arena Revenues – Naming Rights, Sponsorships

Revenues derived from naming rights and sponsorships are recognized over the life of the agreement, generally 3 to 20 years. Unearned revenue is recorded for amounts received to the extent they exceed amounts earned. Naming rights and sponsorship revenue of $2,080 has been recognized in the current year.

4. Grant Revenue

The City is a recipient of grant revenues and recognizes revenues, net of estimated uncollectible amounts, when all applicable eligibility requirements are met. Resources received before eligibility requirements are met are reported as unearned revenues.

Some grants and contributions consist of capital assets or resources that are restricted for capital purposes – to purchase, construct, or renovate capital assets associated with a specific program. These are reported separately from grants and contributions that may be used either for operating expenses or for capital expenditures of the program at the discretion of the City.

5. Commercial Lease Revenue

TPFA owns a building in downtown Tulsa known as the One Technology Center. The building contains approximately 630,000 square feet of office space. The City leases approximately 230,000 square feet and 257,000 square feet is available for commercial leasing. Additionally, 143,000 square feet of space is leased under a capital lease through 2029. Lease revenue recognized in the current year from private business leasing was $3,080.

6. Investment Income

Investment income from pooled cash and investments is allocated monthly based on the percentage of a fund's average daily equity in pooled cash and investments to the total average daily pooled equity in pooled cash and investments. Investment earnings and losses from the special revenue, agency, debt service, and bond funds are reported as investment earnings of the general fund and totaled $2,700 for the current year.

(dollar amounts expressed in thousands)

Note 1. Summary of Significant Accounting Policies, continued

7. Unearned Revenue

Unearned revenue represents payments and/or revenue received but not yet recognized since it has not been earned. Unearned revenue is composed primarily of money received for sponsorships and Federal and/or State grants in advance of services to be provided.

8. Interfund Transactions

Interfund transactions are loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services, deemed to be reasonably equivalent in value, are reported as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are reported as transfers. Transfers within governmental activities or within business-type activities are eliminated upon consolidation in the government-wide statements.

9. Payments Between the Primary Government and Component Units

Resource flows (except those that affect the statement of net position/balance sheet only, such as loans and repayments) between a primary government and its discretely presented component units are reported as external transactions—that is, as revenues and expenses. Resource flows between the primary government and blended component units are classified as internal activity and capital contributions in the financial statements.

Payments to component units are primarily subsidized funding for capital construction projects financed with sales tax revenues for the benefit of the component units. In addition, the City pays an operating subsidy to MTTA for bus and other transportation services.

The General Fund receives payments in lieu of taxes from TMUA and TARE and reports these payments as revenue. These amounts are not reasonably equivalent in value to the services provided. TMUA and TARE report these payments as expenses in their statement of activities.

Below is a summary of significant transactions between the Primary Government and discretely presented component units:

Payment	From	To	Purpose
$ 7,183	General Fund	MTTA	Operating subsidy
6,049	Sales Tax Fund	TMUA	For capital acquisitions
273	Sales Tax Fund	MTTA	For capital acquisitions
2,040	Sales Tax Fund	TDA	For capital acquisitions
12,436	TMUA	General Fund	Payments in lieu of taxes
1,613	TARE	General Fund	Payments in lieu of taxes

10. Compensated Absences

Vacation and sick leave is granted to all regular and part-time employees. The City's policy permits employees to accumulate earned but unused vacation and sick benefits. The annual amount of vacation time accrued varies from 14 to 26 days depending upon years of service. The maximum amount of vacation time that may be accumulated is twice the amount which may be earned in one calendar year. The liability for sick leave consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive separation payments and other employees who are expected to become eligible in the future to receive such payments upon separation are included. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

11. Post-Employment Benefits

Postemployment benefits are part of an exchange of salaries and benefits for employee services rendered. Of the total benefits offered to attract and retain qualified employees, some benefits, including salaries and active-employee healthcare, are taken while the employees are in active service, whereas other benefits, including retirement and postemployment healthcare, are taken after the employees' services have ended. Nevertheless, both types of benefits constitute compensation for employee services. Pension and other postemployment benefit costs are accounted for on an accrual basis, charging expenses in the period incurred, with a corresponding liability for benefits to be paid in future periods along with deferred outflows of resources and deferred inflows of resources for pensions.

Note 1. Summary of Significant Accounting Policies, continued

12. Operating Subsidies and Grants

Subsidies and grants to proprietary funds, which finance either capital or current operations, are recorded as transfers.

13. Judgments

Judgments (tort and workers' compensation liabilities) rendered against the City are funded through subsequent property tax levies over a three-year period beginning with the first year following the judgment. These judgments are reported in the debt service fund.

During the intervening time period from the time the judgment is rendered until the judgment is ultimately funded by the debt service fund, the City is permitted by state statutes to use funds available from a fund other than the debt service fund to pay the judgment creditor in full and effectively acquire in exchange, the judgment creditor's rights to the future cash flows and interest earnings on those cash flows.

Under state statutes, three conditions must be met related to the judgments for the City to invest in its judgments:

1. A judgment is rendered,
2. By a court of record and,
3. The judgment is against the City

Under the City's investment policy, the City uses available funds from its pooled cash and investments portfolio to purchase judgments as investments, just as it purchases treasury instruments and other permissible investments within its cash and investments portfolio. Accordingly, the City does not record interfund activity related to the above transactions.

I. USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying footnotes. Actual results could differ from those estimates.

Note 2. Stewardship, Compliance and Accountability

1. Net Position/Fund Balance Deficit

One Technology Center – This enterprise fund has a deficit net position of $5,528 resulting from operating income levels insufficient to cover costs. It is the City's intent to secure additional revenues and manage expenses to manage the deficit.

Vision 2025 Capital Projects Fund – This nonmajor capital projects fund has a deficit fund balance of $165. The City will identify other funds that can be appropriately assigned in order to eliminate the deficit.

Note 3. Deposits and Investments

Custodial Credit Risk—City of Tulsa Policy:

Deposits - The City's investment policy requires that demand deposits be collateralized at least by 110% of the amount that is not federally insured. An irrevocable letter of credit issued to the City, by the Federal Home Loan Bank of Topeka (FHLB), serves as collateral for the City's cash deposits.

Securities pledged as collateral are held by a third party. Joint custody safekeeping receipts are held in the name of the depository institution, but pledged to the City. The security cannot be released, substituted or sold without the City's approval and release of the security.

Certificates of deposit are, according to the City's investment policy, to be collateralized at least by 102% of the amount that is not federally insured. As of June 30, 2016, the City had no deposits exposed to custodial credit risk.

Investments - The City's investment policy requires that securities be registered in the name of the City. All safekeeping receipts for investment instruments are held in accounts in the City's name and all securities are registered in the City's name.

State statutes and City ordinances govern the City's investment policies. Permissible investments include direct obligations of the U.S. Government and agency securities, municipal bonds, money market funds, certificates of deposit and savings accounts, repurchase agreements, judgments, and bank or guaranteed investment contracts. Collateral is required for demand deposits, certificates of deposit and repurchase agreements at 102% of all amounts not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its subdivisions.

Interest Rate Risk - Investments are made based upon prevailing market conditions at the time of the transaction with the intent to hold the instrument until maturity. If the yield of the portfolio can be improved upon by the sale of an investment, prior to its maturity, with the reinvestment of the proceeds, then this provision is also allowed.

In accordance with its investment policy, the City manages its interest rate risk by limiting the weighted average maturity of its investment portfolio to three (3) years or less. No security, at the time of purchase, shall have a maturity exceeding five (5) years, with the exception that GNMA mortgage backed pass-through securities, as a group shall, at time of purchase, have an average life not to exceed five (5) years.

Credit Risk - The City's investment policy prohibits purchasing any investments rated below AA at the time of purchase.

Concentration of Credit Risk - While the City may choose to maintain one-hundred percent (100%) of its investment portfolio in U. S. Treasury bills, notes, and bonds, at no time will the portfolio be composed of more than seventy percent (70%) related federal agencies. The agencies in which the City invests are outlined in Section 7.0 of the City's investment policy. The policy requires diversification among authorized investment broker/dealers, with not more than fifty percent (50%) of the City's investment portfolio invested through any one financial institution or broker/dealer.

Investment Policy - Repurchase agreements under 14 days are limited to thirty percent (30%) of the investment portfolio. Money market funds, collateralized repurchase agreements over 14 days, certificates of deposit and demand deposits are all limited to not exceed twenty percent (20%) of the investment portfolio. Prime bankers acceptances are limited to five percent (5%) of the investment portfolio.

The City invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the investment amounts reported in the accompanying financial statements of the City and its component units.

(dollar amounts expressed in thousands)

Note 3. Deposits and Investments, continued

Fair Value Measurements – The City categorizes its assets and liabilities measured at fair value within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

Hierarchy – The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest to Level 3 inputs.

Inputs – If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Information regarding the interest rate risk and concentrations of credit risk of the City's pooled and non-pooled investments, any credit ratings by Moody's Investors Service and Standard & Poor's, as well as fair value measurements, are as follows:

Pooled Portfolio Investments:

Investments:	**Fair Value**	**Weighted Average Maturity (years)**	**Concentration**	**Moody's**	**S & P**	**Fair Value Measurement**
Investments measured by fair value levels:						
U.S. Treasury securities	$ 125,501	1.95	n/a	--	--	Level 1
Federal Farm Credit Bank securities	119,198	3.20	17.3%	Aaa	AA+	Level 2
Federal Home Loan Bank securities	117,044	3.28	17.0%	Aaa	AA+	Level 2
Federal Home Loan Mortgage Corporation securities	103,254	3.54	15.0%	Aaa	AA+	Level 2
Federal National Mortgage Association securities	128,491	3.43	18.7%	Aaa	AA+	Level 2
Municipal obligations	16,714	2.72	2.4%	Aaa	AAA	Level 2
Municipal obligations	6,932	2.89	1.0%	Aa	AA	Level 2
Municipal obligations	2,771	2.66	0.4%	--	AA	Level 2
Municipal obligations	5,018	2.84	0.7%	Aaa	--	Level 2
	624,923					
Investments measured at the NAV:						
Money Market Mutual Funds	50,002	1.84	n/a	Aaa-mf	AAAm	
Investments measured at amortized cost:						
Property tax judgments	14,465	1.39	n/a	--	--	
	$ 689,390	2.57				

Pooled Portfolio Investments reported in:	
Governmental Activies	$ 501,049
Business type activies	27,920
Component units	156,698
Fiduciary funds	1,241
Organizations not in reporting entity	2,482
	$ 689,390

Note 3. Deposits and Investments, continued

Non- Pooled Investments – Primary Government:

Internal Service Funds	**Fair Value**	**Weighted Average Maturity (years)**	**Concentration**	**Moody's**	**S & P**	**Fair Value Measurement**
Federal Home Loan Bank securities	$ 1,078	1.69	100.0%	Aaa	AA+	Level 2
Proprietary Funds						
Federal Home Loan Bank securities	$ 1,578	1.69	25.7%	Aaa	AA+	Level 2

Non- Pooled Investments – Fiduciary Funds:

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Municipal Employees Retirement Plan ("MERP") will not be able to recover the value of its investments that are in the possession of the counterparty. Investment securities are exposed to custodial credit risk if they are both uninsured and are not registered in the name of the MERP, and are held by the counterparty or the counterparty's trust department but not in the name of MERP. MERP has no exposure to custodial credit risk because all of MERP's investments that are evidenced by securities are registered in MERP's name.

Credit Risk. Fixed income securities are subject to credit risk. Credit quality rating is one method of assessing the ability of the issuer to meet its obligation. MERP's investment policy requires that at the time of purchase all fixed income portfolios are to be invested primarily in high quality securities but also allows up to 10% of the portfolio to be invested in below grade securities rated lower than BBB- (by Standard & Poor's and Fitch) or BBB3 (by Moody's) and emerging markets bonds.

(dollar amounts expressed in thousands)

Note 3. Deposits and Investments, *continued*

The credit ratings of debt securities held by MERP are as follows:

Investment Type	Rated Standard & Poors/Moody's AAA/Aaa	AA/Aa	A/A	BBB/Baa	Not Rated or Rating Not Available	Total
U.S. agency obligations	$ 4,590	$ -	$ -	$ -	$ -	$ 4,590
Government mortgage backed securities	11,943	-	-	-	-	11,943
Corporate bonds	190	2,035	-	6,858	3,781	12,864
Asset backed securities	1,197	93	-	839	-	2,129
Commercial mortgage backed securities	582	161	24	-	1,664	2,431
Municipal obligation	97	-	-	-	-	97
Foreign obligations	-	260	1,538	1,328	-	3,126
	$ 18,599	$ 2,549	$ 1,562	$ 9,025	$ 5,445	$ 37,180

Concentration of Credit Risk. MERP's investment guidelines do not specifically address concentration of credit risk. The asset allocation guidelines for fixed income investments at June 30, 2016 were 24% strategic with a lower limit of 20% and an upper limit of 28%.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. While all investments are subject to market changes, securities invested in index funds are more sensitive to market risk. Although MERP's investment policy does not specifically address the duration of fixed-income securities, MERP's management does monitor interest rate risk by monitoring the performance of each investment manager.

MERP's investments with associated maturities:

	Fair Value	Weighted Average Maturity (years)	Fair Value Measurement
Investments measured by fair value levels:			
U.S. Treasury securities	$ 24,456	7.60	Level 1
Federal Home Loan Mortgage Corp securities	4,590	22.68	Level 2
Federal National Mortgage Association securities	7,325	24.61	Level 2
Government National Mortgage Association securities	4,618	3.14	Level 2
Mutual funds	58,686	n/a	Level 1
Corporate obligations	17,424	9.49	Level 2
Municipal obligations	97	7.17	Level 2
Foreign obligations	3,126	5.05	Level 2
Common Stock	23,369	n/a	Level 1
Preferred Stock	581	n/a	Level 2
Investments measured by fair value levels:	144,272		
Investments measured at the NAV:			
Mutual funds	213,795	n/a	
Real Estate funds	30,480	n/a	
Timber	17,526	n/a	
Investments measured at the NAV:	261,801	14.87	
	$ 406,073		

Note 3. Deposits and Investments, continued

Non- Pooled Investments – Fiduciary Funds:

MERP invests in two real estate funds. These funds make strategic property acquisition primarily in the U.S. As part of the valuation process, independent appraisers value properties on an annual basis (at a minimum). The funds are valued at NAV monthly. The funds allow withdrawals once per quarter subject to “available cash” as determined by a pool trustee within 45 days advance written notice.

MERP invests in a timber partnership. The partnership seeks to gain income through acquisition, holding and distribution of timberland primarily in the U.S. The term of the partnership is ten years with options to extend. MERP receives income distributions. In general, redemption in this investment won’t occur until the partnership has ended.

MERP invests in multiple funds for both equity and fixed income investments seeking to achieve positive returns utilizing experienced portfolio managers. These investments are valued at NAV at least monthly. The funds allow for withdraw at the most recent valued date or end of the month with some funds requiring 30 days notice.

For the City and MERP, the following fair value techniques were utilized in measuring the fair value of its investments:

U.S. Treasury securities, corporate equities and mutual funds: These investments are reported at fair value based on quoted market prices obtained from exchanges.

Corporate obligations and fixed income securities: These investments are reported at fair value based on evaluation using market sources and integrating relative credit information, observed market movements, and sector news into the evaluated pricing applications and models.

U.S. Government securities: U.S. Government securities are reported at fair value based on bullet (non-call) spread scale for each issuer for maturities going out to forty years. These spreads represent credit risk and are obtained from the new issue market, secondary trading, and dealer quotes.

An Option Adjusted Spread (OAS) model is incorporated to adjust spreads of issues that have early redemption features. Final spreads are added to a U.S. Treasury curve. A cash discounting yield/price routine calculates prices from final yields to accommodate odd coupon payment dates typical of medium-term notes.

Mortgage-backed securities: Mortgage-backed securities are reported at fair value via model using various inputs such as but not limited to daily cash flow, snapshots of the TBA market and the U.S. Treasury market, floating rate Indices such as LIBOR, CMT and Prime as a benchmark yield, spread over index, periodic and life caps, next coupon adjustment date, and convertibility of the bond.

Municipal bonds: Municipal bonds are reported at fair value based on trades, bid price or spread, two-sided markets, quotes, benchmark curves including but not limited to treasury benchmarks and LIBOR and swap curves, market data feeds such as MSRB, financial statements, discount rate, capital rates, and trustee reports.

Preferred stock: Preferred stock is reported at fair value by calculating the appropriate spread over a comparable U.S. Treasury security for each issue. These spreads represent the amount of additional yield required to account for the risks inherent with preferred stocks, including credit, refunding and liquidity. Evaluators obtain benchmark quotes on liquid issues, follow both the listed and new issue market, and focus on changing market conditions.

The City has no assets reported at fair value on a nonrecurring basis and no other investments meeting the fair value disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 7.

(dollar amounts expressed in thousands)

Note 4. Receivables

Receivables for the City's individual major funds, aggregate nonmajor funds, internal service funds, and component units, including applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds						
	General Fund	Debt Service	Sales Tax	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Total Governmental Activities
Current receivables, net:							
Interest receivable	$ 829	$ -	$ 570	$ 42	$ 1,441	$ 38	$ 1,479
Taxes receivable	26,512	70,036	11,264	945	108,757	-	108,757
Accounts receivable	5,678	-	11	864	6,553	1,026	7,579
Due from other governments	-	-	-	2,401	2,401	-	2,401
	33,019	70,036	11,845	4,252	119,152	1,064	120,216
Less: Allowance for uncollectibles	(3,835)	-	-	(36)	(3,871)	(10)	(3,881)
	$ 29,184	$ 70,036	$ 11,845	$ 4,216	$ 115,281	$ 1,054	$ 116,335

	Business-type Activities Enterprise Funds				
	Stormwater Management	One Technology Center	Arena & Convention Center	Golf Courses	Total Business-type Activities
Current receivables, net:					
Interest receivable	$ 42	$ 13	$ 13	$ 1	$ 69
Utility receivable	3,100	-	-	-	3,100
Accounts receivable, gross	-	451	941	-	1,392
Capital lease receivable	-	642	-	-	642
	3,142	1,106	954	1	5,203
Less: Allowance for uncollectibles	(51)	-	(5)	-	(56)
	$ 3,091	$ 1,106	$ 949	$ 1	$ 5,147
Noncurrent receivables, net:					
Capital lease receivable	-	10,816	-	-	10,816
Interest receivable	23	-	-	-	23
	$ 23	$ 10,816	$ -	$ -	$ 10,839

TPFA Capital Lease - On August 28, 2013, the TPFA entered into an amended lease agreement (agreement) with a tenant of OTC effective July 1, 2013 for 143,242 square feet of commercial office space at One Technology Center ("OTC"). The agreement extended the term of the lease to June 30, 2029. Lease payments will total $2,207 annually except for fiscal year 2016 which was $2,127. The tenant assigned the lease to an affiliated company. Throughout the term of the lease, $1,200 of the total annual lease payments will be applied to the lease and the remainder will be apportioned to operating expense reimbursement. The affiliated company will have the option to purchase the occupied space for one dollar at June 30, 2029. TPFA will account for the lease agreement as a capital lease.

(dollar amounts expressed in thousands)

Note 4. Receivables, continued

Minimum future rentals on the capital lease are as follows:

TPFA Capital Lease

Years	Principal	Interest	Total
2017	$ 642	$ 558	$ 1,200
2018	675	525	1,200
2019	710	490	1,200
2020	746	454	1,200
2021	784	416	1,200
2022-2026	4,564	1,436	6,000
2027-2029	3,337	263	3,600
	$ 11,458	$ 4,142	$ 15,600

	Component Units				
	Tulsa Metropolitan Utility Authority	Tulsa Authority for Recovery of Energy	Tulsa Airports	Other Component Units	Total Component Units
Current receivables, net:					
Interest receivable	$ 332	$ 43	$ -	$ 10	$ 385
Taxes receivable	3,535	-	-	1,153	4,688
Accounts receivable	255	-	1,795	546	2,596
Utility receivable	28,062	3,189	-	-	31,251
Due from other governments	-	-	253	749	1,002
	32,184	3,232	2,048	2,458	39,922
Less: Allowance for uncollectibles	(107)	(23)	(20)	-	(150)
	$ 32,077	$ 3,209	$ 2,028	$ 2,458	$ 39,772
Noncurrent receivables:					
Notes receivable	-	-	-	16,479	16,479
Accounts receivable	-	-	681	-	681
Interest receivable	12	-	6	-	18
	$ 12	$ -	$ 687	$ 16,479	$ 17,178

(dollar amounts expressed in thousands)

Note 5. Payables

Payables for the City's individual major funds, aggregate nonmajor governmental funds, internal service funds, enterprise funds, and component units are as follows:

	Governmental Funds							Adjustments to	
	General	Bond	Sales Tax	Nonmajor Governmental Funds	Total	Internal Service Funds	Total Governmental Funds	Government Wide Statements	Total Governmental Activities
Accounts payable	$ 2,494	$ 6,714	$ 10,554	$ 1,166	$ 20,928	$ 701	$ 21,629	$ -	$ 21,629
Accrued payroll	8,831	-	-	80	8,911	221	9,132	-	9,132
Accrued interest	-	-	-	-	-	56	56	3,807	3,863
	$ 11,325	$ 6,714	$ 10,554	$ 1,246	$ 29,839	$ 978	$ 30,817	$ 3,807	$ 34,624

	Business-type Activities - Enterprise Funds					
	Stormwater Management	One Technology Center	Arena & Convention Center	Tulsa Stadium Trust	Golf Courses	Total
Accounts payable	$ 887	$ 421	$ 2,532	$ 2	$ 223	$ 4,065
Accrued payroll	278	67	-	-	-	345
Accrued interest	-	413	147	81	-	641
	$ 1,165	$ 901	$ 2,679	$ 83	$ 223	$ 5,051

	Component Units				
	Tulsa Metropolitan Utility Authority	Tulsa Authority for Recovery of Energy	Tulsa Airports	Other Component Units	Total Component Units
Accounts payable	$ 13,743	$ 1,294	$ 5,118	$ 1,445	$ 21,600
Accrued payroll	1,624	152	-	285	2,061
Accrued interest	4,026	-	804	209	5,039
	$ 19,393	$ 1,446	$ 5,922	$ 1,939	$ 28,700

(dollar amounts expressed in thousands)

Note 6. Interfund Transactions

Primary government interfund receivables and payables consist of the following:

Amount	Due From Other Funds	Due To Other Funds	Purpose
$ 164	General Fund	Vision 2025 Capital Projects	To finance capital projects

	Advances To Other Funds	Advances From Other Funds	Purpose
95	General Fund	Federal and State Grants	To advance fund grants
146	General Fund	Office Services	To provide cash flow
$ 241			

	Advances To Primary Government	Advances From Component Units	Purpose
127	Tulsa Airports	General Fund	Payment in advance - Fire Department services
12	TMUA	Bond	To subsidize capital improvements
$ 139			

	Advances To Component Units	Advances From Primary Government	Purpose
326	General Fund	MTTA	To provide cash flow
4,452	TPFA Internal Service Fund	TARE	To subsidize capital improvements
$ 4,778			

(dollar amounts expressed in thousands)

Note 6. Interfund Transactions, continued

Primary government interfund transfers for the year ended consist of the following amounts:

		Transfers From				
Transfers To	**Total**	**General Fund**	**Bond Fund**	**Sales Tax Fund**	**Nonmajor Governmental Funds**	**Stormwater Management Fund**
Governmental Funds:						
Major Funds:						
General Fund	$ 2,303	$ -	$ -	$ -	$ 650	$ 1,653
Debt Service	163	-	163	-	-	-
Nonmajor Funds	2,655	155	-	2,500	-	-
Total Governmental Funds	5,121	155	163	2,500	650	1,653
Internal Service Funds	562	-	-	562	-	-
Enterprise Funds:						
Stormwater Management Fund	2,051	-	339	1,697	15	-
One Technology Center	17	-	-	17	-	-
Arena & Convention Center	2,562	-	-	22	2,540	-
Tulsa Stadium Trust	2,215	-	-	-	2,215	-
Golf Courses Fund	287	150	-	137	-	-
Total Enterprise Funds	7,132	150	339	1,873	4,770	-
Total Primary Government	$ 12,815	$ 305	$ 502	$ 4,935	$ 5,420	$ 1,653

Transfers - in		**Transfers - out**	
Governmental Funds	$ 5,121	Governmental Funds	$ 11,162
Internal Service Funds	562	Internal Service Funds	-
Enterprise Funds	7,132	Enterprise Funds	1,653
Total Primary Government	$ 12,815	Total Primary Government	$ 12,815

1. Purpose of Transfers

The above transfers occur principally to fund operations and finance capital asset acquisitions. Transfers are used to: (1) move revenues from the fund that State statutes or City ordinances requires to collect them to the fund that State statutes or City ordinances requires to expend them; (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due; and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

2. Eliminations

Interfund transfers are reported in the governmental activities and business-type activities fund financial statements. In the government-wide statements, interfund transfers are eliminated within the governmental activities column and within the business-type activities column.

(dollar amounts expressed in thousands)

Note 7. Capital Assets

Capital asset activity for the year ended is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
GOVERNMENTAL ACTIVITIES:				
Nondepreciable capital assets:				
Land	$ 39,223	$ -	$ (80)	$ 39,143
Land - Infrastructure use	488,427	-	-	488,427
Construction in progress:				
General government	42,809	15,137	(30,395)	27,551
Infrastructure	110,103	99,785	(57,558)	152,330
Total construction in progress	152,912	114,922	(87,953)	179,881
Total nondepreciable capital assets	680,562	114,922	(88,033)	707,451
Depreciable capital assets:				
Land improvements	76,357	8,219	-	84,576
Buildings	174,765	20,375	(540)	194,600
Equipment	188,589	7,194	(4,324)	191,459
Street network	3,155,320	56,143	-	3,211,463
Bridge network	39,424	-	-	39,424
Total depreciable capital assets	3,634,455	91,931	(4,864)	3,721,522
Total capital assets	4,315,017	206,853	(92,897)	4,428,973
Accumulated depreciation:				
Land improvements	(52,563)	(1,363)	-	(53,926)
Buildings	(75,552)	(4,105)	460	(79,197)
Equipment	(116,474)	(11,437)	4,294	(123,617)
Street network	(2,528,140)	(34,003)	-	(2,562,143)
Bridge network	(7,258)	(1,669)	-	(8,927)
Total accumulated depreciation	(2,779,987)	(52,577)	4,754	(2,827,810)
Total depreciable capital assets, net	854,468	39,354	(110)	893,712
Governmental activities capital assets, net	$ 1,535,030	$ 154,276	$ (88,143)	$ 1,601,163

(dollar amounts expressed in thousands)

Note 7. Capital Assets, continued

	Beginning Balance	Additions	Reductions	Ending Balance
BUSINESS-TYPE ACTIVITIES:				
Nondepreciable capital assets:				
Land	$ 94,903	$ 456	$ -	$ 95,359
Works of Art	653	-	-	653
Construction in progress	6,009	6,310	(2,093)	10,226
Total nondepreciable assets	101,565	6,766	(2,093)	106,238
Depreciable capital assets:				
Land improvements	370,287	5,701	-	375,988
Buildings	288,846	821	(5)	289,662
Equipment	59,408	592	(605)	59,395
Total depreciable capital assets	718,541	7,114	(610)	725,045
Total capital assets	820,106	13,880	(2,703)	831,283
Accumulated depreciation:				
Land improvements	(107,858)	(10,250)	-	(118,108)
Buildings	(81,183)	(9,281)	1	(90,463)
Equipment	(34,859)	(4,334)	589	(38,604)
Total accumulated depreciation	(223,900)	(23,865)	590	(247,175)
Total depreciable capital assets, net	494,641	(16,751)	(20)	477,870
Business-type activities capital assets, net	$ 596,206	$ (9,985)	$ (2,113)	$ 584,108
DISCRETELY PRESENTED COMPONENT UNITS:				
Nondepreciable capital assets:				
Land, easements and other	188,982	1,049	(172)	189,859
Water rights	9,593	1	-	9,594
Construction in progress	145,711	67,664	(113,048)	100,327
Total nondepreciable capital assets	344,286	68,714	(113,220)	299,780
Depreciable capital assets:				
Land improvements and water and sewer lines	1,852,980	99,660	(120)	1,952,520
Buildings	332,520	28,629	(1,757)	359,392
Equipment	140,209	7,287	(4,355)	143,141
Total depreciable capital assets	2,325,709	135,576	(6,232)	2,455,053
Total capital assets	2,669,995	204,290	(119,452)	2,754,833
Accumulated depreciation:				
Land improvements and water and sewer lines	(743,336)	(38,316)	120	(781,532)
Buildings	(189,628)	(9,133)	1,750	(197,011)
Equipment	(78,879)	(10,588)	4,377	(84,988)
Total accumulated depreciation	(1,011,843)	(58,037)	6,247	(1,063,531)
Total depreciable capital assets, net	1,313,866	77,539	15	1,391,522
Component unit capital assets, net	$ 1,658,152	$ 146,253	$ (113,205)	$ 1,691,302

Depreciation expense is charged to functional activities as follows:

Governmental Activities		**Business-type Activities**		**Component Units**	
General government	$ 173	Stormwater Management	$ 9,493	TMUA	$ 37,144
Public safety and protection	9,808	One Technology Center	1,224	TARE	1,792
Public works and transportation	39,573	Arena & Convention Center	10,870	Tulsa Airports	14,071
Social and economic development	182	Tulsa Stadium Trust	1,969	Other	5,030
Culture and recreation	2,841	Golf Courses	309		$ 58,037
	$ 52,577		$ 23,865		

(dollar amounts expressed in thousands)

Note 8. Risk Management

The City is exposed to various risk of loss related to the following: workers' compensation; torts including errors and omissions; theft of, damage to and destruction of assets; and natural disasters. The City purchases commercial insurance for general liability and property damage as well as employee health and dental. There have been no significant reductions in insurance coverage in the current year or in the three prior years.

Judgments against the City for workers' compensation and torts are recovered through property taxes. As judgments are paid they are included in property tax levies over the following three years. Property tax revenue and expenditures for judgments as paid are included in the Debt Service Fund. The City records a liability in the entity wide statements for judgments.

The City self-insures for medical and injury leave related to workers' compensation claims not included in a judgment. These claims are paid from the City's Employee Insurance Fund and funded by charges to the City's other funds and component units, and is based primarily upon the contributing funds' claims experience.

Liabilities for judgments and workers' compensation claims are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The liability also includes an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, economic and social factors, and trends in damage awards. Accordingly, claims are reevaluated periodically to consider the effect of these factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expense related to specific claims and other claim adjustment expense regardless of whether allocated to specific claims. Estimated recoveries, for example salvage or subrogation, are another component of the liability estimate.

Changes in the balances of claims liability, including judgments, during the past two years are as follows:

Workers' Compensation Liability	**2016**	**2015**
Claims liability at beginning of year	$ 20,306	$ 19,599
Current year claims and changes in estimates	3,242	5,909
Claims payments	(5,006)	(5,202)
Claims liability at end of year	18,542	20,306
Tort Claims Liability		
Claims liability at beginning of year	11,129	4,297
Current year claims and changes in estimates	8,965	8,531
Claims payments	(9,531)	(1,699)
Claims liability at end of year	10,563	11,129
Total claims liability	$ 29,105	$ 31,435

(dollar amounts expressed in thousands)

Note 9. Pension and Deferred Compensation Plans

Each qualified employee is included in one of the three pension plans in which the City participates. The three plans are:

- Municipal Employees' Retirement Plan ("MERP")
- Oklahoma Firefighters Pension Fund
- Oklahoma Police Pension and Retirement System

Plan information is as follows. Unless otherwise described, amounts relate to the primary government of the City and exclude discretely presented component units.

Below is a summary of amounts reported by the City:

	MERP	Firefighters	OPPRS	Total
Net Pension Liability	$ 105,312	$ 166,883	$ 728	$ 272,923
Deferred Outflows of Resources	36,668	9,808	7,001	53,477
Deferred Inflows of Resources	18,610	21,940	7,907	48,457
Pension Expense	7,509	12,387	2,504	22,400

A. MUNICIPAL EMPLOYEES' RETIREMENT PLAN

1. Plan Description - MERP is a cost-sharing multiple-employer defined benefit pension trust. MERP covers full-time non-sworn employees of the City, its component units and employees of four other governmental organizations.

The Plan was established by the City in accordance with the City Charter and State statutes, and provides retirement, disability and death benefits to plan members.

Management of the Plan is vested in the Board of Trustees consisting of seven members – two elected by active plan members, one elected by retirees, two mayoral appointments and the Director of Finance and the Director of Human Resources who serve as ex-officio members.

The Plan does not issue a stand-alone financial report and is not included in the report of a public employee retirement system or a report of another entity.

2. Summary of Significant Accounting Policies

Basis of Accounting – The MERP financial statements are prepared on the accrual basis of accounting. Employer and employee contributions are recognized when due and a formal commitment to provide the contributions is made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments – Investment income is recognized when earned. Investments are reported at fair value in accordance with the fair value techniques disclosed in Note 3. Realized gains and losses on sales and exchanges are recognized on the transaction date. Changes in fair value are reported as investment income.

3. Benefits and Refunds Paid - Any member whose years of continuous employment, when added to the member's age equals or exceeds 80, may retire without a reduction in the monthly benefit. The amount of retirement benefit is established by City ordinance and is equal to 2.35% of final average earnings of highest 30 months within last five years of service, up to covered compensation, times years of service.

Pension provisions include death benefits for the surviving spouse. The system does not provide a monthly income for disabled members; however, under certain conditions, employees who become disabled may be eligible to receive their full retirement at age 65 even though they were unable to work up to the retirement age. Benefits vest at 100% after five years of service.

4. Membership data (for MERP):

Active members	2,402
Retirees and beneficiaries currently receiving benefits	1,900
Inactive members entitled to but not yet receiving benefits	290
	4,592

5. Contributions - The contribution requirements of active members and the participating employers are established by City ordinance. Plan members are required to contribute 6.5% of covered compensation to the Plan. The City is required to contribute the remaining amounts necessary to fund the system, which was 11.5% of covered compensation for 2016. During the year the City contributed $6,439 in employer contributions.

(dollar amounts expressed in thousands)

Note 9. Pension and Deferred Compensation Plans, continued

6. Investments - The Board of Trustees established an investment policy guiding the allocation of invested assets. This policy may be amended by the Board of Trustees. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan.

7. Asset Allocation - Following is the Plans' asset allocation policy, and the long-term expected geometric real rate of return for each major asset class:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed income	24%	1.16%
Domestic equity	36%	6.19%
International equity	24%	6.59%
Real estate	8%	4.24%
Commodities	3%	0.50%
Timber	4%	4.25%
Cash	1%	0.11%

There are no investments in any one organization representing 5% or more of MERP's net position. There are no investments in, loans to, or leases with related parties.

For the year ended, the annual money-weighted rate of return on MERP investments, net of investment expense, was 1.7%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

8. Net Pension Liability (for MERP):

Total pension liability	$ 629,218
Plan fiduciary net position	(412,905)
Net pension liability	$ 216,313
Plan fiduciary net position as a percentage of the total pension liability	65.6%

The total pension liability was determined using an actuarial valuation date of January 1, 2016 rolled forward from the valuation date to the fiscal year ending June 30, 2016 using generally accepted actuarial principals and methods.

Proportionate share and net pension liability reported in:

Governmental activities	42.8244%	$ 92,635
Business type activities	5.8605%	12,677
Component units	38.1173%	82,453
Organizations not in reporting entity	13.1978%	28,548
	100.0000%	$ 216,313

9. Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of the date below.

Valuation date	January 1, 2016
Investment rate of return*	7.50%
Projected salary increases*	4.00% - 11.75%
* Includes inflation at	3.00%
Mortality rates	RP-2014 Combined Healthy Mortality Tables with Blue Collar adjustments.

The actuary assumptions used were based on the results of an actuarial experience study for the five-year period ending December 31, 2015.

10. Discount Rate (for MERP) - A discount rate of 7.5% was used to measure the total estimated pension liability. This discount rate was based on an expected rate of return on pension plan investments of 7.5%.

The projection of cash flows used to determine this discount rate assumed that MERP member contributions will be made at the current contribution rate and that employer contributions will be made as specified in MERP's funding policy.

Beginning July 1, 2017, and all future years, it is assumed that the employer contribution rate will increase to 14.85% of payroll, which is the actuarially determined contributions rate.

Based on these assumptions, MERP's fiduciary net position and future contributions were sufficient to finance all the future benefit payments of the current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the discount rate, the following presents the Plan's estimated net pension liability, calculated using a discount rate of 7.5% as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower and higher.

(dollar amounts expressed in thousands)

Note 9. Pension and Deferred Compensation Plans, continued

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
Plan	$290,717	$216,313	$153,969
Primary Government	$141,535	$105,312	$ 74,960

11. Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

The primary government's pension expense for the year was $7,509. At June 30, 2016, the primary government's deferred outflows of resources and deferred inflows of resources were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual plan experience	$ 1,124	$ 2,726
Assumption Change	23,038	14,084
Net difference between projected and actual earnings on pension plan investments	10,704	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,802	1,800
	$ 36,668	$ 18,610

In 2016, amounts reported as changes in assumptions resulted primarily from the changes in the mortality table and discount rate from 7.75% to 7.50%.

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30th	
2017	$ 678
2018	678
2019	10,755
2020	5,947
	$ 18,058

B. OKLAHOMA FIREFIGHTERS PENSION AND RETIREMENT SYSTEM

The Firefighters Plan is a statewide retirement system for firefighters, and is administered by the State of Oklahoma. The City is neither involved in the administration of the Firefighters System nor does it maintain the accounting records or hold Plan investments.

Unless otherwise indicated, information in this note related to the Firefighters Pension and Retirement systems are provided as of July 1, 2015, the most recent actuarial valuation.

1. Plan Description - Sworn firefighters of the City are provided with pensions through the Oklahoma Firefighters Pension Retirement System (Firefighters System)—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension Plan established by Oklahoma Statutes for both paid and volunteer firefighters of participating municipalities and protection districts. Firefighters System provides retirement and death benefits which are established by State statute to plan members and beneficiaries. Firefighters System issues a publicly available financial report that includes financial statements and required supplementary information. The report is located at http://www.ok.gov/fprs/Financials/index.html.

2. Benefits provided - In general, the Firefighters System provides defined retirement benefits based on members' final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. Benefits are established and amended by State statute. The normal retirement date is the date upon which the participant completes 20 years of credited service, regardless of age for participants who entered the plan prior to November 1, 2013. For participants entering the plan after November 1, 2013 normal retirement is upon completion of 22 years of services and at least age 50. Normal benefits equal 50% of final average compensation for participants entering prior to November 1, 2013 and 55% of final average compensation for participants entering after November 1, 2013.

3. Contributions - The Oklahoma Legislature sets the required contribution rate based on payroll and is not determined by actuary calculations. The City's contractually required contribution rate for the year ended June 30, 2016, was 14% of annual payroll, employee participants were required to contribute 9%. Contributions to the pension plan from the City were $6,511 for the year ended June 30, 2016. The State of Oklahoma, a non-employer contributing agency, contributes 36% of taxes received

(dollar amounts expressed in thousands)

Note 9. Pension and Deferred Compensation Plans, continued

from the tax on premiums collected by insurance companies operating in Oklahoma. The State of Oklahoma contributed $14,345 to the Firefighters System on behalf of the City for the year ended June 30, 2016.

4. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the City reported a liability of $166,883 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating governments. At June 30, 2015, the City's proportion was 15.7228%.

For the year ended June 30, 2016, the City recognized pension expense of $12,387. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual Plan experience	$ 3,297	$ -
Net difference between projected and actual earnings on pension plan investments	-	12,440
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	9,500
City contributions subsequent to the measurement date	6,511	-
	$ 9,808	$ 21,940

$6,511 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

The remaining amount of deferred outflows of resources are being amortized over a closed period equal to the average of the expected service lives of all participants as of the beginning of the associated measurement period, which was 6.31 to 6.37 years. The deferred inflow related to the difference between projected and actual investment earnings is being amortized over a closed 5-year period beginning in the current year. Amounts reported as deferred outflows of resources (other than contributions) and deferred inflows of resources related to pensions will be recognized in pension expense (gain) as follows:

Year	Amortization of Deferred Outflows
2017	$ (5,681)
2018	(5,681)
2019	(5,681)
2020	438
2021	(1,493)
Thereafter	(545)
	$ (18,643)

5. Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return*	7.5% compounded annually, net of investment expense
Projected salary increases*	3.5% - 9.0%
* Includes inflation at	3.00%

Mortality rates were based on the RP-2000 Combined Healthy Blue Collar adjustments, as appropriate, with adjustments for generational mortality improvements based on Scale AA for healthy lives and no mortality improvements for disabled lives.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following tables:

(dollar amounts expressed in thousands)

Note 9. Pension and Deferred Compensation Plans, *continued*

Asset Class	Target Allocation
Equities	62%
Fixed income	20%
Real estate and other	18%
	100%

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	8.02%
International equity	9.94%
Fixed income	5.13%
Real estate	7.47%
Other investments	6.25%

6. Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from cities will be made at contractually required rates, determined by Oklahoma Statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by Oklahoma statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability	$216,680	$ 166,883	$125,118

Pension plan fiduciary net position- Detailed information about the pension plan's fiduciary net position is available in the separately issued Firefighters System financial report; which can be located at http://www.ok.gov/fprs/.

C. OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

1. Plan Description - Sworn police officers of the City are provided with pensions through the Oklahoma Police Pension and Retirement System (OPPRS)—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension Plan established by Oklahoma Statutes for police officers of an Oklahoma municipality or state agency. OPPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. OPPRS issues a publicly available financial report that includes financial statements and required supplementary information. The report is located at http://www.ok.gov/opprs/Financials/index.html.

2. Benefits - In general OPPRS provides defined retirement benefits based on members' final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. Benefits are established and amended by State statute. The normal retirement date is the date upon which the participant completes 20 years of credited service, regardless of age.

3. Contributions - The Oklahoma Legislature sets the required contribution rate based on payroll and is not determined by actuary calculations. The City's contractually required contribution rate for the year ended June 30, 2016, was 13% of annual payroll, employee participants were required to contribute 8%. The State of Oklahoma, a non-employer contributing agency, contributes 14% of taxes received from the tax on premiums collected by insurance companies operating in Oklahoma. Contributions to the pension plan from the City were $7,001 for the year ended June 30, 2016. The State of Oklahoma contributed $6,343 to the Police System on behalf of the City for the year ended June 30, 2016.

4. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the City reported a liability of $728 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on

(dollar amounts expressed in thousands)

Note 9. Pension and Deferred Compensation Plans, *continued*

of the City's share of contributions to the pension plan relative to the contributions of all participating governments. At June 30, 2015, the City's proportion was 17.8728%.

For the year ended June 30, 2016, the City recognized pension expense of $2,504. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual Plan experience	$ -	$ 4,030
Net difference between projected and actual earnings on pension plan investments	-	2,804
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,073
City contributions subsequent to the measurement date	7,001	-
	$ 7,001	$ 7,907

$7,001 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

The remaining amount of deferred inflows of resources are being amortized over a closed period equal to the average of the expected service lives of all participants as of the beginning of the associated measurement period, which was 5.77 to 5.83 years. The deferred inflows related to the difference between projected and actual investment earnings are being amortized over a closed 5-year period beginning in the current year. Amounts reported as deferred outflows of resources (other than contributions) and deferred inflows of resources related to pensions will be recognized in pension expense (gain) as follows:

Year	
2017	$ (3,203)
2018	(3,203)
2019	(3,203)
2020	2,180
2021	(529)
Thereafter	51
	$ (7,907)

5. Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions:

Investment rate of return*	7.5% compounded annually, net of investment expense
Projected salary increases*	4.5% - 17.0%
* Includes inflation at	3.00%

Mortality rates were based on the RP-2000 Blue Collar Healthy Combined Table with age set back 4 years with fully generational improvements based on Scale AA for active employees (pre-retirement). Active employees (post-retirement and nondisabled pensioners) use the same table with no age set backs. Disability pensioners use the same table with age set forward 4 years.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following tables:

Asset Class	Target Allocation
Equities	60%
Fixed Income	25%
Real Estate and other investments	15%
	100%

(dollar amounts expressed in thousands)

Note 9. Pension and Deferred Compensation Plans, continued

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	4.87%
International equity	7.68%
Private equity/debt	5.80%
Fixed Income	2.24%
Real Estate	5.47%
Commodities	2.96%

6. Discount rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from cities will be made at contractually required rates, determined by the Oklahoma Statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, established by Oklahoma statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. Sensitivity of the City's proportionate share of the net pension liability (asset) to changes in the discount rate - The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability (asset)	$ 43,788	$ 728	$ (35,574)

Pension plan fiduciary net position. - Detailed information about the pension plan's fiduciary net position is available in the separately issued OPPRS financial report; which can be located at http://www.ok.gov/opprs/Financials/index.html.

D. DEFERRED COMPENSATION PLAN

The City offers a deferred compensation plan created in accordance with Internal Revenue Code Section 457 ("the Plan").

The Plan, available to all City employees, permits them to defer a portion of their current salary to future years. Each participant may direct the Plan to invest his or her account balance in one or more of several investment funds. The Plan offers a variety of investment options that will provide participants with a reasonable opportunity to build diversified portfolios.

The compensation deferred is available to the employees upon termination, retirement, death, or unforeseeable emergency.

The Plan is administered by the Deferred Compensation Board of Trustees ("Board"), created by Executive Order of the Mayor. The Board has full power and authority to adopt investment policies and to select and monitor the funds made available to participants. The Board also has the authority to establish rules and regulations for the administration of the plan and advises the Mayor on employment of investment providers.

The Plan is not reported in the City's financial statements because the assets are held in trust by an independent trustee for the benefit of the participating employees.

(dollar amounts expressed in thousands)

Note 10. Other Post-Employment Benefits

A. OPEB PLAN DESCRIPTION

The City provides post-employment healthcare benefits (OPEB) for retired employees and their dependents through the City of Tulsa Postretirement Medical Plan (the Plan), a multi-employer defined benefit healthcare plan. The governmental activities, business type activities and component units account for 96% of the OPEB liability. Other organizations, not in the reporting entity account for the remaining 4%. The benefits, coverage levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The Plan does not issue a stand-alone financial report.

B. BENEFITS PROVIDED

The Plan covers all current retirees who elected postretirement medical coverage through the City of Tulsa and future retired general employees. All current active police officers and firefighters are covered by a separate trust established specifically to provide medical benefits to the City of Tulsa police officers and firefighters and are not considered for this disclosure.

All healthcare benefits are provided through the City's fully insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services and prescriptions. General employees are eligible for membership in the Plan if they retire from the City on or after age 55 with 5 years of service or with age and service totaling 80 points. Coverage ceases upon eligibility of the member (retiree or dependent) for Medicare. Coverage for dependents can continue upon the death of the retiree. Spouses of employees eligible for benefits and who die in active service can receive coverage.

C. MEMBERSHIP

As of the most recent actuarial valuation date, membership consisted of the following:

Retired participants	123
Active employees	2,188
	2,311

D. FUNDING POLICY

The City offers retiree medical coverage at the same rate as that provided to current employees. The retirees are responsible for the full cost of the group contract rate.

E. ANNUAL OPEB COSTS

Year	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	$ 675	$ 797	118%	$ 16,807
2015	910	618	68%	16,929
2014	1,062	1,332	125%	16,637

F. The net OPEB obligation was calculated as follows:

Annual Required Contribution	$ 977
Interest on Net OPEB Obligation	677
Adjustment to Annual Required Contribution	(979)
Annual OPEB Cost	675
Contributions	(797)
Decrease in Net OPEB Obligation	(122)
Net OPEB Obligation, beginning of year	16,929
Net OPEB Obligation, end of year	$ 16,807

G. Net OPEB Obligation reported in:

Governmental activities	$ 8,179
Business type activities	1,226
Component units	6,712
Organizations not in reporting entity	690
	$ 16,807

H. The funded status of the plan as of July 1, 2015

Actuarial Accrued Liability	$ 9,713
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 9,713
Funded ratio	0%
Covered payroll (active plan members)	$ 101,059
UAAL as a percentage of covered payroll	9.6%

I. ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members

Note 10. Other Post-Employment Benefits, continued

to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Valuation date	July 1, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Remaining amortization periods	30 years open
Discount rate	4.0%
Inflation rate	3.0%
Initial annual healthcare cost trend rate	8.5%
Annual reduction of healthcare cost trend rate	0.5%
Ultimate annual healthcare cost trend rate	5%

(dollar amounts expressed in thousands)

Note 11. Long-Term Liabilities

A. LONG-TERM LIABILITIES

A summary of long-term liability activity is as follows (detailed information is available on the following pages):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
PRIMARY GOVERNMENT					
Governmental activities:					
General obligation bonds	$ 452,850	$ 80,133	$ (67,607)	$ 465,376	$ 52,053
Revenue bonds	6,980	-	(1,340)	5,640	1,365
Other long-term liabilities	295,571	80,049	(47,143)	328,477	31,848
Premium on debt issuance - GO bonds	15,443	3,858	(3,974)	15,327	-
Premium on debt issuance - Revenue bonds	401	-	(133)	268	-
Total governmental activities	771,245	164,040	(120,197)	815,088	85,266
Business-type activities:					
Revenue bonds	98,905	-	(3,065)	95,840	3,260
Unamortized discount--revenue bonds	(119)	-	6	(113)	-
Unamortized premium--revenue bonds	21	-	(1)	20	-
Compensated absences	702	937	(936)	703	504
Other post-employment benefits	1,166	60	-	1,226	-
Pension liability	6,795	6,008	(126)	12,677	-
Contract obligation	66	-	(66)	-	-
Total business-type activities	107,536	7,005	(4,188)	110,353	3,764
Total primary government	$ 878,781	$ 171,045	$ (124,385)	$ 925,441	$ 89,030
COMPONENT UNITS					
Revenue bonds:					
TAIT	$ 176,370	$ -	$ (9,425)	$ 166,945	$ 7,820
TMUA	141,110	27,450	(9,810)	158,750	10,460
TPA	14,470	-	(1,750)	12,720	1,790
Premium on debt issuance - TMUA	2,570	1,173	(415)	3,328	-
Premium on debt issuance - TAIT	7,457	-	(439)	7,018	-
Unamortized bond discount - TAIT	(613)	-	47	(566)	-
Premium on debt issuance - TPA	559	-	(93)	466	-
	341,923	28,623	(21,885)	348,661	20,070
General obligation bonds - TMUA	29,610	5,587	(10,633)	24,564	6,627
Premium on debt issuance - TMUA	808	441	(310)	939	-
	30,418	6,028	(10,943)	25,503	6,627
Promissory notes - TMUA	248,547	11,971	(17,851)	242,667	15,436
Unamortized bond discount - TMUA	(90)	-	14	(76)	-
Premium on debt issuance - TMUA	8,488	-	(505)	7,983	-
	256,945	11,971	(18,342)	250,574	15,436
Capital lease	3,982	-	(194)	3,788	200
Watermain extension contracts	3,801	-	(437)	3,364	366
Claims and judgments - Airport	860	-	(143)	717	158
Compensated absences	5,802	3,897	(3,975)	5,724	2,999
Other post-employment benefits	6,669	67	(24)	6,712	-
Pension liability	52,139	38,556	(653)	90,042	-
Total component units	$ 702,539	$ 89,142	$ (56,596)	$ 735,085	$ 45,856

Note 11. Long-Term Liabilities, continued

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and for improvements to the waste water utility system, an operation of TMUA, a component unit. The bonds are direct obligations and pledge the full faith and credit of the City.

General obligation bonds issued for governmental activity purposes are liquidated by the Debt Service Fund. General obligation bonds issued for a component unit's activity is liquidated by the component unit.

The General Fund is typically used to liquidate other governmental long-term liabilities for pension, compensated absences, and other post-employment benefits. The Debt Service Fund is used to liquidate general obligation bonds and judgments.

Revenue bonds issued for governmental activities are liquidated by the TPFA internal service fund from lease and loan repayments.

Revenue bonds, promissory notes and other long term liabilities of business-type activities or by component units are repaid from those activities or component units.

B. PRIMARY GOVERNMENT

The Constitution of Oklahoma prohibits the City from becoming indebted for any amount exceeding the revenue to be received for any fiscal year, without the approval of the voters. General obligation bonds have been approved by the voters and issued by the City for various municipal improvements. These bonds are to be fully paid, generally within 20 years from the date of issue, and are backed by the full faith and credit of the City.

General Obligation Bond Refunding - On April 28, 2016, the City issued $28,720 in Series 2016A General Obligation Refunding Bonds. The proceeds of the issue along with $3,636 of other City resources were used to currently refund the City's Series 2008 General Obligation Bonds.

The transaction will reduce debt service payments by approximately $6,805 over the next 3 years and result in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately $3,221. The refunding resulted in a deferred loss of $561 which will be amortized over the life of the new bonds.

(dollar amounts expressed in thousands)

Note 11. Long-Term Liabilities, *continued*

Primary government long-term liability activity is as follows:

	Issue Amount	Maturity Date	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities								
General obligation bonds:								
Series 2004-A, Refunding	$ 28,021	2016	5.0%	$ 2,486	$ -	$ (2,486)	$ -	$ -
Series 2008	35,851	2028	4.0-4.75%	24,494	-	(24,494)	-	-
Series 2009	48,454	2029	3.0-4.25%	35,593	-	(2,572)	33,021	2,572
Series 2009B	70,000	2019	5.0%	38,800	-	(7,800)	31,000	7,800
Series 2009A, Refunding	9,153	2019	3.5-4.0%	3,877	-	(988)	2,889	969
Series 2009B, Refunding	14,405	2021	3.5-5.0%	7,509	-	(1,298)	6,211	1,271
Series 2010	70,000	2020	0.05	46,600	-	(7,800)	38,800	7,800
Series 2011	50,000	2031	3.0-3.50%	44,700	-	(2,650)	42,050	2,650
Series 2011A, Refunding	21,105	2022	2.50-4.25%	12,625	-	(1,965)	10,660	1,910
Series 2013A, Refunding	23,746	2025	2.50%	19,093	-	(2,214)	16,879	2,141
Series 2013	45,000	2023	4.0%	40,000	-	(5,000)	35,000	5,000
Series 2014	50,000	2034	3.0-4.0%	50,000	-	(2,660)	47,340	2,630
Series 2014A, Refunding	15,875	2026	2.0-3.0%	15,875	-	(1,680)	14,195	1,626
Series 2015	70,000	2040	2.0-3.25%	70,000	-	-	70,000	2,955
Series 2015A, Refunding	41,198	2027	2.0-2.5%	41,198	-	(4,000)	37,198	3,869
Series 2016	57,000	2036	3.0%	-	57,000	-	57,000	-
Series 2016A, Refunding	23,133	2019	5.0%	-	23,133	-	23,133	8,860
				452,850	80,133	(67,607)	465,376	52,053
Premium on debt issuance				15,443	3,858	(3,974)	15,327	-
				468,293	83,991	(71,581)	480,703	52,053
Revenue bonds:								
Capital Improvements - 2012	$ 10,900	2020	3.0-4.0%	6,980	-	(1,340)	5,640	1,365
Premium on debt issuance				401	-	(133)	268	-
				7,381	-	(1,473)	5,908	1,365
Other long-term liabilities:								
Compensated absences				29,273	21,043	(20,738)	29,578	21,205
Other post-employment benefits				8,411	23	(255)	8,179	-
Pension liability				224,740	46,776	(11,270)	260,246	-
Claims and judgments				31,435	12,207	(14,537)	29,105	10,300
Due to other governments				1,712	-	(343)	1,369	343
				295,571	80,049	(47,143)	328,477	31,848
Total governmental activities				$ 771,245	$ 164,040	$ (120,197)	$ 815,088	$ 85,266
Business-type activities								
Revenue bonds:								
Lease Rev Bonds 2007A	$ 34,620	2037	4.625-5.25%	$ 34,620	$ -	$ -	$ 34,620	$ -
Lease Rev Bonds 2007B	33,130	2029	5.58 - 6.60%	23,925	-	-	23,925	-
Capital Improvements - 2008	16,000	2027	6.07%	10,755	-	(1,095)	9,660	1,190
Capital Improvements - 2012, Refunding	9,480	2018	1.25%	6,860	-	(1,400)	5,460	1,485
Improvement District - 2013, Tax-exempt	19,355	2038	4.26%	18,890	-	(475)	18,415	490
Improvement District - 2013, Taxable	3,950	2038	5.24%	3,855	-	(95)	3,760	95
				98,905	-	(3,065)	95,840	3,260
Unamortized discount				(119)	-	6	(113)	-
Unamortized premium				21	-	(1)	20	-
				98,807	-	(3,060)	95,747	3,260
Other long-term liabilities:								
Compensated absences				702	937	(936)	703	504
Other post-employment benefits				1,166	60	-	1,226	-
Pension liability				6,795	6,008	(126)	12,677	-
Contract obligation				66	-	(66)	-	-
Total business-type activities				$ 107,536	$ 7,005	$ (4,188)	$ 110,353	$ 3,764

(dollar amounts expressed in thousands)

Note 11. Long-Term Liabilities, continued

Summary of general obligation bonds outstanding and allocation between primary government and component units, at year end:

General Obligation Series	Ending Balance	Primary Government	Component Units
Series 2009 (6.4604247% Sewer)	$ 35,300	$ 33,021	$ 2,279
Series 2009B	31,000	31,000	-
Series 2009A, Refunding (37.668% Sewer)	4,635	2,889	1,746
Series 2009B, Refunding (30.5625% Sewer)	8,945	6,211	2,734
Series 2010	38,800	38,800	-
Series 2011	42,050	42,050	-
Series 2011A, Refunding	10,660	10,660	-
Series 2012A, Refunding (100% Sewer)	1,955	-	1,955
Series 2013A Refunding (26.438% Sewer)	22,945	16,879	6,066
Series 2013	35,000	35,000	-
Series 2014	47,340	47,340	-
Series 2014A, Refunding (2.6354839% Sewer)	14,580	14,195	385
Series 2015	70,000	70,000	-
Series 2015A, Refunding (9.2949512% Sewer)	41,010	37,198	3,812
Series 2016	57,000	57,000	-
Series 2016A Refunding (19.45405530% Sewer)	28,720	23,133	5,587
	$ 489,940	$ 465,376	$ 24,564

C. COMPONENT UNITS

1. Revenue Bonds

Revenue bonds outstanding include debt issued by component units of the City. The debt of these component units does not constitute debt of the City and is payable solely from resources of the authorities or trusts. Revenue bonds are collateralized primarily by the trust estates and revenues derived there from.

Various bond indentures, loan agreements, and pledge and security agreements contain significant limitations and restrictions for annual debt requirements and flow of monies through various restricted accounts.

2. Promissory Notes

TMUA's outstanding loans with the Oklahoma Water Resources Board are collateralized by a first lien and security interest in the TMUA's wastewater treatment system and the revenues derived there from and generally requires semi-annual principal and interest payments.

3. TMUA Line of Credit

On July 10, 2013 TMUA approved a $10,000 line of credit agreement with a banking institution. The agreement is for an initial two year term and renewable in two year increments thereafter. In October 2016, TMUA approved the first amendment to the agreement, extending the maturity date to October 22, 2017. The applicable interest rate is the 30 day LIBOR plus 1.75%. There have been no draws under the agreement.

4. Conduit Debt – Tulsa International Airport

To pay the costs of certain modifications, rehabilitation, and reconstruction to special facilities located at the Tulsa International Airport, the Airport issued a series of Special Facility Revenue Bonds. At June 30, 2016, Special Facility Revenue Bonds outstanding aggregated $10,120.

The outstanding amounts are special limited obligations of the Airport, payable solely from and collateralized by

Note 11. Long-Term Liabilities, continued

a pledge of rentals to be received from a lease agreement between the Airport and Biz Jet International. The bonds do not constitute a debt or pledge of the faith and credit of the Airport or the City, and accordingly, neither the assets nor the debt are reported in the accompanying financial statements.

5. Tulsa Industrial Authority

Notes and bonds issued by the Tulsa Industrial Authority are utilized by industrial, commercial and other organizations to promote economic development within and near the territorial limits of the City of Tulsa.

TIA loans the proceeds from the notes and bonds to organizations or enters into lease-purchase agreements for the facilities. The notes and bonds issued by TIA are special and limited obligations payable solely out of revenues from the loan agreements and security provided by the loan agreements. At June 30, 2016, the aggregate outstanding principal balances due on these notes and bonds are approximately $134,000.

(dollar amounts expressed in thousands)

Note 11. Long-Term Liabilities, continued

Component Units long-term liability activity is as follows:

	Authorized Amount	Maturity Date	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
REVENUE BONDS:								
Tulsa Airports Improvement Trust								
Series 2004-B	$ 2,200	2017	4.95%	$ 400	$ -	$ (200)	$ 200	$ 200
Series 2009-D	56,615	2031	2.726-7.759%	49,020	-	(840)	48,180	650
Series 2010-A	5,770	2021	4.57-5.0%	3,860	-	(580)	3,280	605
Series 2010-B	8,215	2021	6.0-6.50%	5,040	-	(725)	4,315	765
Series 2010-C	13,520	2025	4.0-5.25%	7,705	-	(1,515)	6,190	1,520
Series 2013-A	33,665	2043	5.0-5.25%	33,665	-	-	33,665	600
Series 2013-B	3,275	2043	1.389-5.087%	3,045	-	(235)	2,810	240
Series 2015-A	44,045	2045	2.0-5.0%	43,755	-	(1,650)	42,105	1,510
Series 2015-B	6,670	2018	2.0-4.0%	5,025	-	(1,665)	3,360	1,640
Series 2015-C	895	2045	2.0-4.25%	895	-	(20)	875	20
Series 2015-D	24,395	2028	2.0-5.0%	23,960	-	(1,995)	21,965	70
				176,370	-	(9,425)	166,945	7,820
Premium on debt issuance				7,457	-	(439)	7,018	-
Unamortized discount				(613)	-	47	(566)	-
				183,214	-	(9,817)	173,397	7,820
Tulsa Metropolitan Utility Authority								
Series 2009	$ 21,500	2029	3.0-4.75%	$ 17,270	$ -	$ (810)	$ 16,460	$ 840
Series 2010	14,510	2030	2.5-4.0%	12,825	-	(590)	12,235	610
Series 2011	24,100	2031	3.0-4.375%	20,675	-	(875)	19,800	900
Series 2012 Refunding	12,685	2025	2.0-2.65%	9,795	-	(970)	8,825	975
Series 2013 Refunding	61,280	2025	2.5-3.0%	52,780	-	(4,400)	48,380	4,480
Series 2014	17,825	2034	2.0-3.50%	17,825	-	(660)	17,165	665
Series 2015	9,940	2027	2.0-3.0%	9,940	-	(1,505)	8,435	670
Series 2016A	16,565	2031	3.0-3.25%	-	16,565	-	16,565	900
Series 2016B	10,885	2036	2.0-3.50%	-	10,885	-	10,885	420
				141,110	27,450	(9,810)	158,750	10,460
Premium on debt issuance				2,570	1,173	(415)	3,328	-
				143,680	28,623	(10,225)	162,078	10,460
Tulsa Parking Authority								
Series 2012 - Refunding	$ 17,860	2028	2.0-4.0%	14,470	-	(1,750)	12,720	1,790
Premium on debt issuance				559	-	(93)	466	-
				15,029	-	(1,843)	13,186	1,790
				$ 341,923	$ 28,623	$ (21,885)	$ 348,661	$ 20,070

Continued

(dollar amounts expressed in thousands)

Note 11. Long-Term Liabilities, *continued*

Component Units long-term liability activity, continued

Description	Issue Amount	Maturity Date	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
PROMISSORY NOTES:								
Tulsa Metropolitan Utility Authority								
Series 1997-A, Sanitary Sewer	$ 4,035	2016	0.50%	$ 309	$ -	$ (206)	$ 103	$ 103
Series 1998-B, Sanitary Sewer	4,392	2017	0.50%	573	-	(229)	344	229
Series 2001-B, Sanitary Sewer	4,996	2020	0.50%	1,315	-	(263)	1,052	263
Series 2002-D, Sanitary Sewer	6,813	2021	0.50%	2,271	-	(349)	1,922	349
Series 2004-B, Sanitary Sewer	1,560	2023	0.50%	680	-	(80)	600	80
Series 2005-B, Sanitary Sewer	7,900	2027	0.50-2.74%	5,252	-	(349)	4,903	360
Series 2005-C, Sanitary Sewer	1,203	2025	0.50%	631	-	(60)	571	60
Series 2006-A, Sanitary Sewer	3,130	2027	0.50-2.74%	2,027	-	(134)	1,893	139
Series 2006-B, Sanitary Sewer	835	2016	1.51%	105	-	(105)	-	-
Series 2006-C, Sanitary Sewer	17,825	2029	0.50-2.77%	13,170	-	(729)	12,441	753
Series 2006, Sanitary Sewer	52,585	2025	4.145-5.145%	35,430	-	(2,545)	32,885	2,650
Series 2007-A, Sanitary Sewer	5,131	2026	0.50%	3,026	-	(263)	2,763	263
Series 2007-B, Sanitary Sewer	8,365	2026	4.020-4.645%	5,880	-	(384)	5,496	402
Series 2009-A, Sanitary Sewer	11,320	2032	3.22%	8,309	-	(566)	7,743	566
Series 2009-B, Sanitary Sewer	7,350	2032	2.91%	4,644	-	(213)	4,431	221
Series 2010-A, Sanitary Sewer	27,757	2032	2.89%	20,522	3,080	(1,388)	22,214	1,388
Series 2010-B, Sanitary Sewer	29,380	2030	3.145-5.145%	25,045	-	(1,160)	23,885	1,195
Series 2011 A, Sanitary Sewer	23,480	2033	3.11%	19,828	1,487	(1,174)	20,141	1,174
Series 2011-B, Sanitary Sewer	14,275	2031	2.145-5.145%	12,750	-	(535)	12,215	555
Series 2011 C, Sanitary Sewer	16,700	2034	2.55%	15,032	-	(835)	14,197	835
Series 2012A, Sanitary Sewer	4,347	2034	2.43%	1,450	1,980	(217)	3,213	217
Series 2012-B. Sanitary Sewer	11,355	2032	2.145-3.395%	10,260	-	(445)	9,815	455
Series 2012C, Sanitary Sewer	2,450	2017	2.145-4.145%	1,490	-	(490)	1,000	495
Series 2013A, Sanitary Sewer	9,850	2035	2.24%	922	3,336	-	4,258	493
Series 2013B, Sanitary Sewer	27,605	2033	2.645-5.145%	26,250	-	(960)	25,290	985
Series 2014A (ORF-14-0002-CW)	2,910	2035	2.58%	522	1,875	(73)	2,324	146
Series 2014B (FAP-14-0001-L)	10,180	2033	2.145-4.06%	9,955	-	(415)	9,540	420
Series 2014C (FAP-14-0004-L)	17,735	2034	2.145-5.145%	17,735	-	(520)	17,215	640
Series 2015A (ORF-16-0001-CW)	28,330	2038	2.46%	-	213	-	213	-
Series 2009C (ORF-09-0007-DW)	5,225	2031	3.32%	3,164	-	(3,164)	-	-
				248,547	11,971	(17,851)	242,667	15,436
Premium on debt issuance-TMUA				8,488	-	(505)	7,983	-
Unamortized discount-TMUA				(90)	-	14	(76)	-
				$ 256,945	$ 11,971	$ (18,342)	$ 250,574	$ 15,436
GENERAL OBLIGATION BONDS:								
Tulsa Metropolitan Utility Authority								
Series 2004-A, Refunding	$ 949	2016	5.0%	$ 84	$ -	$ (84)	$ -	$ -
Series 2008, Sanitary Sewer	8,659	2028	4.0-4.75%	5,916	-	(5,916)	-	-
Series 2009, Sanitary Sewer	3,346	2029	3.0-4.25%	2,457	-	(178)	2,279	178
Series 2009A Refunding, Sanitary Sewer	5,532	2019	3.5-4.0%	2,343	-	(597)	1,746	586
Series 2009B Refunding, Sanitary Sewer	6,340	2021	4.0-5.0%	3,306	-	(572)	2,734	559
Series 2012A Refunding, Sanitary Sewer	10,575	2017	4.0%	3,990	-	(2,035)	1,955	1,955
Series 2013A Refunding, Sanitary Sewer	8,534	2025	2.50%	6,862	-	(796)	6,066	769
Series 2014A Refunding, Sanitary Sewer	430	2026	2.0-3.0%	430	-	(45)	385	44
Series 2015A Refunding, Sanitary Sewer	4,222	2027	2.0-2.5%	4,222	-	(410)	3,812	396
Series 2016A Refunding, Sanitary Sewer	5,587	2019	5.00%	-	5,587	-	5,587	2,140
				29,610	5,587	(10,633)	24,564	6,627
Premium on debt issuance-TMUA				808	441	(310)	939	-
				$ 30,418	$ 6,028	$ (10,943)	$ 25,503	$ 6,627

(dollar amounts expressed in thousands)

Note 11. Long-Term Liabilities, continued

Principal and Interest Payments in Subsequent Years:

Primary Government

Year	General Obligation Principal	General Obligation Interest	Revenue Bonds Principal	Revenue Bonds Interest	Total Principal	Total Interest
2017	$ 52,053	$ 15,779	$ 4,625	$ 5,147	$ 56,678	$ 20,926
2018	54,420	13,722	4,475	4,977	58,895	18,699
2019	51,210	11,596	5,230	4,818	56,440	16,414
2020	44,083	9,605	4,690	4,617	48,773	14,222
2021	36,082	8,132	3,430	4,369	39,512	12,501
2022-2026	109,861	27,938	18,275	18,733	128,136	46,671
2027-2031	66,242	14,270	21,400	12,762	87,642	27,032
2032-2036	39,765	5,229	25,595	6,930	65,360	12,159
2037-2041	11,660	941	13,760	820	25,420	1,761
	$ 465,376	$ 107,212	$ 101,480	$ 63,173	$ 566,856	$ 170,385

Component Units

Year	General Obligation Principal	General Obligation Interest	Revenue Bonds Principal	Revenue Bonds Interest	Promissory Notes Principal	Promissory Notes Interest	Total Principal	Total Interest
2017	$ 6,627	$ 884	$ 20,070	$ 14,894	$ 15,436	$ 8,760	$ 42,133	$ 24,538
2018	4,550	619	20,085	14,229	15,736	8,295	40,371	23,143
2019	3,810	436	20,645	13,555	15,209	7,786	39,664	21,777
2020	1,807	284	20,270	12,828	15,574	7,270	37,651	20,382
2021	1,798	225	20,335	11,743	15,676	6,749	37,809	18,717
2022-2026	5,164	517	107,920	48,230	82,452	24,648	195,536	73,395
2027-2031	808	49	82,645	25,050	61,271	10,563	144,724	35,662
2032-2036	-	-	20,985	9,624	21,313	1,381	42,298	11,005
2037-2041	-	-	15,125	5,238	-	-	15,125	5,238
2042-2045	-	-	10,335	1,128	-	-	10,335	1,128
	$ 24,564	$ 3,014	$ 338,415	$ 156,519	$ 242,667	$ 75,452	$ 605,646	$ 234,985

Variable Rate Terms *- Interest requirements for variable rate debt are calculated using the interest rate effective at the end of the reporting year. The interest rate is reset semiannually and is based upon the Oklahoma Water Resources Board bond rate plus program costs. The variable rate included in the above requirements is 1.51%, which includes program costs of 1.26% and an interest rate of .25%.*

D. APPLICABILITY OF FEDERAL ARBITRAGE REGULATIONS

Debt issuances of the City and various Authorities issued after the Tax Reform Act of 1986 are subject to the federal arbitrage regulations. The arbitrage rebate regulations require that all earnings from the investment of gross proceeds of a bond issue in excess of the amount that could have been earned, had the yield on the investment been equal to the yield on the bonds, be remitted to the federal government. These rules carry strict penalties for noncompliance, including taxability of interest retroactive to the date of the issue. City management believes the City is in compliance with these rules and regulations.

Note 11. Long-Term Liabilities, continued

E. DEFEASED DEBT

Certain outstanding general obligation and revenue bonds of the City and its component units have been defeased by placing the proceeds of refunding bonds and cash received from a tenant in irrevocable escrow accounts held and managed by bank trustees, and invested in U. S. Treasury obligations, the principal and interest on which would provide amounts sufficient to pay the principal and interest on the defeased bonds in accordance with the schedule of remaining payments due. Accordingly, the escrow accounts and the defeased bonds are not included in the financial statements of the City or its component units. The defeased bonds outstanding and considered extinguished are as follows:

Tulsa Airports Improvement Trust	
1997B Revenue Bonds	$ 2,450
2000A Revenue Bonds	$ 3,525

(dollar amounts expressed in thousands)

Note 12. Fund Balances of Governmental Funds

The details for the City's Governmental Funds fund balances are:

	General	Debt Service	Bond	Sales Tax	Other Governmental Funds	Total Governmental Funds
Fund balances:						
Nonspendable:						
Not in spendable form:						
Advances to other funds	$ 567	$ -	$ -	$ -	$ -	$ 567
Land held for sale	44	-	-	-	-	44
	611	-	-	-	-	611
Restricted for:						
Economic stabilization reserve	2,000	-	-	-	-	2,000
Debt service	-	65,723	-	-	-	65,723
Capital projects	-	-	166,748	211,435	7,091	385,274
Federal and state grants	-	-	-	-	4,750	4,750
E-911 operations	-	-	-	-	288	288
Economic development	-	-	-	-	1,608	1,608
Tulsa Stadium district improvements	-	-	-	-	681	681
Law enforcement training	-	-	-	-	18	18
Juvenile crime	-	-	-	-	5	5
Other governmental purposes	-	-	-	-	449	449
	2,000	65,723	166,748	211,435	14,890	460,796
Committed:						
Medical services program	-	-	-	-	3,227	3,227
Operation of Air Force Plant 3 facility	-	-	-	-	1,420	1,420
Whittier Square district improvements	-	-	-	-	44	44
	-	-	-	-	4,691	4,691
Assigned to:						
Budgetary resources - subsequent year	5,183	-	-	-	-	5,183
Unassigned	54,252	-	-	-	(310)	53,942
	$ 62,046	$ 65,723	$ 166,748	$ 211,435	$ 19,271	$ 525,223

The purpose of governmental funds and their revenue sources are listed below:

Major Governmental Funds	**Revenue sources**	**Purpose**
Debt Service	Property tax	To pay debt service on General Obligation bonds and Judgments
Bond	Proceeds from bond issuances	Capital Improvements
Sales Tax	Sales taxes	Capital Improvements

Note 13. Pledged Revenues

1. Revenues Pledged in Connection with Proprietary Fund Debt

Lease Revenue Bonds 2007A&B – TPFA has pledged future gross lease revenues derived from the operation of the OTC facility, including money received from the City pursuant to the lease and other funds, to repay approximately $77,230 in revenue bonds. Proceeds from the bonds provided financing for the acquisition and improvement of the facilities. The bonds are payable from new and existing leases and other revenues and are payable through 2038. Annual principal and interest payments on the bonds required 59% of gross revenues. The total principal and interest remaining to be paid on the bonds is $108,509. Principal and interest paid on the bonds amounted to $4,739. Total gross revenues were $8,061.

Capital Improvements 2008 - TPFA has pledged future sponsorship and naming rights revenues derived from the operation of the BOK Arena to repay approximately $16,000 in capital improvement bonds. Proceeds from the bonds provided financing for the acquisition, construction, furnishing and equipping of capital improvements and additions to the BOK Arena. The bonds are payable from new and existing sponsorship and naming rights revenues and are payable through 2027. Annual principal and interest payments on the bonds required 84% of gross revenues. The total principal and interest remaining to be paid on the bonds is $13,147. Principal and interest paid for the year was $1,748. Total gross sponsorship and naming rights revenues were $2,080.

Capital Improvements 2012 - TPFA has entered into a projects agreement with TARE to provide financing for the acquisition and delivery of trash carts and other capital improvements for use in the operations of TARE's system for solid waste management providing collection and disposal of residential solid waste. In return TARE has pledged future revenues to repay $10,900 in capital improvement bonds issued payable through 2020. Total principal and interest remaining to be paid on the bonds is $6,210. Principal and interest paid for the year was $1,608. Total solid waste collection and disposal revenue was $26,599.

Improvement District Series 2013 – TST has pledged future gross revenues derived from operations of the baseball stadium and related facilities to repay approximately $22,175 in revenue bonds. Proceeds from the bonds provided financing for construction of the baseball stadium and related facilities. The bonds are payable from gross revenues along with property tax assessments of the Tulsa Stadium Improvement District received from the City and are payable through 2039. Annual principal and interest payments on the bonds required 64% of total gross revenues. The total principal and interest remaining to be paid on the bonds is $36,787. Principal and interest required to be paid for the year was $1,602 exclusive of any additional amounts paid. Total gross revenues were $282 and property tax assessments received from the City were $2,215.

2. Revenues Pledged in Connection with Component Unit Debt

TMUA - TMUA has pledged future water and wastewater customer revenues, net of specified operating expenses, to repay $158,750 in water and wastewater system revenue bonds and $242,667 in wastewater promissory notes. Proceeds from the bonds and promissory notes provided financing for the construction of various water and wastewater capital projects. The bonds and promissory notes are payable solely from water and wastewater net revenues and are payable through 2038. Annual principal and interest payments on the bonds required 25% and 34% of water and wastewater net revenues, respectively. The total principal and interest remaining to be paid on the bonds and promissory notes is $185,453 and $332,897 for water and wastewater, respectively. Combined principal and interest paid for the year were $17,406 and $23,622, for water and wastewater respectively. Total net revenues were $57,416 and $81,038, respectively.

Airports - TAIT has pledged future revenues derived from the operation of the Airports to repay approximately $199,265 in revenue bonds. Proceeds from the bonds provided financing for various airport capital projects and debt refundings. The bonds are payable solely from gross revenues and are payable through 2045. Annual principal and interest payments on the bonds required 42% of gross revenues. The total principal and interest remaining to be paid on the bonds is $279,668. Principal and interest paid for the year was $19,417. Total gross revenues were $45,529.

TPA - TPA has pledged future gross revenues derived from the operation of the parking facilities to repay approximately $17,860 in revenue bonds. Proceeds from the bonds provided financing for various parking facilities and debt refundings. The bonds are payable solely from gross revenues and are payable through 2028. Annual principal and interest payments on the bonds required 28% of gross revenues. The total principal and interest remaining to be paid on the bonds is $15,037. Principal and interest paid for the year were $1,750 and $436, respectively. Total gross revenues were $7,925.

(dollar amounts expressed in thousands)

Note 14. Lease Commitments

Operating Leases

The City has entered into a number of operating leases. These leases contain cancellation provisions and are subject to annual appropriations. Lease expenditures were $444 for all types of leases for the primary government and $611 for its component units.

Capital Leases

On December 2, 1984, TMUA entered a contract with the United States of America to utilize the water storage in Oologah Lake as a source of a municipal and industrial water supply.

The lease terms call for annual payment of principal and interest along with operations and maintenance costs, which is subject to adjustment based upon the consumer price index. The lease carries an interest rate of 3.23% and matures in 2031.

Minimum lease payments under the lease are as follows:

	Principal	Interest	Operating Expense	Total
2017	$ 200	$ 122	$ 301	$ 623
2018	206	116	301	623
2019	213	109	301	623
2020	220	102	301	623
2021	227	95	301	623
2022-2026	1,253	361	1,507	3,121
2027-2031	1,469	145	1,507	3,121
	$ 3,788	$ 1,050	$ 4,519	$ 9,357

Note 15. Contingent Liabilities

Other Litigation: The City is a party to numerous legal proceedings, many of which normally occur in governmental operations. Such litigation includes, but is not limited to, claims assessed against the City for property damages and personal injury, employment related matters, civil rights matters, alleged breaches of contract, condemnation proceedings and other alleged violations of city, state and federal laws. Management believes that the resolution of these matters will not have a material adverse effect on the financial condition of the City government. Resulting judgments, if any, will likely be paid from ad valorem taxes to be received over a three year period.

Federal Grants: In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of audits of grant funds is not believed to be material.

(dollar amounts expressed in thousands)

Note 16. Commitments

Primary Government Encumbrances:

Governmental Funds:	
Major Funds:	
General Fund	$ 5,022
Sales Tax	61,772
Bond	38,207
Nonmajor Funds	10,987
	115,988
Internal Service Funds	1,100
Enterprise Funds:	
Stormwater Management	6,446
One Technology Center	355
	6,801
Total	$ 123,888

Note 17. Subsequent Events

The City has evaluated events or transactions for potential recognition or disclosure in these financial statements that occurred subsequent to June 30, 2016 through December 7, 2016, the date these financial statements were available to be issued.

General Obligation Bonds, Series 2017 – On or around March 2017, the City plans to issue $78,000 in Series 2017 General Obligation Bonds. This issuance is for the purpose of constructing, reconstructing, improving and repairing streets and bridges.

General Obligation Refunding Bonds, Series 2017A – On or around March 2017, the City plans to issue $33,355 in Series 2017A General Obligation Refunding Bonds. The proceeds will currently refund the City's Series 2009 General Obligation bonds.

TMUA Revenue Bonds Refunding Series 2016C – On July 7, 2016 the Authority issued the Series 2016C Revenue Bonds in the amount of $34,810. The bonds mature in 2025 and require annual principal payments and semiannual interest payments at a rate of 5.0%. Proceeds will be used to refund the 2006 promissory note in the amount of $32,885 and the 2007B promissory note in the amount of $5,496.

TMUA Revenue Bonds Refunding Series 2017A – On November 16, 2016 the Authority approved the issuance of the Series 2017A Refunding Bonds in the principal amount of $27,765. Proceeds will be used to refund the Series 2009 Revenue Bonds in the amount of $16,460 and the 2010 Revenue Bonds in the amount of $11,935.

TPFA 2008 Capital Improvement Bonds – On October 5, 2016 Moody's Investment Service downgraded their rating on the Authority's Series 2008 Capital Improvement bonds to Aa3 from Aa2, with the outlook remaining stable. The downgrade is a result of a nationwide change in Moody's methodology and classification of the BOK Arena activities as not related to a core governmental service.

Note 18. Future Changes in Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several statements not yet effective and not yet implemented by the City. The City plans to implement all applicable standards by the required dates.

GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – Issued in June 2016, will be effective for the City beginning with its fiscal year ending June 30, 2018. This Statement replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions and requires governments to report a liability on the face of the financial statements for the OPEB they provide and outlines the reporting requirements by governments for defined benefit OPEB plans administered through a trust, cost-sharing OPEB plans administered through a trust and OPEB not provided through a trust. This Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities.

GASB Statement No. 77 – Tax Abatement Disclosures - Issued in August 2016, will be effective for the City beginning with its fiscal year ending June 30, 2017. This statement requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and which reduce the reporting government's tax revenues. The disclosures about the government's own tax abatement agreements includes the purpose of the tax abatement program, the tax being abated, the amount of tax being abated, the provisions of recapturing abated taxes, the types of commitments made by tax abatement recipients, and other commitments made by government in tax abatement agreements.

GASB Statement No. 82 – Pension Issues- An Amendment of GASB Statements No. 67, No. 68, and No. 73 - Issued in March 2016, will be effective for the City beginning with its fiscal year ending June 30, 2018. This statement clarified that a deviation, as the term used in Actuarial Standards of Practice is not considered to be in conformity with the requirements of Statement 67, Statement 68, or Statement 73 for the selection of assumptions used in determining the total pension liability and related measures.

Prior to the issues of this Statement, Statements 67 and 68 required presentation of covered employee payroll, which is the payroll of employees that are provided pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This Statement amends Statement 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based and ratios that use that measure.

(dollar amounts expressed in thousands)

Municipal Employees' Retirement Plan Defined Benefits Pension Plan
Schedule of Changes in the Net Pension Liability

For the current and prior two years

	2016	2015	2014
Total pension liability:			
Service cost	$ 12,203	$ 12,561	$ 15,518
Interest	41,536	40,928	38,247
Changes of benefit terms	-	(788)	-
Differences between expected and actual experience	2,979	(8,598)	(1,581)
Changes of assumptions	61,038	-	(71,058)
Benefit payments, including refunds of member contributions	(36,326)	(35,842)	(33,472)
Net change in total pension liability	81,430	8,261	(52,346)
Total pension liability—beginning	547,788	539,527	591,873
Total pension liability—ending (a)	$ 629,218	$ 547,788	$ 539,527
Plan fiduciary net position:			
Contributions—employer	$ 14,016	$ 12,886	$ 12,003
Contributions—member	7,533	7,182	6,677
Net investment income	5,523	10,797	61,164
Benefit payments, including refunds of member contributions	(36,326)	(35,842)	(33,472)
Administrative expense	(375)	(295)	(313)
Net change in plan fiduciary net position	(9,629)	(5,272)	46,059
Plan fiduciary net position—beginning	422,534	427,806	381,747
Plan fiduciary net position—ending (b)	$ 412,905	$ 422,534	$ 427,806
Plan's net pension liability—ending (a) – (b)	$ 216,313	$ 125,254	$ 111,721

Notes:

Information for years prior to 2014 is not available.

Changes of assumptions- In 2016, amounts reported as changes of assumptions resulted primarily from the change in the mortality table from the 1994 Group Annuity Tables, set forward 2 year for males and 1 year for females to the RP-2014 Combined Healthy Mortality Tables with Blue Collar adjustments and generational mortality improvements with Scale MP-2015 from the table's base year of 2014. Additionally, the discount rate changed from 7.75% to 7.5%.

Changes of assumptions- In 2014, amounts reported as changes of assumptions resulted primarily from the change in the discount rate from 6.56% to 7.75%.

(dollar amounts expressed in thousands)

Municipal Employees' Retirement Plan Defined Benefits Pension Plan
Schedule of City's Proportionate Share
For the current and prior two years

Year	Primary Government Proportion of Net Pension Liability	Primary Government Proportionate Share of Net Pension Liability	Primary Government Covered Payroll	Primary Government Proportionate Share of Net Pension Liability as a Percentage of its Covered-Employee Payroll	Plan Fiduciary net Position as a Percentage of Total Pension Liability
2016	48.6849%	$ 105,312	$ 55,991	188%	65.6%
2015	47.7731%	59,838	54,059	111%	77.1%
2014	48.8840%	54,614	52,162	105%	79.3%

Note:

Information for years prior to 2014 is not available.

(dollar amounts expressed in thousands)

Municipal Employees' Retirement Plan Defined Benefits Pension Plan
Schedule of City's Contributions
For the current and past eight years

Year	Primary Government Contractually Required Contribution	Primary Government Actual Contributions	Contribution Deficiency (Excess)	Primary Government Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 6,439	$ 6,439	$ -	$ 55,991	11.5%
2015	6,217	6,217	-	54,059	11.5%
2014	5,216	5,520	(304)	52,162	10.6%
2013	5,707	7,061	(1,354)	57,070	12.4%
2012	4,988	6,886	(1,898)	53,638	12.8%
2011	3,289	3,289	-	52,204	6.3%
2010	3,732	3,732	-	59,235	6.3%
2009	3,795	3,795	-	60,236	6.3%
2008	3,904	3,904	-	61,963	6.3%

Note:

Information for years prior to 2008 is not available.

(dollar amounts expressed in thousands)

Municipal Employees' Retirement Plan Defined Benefits Pension Plan
Schedule of Investment Returns
For the current and prior three years, and
Schedule of Actuarial Valuation, Methods and Assumptions

Annual Money-weighted Rate of Return, Net of Investment Expense

(Information for prior years is not available)

2016	2015	2014	2013
1.7%	2.7%	16.9%	11.8%

Actuarial Valuation, Methods and Assumptions

Valuation date	January 1, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level percent, 30 year closed period beginning January 1, 2016
Remaining amortization periods	30 years
Asset valuation method	5 year smoothed FMV
Investment rate of return	7.50%
Projected salary increases	4.00%-11.75%
Inflation	3.00%
Cost-of-living adjustments	None
Mortality	RP-2014 Combined Healthy Mortality Tables with Blue Collar adjustments Generational mortality improvements with Scale MP-2015 from the table's base year of 2014

(dollar amounts expressed in thousands)

Oklahoma Firefighters Pension and Retirement System
Schedule of City's Proportionate Share
For the current and prior year

Year	City's Proportion of Net Pension Liability	City's Proportionate Share of Net Pension Liability	City's Covered Payroll	City's Proportionate Share of Net Pension Liability as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2016	15.7228%	$ 166,883	$ 46,505	358.85%	68.3%
2015	16.6964%	171,697	42,958	370.92%	68.1%

Note:
Information for years prior to 2015 is not available.

(dollar amounts expressed in thousands)

Oklahoma Firefighters Pension and Retirement System
Schedule of City's Contributions
For the current and past nine years

	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2016	$ 6,511	$ 6,511	$ -	$ 46,505	14%
2015	6,014	6,014	-	42,958	14%
2014	5,995	5,995	-	45,889	13%
2013	5,661	5,661	-	43,543	13%
2012	5,456	5,456	-	41,968	13%
2011	5,092	5,092	-	39,170	13%
2010	5,306	5,306	-	40,814	13%
2009	5,477	5,477	-	42,127	13%
2008	5,265	5,265	-	40,503	13%
2007	4,971	4,971	-	38,239	13%

(dollar amounts expressed in thousands)

Oklahoma Police Pension and Retirement System

Schedule of City's Proportionate Share

For the current and prior year

Year	City's Proportion of Net Pension Liability (Asset)	City's Proportionate Share of Net Pension Liability (Asset)	City's Covered Payroll	City's Proportionate Share of Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)
2016	17.8728%	$ 728	$ 53,854	1.35%	99.8%
2015	19.1732%	(6,455)	50,332	-12.82%	101.5%

Note:
Information for years prior to 2015 is not available.

(dollar amounts expressed in thousands)

Oklahoma Police Pension and Retirement System
Schedule of City's Contributions
For the current and past nine years

	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2016	$ 7,001	$ 7,001	$ -	$ 53,854	13%
2015	6,543	6,543	-	50,332	13%
2014	6,594	6,594	-	50,720	13%
2013	6,595	6,595	-	50,727	13%
2012	6,135	6,135	-	47,189	13%
2011	5,961	5,961	-	45,855	13%
2010	6,112	6,112	-	47,018	13%
2009	6,585	6,585	-	50,653	13%
2008	6,429	6,429	-	49,452	13%
2007	6,000	6,000	-	46,152	13%

(dollar amounts expressed in thousands)

Other Post-Employment Benefits

For the current and prior two years

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/15	$ -	$ 9,713	$ 9,713	0.0%	$ 101,059	9.6%
7/1/14	-	12,180	12,180	0.0%	100,176	12.2%
7/1/13	-	14,216	14,216	0.0%	105,553	13.5%

(dollar amounts expressed in thousands)

General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budgetary Basis)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance
Revenues				
Taxes	$ 204,877	$ 200,447	$ 198,552	$ (1,895)
Licenses and permits	8,121	8,121	8,398	277
Intergovernmental	8,128	8,128	8,411	283
Charges for service	21,146	21,146	17,508	(3,638)
Fines and forfeitures	9,900	9,900	7,878	(2,022)
Investment income	2,479	2,479	3,035	556
Payments from component unit	13,545	13,545	14,049	504
Miscellaneous	1,932	1,932	3,523	1,591
Total revenues	270,128	265,698	261,354	(4,344)
Expenditures				
Current				
General government	42,647	39,892	38,928	964
Public works and transportation	21,258	20,625	17,087	3,538
Social and economic development	12,260	11,872	11,690	182
Public safety and protection	169,021	172,359	171,085	1,274
Culture and recreation	22,060	21,012	20,878	134
Payments to component units	7,619	7,238	7,238	-
Total expenditures	274,865	272,998	266,906	6,092
Excess (deficiency) of revenues over expenditures	(4,737)	(7,300)	(5,552)	1,748
Other financing sources (uses)				
Transfers in	2,203	2,203	3,348	1,145
Transfers out	(5,717)	(5,717)	(5,717)	-
Total other financing uses	(3,514)	(3,514)	(2,369)	1,145
Net change in fund balances	(8,251)	(10,814)	(7,921)	2,893
Fund balances, beginning of year	36,109	36,109	36,109	-
Fund balances, end of year	$ 27,858	$ 25,295	28,188	$ 2,893
Reconciliation to GAAP basis - basis differences:				
Reserve for encumbrances			5,020	
Reserve for advances			567	
Reserve for land inventory			44	
Receivables			29,184	
Non-budgetary payables			(1,314)	
Unearned revenue			(175)	
Decrease in fair value of investments			532	
Fund balance - GAAP basis			$ 62,046	

General Fund - Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budgetary Basis)

Budgetary Process - City Charter and the Oklahoma Municipal Budget Act (Act) require the Mayor to prepare and submit an annual budget to the City Council for adoption in the form or an ordinance. An annual budget is adopted for the General Fund. There are no major Special Revenue Funds with a legally adopted annual budget.

Budget Policy - Under the Municipal Budgetary Act, it is unlawful for the City to create or authorize creation of a deficit in any fund that is subject to the Act.

Transfers of available budgetary balances appropriated for one purpose may be transferred for another purpose with the following levels of approval:

- The Budget and Planning Division Manager may approve budget amendments affecting accounts within the same expenditure account group, department, fund and project.
- The Mayor has the authority to approve budget amendments of less than $100 from one expenditure account group to another expenditure account group or from one project to another project with the same department and fund.
- The City Council has the authority to approve budget amendments from one department to another department and transfers in excess of $100 between account groups within a department.

Generally, appropriations lapse at the end of the fiscal year with the exception of multi-year project appropriations, unexpended grant appropriations and encumbered appropriations. Encumbered appropriations carry over from one year to the next.

Budgetary Basis of Accounting - The City's policy is to prepare the governmental fund type annual budgets on a cash basis, which is modified to include encumbrances as the equivalent of expenditures. Estimated revenues are prepared on a cash basis and may include any available amounts in fund balance.

Legal Level of Budgetary Control - Excess of Expenditures over Appropriations - Expenditures cannot exceed appropriations at the legal level of budgetary control. The level at which expenditures cannot exceed appropriations is by department and category of expenditure within a fund. Expenditure categories at this level are personal services, materials and supplies, other services, debt service, and capital outlay. There were no expenditures in excess of appropriations and the legal level of budgetary control.

Budgeting and Budgetary Control - The accounting principles employed by the City in its budgetary accounting and reporting system are designed to enhance budgetary control. Certain of these principles differ from those used to present financial statements in accordance with U.S. generally accepted accounting principles. The significant differences are the exclusion of accrued and deferred revenues and accrued expenditures and transfers out from the budgetary-basis statement.

Encumbrances - Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriations, is employed as an extension of formal budgetary integration in the funds.

Budgetary Amounts – Original and Final - The original budget includes that adopted by ordinance including provision for encumbered amounts carried over from the prior year. The final budget amounts include the original budget along with amendments.

EXHIBIT "B"

BASIC FINANCIAL STATEMENTS OF THE TULSA PUBLIC FACILITIES AUTHORITY FOR THE YEAR ENDED JUNE 30, 2016

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
INDEX
June 30, 2016

RSM US LLP

Independent Auditor's Report

Board of Trustees
Tulsa Public Facilities Authority
Tulsa, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, each major fund and the aggregate remaining fund information of the Tulsa Public Facilities Authority (Authority), a blended component unit of the City of Tulsa, Oklahoma, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of The Operations of the BOK Center, as managed by SMG, or The Operations of the Cox Business Center, as managed by SMG, an agent operating these facilities as discussed in Note 16 to the financial statements, which are included within the financial statements of the Arena and Convention Center major enterprise fund. This activity represents 12 percent and 74 percent, respectively, of the total assets and total revenues of the Arena and Convention Center major enterprise fund, and 9 percent and 48 percent, respectively, of the total assets and total revenues of the business-type activities. Those statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for The Operations of the BOK Center, as managed by SMG, and The Operations of the Cox Business Center, as managed by SMG, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion
In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund and the aggregate remaining fund information of the Authority, as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7 and pension information on page 35, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Authority's basic financial statements. The combining schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

RSM US LLP

Kansas City, Missouri
November 21, 2016

As management of the Tulsa Public Facilities Authority (the "Authority"), a blended component unit of the City of Tulsa (the "City"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page eight. All dollar amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent year by $187,004.

- The Authority's net position decreased to $187,004 as of June 30, 2016 from $193,980 as of June 30, 2015.

- The Authority's liabilities increased by $1,558 as of June 30, 2016. Advance ticket sales were the primary driver with an increase of $4,721 offset by the repayment of $3,835 in revenue bonds.

Overview of the Financial Statements

The Authority, a legally separate public trust, is reported by the City as a blended component unit. As such, the activities of the Authority are reported in various enterprise funds and internal service funds within the City's Comprehensive Annual Financial Report. The primary functions of the Authority are to issue revenue bonds, the proceeds of which may be loaned to the City or one of its component units and use bond proceeds to acquire, construct and ultimately lease governmental facilities to the City or one of its component units. The Authority also leases commercial office space to the City and private sector companies and manages the One Technology Center ("OTC"), the BOK Arena, and the Cox Business Center facilities.

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements also include notes that explain in more detail some of the information in the financial statements.

Financial Statements

The Authority uses fund accounting in its financial statements to demonstrate compliance with finance related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority has one fund type, proprietary, and reports three enterprise funds. Enterprise funds are used to report functions presented as business-type activities.

The basic financial statements of the Authority report information using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Statement of Net Position includes all of the Authority's assets, liabilities and deferred outflows/inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for assessing the liquidity and financial flexibility of the Authority. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the financial success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The third financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and changes in cash resulting from operating, investing, noncapital financing and capital financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the period.

Net Position

The Authority's net position decreased to $187,004 at June 30, 2016, from $193,980 at June 30, 2015. The following table provides a summary of net position:

SUMMARY OF NET POSITION

	2016	2015	Dollar Change	Percent Change
Current assets	$ 35,143	$ 26,903	$ 8,240	30.6%
Capital assets, net	227,768	239,156	(11,388)	(4.8%)
Other assets	20,008	22,703	(2,695)	(11.9%)
Total assets	282,919	288,762	(5,843)	(2.0%)
Deferred outflow of resources	390	37	353	954.1%
Current liabilities	18,487	13,070	5,417	41.4%
Noncurrent liabilities	77,657	81,516	(3,859)	(4.7%)
Total liabilities	96,144	94,586	1,558	1.6%
Deferred inflow of resources	161	233	(72)	(30.9%)
Net investment in capital assets	169,178	178,878	(9,700)	(5.4%)
Restricted	2,235	2,542	(307)	(12.1%)
Unrestricted	15,591	12,560	3,031	24.1%
Net position	$ 187,004	$ 193,980	$ (6,976)	(3.6%)

Current assets increased $8,240 primarily due to an increase in restricted cash from arena events of $5,445 and an increase in unrestricted cash of $2,574. Capital assets decreased $11,388 resulting from annual depreciation. Other assets decreased $2,695 as a result of investments decreasing $550, capital lease receivable decreasing $642, and a decrease in advances to related entities of $1,503. Total liabilities increased $1,558 primarily due to increases in advance ticket sales of $4,721 and net pension liability of $451 offset by a $3,835 decrease in scheduled debt payments on revenue bonds.

Net Position, continued

SUMMARY OF CHANGES IN NET POSITION

	2016	2015	Dollar Change	Percent Change
Operating revenues	$ 24,744	$ 25,841	$ (1,097)	(4.2%)
Nonoperating revenues	3,294	2,217	1,077	48.6%
Total revenues	28,038	28,058	(20)	(0.1%)
Operating expenses	31,031	32,248	(1,217)	(3.8%)
Nonoperating expenses	3,983	4,051	(68)	(1.7%)
Total expenses	35,014	36,299	(1,285)	(3.5%)
Change in net position	(6,976)	(8,241)	1,265	15.4%
Net position, beginning of year	193,980	202,221	(8,241)	(4.1%)
Net position, end of year	$ 187,004	$ 193,980	$ (6,976)	(3.6%)

In 2016, the Authority’s operating revenues decreased $1,097 or 4.2%, a result of arena facility revenue decreasing $913, lease revenue from One Technology Center decreased $191 and other revenue decreased $33 offset by an increase in parking revenue of $40. Nonoperating revenues increased $1,077 with an increase in payments from primary government.

Operating expenses decreased $1,217 or 3.8%. Operating expenses for the Arena decreased $280 and One Technology Center also had a decrease in operating expenses of $784 related to utilities and leasing commissions and depreciation of $330. These expenses were offset by an increase of $177 in personal services for One Technology Center. Nonoperating expenses decreased $68 as a result of a decrease in interest expense.

Capital Assets

The Authority's investment in capital assets as of June 30, 2016, amounts to $227,768 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, parking garage, leasehold improvements and artwork.

CAPITAL ASSETS

	2016	2015	Dollar Change	Percent Change
Land	$ 16,465	$ 16,465	$ -	0.0%
Artwork	653	653	-	0.0%
Construction-in-progress	73	138	(65)	(47.1%)
Leasehold improvements	50,767	55,498	(4,731)	(8.5%)
Buildings	239,301	238,611	690	0.3%
Parking garage	3,521	3,521	-	0.0%
Equipment	34,681	34,604	77	0.2%
	345,461	349,490	(4,029)	(1.2%)
Less accumulated depreciation	(117,693)	(110,334)	(7,359)	6.7%
Capital assets, net	$ 227,768	$239,156	$ (11,388)	(4.8%)

The overall decrease in capital assets is due to annual depreciation.

Noncurrent Liabilities

At year end, the Authority had debt outstanding of $79,305. The Authority's debt decreased $3,835 during the year. The decrease is the result of scheduled debt payment on revenue bonds.

OUTSTANDING DEBT

	2016	2015	Dollar Change	Percent Change
Lease Revenue Bonds, Series 2007A	$ 34,620	$ 34,620	-	0.0%
Lease Revenue Bonds, Series 2007B	23,925	23,925	-	0.0%
Capital Improvements Revenue Bonds Refunding, Series 2012	5,460	6,860	(1,400)	(20.4%)
Capital Improvement Revenue Bonds, Series 2008	9,660	10,755	(1,095)	(10.2%)
Capital Improvement Revenue Bonds, Series 2012	5,640	6,980	(1,340)	(19.2%)
Total revenue bonds	$ 79,305	$ 83,140	$ (3,835)	(4.6%)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Authority's appointed officials considered many factors when setting the 2017 budget and fees charged for business-type activities. Lease revenues are governed by rates negotiated in long-term leases. Event revenues fluctuate as ticket prices vary by type of event at the arena.

At the national level, unemployment declined to 4.9 percent at the end of fiscal-year 2016. Unemployment in the City of Tulsa was 5.4 percent at the end of fiscal-year compared to 4.8 percent at the end of the last fiscal year. The downturn in the oil and gas industry has affected the local unemployment rate but the Authority has not experienced a decline in collection rates for accounts receivable.

US Consumer spending fell slightly in the second half of 2016 after recording its largest increases in nearly six years in the second quarter of 2015 but a tightening labor market could fuel higher levels of spending for the latter half of 2016 according to economists. Oklahoma's real GDP has contracted in recent months with the downturn in oil and gas mining.

The BOK Arena continues to maintain its status as one of the world's busiest concert arenas ranking 12 out of 100 venues in the United States and 32 out of 100 venues globally for the first quarter of 2016 and has been nominated for 2016 Arena of the Year.

Office vacancies in the City of Tulsa decreased approximately .1% from July 2015 through June 2016. The commercial real estate leasing environment in Tulsa remained relatively stable over the course of the year because the non-energy parts of Tulsa's industry are faring better, continuing a demand for class A office space.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Tulsa, Office of the Controller, 175 East Second Street, Tulsa, Oklahoma 74103.

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENT OF NET POSITION
June 30, 2016

(in thousands of dollars)

	One Technology Center	Arena and Convention	Financing	Business-Type Activities Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 4,956	$ 16,127	$ -	$ 21,083
Cash and cash equivalents, restricted	1,149	8,210	398	9,757
Interest receivable	13	14	4	31
Accounts receivable, net	451	935	-	1,386
Advance to related entity	-	-	1,372	1,372
Prepaid expenses	-	572	-	572
Inventory	-	300	-	300
Capital lease receivable	642	-	-	642
	7,211	26,158	1,774	35,143
Noncurrent assets:				
Cash and cash equivalents, restricted	3,388	36	32	3,456
Investments, restricted	-	1,578	1,078	2,656
Advance to related entity	-	-	3,080	3,080
Capital lease receivable	10,816	-	-	10,816
Nondepreciable capital assets	3,182	9,509	4,500	17,191
Depreciable capital assets, net	35,700	174,877	-	210,577
Total Assets	$ 60,297	$ 212,158	$ 10,464	$ 282,919
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	$ 390	$ -	$ -	$ 390

(Continued)

The accompanying notes are an integral part of these financial statements.

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENT OF NET POSITION, Continued
June 30, 2016

(in thousands of dollars)

	One Technology Center	Arena and Convention	Financing	Business-Type Activities Total
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	$ 487	$ 2,532	$ -	$ 3,019
Compensated absences	24	-	-	24
Unearned revenue	134	3,940	-	4,074
Advance ticket sales	-	6,713	-	6,713
Accrued bond interest payable	414	147	56	617
Current portion of bonds payable	1,485	1,190	1,365	4,040
	2,544	14,522	1,421	18,487
Noncurrent liabilities:				
Deposits subject to refunds	8	-	-	8
Unearned revenue	-	1,134	-	1,134
Revenue bonds payable, net of current portion	62,520	8,470	4,275	75,265
Unamortized premium	-	-	268	268
Net pension liability	1,008	-	-	1,008
Compensated absences	9	-	-	9
Other post employment benefits	78	-	-	78
Unamortized discount	(113)	-	-	(113)
	63,510	9,604	4,543	77,657
Total liabilities	$ 66,054	$ 24,126	$ 5,964	$ 96,144
DEFERRED INFLOWS OF RESOURCES				
Pension related items	$ 161	$ -	$ -	$ 161
NET POSITION				
Net investment in capital assets	(11,663)	176,341	4,500	169,178
Restricted for:				
Debt service	736	-	-	736
Capital projects	1,499	-	-	1,499
Unrestricted	3,900	11,691	-	15,591
Total net position (deficit)	$ (5,528)	$ 188,032	$ 4,500	187,004

The accompanying notes are an integral part of these financial statements.

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended June 30, 2016

(in thousands of dollars)

	One Technology Center	Arena and Convention	Financing	Business-Type Activities Total
Operating revenues:				
Lease revenue	$ 8,062	$ -	$ -	$ 8,062
Facilities revenue	-	13,521	-	13,521
Sponsorship and naming rights revenue	-	2,080	-	2,080
Parking facilities revenue	837	-	-	837
Investment income	-	-	18	18
Advance/loan interest income	-	-	107	107
Other	87	32	-	119
	8,986	15,633	125	24,744
Operating expenses:				
Personal services	846	-	-	846
Materials and supplies	152	-	-	152
Services and Charges	4,410	13,404	-	17,814
Interest and amortization expense	-	-	125	125
Depreciation	1,224	10,870	-	12,094
	6,632	24,274	125	31,031
Operating income (loss)	2,354	(8,641)	-	(6,287)
Nonoperating revenues (expenses):				
Investment income	658	57	-	715
Interest and amortization expense	(3,344)	(636)	-	(3,980)
Operating subsidy from the City	-	2,540	-	2,540
Capital contributions from the City	17	22	-	39
Loss on disposal of capital assets	(3)	-	-	(3)
	(2,672)	1,983	-	(689)
Change in net position	(318)	(6,658)	-	(6,976)
Net position (deficit), beginning of year	(5,210)	194,690	4,500	193,980
Net position (deficit), end of year	$ (5,528)	$ 188,032	$ 4,500	$ 187,004

The accompanying notes are an integral part of these financial statements.

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENT OF CASH FLOWS
Year Ended June 30, 2016

(in thousands of dollars)

	One Technology Center	Arena and Convention	Financing	Business-Type Activities Total
Cash flows from operating activities:				
Interest paid on revenue bonds	$ -	$ -	$ (268)	$ (268)
Receipts from customers	9,000	20,811	-	29,811
Investment income	-	-	14	14
Payments to suppliers for goods and services	(4,842)	(13,306)	-	(18,148)
Payments for employment services	(789)	-	-	(789)
Payments on advance from related entity	-	-	1,584	1,584
Principal paid on long-term debt	-	-	(1,340)	(1,340)
Net cash provided (used) by operating activities	3,369	7,505	(10)	10,864
Cash flows from noncapital financing activities:				
Operating subsidy from the City	-	2,540	-	2,540
Net cash provided by noncapital financing activities	-	2,540	-	2,540
Cash flows from capital financing activities:				
Acquisition of capital assets	(273)	(542)	-	(815)
Capital contributions from the City	17	22	-	39
Principal paid on revenue bonds	(1,400)	(1,095)	-	(2,495)
Interest paid on revenue bonds	(3,339)	(652)	-	(3,991)
Payments received for capital lease transaction	1,200	-	-	1,200
Net cash used by capital financing activities	$ (3,795)	$ (2,267)	$ -	$ (6,062)

(Continued)

The accompanying notes are an integral part of these financial statements.

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENT OF CASH FLOWS, continued
Year Ended June 30, 2016

(in thousands of dollars)

	One Technology Center	Arena and Convention	Financing	Business-Type Activities Total
Cash flows from investing activities:				
Investment income	$ 43	$ 52	$ -	$ 95
Proceeds from sales or maturities of investments	742	-	-	742
Net cash provided by investing activities	785	52	-	837
Net change in cash and cash equivalents	359	7,830	(10)	8,179
Cash and cash equivalents, beginning of year	9,134	16,543	440	26,117
Cash and cash equivalents, end of year	$ 9,493	$ 24,373	$ 430	$ 34,296
Reconcilation of cash and cash equivalents to the Statement of Net Position				
Unrestricted cash and cash equivalents	$ 4,956	$ 16,127	$ -	$ 21,083
Current restricted cash and cash equivalents	1,149	8,210	398	9,757
Noncurrent restricted cash and cash equivalents	3,388	36	32	3,456
Total cash and cash equivalents	$ 9,493	$ 24,373	$ 430	$ 34,296
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 2,354	$ (8,641)	$ -	$ (6,287)
Adjustments:				
Depreciation	1,224	10,870	-	12,094
Change in accounts receivable and other assets	12	(172)	-	(160)
Change in deferred outflows of resources	(354)	-	-	(354)
Change in accounts payable and other liabilities	(245)	5,448	-	5,203
Change in net pension liability	450	-	-	450
Change in deferred inflows of resources	(72)	-	-	(72)
Change in financing assets	-	-	(4)	(4)
Change in financing liabilities	-	-	(1,483)	(1,483)
Change in operational financing activities	-	-	1,477	1,477
Net cash provided (used) by operating activities	$ 3,369	$ 7,505	$ (10)	$ 10,864
Noncash investing activities:				
Appreciation of fair value of investments	$ 25	$ 4	$ 3	$ 32

The accompanying notes are an integral part of these financial statements.

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS AND REPORTING ENTITY - The Tulsa Public Facilities Authority (the "Authority") is a public trust created on March 10, 1981, as the Tulsa Civic Center Authority. On March 12, 1982, the Authority amended its Trust Indenture to change its name to the Tulsa Public Facilities Authority and expand its purposes to promote the acquisition, construction, and operation of various facilities and public improvements in and for the City of Tulsa, Oklahoma (the "City"). The Authority serves as a financing authority for the City as well as an enterprise authority for the operation of the One Technology Center ("OTC"), and the BOK Arena and Cox Business Center facilities.

The OTC was acquired to consolidate City operations previously located in several locations in or near the central business district in downtown Tulsa and contains approximately 630,000 square feet of commercial office space. Approximately 143,000 square feet of the space is leased under a capital lease to a tenant. Of the remaining 487,000 square feet of space, 229,000 square feet is leased by the City and the remaining is available for leasing to private businesses.

The Cox Business Center, opened in 1964, is an award winning venue that houses an 8,900 seat arena, exhibit hall and ballroom.

The BOK Arena was constructed as part of Vision 2025, a project to grow economic and community infrastructure for future generations. The BOK Arena is a 19,199 seat state-of-the-art sports and entertainment venue.

The Authority is included in the City's comprehensive annual financial report ("CAFR") as a blended component unit. The five trustees of the Authority are the Mayor and four individuals appointed by the Mayor and confirmed by the City Council. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its primary purposes are to issue revenue bonds to finance major capital improvements and manage certain properties on behalf of the City. Financing activities of this fund are included as an internal service fund and enterprise activities are included as enterprise funds.

BASIS OF ACCOUNTING - The financial statements of the Authority are prepared in accordance with generally accepted accounting principles ("GAAP") as applied to enterprise activities of government units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements ("Statements and Interpretations"), constitutes GAAP for governmental units.

The financial statements of the Authority have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place.

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued
BASIS OF ACCOUNTING, continued

The Authority reports the following major enterprise funds:

The One Technology Center fund accounts for the commercial leasing activities of the One Technology Center building and parking garage in Tulsa, Oklahoma.

Arena and Convention Center Fund accounts for the operations of the BOK Arena and the Cox Business Center; both are sports and entertainment facilities in downtown Tulsa.

The Authority reports the following nonmajor fund:

Financing Fund - Capital Improvements Revenue Bond 2012 and Capital Improvements Revenue Bond - issues revenue bonds, the proceeds of which are loaned to the City or to one of its component units. Land is also held by the Capital Improvements Revenue Bond sub fund for possible development.

CASH AND CASH EQUIVALENTS – Cash and cash equivalents reported on the statement of net position include both the amounts deposited within the City's pooled portfolio and other cash and cash equivalents.

The Authority's cash and cash equivalents included in the City's pooled portfolio are recorded at the net asset value of their position in the City's pooled portfolio. The Authority is allocated interest monthly based on their average daily position in the City's pooled portfolio. Changes in fair value of the City's pooled portfolio are allocated annually based on the Authority's position as of June 30.

For purposes of reporting cash flows, the Authority considers all highly liquid debt instruments with an original maturity of three months or less when purchased and any amounts held by the City's portfolio pool, to be cash equivalents

The amounts held in the City's pooled portfolio are considered liquid as they are available to be withdrawn on demand, with no redemption restrictions.

INVESTMENTS –The Authority invests available cash in accordance with the bond indentures and/or state statutes, authorized investments consist of obligations of the U.S. Treasury, and federal agencies and instrumentalities. The investments of the Authority are reported at fair value.

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued

FAIR VALUE MEASUREMENTS – During the fiscal year ending June 30, 2016, the Authority adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which provides guidance for determining a fair value measurement for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market based measurement, not an entity specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same-that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between the market and participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. The Authority categorizes its assets and liabilities measured at fair value within the hierarchy established by generally accepted accounting principles. Assets and liabilities valued at fair value are categorized based on inputs to valuation techniques as follows:

Level 1 input – Quoted prices for identical assets or liabilities in an active market that an entity has the ability to access.

Level 2 input – Quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 input – Inputs that are unobservable for the asset or liability which are typically based upon the Authority's own assumptions as there is little, if any, related market activity.

Hierarchy – The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Inputs – If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

RESTRICTED ASSETS – Restricted assets of the Authority are restricted under the terms of its bond indentures.

ACCOUNTS RECEIVABLE – Accounts receivable are stated net of an allowance for doubtful accounts. The allowance is determined by the length of time accounts receivable are past due and an analysis of the customer's ability to pay. Accounts receivable are written off when deemed uncollectible.

INVENTORY – Inventory, which consists of food and beverage items and other supplies, is stated at the lower of cost or market. Cost is determined by the first-in, first-out method.

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued

CAPITAL ASSETS - Capital assets purchased or acquired are carried at historical cost. Interest incurred during the construction phase of capital assets of enterprise activities is included as part of the capitalized value of the assets constructed. There was no interest capitalized during the year ended June 30, 2016.

The Authority owns artwork housed at the Cox Business Center. The artwork is not depreciated because it meets all the following conditions:

- The artwork is held for public exhibition.
- The artwork is protected, kept unencumbered, cared for, and preserved.
- The artwork is subject to an organizational policy requiring that the proceeds from sales of artwork be used to acquire other artwork.

DEPRECIATION - Capital assets placed in service are depreciated on a straight-line basis over the following estimated service lives and have the following capital thresholds:

Buildings	30-50 years	$5
Parking garage	30 years	$5
Leasehold improvements	24 years	$5
Equipment	3-20 years	$5
Land and artwork	Not depreciated	$5

UNEARNED REVENUE – Unearned revenues for the BOK Arena and Cox Business Center are comprised of arena naming rights, sponsorships, club sales, advertising and event deposits and are recognized on a straight line basis over the life of the agreement, generally three to ten years or at the completion of the event. Unearned revenues for the OTC are related to leases. The related revenues are recognized in the period earned.

ADVANCE TICKET SALES – A liability is recorded for advance ticket sales to be paid to the promoter at the end of an event. These funds are deposited in an escrow account until the event occurs.

UNAMORTIZED PREMIUMS AND DISCOUNTS– Original issue premiums and discounts on the Authority's revenue bonds are amortized over the lives of the bonds using the effective interest method.

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued

COMPENSATED ABSENCES – Vacation and sick leave is granted to all regular and part-time employees. The annual amount of vacation time accrued varies from 14 to 26 days depending upon years of service. The maximum amount of vacation time that may be accumulated is twice the amount which may be earned in one calendar year. Accumulated vacation leave vests and the Authority is obligated to make payment even if the employee terminates. Accumulated sick leave is not paid out to employees upon separation, if separation occurs before retirement eligibility. Upon retirement the employee is eligible to receive a lump sum payout of one hour for every three hours accrued if the employee has at least 960 hours. The liability for sick leave consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive separation payments and other employees who are expected to become eligible in the future to receive such payments upon separation are included. The liability for compensated absences attributable to the Authority are charged to expense during the period earned and is probable of payout, and a corresponding liability is established.

PENSIONS – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement Plan (MERP) and additions to/deductions from MERP's fiduciary net position have been determined on the same basis as they are reported by MERP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OTHER POSTEMPLOYMENT BENEFITS – Postemployment benefits are part of an exchange of salaries and benefits for employee services rendered. Of the total benefits offered by employers to attract and retain qualified employees, some benefits, including salaries and active-employee healthcare, are taken while the employees are in active service, whereas other benefits, including postemployment healthcare, are taken after the employees' services have ended. Nevertheless, the benefit constitutes compensation for employee services. The Authority accounts for other postemployment benefit costs on an accrual basis, charging expenses in the period incurred, with a corresponding liability for benefits to be paid in future periods.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES - Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be reported as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. The Authority records deferred outflows of resources and deferred inflows of resources related to their participation in MERP.

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued

NET POSITION – Net position of the Authority represents the difference between assets and liabilities and deferred inflows/outflows. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Outstanding balances of borrowings are net of unspent bond proceeds, including bond reserve funds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or, laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Authority first applies restricted resources. Unrestricted net position is the difference between assets, liabilities and deferred inflow/outflows of resources that do not meet the definition of net investment in capital assets or restricted.

REVENUE AND EXPENSES – Operating revenues consist of commercial office space lease revenue, parking garage rental, sponsorship and naming rights revenues, facilities use fees for the BOK Arena and the Cox Business Center, and investment income for financing funds. Long-term leases govern the rates charged for the commercial office space leased. Long-term agreements also govern the amount of revenue recognized by the BOK Arena as sponsorship and naming rights revenue.

Operating expenses consist of all costs incurred to administer the One Technology Center building and garage, the BOK Arena, the Cox Business Center, including depreciation and amortization of capital assets, and interest costs for financing funds. All revenues and expenses not meeting these descriptions are considered non-operating revenues and expenses.

INCOME TAXES - The Authority is nontaxable as a political subdivision under Section 115(1) of the Internal Revenue Code, as amended.

USE OF ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

2. CASH DEPOSITS AND INVESTMENTS

CASH AND CASH EQUIVALENTS – Cash deposits of The Authority are held within the City's pooled portfolio. The City's pooled portfolio consists primarily of time deposits and other securities guaranteed by the United States Government or its agencies. At June 30, 2016 the Authority maintained a balance of $5,567 in the City's pooled portfolio which represented .77% of the City's pooled portfolio.

As of June 30, 2016, the Authority has $23,727 of cash and cash equivalents held with the operator of the BOK Arena.

The City's pooled portfolio is collateralized by securities held by the City or its agent in the City's name as June 30, 2016.

Please refer to the City's Comprehensive Annual Financial report for additional information on the City's pooled portfolio, including required disclosures of risks and fair value measurement techniques. A copy of the City's separately issued report can be obtained at www.cityoftulsa.org.

INVESTMENTS – At June 30, 2016, the Authority had the following investments:

		Maturities in Years				Fair Value
Investment Type	Fair Value	Less than 1	1-5	Moody's	S& P	Measurement
Federal Home Loan Bank Securities	$ 2,656	$ -	$ 2,656	Aaa	AA+	Level 2

In addition, the Authority has money market accounts of $5,002 as of June 30, 2016 which are reported as cash equivalents on the statement of net position.

Interest Rate Risk –Interest rate risk is the risk that a change in interest rates will adversely affect the value of an investment.

The Authority's investment policy is established by bond indentures that provide for maturity of investments as bonds become due.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority's bond indentures dictate the types of investments that can be purchased thereby reducing credit risk.

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

2. CASH DEPOSITS AND INVESTMENTS, continued

Custodial Credit Risk – For deposits with financial institutions, custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

The Authority's policy for custodial credit risk requires compliance with provisions of state law and demand deposits be collateralized by at least 110% of the amount not federally insured. All safekeeping receipts for investment instruments are held in accounts in the Authority's name and all securities are registered in the Authority's name. Therefore, at June 30, 2016 none of the Authority's deposits and investments of $23,727 and $2,656 of U.S. agency obligations was exposed to custodial credit risk.

Concentration of Credit Risk – The Authority places no limit on the amount that may be invested in any one issuer. At June 30, 2016, the Authority's investments in Federal Home Loan Bank constituted approximately 100% of its total investments.

INVESTMENT INCOME – Investment income for the year ended June 30, 2016, consisted of:

INVESTMENT INCOME:		
Interest and dividend income	$	767
Advance/loan interest income		18
Net increase in fair value of investments and cash equivalents		55
	$	840

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

3. ACCOUNTS RECEIVABLE

The accounts receivable balance consists of amounts owed at year end for OTC leasing revenues and BOK Arena and Cox Business Center event revenues.

	OTC	Arena	Total
Accounts receivable:			
Lease revenue	$ 358	$ -	$ 358
Parking facility revenue	71	-	71
Event revenue	-	462	462
Sponsorship revenue	-	478	478
Miscellaneous revenue	22	-	22
Total	451	940	1,391
Less: Allowance for doubtful accounts	-	(5)	(5)
Accounts Receivable, net	$ 451	$ 935	$ 1,386

4. ADVANCES TO RELATED ENTITY

FINANCING FUND – In April 2012, the Authority issued its $10,900 Series 2012 Capital Improvements Revenue Bonds. The proceeds of the bonds were loaned to the Tulsa Authority for Recovery of Energy (TARE), a component unit of the City, to fund the acquisition of trash carts and fund the Bond Reserve Fund. TARE receives revenues for the collection of residential solid waste which will provide funds to pay the debt service on the bonds. The Authority has an advance to TARE (related entity) of $4,452 at June 30, 2016 relating to this financing agreement.

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

5. CAPITAL LEASE RECEIVABLE

On August 28, 2013, the Authority entered into an amended lease agreement (agreement) with a tenant of OTC effective July 1, 2013 for 143,242 square feet of commercial office space at OTC. The agreement extends the term of the lease to June 30, 2029 and annual lease payments will be $2,207. The tenant will assign the lease to an affiliated company. $1,200 of the annual lease payment will remain unchanged throughout the term of the lease. The remainder of the annual lease payments will be apportioned to operating expense reimbursement. The affiliated company will have the option to purchase the occupied space for one dollar at June 30, 2029. The Authority accounts for the lease agreement as a capital lease.

Minimum future rentals on noncancellable capital leases as of June 30, 2016 are as follows:

Year	Principal	Interest	Debt Subtotal	Operating Costs	Total
2017	$ 642	$ 558	$ 1,200	$ 1,007	$ 2,207
2018	675	525	1,200	1,007	2,207
2019	710	490	1,200	1,007	2,207
2020	746	454	1,200	1,007	2,207
2021	784	416	1,200	1,007	2,207
2022-2026	4,564	1,436	6,000	5,035	11,035
2027-2029	3,337	263	3,600	3,021	6,621
	$ 11,458	$ 4,142	$ 15,600	$ 13,091	$ 28,691

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 16,465	$ -	$ -	$ 16,465
Artwork	653	-	-	653
Construction in progress	138	560	(625)	73
Total capital assets not being depreciated	17,256	560	(625)	17,191
Capital assets, being depreciated:				
Leasehold improvements	55,498	-	(4,731)	50,767
Buildings	238,611	697	(7)	239,301
Parking garage	3,521	-	-	3,521
Equipment	34,604	77	-	34,681
Total capital assets being depreciated	332,234	774	(4,738)	328,270
Less accumulated depreciation:				
Leasehold improvements	(16,990)	(2,031)	4,731	(14,290)
Buildings	(68,826)	(7,036)	4	(75,858)
Parking garage	(919)	(117)	-	(1,036)
Equipment	(23,599)	(2,910)	-	(26,509)
Total accumulated depreciation	(110,334)	(12,094)	4,735	(117,693)
Total capital assets being depreciated, net	221,900	(11,320)	(3)	210,577
Capital assets, net	$ 239,156	$ (10,760)	$ (628)	$ 227,768

7. PENSION PLAN

Plan Description – Employees of the Authority are provided with pensions through MERP-a cost-sharing multiple-employer defined benefit pension plan administered by the City of Tulsa (City). MERP provides retirement, disability and death benefits which are established by City ordinance to plan members and beneficiaries. MERP's financial statements and required supplementary information are included in the City of Tulsa's Comprehensive Annual Financial Report (CAFR). The report may be obtained by writing to the City of Tulsa Controller, 175 E. 2nd Street, Tulsa, Oklahoma 74103.

7. PENSION PLAN, continued

Benefits Provided – MERP provides retirement, disability, and death benefits. Retirement benefits are determined based on the employee's highest 30 months of pensionable wages during the last five years of service and a multiplier based on the years of service. Employees are eligible for full retirement at age 65 and at least 5 years of service or when the years of service plus the employee's age equals or exceeds 80. Reduced benefits are available after age 55 and 5 years of service (Early Retirement). Benefits for Early retirement are reduced 2.5 percent per year prior to age 65. Five years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as normal retirement with additional service credited during the period of disability. Death benefits for vested participants are, at the spouse's election, a refund of contribution plus interest or a life annuity of 50 percent of the member's accrued benefit determined based on final average earnings and service as of the date of death.

Contributions – Contributions are set per City of Tulsa ordinance. Employees were required to contribute 6.5 percent of their pensionable wages for the year ended June 30, 2016. The Authority was required to contribute 11.5 percent of pensionable wages for the year ended June 30, 2016. Actual contributions to the pension plan from the Authority were $63 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the Authority reported a liability of $1,008 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. Standard update procedures were used to roll forward the total pension liability to June 30, 2016. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2016, the Authority's proportion was .4662 percent, which was an increase of .0210 from its proportion measured as of June 30, 2015.

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

7. PENSION PLAN, continued

For the year ended June 30, 2016, the Authority recognized pension expense of $88. At June 30, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual plan experience	$ 11	$ 26
Changes of assumptions	221	135
Net difference between projected and actual earnings on pension plan investments	102	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	56	-
Total	$ 390	$ 161

Note: Changes of assumptions – In 2016, amounts reported as changes in assumptions resulted primarily from the changes in the mortality table and discount rate from 7.75% to 7.50%.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	$ 26
2018	26
2019	118
2020	59
	$ 229

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

7. PENSION PLAN, continued

Actuarial assumptions – The total pension liability was determined by an actuarial valuation as January 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	4.00 to 11.75 percent, including inflation.
Investment rate of return	7.5 percent compounded annually, net of investment expense and including inflation

Mortality rates were based on RP-2014 Combined Healthy Mortality Tables with Blue Collar adjustments. Generational mortality improvements with Scale MP-2015 are from the table's base year of 2014.

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	24%	1.16%
Domestic equity	36%	6.19%
International equity	24%	6.59%
Real estate	8%	4.24%
Commodities	3%	0.50%
Timber	4%	4.25%
Cash	1%	0.11%
Total	100%	

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

7. PENSION PLAN, continued

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the participating employers will be made as specified in MERP's funding policy. Beginning July 1, 2017, and all future years, it is assumed that the employer contribution rate will increase to 14.85 percent of payroll, which is the actuarially determined contribution rate. Based on those assumptions, MERP's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate – The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Authority's proportionate share of the net pension liability	$ 1,355	$ 1,008	$ 718

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net positon is available in the City of Tulsa's CAFR; which can be located at www.cityoftulsa.org.

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The Authority provides postemployment health care benefits for retired employees and their dependents through participation in the City of Tulsa Postretirement Medical Plan (the "Plan"), a multiple-employer cost-sharing defined benefit health care plan. The benefits, coverage levels, employee contributions, and employer contributions are governed by the City through its personnel and union contracts and are funded on a pay-as-you-go basis.

All health care benefits are provided through the City's fully insured health plan. The benefit levels are the same as those offered to active employees. Benefits include general inpatient and outpatient medical services and prescriptions. General employees are eligible for membership in the plan if they retire from the City on or after age 55 with 5 years of service or with age and service totaling 80 points. Coverage ceases upon eligibility of the member (retiree or dependent) for Medicare. Coverage for dependents can continue upon the death of the retiree. Spouses of employees eligible for benefits and who die in active service can receive coverage.

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

The actuarial valuation of liabilities under the plan is calculated using the entry age normal cost method as of the July 1, 2016, 2015 and 2014 actuarial valuations. This method requires the calculation of an unfunded actuarially accrued liability, which was approximately $9,713, $12,180 and $14,216 for the City as of June 30, 2016, 2015, and 2014, respectively. The Authority's portion of the unfunded actuarially accrued liability is not separately determined.

Annual OPEB Cost Information - City				
Year	Actuarially Required Contributions	Employer Contributions	Percent Contributed	Authority's OPEB Obligation
2016	$ 977	$ 796	81%	$ 78
2015	1,207	618	51%	69
2014	1,376	1,332	97%	70

The amount allocated to the Authority is based on the number of active eligible employees of the Authority compared to the total number of active eligible employees. The complete details of the plan are disclosed in the City's Comprehensive Annual Financial Report.

9. UNEARNED REVENUE

The Authority had the following unearned revenues at June 30, 2016:

	Total	Current	Noncurrent
Arena and Convention event deposits	$ 230	$ 230	$ -
Arena and Convention - naming rights, club sales, advertising, and sponsorships	4,844	3,710	1,134
One Technology Center - lease revenues	134	134	-
	$ 5,208	$ 4,074	$ 1,134

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

10. REVENUE BONDS PAYABLE

Revenue bonds payable activity for the year ended June 30, 2016 is as follows:

REVENUE BONDS PAYABLE

Bond, Series, Maturity Dates	Issue Amount	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Lease Revenue							
Series 2007A, 2037	$ 34,620	4.625%-5.25%	$ 34,620	$ -	$ -	$ 34,620	$ -
Lease Revenue,							
Series 2007B, 2029	33,130	6.30%-6.60%	23,925	-	-	23,925	-
Capital Improvements Revenue							
Refunding Series 2012, 2019	9,480	1.25%	6,860	-	(1,400)	5,460	1,485
Capital Improvements,							
Series 2008, 2027	16,000	6.07%	10,755	-	(1,095)	9,660	1,190
Capital Improvements,							
Series 2012, 2020	10,900	3.00%-4.00%	6,980	-	(1,340)	5,640	1,365
Total revenue bonds			83,140	-	(3,835)	79,305	4,040
Unamortized premiums			401	-	(133)	268	-
Unamortized discounts			(119)	-	6	(113)	-
			$ 83,422	$ -	$ (3,962)	$ 79,460	$ 4,040

	Principal	Interest	Total
2017	$ 4,040	$ 4,133	$ 8,173
2018	3,865	3,987	7,852
2019	4,595	3,852	8,447
2020	4,030	3,678	7,708
2021	2,745	3,457	6,202
2022-2026	14,450	14,556	29,006
2027-2031	16,675	9,487	26,162
2032-2036	19,585	4,951	24,536
2037-2038	9,320	460	9,780
	$ 79,305	$ 48,561	$ 127,866

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

11. OTHER LONG-TERM LIABILITIES

The changes in long-term liabilities for the year ended June 30, 2016 are summarized as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
Other long-term liabilities:					
Vested compensated absences	$ 25	$ 45	$ 37	$ 33	$ 24
Net pension liability	558	576	126	1,008	-
Other postemployment benefits	69	9	-	78	-
Contract lease obligation	65	-	65	-	-
Total other long-term liabilities	$ 717	$ 630	$ 228	$ 1,119	$ 24

12. PLEDGED REVENUE

ONE TECHNOLOGY CENTER LEASE REVENUE- The Authority has pledged future gross lease revenues derived from the operations of One Technology Center to repay outstanding lease revenue bonds and related refunding bonds. Proceeds from the bonds provided financing for the acquisition and improvements of One Technology Center.

Total principal and interest remaining on the debt is $108,509 with annual requirements ranging from $4,805 to $5,677 through 2038. Annual debt service required 59% of gross revenues. Principal and interest paid amounted to $4,739. Current year lease revenue totaled $8,062.

CAPITAL IMPROVEMENTS SERIES 2008- In April 2008, the Authority issued $16,000 Series 2008 Capital Improvements Revenue Bonds. The proceeds of the bonds were used to fund the acquisition, construction, furnishing and equipping of capital improvements and additions to the BOK Arena and to fund the Bond Reserve Fund in the amount of ten percent of the par amount of the bonds (the “Reserve Requirement”) and to pay the costs of issuing the Bonds. The Authority and the City entered into a year to year Projects Agreement, dated as of April 1, 2008 (the "Projects Agreement"), pursuant to which the Authority will issue the bonds and the City has agreed to make payments pursuant to the Projects Agreement sufficient to pay (a) the principal of and interest on the bonds; and (b) all costs and expenses of the Authority in connection with the issuance, sale and delivery of the bonds.

Total principal and interest remaining on the debt is $13,147 with annual requirements ranging from $674 to $1,776 through 2027. Annual debt service required 84% of sponsorship and naming right revenues which are pledged towards the debt under the indenture. The Authority paid $1,747 in principal and interest during the year. Sponsorship and naming rights revenue, from which the appropriations will be made, was $2,080 for the current year.

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

12. PLEDGED REVENUE, continued

CAPITAL IMPROVEMENTS SERIES 2012- In April 2012, the Authority issued $10,900 Series 2012 Capital Improvements Revenue Bonds. The proceeds of the bonds were used to fund the acquisition of trash carts by the TARE, to fund the Bond Reserve Fund in the amount of ten percent of the par amount of the bonds (the "Reserve Requirement") and to pay the costs of issuing the Bonds.

The Authority entered into a projects agreement with the City and TARE, a component unit of the City. The projects agreement provides financing for the acquisition, furnishing, equipping, maintaining, storing, and delivering of trash carts and other capital improvements, equipment and facilities for use in the operations of TARE's system for solid waste management providing collection and disposal of collectible residential solid waste of the City. The bonds will be repaid by revenues received by TARE for the collection of residential solid waste. In the event TARE fails to make the required payments to the Authority, the City will be required to make the debt service payments, subject to certain conditions.

Total principal and interest remaining on the debt is $6,210 with annual debt service requirements ranging from $1,518 to $1,591 through 2020. Annual debt service required 6% of TARE refuse revenue, which is the pledged revenue towards the debt per the bond indenture. Principal and interest paid during the year amounted to $1,608. Solid waste collection and disposal revenue recorded by TARE was $26,599.

13. OPERATING LEASE REVENUE

ONE TECHNOLOGY CENTER LEASES - Commercial property lease revenues arise from the leasing of the Authority's commercial lease space at the OTC facility. Lease terms range from approximately two to five years. Approximately 64% of the net rentable space is available to external tenants. At year end, the building was approximately 88% occupied. Depreciation expense for leased property is provided primarily on the straight-line method over the estimated useful life of the leased property. Depreciation expense related to the OTC facility was $1,224 for the current year.

The gross amounts of capital assets subject to lease as of June 30, 2016 are as follows:

Building	$	38,309
Parking garage		3,521
Land		3,165
Equipment		5,846
Construction in Progress		17
Accumulated depreciation		(11,976)
Net investment in commercial property leases	$	38,882

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

13. OPERATING LEASE REVENUE, continued

Minimum future rentals on noncancellable operating leases as of June 30, 2016 are as follows:

Year		
2017	$	1,638
2018		1,710
2019		1,632
2020		1,210
	$	6,190

14. BOK ARENA NAMING RIGHTS AND SPONSORSHIP AGREEMENTS

The Authority had $14,817 in naming rights and sponsorships agreements outstanding at June 30, 2016. During the year, the Authority recognized $2,080 in naming rights and sponsorship revenue. Any amounts received but not earned are reflected as unearned revenue on the statement of net position.

The future earnings to be recognized on these agreements are as follows:

Years		Future Earnings
2017	$	2,147
2018		2,149
2019		1,501
2020		1,386
2021		1,386
2022-2026		5,049
2027-2029		1,199
	$	14,817

15. FACILITIES REVENUE

The Authority has entered into various agreements for the use of luxury boxes and club seats through 2018. During the year, the Authority recognized $2,497 in luxury boxes and $925 in club seats, which is included in facility revenue. Any amounts received but not earned are reflected as unearned revenue on the statement of net position.

16. OPERATING AGREEMENTS

COX BUSINESS CENTER AND BOK CENTER LEASE AND PROJECT AGREEMENTS-The Authority has leased the Cox Business Center and BOK Center (the Facilities) from the City for 25 years, ending June 30, 2032 or such longer period as any indebtedness issued in connection with the Facilities is outstanding. The lease assists the Authority in making financing arrangements that benefit improvements at the Facilities. The Authority has also entered into a project agreement that makes available proceeds of the Hotel/Motel Tax necessary to pay principal and interest on certain Facility bonds and to operate and maintain the Facilities. During the year the Authority received $2,540 from the City's Hotel/Motel taxes to operate and maintain the Facilities.

ARENA AND CONVENTION CENTER MANAGEMENT AGREEMENTS - In June 2013, the Authority and the City entered into an operating agreement with SMG. The agreement provides for the development and management services of both the Cox Business Center and the BOK Arena facilities. The term of the operating section of the agreement is July 1, 2013 through June 30, 2018. The Authority may extend the agreement for an additional five years at its sole discretion. The contract is subject to annual appropriations and may be terminated by any party.

Under the agreement, for the year ended June 30, 2016, SMG earned an annual base management fee of $140 for the Cox Business Center and $140 for the BOK Arena. SMG can also earn an annual incentive fee based on the operating results of both facilities compared to certain operating thresholds, as defined in the agreements. The operating thresholds, as defined in the agreements are gross revenue, attendance and net operating profits. If the benchmark is met for a threshold, SMG may receive an incentive fee equal to 33 1/3% of the management fee. The incentive fee may not exceed the management fee for the year. SMG earned $140 of incentive fee for the BOK Arena and $140 for the Cox Business Center for the year ended June 30, 2016.

17. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions and natural disasters. The City purchases commercial insurance for general liability and property damage as well as employee health and dental. The Authority is included in the City's insurance policies and would be responsible for deductibles relating to specific claims pertaining to the Authority. There have been no significant reductions in insurance coverage during the year and there were no settlement amounts in excess of the insurance coverage in the current year or in the three prior years.

The Authority also participates in the City's workers compensation self-insurance program. The City retains all risk of loss for workers' compensation claims.

18. GENERAL LITIGATION

The Authority is subject to claims and lawsuits that arise primarily in the course of ordinary business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, changes in financial position and cash flows of the Authority.

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

19. RELATED PARTY TRANSACTIONS

During the year ended, the Authority conducted the following transactions with related entities:

Capital contributions from the City of Tulsa for capital improvements	$	39
Operating subsidy from the City of Tulsa for the Cox Business Center	$	2,540
Lease revenue from the City of Tulsa for leased space in OTC	$	5,069
Payments on the advance to TARE	$	1,584

20. SUBSEQUENT EVENT

On October 5, 2016 Moody's Investment Service downgraded the Authority's Series 2008 Capital Improvement bonds rating from Aa2 to Aa3. The outlook is stable. The downgrade is a result of a nationwide change in Moody's methodology and classification of the BOK Arena debt as not related to a core governmental service.

21. FUTURE CHANGES IN ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 75, *Accounting and Financial Reporting for PostEmployment Benefits Other Than Pensions*, will be effective for the Authority beginning with its year ending June 30, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and requires governments to report a liability on the face of the financial statements for the OPEB they provide and outlines the reporting requirements by government for defined benefit OPEB plans administered through a trust, cost-sharing OPEB plans administered through a trust and OPEB not provided through a trust. This Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities.

GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68 and No. 73,* will be effective June 30, 2017. This statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice is not considered to be in conformity with the requirements of Statement 67, Statement 68, or Statement 73 for the selection of assumptions used in determining the total pension liability and related measures.

Prior to the issuance of this Statement, Statements 67 and 68 required presentation of covered employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based and ratios that use that measure.

(in thousands of dollars)

Municipal Employees' Retirement Plan
Schedule of Proportionate Share – For the current and prior two years

Year	Authority's proportion of net pension liability	Authority's proportionate share of net pension liability	Authority's covered-employee payroll	Authority's proportionate share of net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of total pension liability
2016	0.4662%	$ 1,008	$ 547	184%	65.6%
2015	0.4452%	558	491	114%	77.1%
2014	0.4212%	471	461	102%	79.3%

* Prior year information is not available.

Changes of assumptions. In 2016, amounts reported as changes of assumptions resulted primarily from changes in the mortality table and discount rate from 7.75% to 7.50%.

Municipal Employees' Retirement Plan
Schedule of Employer Contributions – Last five years

Year	Contractually Required Contributions	Actual Contributions	Contribution Defiency (Excess)	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2016	$ 63	$ 63	$ -	$ 547	11.5%
2015	56	56	-	485	11.5%
2014	46	68	(22)	461	14.8%
2013	45	47	(2)	451	10.4%
2012	34	34	-	365	9.3%

* Prior year information is not available.

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
COMBINING SCHEDULE OF NET POSITION – FINANCING FUND
June 30, 2016

(in thousands of dollars)	Capital Improvements Revenue Bond 2012	Capital Improvements Revenue Bond	Financing Fund Total
ASSETS			
Current assets:			
Cash and cash equivalents, restricted	$ 398	$ -	$ 398
Interest receivable, restricted	4	-	4
Advance to related entity	1,372	-	1,372
	1,774	-	1,774
Noncurrent assets:			
Cash and cash equivalents, restricted	32	-	32
Investments, restricted	1,078	-	1,078
Advance to related entity	3,080	-	3,080
Nondepreciable capital assets	-	4,500	4,500
	4,190	4,500	8,690
Total Assets	5,964	4,500	10,464
LIABILITIES			
Current liabilities:			
Accrued bond interest payable	56	-	56
Current portion of bonds payable	1,365	-	1,365
	1,421	-	1,421
Noncurrent liabilities:			
Revenue bonds payable, net of current portion	4,275	-	4,275
Unamortized premium	268	-	268
	4,543	-	4,543
Total liabilities	5,964	-	5,964
NET POSITION			
Net investment in capital assets	-	4,500	4,500
Total net position	$ -	$ 4,500	$ 4,500

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – FINANCING FUND
Year Ended June 30, 2016

(in thousands of dollars)

	Capital Improvements Revenue Bond 2012	Capital Improvements Revenue Bond	Financing Fund Total
Operating revenues:			
Investment income	$ 18	$ -	$ 18
Advance/loan interest income	107	-	107
	125	-	125
Operating expenses:			
Interest and amortization expense	125	-	125
	125	-	125
Change in net position	-	-	-
Net position, beginning of year	-	4,500	4,500
Net position, end of year	$ -	$ 4,500	$ 4,500

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
COMBINING SCHEDULE OF CASH FLOWS – FINANCING FUND
Year Ended June 30, 2016

(in thousands of dollars)	Capital Improvements Revenue Bond 2012	Capital Improvements Revenue Bond	Financing Fund Total
Cash flows from operating activities:			
Interest paid on revenue bonds	$ (268)	$ -	$ (268)
Investment income	14	-	14
Payments from related entity	1,584	-	1,584
Principal paid on long-term debt	(1,340)	-	(1,340)
Net cash used by operating activities	(10)	-	(10)
Net change in cash and cash equivalents	(10)	-	(10)
Cash and cash equivalents, beginning of year	440	-	440
Cash and cash equivalents, end of year	$ 430	$ -	$ 430
Reconciliation of operating income to net cash used by operating activities:			
Operating income	$ -	$ -	$ -
Adjustments:			
Change in financing assets	(4)	-	(4)
Change in financing liabilities	(1,483)	-	(1,483)
Change in advances	1,477	-	1,477
Net cash used by operating activities	$ (10)	$ -	$ (10)
Noncash investing activities:			
Appreciation of fair value of investments	$ -	$ -	$ -

ONE TECHNOLOGY CENTER

Percentage of Occupied Units

Total occupied	18
Total vacant units	5
Total units	23
Percentage Occupied	78%

Percentage of Occupied Square Feet

Total Occupied Square Feet	554,398
Total Vacant Square Feet	76,072
Total Square Footage	630,470
Percentage Occupied	88%

Major Tenants and Square Feet

City of Tulsa	229,871
Level 3 Communications, LLP**	143,242
Magellan Midstream Partners, LP	96,312

**Space is included in Capital Lease

EXHIBIT "C"

ADDITIONAL DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE CITY OF TULSA, OKLAHOMA

CITY OF TULSA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Current and Past Nine Years

Year	Population	MSA Current Personal Income (in millions)	MSA Per Capita Personal Income	Median Age	Percent of High School Graduates	Unemployment Rate
2016	403,085	$ 50,881	$51,786	34.9	86.8%	4.5%
2015	402,662	50,247	51,500	34.8	86.7%	4.2%
2014	400,436	48,199	49,807	34.8	86.7%	5.0%
2013	398,222	45,935	47,857	34.8	86.7%	5.4%
2012	396,021	45,787	48,095	34.8	86.7%	5.8%
2011	393,831	41,846	44,316	34.8	86.7%	6.7%
2010	391,831	37,723	40,239	34.8	86.8%	7.5%
2009	391,956	36,300	39,075	34.8	86.5%	5.1%
2008	392,080	40,645	44,153	34.8	86.2%	3.7%
2007	392,205	36,342	39,839	34.8	86.0%	4.0%

Sources:

Population: 2000 & 2010 Census
  Forecast (2016): Extrapolation using 15 year Experian series, and 2016 Growth Projection
Personal Income: Bureau of Economic Analysis June 2012
  Forecast (2015/2016): OSU Center for Applied Economic Research, Tulsa Regional Chamber
Per Capita Personal Income: Bureau of Economic Analysis to 2011
  Forecast (2015/2016): OSU CAER, Tulsa Regional Chamber
Median Age: 2000 & 2010 Census
  Forecast (2016): Extrapolation using 15 year Experian series, and 2016 Growth Projection
Percent of High School Graduates: Tulsa Metro Chamber - as reported by Experian
  Forecast (2016): Extrapolation using 11 year Experian series, and 2016 Growth Projection
Unemployment Rate: Bureau of Labor Statistics (12 month moving average closing June 30, 2016)

CITY OF TULSA
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	2016 Employees	2016 Rank	2016 Percentage of Total MSA Employment	2007 Employees	2007 Rank	2007 Percentage of Total MSA Employment
Saint Francis Healthcare System	9,500	1	2.14%	4,500	3	1.03%
Wal-Mart/Sam's Club	8,000	2	1.80%	-	-	N/A
Tulsa Public Schools	8,000	3	1.80%	6,500	2	1.49%
American Airlines	6,500	4	1.46%	8,000	1	1.84%
St. John Health System	6,500	5	1.46%	4,500	5	1.03%
Hillcrest Healthcare System	6,500	6	1.46%	2,000	10	0.46%
City of Tulsa	3,500	7	0.79%	4,500	4	1.03%
Reasor's (all Tulsa area locations)	3,500	8	0.79%	-	-	N/A
Cherokee Hard Rock Hotel and Casino	3,500	9	0.79%	-	-	N/A
QuikTrip	3,500	10	0.79%	-	-	N/A
	59,000		13.27%	30,000		6.88%

Notes:

1. **Source:** Tulsa Metro Chamber and Oklahoma State Department of Commerce
   Chamber Sources: Direct Contact with Companies, D&B Million Dollar Database: Global Reach, ReferenceUSA & Tulsa World articles
2. Employer headcount survey includes regular full-time and part-time employees.
3. Total employment for all locations of the company in the Tulsa MSA area.
4. Employee counts are categorized in increments of 500. The number of employees shown for each employer is the peak value of each increment.

EXHIBIT "D"

SUMMARY OF CERTAIN DOCUMENTS

CERTAIN DEFINITIONS

Definitions

The following are definitions of certain terms contained in the Bond Indenture and the Lease (terms used in such definitions are further defined in the Bond Indenture).

"Accountant's Certificate" means a certificate signed by an Independent Public Accountant.

"Accrued Aggregate Bond Service" means, as of any date of calculation, the sum of the amounts of Bond Service that have accrued with respect to all Series of Bonds, determined by calculating the Bond Service that has accrued with respect to each Series of Bonds as an amount equal to the sum of (i) the interest on the Bonds of such Series that has accrued and is unpaid and that will have accrued by the end of the then current calendar month, and (ii) that portion of the next due Principal Installment for the Bonds of such Series that would have accrued (if deemed to accrue in the manner set forth in the definition of "Bond Service") by the end of the then current calendar month.

"Act" means Title 60, Oklahoma Statutes 2001, Sections 176 et seq., as amended.

"Act of Bankruptcy" means if there shall occur the dissolution or liquidation of the Authority or the filing by the Authority of a voluntary petition in bankruptcy, or adjudication of the Authority as a bankrupt, or assignment by the Authority for the benefit of its creditors, or the entry by the Authority into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Authority in any proceeding for its reorganization instituted under the provisions of the federal bankruptcy act, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted.

"Additional Bonds" means all Bonds or Series of Bonds, authenticated, issued and delivered pursuant to the Indenture.

"Aggregate Bond Service" means, as of any date of calculation and with respect to any period, the sum of the amounts of Bond Service for all Series of Bonds for such period.

"Alternate Credit Enhancement Facility or **Alternate Liquidity Facility"** shall mean a letter of credit, insurance policy, line of credit, surety bond, standby purchase agreement or other security or liquidity instrument, as the case may be, issued in accordance with the terms hereof as a replacement or substitute for any Credit Enhancement Facility or Liquidity Facility, as applicable, then in effect.

"Authority" shall mean Tulsa Public Facilities Authority, a public trust created under the laws of the State of Oklahoma.

"Authorized Denominations" shall mean with respect to Series 2017 Bonds, $5,000 and any integral multiple thereof.

"Authorized Investments" shall include any of the following securities, if and to the extent the same are at the time legal under Oklahoma law for investment of Authority funds:

(a) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (b) below), or

(b) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America.

(c) Obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including:

- Export - Import Bank
- Farmers Home Administration
- General Services Administration
- U.S. Maritime Administration
- Small Business Administration
- Government National Mortgage Association (GNMA)
- U.S. Department of Housing & Urban Development (PHA's)
- Federal Housing Administration;

(d) Bonds, notes or other evidences of indebtedness rated "AAA" by Standard & Poor's Corporation and "Aaa" by Moody's Investors Service issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(e) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by Standard & Poor's Corporation;

(f) 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 Standard & Poor's Corporation and Moody's Investors Service, Inc. or any successors thereto; or (B)(1) 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 (b) 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 (2) 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;

(g) repurchase agreements with banks which are members of the Federal Deposit Insurance Corporation (**"Repurchasers"**) provided that each such repurchase agreement (A) is in commercially reasonable form and is for a commercially reasonable period, and (B) results in transfer to the Trustee of legal title to, or the grant to the Trustee of a prior perfected security interest in, securities which are obligations described in clauses (a) through (c) above, inclusive, or bonds of the State of Oklahoma or any agency or subdivision thereof which have deposited in an irrevocable trust escrow account established therefor obligations described in clauses (a) through (c) above scheduled to mature at such time or times so as to provide sufficient funds with which to pay the bonds so pledged at or prior to maturity, which are free and clear of any claims by third parties and are segregated in a custodial or trust account held by a third party (other than the Repurchaser) as the agent solely of, or in trust solely for the benefit of, the Trustee; provided that such securities acquired pursuant to such repurchase agreements shall be valued at the lower of the then current market value of such securities or the repurchase price thereof set forth in the applicable repurchase agreement;

(h) certificates of deposit issued by any bank or trust company organized under the laws of the State of Oklahoma, or any other state, or any national banking association including the Trustee in any amount; provided that such certificates shall be either: (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by such securities as are described in clauses (a) through (b) above, which shall have a market value (not including accrued interest) at all times at least equal to the principal amount of such certificates of deposit and such certificates of deposit shall be lodged with the Authority or the bank responsible for the derivative fund invested, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit, and the bank, trust company or national banking association issuing each such certificate of deposit required to be so secured shall furnish the Trustee with either the securities pledged to the Authority as security therefor or a prior perfected security interest in such pledged securities which are free and clear of any claims by third parties and are segregated in a custodial or trust account held by a third party (other than the bank, trust company or national banking association issuing the certificate of deposit required to be so secured) as the agent solely of, or in trust solely for the benefit of, the Trustee, or (3) in the event any bank, trust company or national banking association has purchased any of the Bonds, such Bonds may be used as security up to the principal amount thereof, provided the Authority shall obtain an accompanying right of set-off of such Bonds, against the resulting deposit;

(i) obligations of or investment contracts with any national or state banking institution or any other qualified financial institution with the unsecured short-term indebtedness of such institution being rated in one of the three highest major rating categories established by S&P or Moody's.

The value of the above investments shall be determined as follows:

"Value", which shall be determined as of the end of each month, means that the value of any investments shall be calculated as follow:

(i) 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;

(ii) 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;

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

(iv) As to any investment not specified above: the value thereof established by prior agreement between the Authority, the Trustee and any Support Facility provider.

"Authorized Officer" means the Chairman or Vice Chairman of the Authority and any other person authorized by the by-laws or resolution or action of the trustees of the Authority to perform the act or sign the documents in question.

"Automatic Termination Event" shall mean an event of default set forth in the Support Agreement between the Authority and the Liquidity Provider which would result in the immediate termination of the Liquidity Facility prior to its stated expiration date without at least thirty days' prior notice from the Liquidity Provider to the Trustee, other than a termination upon the substitution of an Alternate Liquidity Facility.

"Available Amount" shall mean the amount available under the Credit Enhancement Facility or Liquidity Facility, as applicable, to pay the principal of and interest on the Bonds or the Purchase Price of the Bonds, as applicable.

"Available Money" or Available Monies" means with respect to a Series of Bonds (a) during the term of a Support Facility, (i) moneys drawn under the Support Facility, Bond proceeds or moneys deposited directly by the Authority with Trustee which have been on deposit with Trustee for at least 123 days during and prior to which no Act of Bankruptcy shall have occurred, or (ii) the proceeds of the sale of refunding obligations, if, in the Opinion of Counsel experienced in bankruptcy matters and acceptable to the Trustee, the application of such moneys will not constitute a voidable preference in the event of the occurrence of an Act of Bankruptcy, or (iii) the proceeds from investment of moneys under clause (i) or (ii) above, and (b) at any time not occurring during the term of a Support Facility, any moneys held by Trustee and the proceeds from the investment thereof.

"Beneficial Owner" shall mean, so long as any Series of Bonds are held in the Book-Entry System, any Person (including a Broker-Dealer) who acquires a beneficial ownership interest in the Bonds of such Series held by the Securities Depository. As to a Broker-Dealer, Beneficial Owner means the customer of a Broker-Dealer for such Series of Bonds who is listed on the records of that Broker-Dealer as a holder of a Bond of such Series. If at any time the Bonds of such Series are not held in the Book-Entry System, Beneficial Owner shall mean Bondholder for purposes of the Bond Indenture.

"Bond Counsel" shall mean an attorney or firm of attorneys of national recognition experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds selected or employed by the Authority and acceptable to the Trustee.

"Bond or Bonds" means any bond or bonds, as the case may be, issued pursuant to the Bond Indenture or any Supplemental Bond Indenture which are at any time outstanding.

"Bond Fund" means the fund by that name established in the Bond Indenture.

"Bond Indenture" means the Master Bond Indenture, as supplemented by the Second Supplemental Bond Indenture and as same may be supplemented or amended from time to time.

"Bond Service" means, as of any date of calculation and with respect to any period for any Series of Bonds, an amount equal to the sum of: (i) the interest accruing during such period on the Bonds of such Series, except to the extent that such interest is to be paid from deposits in the Construction Interest Account of the Bond Fund or deposits in the Bond Service Account received on the date of delivery of such Series of Bonds from the proceeds thereof, or accrued interest and (ii) that portion of each Principal Installment for the Bonds of such Series that would have accrued during such period if each such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date (or, in the event there shall have been no such preceding Principal Installment due date, then from a date one year preceding the due date of such Principal Installment or from the date of issuance of the Bonds of such Series, whichever is later). Such interest and Principal Installments shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment for the Bonds of such Series on the due date thereof. With respect to Variable Rate Bonds, the interest rate per annum thereon shall be determined as follows: (i) with respect to an issue of Variable Rate Bonds at the time of calculation then Outstanding, the interest rate shall be the weighted average interest rate per annum borne by such series of Variable Rate Bonds for the twelve month period then ended at the time of calculation, and (ii) with respect to Variable Rate Bonds then proposed to be issued, but not then issued and Outstanding, the interest rate shall be assumed to be the Certified Interest Rate.

"Bond Service Account" means the account created within the Bond Fund established in the Bond Indenture.

"Bond Year" means with respect to any Series of Bonds, any period of twelve (12) consecutive months terminating on the due date of a Principal Installment for the Bonds of such Series.

"Bondholder or Holder of a Bond or Holder" means the registered owner or his duly authorized attorney-in-fact, representative or assigns, of any Bond.

"Book-Entry System" shall mean the system maintained by the Securities Depository.

"Business Day" means any day of the year other than a Saturday, a Sunday or any other day on which (i) banks in the States of New York or Oklahoma are required or authorized by law to remain closed, or (ii) the New York Stock Exchange is closed.

"Certified Interest Rate" shall mean the rate of interest as certified pursuant to the Bond Indenture which would have been borne by Variable Rate Bonds had such Variable Rate Bonds been issued at a fixed interest rate.

"City" means the City of Tulsa, Oklahoma.

"Closing Date" shall mean the date the Series 2017 Bonds initially issued under the Bond Indenture are delivered and payment therefor is received by the Authority.

"Code" means the applicable provisions of the Internal Revenue Code of 1986, as amended.

"Construction Fund" means the fund by that name established in the Bond Indenture.

"Construction Interest Account" means the account by that name established in the Bond Indenture within the Bond Fund.

"Cost of Construction" means but shall not be limited to, in connection with any particular Project, all costs of acquiring, constructing, equipping and furnishing the Project, including but not limited to the cost of land or any interest in land, obligations incurred for labor and materials and to contractors, builders and materialmen; the restoration or relocation of property damaged or destroyed in connection with the construction; the cost of machinery, equipment or supplies purchased by the Authority for inclusion as part of a Project; any fees, compensation and expenses of the Authority, or the Trustee for services rendered during the period of construction; taxes, fees, charges, and expenses incurred in connection with the Project, the financing, or the issuance of and security for any Bonds; premiums, if any, on insurance in connection with the construction of the Project; costs to the Authority for expenses of the Authority including interim financing loans and all costs thereof, incident to and properly allocable to the acquisition, equipping and construction of the Project and placing same in operation; capitalizing interest requirements and the reserve fund requirements for any Bonds; legal, financing, financial, Support Facility, administrative and accounting and recording expenses and fees with respect to any Bonds; and the fees and expenses of bond counsel, special tax counsel, Authority counsel, underwriter's counsel, trustee's counsel or other counsel with respect to any Bonds.

"Credit Enhancement Facility" shall mean a direct-pay letter of credit, insurance policy, surety bond, line of credit or other instrument then in effect which secures or guarantees the payment of principal of and interest on a Series of Bonds.

"Credit Enhancement Failure" or **"Liquidity Facility Failure"** shall mean a failure of the Credit Provider or Liquidity Provider, as applicable, to pay a properly presented and conforming draw or request for advance under the Credit Enhancement Facility or Liquidity Facility, as applicable, or the filing or commencement of any bankruptcy or insolvency proceedings by or against the Credit Provider or Liquidity Provider, as applicable, or the Credit Provider or Liquidity Provider, as applicable, shall declare a moratorium on the payment of its unsecured debt obligations or shall repudiate the Credit Enhancement Facility or Liquidity Facility, as applicable.

"Credit Provider" shall mean any bank, insurance company, pension fund or other financial institution which provides a Credit Enhancement Facility or Alternate Credit Enhancement Facility for a Series of Bonds.

"Electronic Means" shall mean telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication providing evidence of transmission, including a telephonic communication confirmed by any other method set forth in this definition.

"Excess Investment Earnings" are determinable as of the end of each Bond Year on the basis of the period from the date of original issuance of a Series of Bonds through the last day of the most recently completed Bond Year for such Series, and are equal to:

the excess of:

(a) the aggregate amount earned on investments held under the Bond Indenture attributable to such Series (including unrealized gains and losses upon the retirement of the last Bond of such Series, but excluding investments in evidences of indebtedness on which the interest is excluded from gross income for federal income tax purposes pursuant to Section 103(a) of the Code and investments of amounts held in the Rebate Fund) over

(b) the amount that would have been earned on such investments if they had a yield equal to the yield of the Series (determined on a present value basis from the date of original delivery and payment for the Bonds of such Series, without adjustment for costs of issuance); and

(c) any income attributable to the excess described in (a) above.

"Expiration Date" shall mean the stated expiration date of the Credit Enhancement Facility or the Liquidity Facility, as it may be extended from time to time as provided in the Credit Enhancement Facility or the Liquidity Facility, or any earlier date on which the Credit Enhancement Facility or the Liquidity Facility shall terminate, expire or be canceled.

"Fiscal Year" means the period commencing on July 1 of each year and terminating on the next succeeding June 30, or any other Year as may hereafter be established by Resolution of the Authority.

"Gross Revenues" means: (i) all income and revenue derived by the Authority from the operation of the Facilities, including rentals, lease payments, revenues derived from parking, food service facilities and any guaranty, indemnification, or subscription agreement; (ii) payments from the City; (iii) moneys derived from the authorized disposition or sale of the Facilities properties, including proceeds of use or occupancy insurance or condemnation or eminent domain but excluding general damage or liability insurance (except as specifically set forth in the Indenture); provided, moneys derived in the manner prescribed in this clause (iii) shall not be considered for purposes of the rate covenant contained in the Indenture; (iv) the income from the investment of moneys held under the Indenture; and (v) moneys derived from any other sources. The term "Gross Revenues" does not include moneys received as proceeds from the sale of Bonds (or proceeds of refunding bonds) if any, for the construction of capital improvements, nor does the term Gross Revenues include any income, receipts or other moneys of the Authority which are derived from its ownership or operation of properties not included within the Facilities (unless such moneys are hereafter dedicated to the support of the Facilities on either a parity or subordinate lien basis) or from the furnishing and supplying of the services, facilities or commodities of such other properties.

"Independent Engineer" shall mean a person, firm or corporation, acceptable to the Authority and the Trustee, with favorable experience and reputation in the field of construction engineering.

"Insurance Consultant" shall mean a person, firm or corporation employed by the Authority to fulfill the responsibilities imposed herein and who is acceptable to the Authority and the Trustee.

"Independent Public Accountant" means any certified public accountant or firm of such accountants of national reputation appointed by the Authority and approved by the Trustee.

"Interest Payment Date" shall mean with respect to the Series 2017 Bonds, each date on which interest is to be paid and is with respect to the Series 2017 Bonds, the first day of June and the first day of December and beginning December 1, 2017, provided however, that if any such dates are not Business Days, interest shall be paid on the next succeeding date which is a Business Day.

" Lease" means the Lease Agreement initially dated as of September 21, 2007, as renewed and as most recently renewed as of August 1, 2017 between the City and the Authority covering the Facilities.

"Liquidity Facility" shall mean any letter of credit, line of credit, standby purchase agreement or other instrument then in effect which provides for the purchase of Bonds of a Series upon the tender thereof in the event remarketing proceeds are insufficient therefor.

"Liquidity Provider" shall mean any bank, insurance company, pension fund or other financial institution which provides a Liquidity Facility or Alternate Liquidity Facility for any Series of Bonds.

"Liquidity Provider Bonds" shall mean any Series of Bonds purchased by the Liquidity Provider with funds drawn on or advanced under the Liquidity Facility.

"Maximum Aggregate Bond Service" means, as of any date of calculation, the greatest Aggregate Bond Service for all Bonds Outstanding as computed for any Bond Year.

"Maximum Bond Service" means, as of any date of calculation relating to any Series of bonds, the greatest Aggregate Bond Service for all Bonds of such Series Outstanding as computed for any Bond Year.

"Maximum Rate" shall mean (i) with respect to Liquidity Provider Bonds, a rate of interest of fourteen percent (14%) per annum and (iii) with respect to all other Bonds, a rate of interest of twelve percent (12%) per annum.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority by notice to the Trustee and any Remarketing Agent.

"Net Revenues" means for any period the Gross Revenues during such period less the Operation and Maintenance Expenses applicable to such period, excluding any proceeds of condemnation or eminent domain, insurance policies, the sale of property or other assets.

"Operation and Maintenance Expenses" or "Operating Expenses" means the reasonable and necessary current expenses of the Authority or the City paid or accrued by the Authority or the City in administering, operating, maintaining and repairing the Facilities, including without limiting the generality of the foregoing, the following:

(i) costs of operation attributable to any operation contract by and between the Authority or the City and any operator or administrator and the costs of collecting the revenue and income from the Facilities, and for making any refunds therefrom lawfully due to others;

(ii) costs of engineering, audit reports, legal, accounting and other overhead expenses directly related to the administration, operation, maintenance and repair of the Facilities;

(iii) costs of salaries, wages and other compensation of employees and payments to pension, retirement, health and hospitalization funds and other insurance, including self-insurance for the foregoing;

(iv) costs and expenses of general administrative overhead allocable to the Facilities;

(v) cost of routine repairs, replacements, renewals and alterations occurring in the usual course of business;

(vi) taxes, assessments or other governmental charges, or payments in lieu thereof, imposed upon the Facilities or on any part of them or on the operation of the Facilities or on the income therefrom or on any privileges in connection with the ownership or operation of the Facilities or otherwise imposed on the Facilities or the operation thereof or income therefrom;

(vii) costs of utility services;

(viii) cost of equipment, materials and supplies used in the ordinary course of business, including ordinary and current rentals of equipment or other property and the cost of fuel;

(ix) costs of insurance and fidelity bonds, or a properly allocable share of the premium of any blanket policy or bond, pertaining to the Facilities or the income or revenues of the Facilities;

(x) costs of carrying out the provisions of the Indenture, including the Trustee, any tender agents', Remarketing Agents' and Paying Agents' or Letter of Credit issuer's fees and expenses, and costs of recording, mailing and publications; and

(xi) all other costs and expenses of administering, operating, maintaining and repairing the Facilities arising in the routine and normal course of business.

PROVIDED, HOWEVER, that the term **"Operation and Maintenance Expenses"** shall not include: (i) any allowance for depreciation or any amounts for capital replacements, repairs and maintenance not recurring annually (or at shorter intervals) or reserves therefor; (ii) costs of additions and improvements to the Facilities or reserves therefor; (iii) reserves for administration, operation, maintenance and repairs occurring in the normal course of business; (iv) costs directly related to the issuance of Bonds; and (v) payment (including redemption) of Bonds or other evidences of indebtedness or interest and premium therefor or reserves therefor.

"Opinion of Counsel" means a written opinion of counsel of recognized standing in the field of municipal bond law selected by the Authority who is not an employee of the Authority. Any Opinion of Counsel may be based (insofar as it relates to factual matters or information which is in the possession of the Authority) upon a **"Written Certificate of Authority"** unless such counsel knows, or in the exercise of reasonable care should have known, that such written certificate is erroneous.

"Outstanding" means, as of any date of calculation, all Bonds theretofore executed, issued and delivered by the Authority and authenticated by the Trustee except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds in lieu of or in exchange for which other Bonds shall have been executed, issued and delivered by the Authority and authenticated by the Trustee pursuant to the terms of the Bond Indenture;

(c) Bonds (or portions of Bonds) for the payment or redemption of which moneys, 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 in trust and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given as in the Bond Indenture provided or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(d) Bonds deemed to have been paid or defeased as provided in the Bond Indenture.

"Participant" means when used with respect to any Securities Depositories, any participant of such Securities Depository.

"Paying Agent" means any bank or trust company designated as paying agent for the Bonds of any Series, and its successor or successors hereinafter appointed in the manner provided in the Bond Indenture.

"Person" shall include an individual, association, unincorporated organization, corporation, partnership, joint venture, limited liability company or government or agency or political subdivision thereof.

"Permitted Encumbrances" shall mean as of any particular time (i) liens for ad valorem taxes, assessments and governmental charges and liens for labor and materials not delinquent or which the Authority is contesting in good faith under this Bond Indenture; (ii) utility, access and other easements and rights of way, mineral rights, licenses and restrictions that, in the opinion of an independent counsel, will not materially interfere with or impair the Facilities or any portion thereof, adjacent or related facilities or for the use of any thereof for there intended purposes, (iii) those encumbrances delineated in any title examiner's report (pertaining to title insurance, if required) submitted to the Authority, together with those encumbrances or liens imposed by the terms of this Bond Indenture which shall be acceptable to the Authority and (iv) such other defects, irregularities, exceptions and clouds on title as do not in the aggregate, in the opinion of the Trustee, materially impair the interests of the Authority and the Trustee in the Facilities.

"Principal Installment" means, as of any date of calculation and with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding: (i) the principal amount of Bonds of such Series due on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance (determined as provided in the definition of "Sinking Fund Installment") of any Sinking Fund Installment due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to such unsatisfied balance of such Sinking Fund Installment, or (iii) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds and of such unsatisfied balance of such Sinking Fund Installment due on such future date plus such applicable redemption premiums, if any. Principal Installments shall mean with equal force and effect either one or more Principal Installments.

"Project" means any project as may be further defined in any particular Series Indenture or Supplemental Bond Indenture, the purpose of which consists of providing funds to the City to fund capital improvements and for the purpose of reducing indebtedness of the trust authorities for the which the City is beneficiary made for capital improvements and to pay costs of issuing the Bonds, and may include, but not necessarily be limited to construction, improving, extending, furnishing, equipping, repairing or replacing any part thereof, including the acquisition or rehabilitation of existing facilities or the acquisition of land or interests in land for the development of future facilities.

"Rating Agencies" shall mean any of Moody's or S&P, which is then providing a rating on the Bonds.

"Rebate Fund" means the account by that name established in the Bond Indenture.

"Record Date" at any time shall mean the day fifteen days prior to any Interest Payment Date.

"Redemption Date" shall mean the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms of a Supplemental Bond Indenture.

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

"Refunding Bonds" means all Bonds, whether issued in one or more Series, authenticated and delivered pursuant to the Bond Indenture, and any Bonds thereafter authenticated and delivered in lieu thereof or in exchange therefor pursuant to the Bond Indenture.

"Remarketing Agent" shall mean any Remarketing Agent appointed by the Authority and serving as such under the Remarketing Agreement, including any successors or assigns.

"Remarketing Agreement" shall mean any agreement which provides for the purchase and remarketing of Variable Rate Bonds, as such agreement may be supplemented and amended from time to time.

"Reserve and Contingency Fund" means the fund by that name established in the Bond Indenture, consisting of two accounts denominated the "Building Account" and the "Parking Account".

"Reserve and Contingency Fund Requirement" means for the Building sub-account of the Reserve and Contingency Fund that amount equal to $200,000.00 per year and means for the Parking sub-account of the Reserve and Contingency Fund that amount equal to $76,000.00 per year or such other amount as may be established in any Supplemental Bond Indenture or by subsequent official action or resolution of the Authority.

"Revenue Fund" means the fund by that name established in the Bond Indenture.

"S&P" means the Standard & Poor's Corporation, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority by notice to Trustee and any Remarketing Agent.

"Second Supplemental Indenture" means that certain Second Supplemental Bond Indenture between the Authority and the Trustee dated as of November 1, 2017.

"Securities Depository" means The Depository Trust Company, a corporation organized and existing under the laws of the State of New York, and any other Securities Depository for the Bonds appointed pursuant to the Bond Indenture, and their successors.

"Series" means all of the Bonds designated as being of the same Series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to the Bond Indenture.

"Series or Supplemental Bond Indenture" means a Supplemental Bond Indenture authorized and adopted by the Trustees authorizing the issuance of a Series of Bonds in accordance with this Master Bond Indenture, including the Second Supplemental Indenture.

"Series 2017 Bonds" means the Series 2017A Bonds and the Series 2017B Bonds.

"Series 2017A Bonds" means the Tulsa Public Facilities Authority Lease Payment Revenue Bonds, Refunding Series 2017A authorized and issued pursuant to the Master Bond Indenture and this Second Supplemental Bond Indenture.

"Series 2017B Bonds" means the Tulsa Public Facilities Authority Lease Payment Revenue Bonds, Taxable Refunding Series 2017B authorized and issued pursuant to the Master Bond Indenture and this Second Supplemental Bond Indenture.

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

"State" means the State of Oklahoma.

"Subordinated Indebtedness" means any evidence of debt referred to in, and complying with the provisions of the Bond Indenture.

“Substitution Date” shall mean the date upon which an Alternate Credit Enhancement Facility or Alternate Liquidity Facility is substituted for the Credit Enhancement Facility or Liquidity Facility then in effect.

"Supplemental Bond Indenture" means any indenture, adopted by the Authority acting by and through its Trustees, supplemental to the Bond Indenture either authorizing the issuance and delivery of Additional Bonds or supplementing or clarifying existing indentures supplemental to the Master Bond Indenture, including the Second Supplemental Indenture.

“Support Agreement” shall mean any reimbursement agreement, credit agreement, line of credit agreement, standby purchase agreement or other agreement, by and between the Credit Provider or Liquidity Provider, as applicable, and the Institution.

“**Support Facility”** means a Credit Enhancement Facility or a Liquidity Facility.

"Trust Estate" means the property assigned and pledged to the Bonds pursuant to the Bond Indenture including (i) a first mortgage lien and security interest on the Facilities and the Real Property therein described; (ii) the Gross Revenues, including payments of the City under the Lease (iii) all right title and interest of the Authority in the Lease, (iv) all funds and accounts established by the Bond

Indenture, to be funded from Series 2017 Bond proceeds, and the proceeds of the Series 2017 Bonds, until expended, (v) the other security interests created, given, granted, assigned, pledged and conveyed by and subject to the terms of the Bond Indenture, and (vi) the present and hereinafter acquired interests of the Authority in and to the Lease and all other leases, contracts and agreements which are pledged to the Trustee under the Bond Indenture as security for the Bonds.

"Trustee" means UMB BANK, N.A., Oklahoma City, Oklahoma, a national banking association having corporate trust powers organized and existing under the laws of the United States of America, and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be party and any successor Trustee at the time serving as successor trustee hereunder.

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

"Written Certificate of the Authority, Written Request of the Authority or Written Statement of the Authority" means an instrument in writing signed on behalf of the Authority by an Authorized Officer.

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

SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE

The following is a summary of certain provisions of the Bond Indenture. The summary does not purport to be comprehensive or definitive and is qualified in its entirety by reference to all of the terms and provisions of the Bond Indenture, copies of which are available for inspection at the principal offices of the Authority and the Trustee. Capitalized words or phrases which are not defined herein or conventionally capitalized have the meanings given such words or phrases in the Bond Indenture.

Granting Clauses: First Mortgage Lien and Security Interest

Pursuant to the granting clauses of the Indenture, the Authority does **GIVE, GRANT, ASSIGN, MORTGAGE, PLEDGE, AND GRANT A MORTGAGE LIEN AND SECURITY INTEREST** in favor of the Trustee and its successor or successors in trust, all of the rights of the Authority in and to the Facilities and in and to the real property particularly described in the Indenture (any such estate in land hereinafter referred to herein as the "Real Property"), and all other right, title and interest of the Authority under the Lease including Gross Revenues and the payments of the City thereunder;

Together with all right, title and interest of the Authority in and to the buildings and improvements now or hereafter located on the Real Property and all right, title and interest, if any, of the Authority, in and to the streets and roads abutting the Real Property to the center lines thereof, and strips within or adjoining the Real Property, the air space above and subsurface below and right to use said air space above and said subsurface below the Real Property (unless otherwise alienated or reserved), all rights of ingress and egress by pedestrians and motor vehicles to the Real Property, all easements now or hereafter affecting the Real Property, and all royalties and all rights appertaining to the use and enjoyment of the Real Property;

Together with all right, title and interest of the Authority in and to all fixtures and articles of personal property and all appurtenances and additions thereto and substitutions or replacements thereof, now or hereafter attached to, contained in, or used in connection with the Real Property or placed on any part thereof, though not attached thereto, including, but not limited to, all screens, awnings, shades, blinds, curtains, draperies, carpets, rugs, furniture and furnishings, heating, lighting, plumbing, ventilating, air conditioning, refrigerating, incinerator and/or compacting and elevator equipment, plants, stoves, ranges, vacuum cleaning systems, lighting, stage, speaker, and related systems and apparatus, seating apparatus, sports event production systems, vending and concession systems, apparatus and equipment, public address systems and equipment, sprinkler systems and other fire prevention and extinguishing apparatus and materials, motors, machinery, pipes, appliances, equipment, fittings and fixtures, and the trade name, good will and books and records relating to the business operated on the Real Property. Without limiting the foregoing, the Authority hereby grants to the Trustee a security interest in all the Authority's present and future "equipment" and "general intangibles" (as defined in the Uniform Commercial Code of the State) located or to be located on the Real Property, and the Trustee shall have in addition to all rights and remedies provided herein, and in any other agreements, commitments and undertakings made by the Authority to the Trustee, all of the rights and remedies of a "secured party" under such Uniform Commercial Code. To the extent permitted under applicable law, the Indenture shall be deemed to be a "security agreement" (as defined in the aforesaid Uniform Commercial Code);

Together with all funds, revenues and accounts held by the Trustee under the Indenture and all unearned premiums, accrued, accruing or to accrue under insurance policies now or hereafter obtained or caused to be obtained by the Authority and all proceeds of the conversion, voluntary or involuntary, of the Real Property or the Facilities and/or any other property or rights encumbered or conveyed hereby, or any part thereof, into cash or liquidated claims, including, without limitation, proceeds of hazard and title insurance and all awards and compensation heretofore and hereafter made to the present and all subsequent owners of the Real Property, the Facilities and/or other property or rights encumbered or conveyed hereby, by any governmental or other lawful authority for the taking by eminent domain, condemnation or otherwise, of all or any part of the Real Property or the Facilities and/or any other property or rights encumbered or conveyed hereby or any easement or other interest appertaining thereto;

Together with all right, title and interest of the Authority in and to all extensions, improvements, betterments, renewals, substitutions and replacements of and all additions and appurtenances to the Real Property, the Facilities and/or any other property or rights encumbered or conveyed hereby, hereafter acquired by or released to the Authority or constructed, assembled or placed by the Authority on the Real Property, the Facilities, and/or any other property or rights encumbered or conveyed hereby, and all conversions of the security constituted thereby which, immediately upon such acquisition, release construction, assembling, placement or conversion, as the case may be, and in each such case without any further mortgage, conveyance, assignment or other act by the Authority, shall become subject to the lien of the Indenture as fully and completely, and with the same effect, as though now owned by the Authority and specifically described herein; and

All right, title and interest of the Authority under any other agreement in support of the Lease.

Authorization of Issuance of Bonds and Other Indebtedness

Authorization of Bonds The Bond Indenture provides for the issuance of Bonds of the Authority which may be issued form time to time in accordance with the terms and conditions of the Bond Indenture. The Bonds will be payable solely form the Trust Estate of the Authority which is pledged and charged to the Bonds in accordance with the provisions of the Bond Indenture. In no event shall any Bond constitute an obligation, either general or special, of the City or the State. Additional Bonds may be issued by the Authority under the conditions set forth in the section above entitled **“The Series 2017 Bonds - Additional Bonds**”.

Funds and Accounts

The Bond Indenture establishes the following funds and accounts:

(a) A Construction Fund which shall be held by the Trustee. The Authority may in its discretion determine to create under the terms of a Supplemental Bond Indenture an account or accounts within the Construction Fund for a specific Project.

(b) A Revenue Fund which shall be held by the Trustee.

(c) A Bond Fund which shall be held by the Trustee which shall consist of a Bond Service Account, and if so provided by the terms of a Supplemental Bond Indenture, the Bond Fund may provide for the creation of a separate account for the deposit of capitalized interest and same shall be designated the Construction Interest Account. Within the Bond Fund there shall also be created and established a Redemption Account to receive proceeds derived from insurance, sale, disposition, or condemnation as prescribed by the Bond Indenture.

(d) A Reserve and Contingency Fund.

(e) A Rebate Fund.

(f) Such other funds and accounts as may be directed to be established pursuant to the terms of a Supplemental Bond Indenture.

Construction Fund There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of a Supplemental Bond Indenture. The Trustee may establish pursuant to a Supplemental Bond Indenture within the Construction Fund a separate Project Account for each Project of the Authority.

Revenue Fund All Gross Revenues shall be promptly deposited by the Authority to the credit of the Revenue Fund held by the Trustee.

Payments from the Revenue Fund The Authority shall make the following transfers from the Revenue Fund on or before the 20th day of each calendar month beginning November 20, 2017, in the following order of priority:

(a) To the credit of the Bond Service Account of the Bond Fund the amount, if any, required so that the balance in said Account shall equal the Accrued Aggregate Bond Service for such calendar month, provided that there shall be credited any capitalized or accrued interest received upon issuance of Bonds and any investment earnings credited to the Bond Fund;

(b) after transfer of the amount described above, for each month, the Trustee shall withdraw from the Revenue Fund and deposit into the Reserve and Contingency Fund, such remaining amounts in the Revenue Fund, if any, to fund the Reserve and Contingency Fund Requirement for the Building Account and the Parking Account therein by depositing one twelfth of such annual amount for each Account;

(c) after transfer of the amount described above, for each month, the Trustee shall withdraw from the Revenue Fund and pay to the persons entitled thereto, any fees and expenses due to the Trustee or the Authority as may be due and payable during such monthly period as set forth in the Indenture or any Supplemental Bond Indenture;

(d) To the City for payment or reimbursement of Operation and Maintenance Expenses or other sums advanced by the City pursuant to the Lease; and

(e) To the Authority or the City to be used for any lawful purpose.

Notwithstanding the foregoing, if the transfers described in (a), (b), (c) and (d) above shall have been made or there shall otherwise have been deposited the sums required to have been transferred to each of the Accounts as provided in (a), (b), (c) and (d) above on or before the 20th day of the calendar month preceding the calendar month in which such transfers would otherwise be required to be made as provided above, and if no Event of Default exists under the Indenture, then the Gross Revenues need not be deposited in the Revenue Fund and such Gross Revenues may be deposited in such other funds or accounts as the Authority may determine.

Provided however, that so long as there shall be held in the Bond Fund an amount sufficient to pay in full all Outstanding Bonds in accordance with their terms (including principal or applicable Redemption Price and interest thereon), no deposits shall be required to be made into the Bond Fund.

Bond Fund

Bond Service Account The Trustee shall pay (i) on or before each interest payment date for any of the Bonds, the amount required for the interest payable on such date; (ii) on or before each Principal Installment due date, the amount required for the Principal Installment payable on such due date; and (iii) on or before any redemption date for the Bonds, the amount required for the payment of the Redemption Price and interest on the Bonds then to be redeemed. Such amounts shall be applied by the Paying Agent on and after the due dates thereof. The Trustee shall receive into the Bond Service Account the accrued interest on any Bonds received on the date of delivery of such Bonds, and the Trustee shall receive such amounts as shall be transferred from the Construction Interest Account, if funded. The Trustee shall pay out of the Bond Service Account the accrued interest included in the purchase price of Bonds purchased for retirement.

Amounts accumulated in the Bond Service Account with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the Bonds for which such Sinking Fund Installment was established), or the Redemption Account may and, if so directed by the Authority, shall be applied by the Trustee, on or prior to the sixtieth (60th) day preceding the due date of such Sinking Fund Installment, to: (i) the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established, or (ii) the redemption at the applicable sinking fund Redemption Price of such Bonds, if then redeemable by their terms. After the sixtieth (60th) day but on or prior to the fortieth (40th) day preceding the due date of such Sinking Fund Installment, any amounts then on deposit in the Bond Service Account (exclusive of amounts, if any, set aside in said Account which were deposited therein from the proceeds of Bonds) may and, if so directed by the Authority, shall be applied by the Trustee to the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established in an amount not exceeding that necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. All purchases of any Bonds pursuant to this subsection (b) shall be made at prices not exceeding the applicable sinking fund Redemption Price of such Bonds plus accrued interest, and such purchases shall be made in such manner as the Authority shall direct the Trustee. The applicable sinking fund Redemption Price (or principal amount of maturing Bonds) of any Bonds so purchased or redeemed shall be deemed to constitute part of the Bond Service Account until such Sinking Fund Installment date, for the purpose of calculating the amount of such Account. As soon as practicable, after the fortieth (40th) day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption on such due date Bonds of the Series and maturity for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. The Trustee shall pay out of the

Bond Service Account to the appropriate Paying Agent, on or before such redemption day (or maturity date), the amount required for the redemption of the Bonds so called for redemption (or for the payment of such Bonds then maturing), and such amount shall be applied by such Paying Agent to such redemption (or payment). All expenses in connection with the purchase or redemption of Bonds shall be paid by the Authority.

In the event of the refunding of one or more Series of Bonds, the Trustee shall, upon the direction of the Authority, withdraw from the Bond Service Account in the Bond Fund amounts accumulated therein with respect to Bond Service on the Bonds being refunded and deposit such amounts with the escrow agent therefor to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Series of Bonds being refunded; provided that such withdrawal shall not be made unless (i) immediately thereafter the Series of Bonds being refunded shall be deemed to have been paid pursuant to the Bond Indenture, and (ii) the amount remaining in the Bond Service Account in the Bond Fund after such withdrawal shall not be less than the requirement of such Account pursuant to the Bond Indenture.

To the extent payments of the principal or Redemption Price of or interest on any Bonds are made as provided in a Supplemental Bond Indenture with amounts drawn under a Support Facility, then and to the extent thereof such drawings shall be reimbursed to the issuer of the Support Facility on account of the Authority, and as otherwise required of the Authority under the Support Agreement, through the Trustee's payment to the issuer of the Support Facility, forthwith upon or immediately next following any such drawing on the Support Facility, out of the Bond Fund, the amount necessary to fully reimburse the issuer of the Support Facility for the amount of any such drawing upon the Support Facility to pay, as appropriate, the principal, purchase price or Redemption Price of, or interest on, any Bonds. Any payment of the principal or Redemption Price of, or interest on the Bonds, made with a drawing or drawings under a Support Facility, to the extent not immediately and fully reimbursed as hereinabove provided, shall not be considered to have been made by the Authority and shall continue to be an obligation of the Authority under the Bond Indenture and the Bonds to the extent of such payment, without limitation, and the issuer of the Support Facility or its nominee shall be entitled to all payments in respect to such principal or Redemption Price of, or interest on, the Bonds and all of the rights of the Owners with respect thereto, until the same shall be paid in full.

Reserve and Contingency Fund. There is established in the Trustee the Reserve and Contingency fund which shall receive amounts from monies of the Authority or from the proceeds of a Series of Additional Bonds, as may be provided in a Supplemental Bond Indenture authorizing the issuance of Additional Bonds, and as may be accrued from Gross Revenues of the Authority. The amounts in the Reserve and Contingency Fund shall be used: (i) to pay the cost of ordinary and anticipated renewals and replacements (including those required to restore damage, loss or destruction of the Facilities, but only to the extent not covered by the proceeds of insurance or other moneys recoverable as a result thereof), and (ii) to the payment of extraordinary and unanticipated renewals and replacements and extraordinary Operation and Maintenance Expenses. Generally, the amounts in the Building Account shall be expended for costs relating to the Building and the amounts in the Parking Account shall be expended for costs relating to the Parking Facilities. If there exists a question as to the proper Account for expenditure of funds for a particular purpose, the Authority by resolution may determine the proper Account for any such expenditure.

The monthly transfers from the Revenue Fund shall continue regardless of the total amounts being held in the Building Account and the Parking Account of the Reserve and Contingency Fund at any such time.

Rebate Fund With respect to each Series of Bonds, promptly after each Bond Year, commencing August 1, 2018, (and not later than 30 days after the redemption, payment at maturity or other retirement of the last Bond of such series) the Authority, using such consultants as it deems necessary, shall calculate Excess Investment Earnings and shall instruct the Trustee in writing to transfer from the Bond Fund and the Construction Fund to the Rebate Fund, or shall otherwise pay to the Trustee for deposit into the Rebate Fund, such amounts as shall be necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the Excess Investment Earnings as of the end of such Bond Year and as of the redemption, payment at maturity or other retirement of the last Bond of such series; provided that no such transfers or deposits shall be necessary if the proceeds of the Bonds of such series are fully expended within six months of the date of original issuance of such Bonds. Withdrawals from the Rebate Fund may be made at the written direction of the Authority on account of negative arbitrage in other Funds, but not on account of negative arbitrage in the Rebate Fund. All amounts in the Rebate Fund, including income earned from investment of the Rebate Fund, shall be held by the Trustee free and clear of the lien of the Bond Indenture, and, with respect to the a Series of Bonds, the Trustee shall pay said amounts over to the United States from time to time as the Trustee shall be instructed in writing by the Authority, provided that the Trustee shall so pay over to the United States: (1) not less frequently than once each five years after the date of original issuance of such Series of Bonds, within 60 days of such date, an amount equal to 90% of the Excess Investment Earnings of the Bonds of such Series as of each fifth year anniversary of the date of original issuance such Series of Bonds and (2) not later than 60 days after the redemption, payment at maturity or other retirement of the last Bond of such Series, 100% of all moneys remaining in the Rebate Fund, provided that computations and payments may be made on other basis, at other times, and in other amounts, or omitted altogether, all as shall be set forth in an opinion of Bond Counsel.

Investment of Funds

Moneys held in the Bond Service Account in the Bond Fund shall be invested and reinvested by the Trustee to the fullest extent practicable only in the Authorized Investments which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from the Bond Service Account.

The Revenue Fund may be invested and reinvested by the Authority in Authorized Investments which mature not later than such times as shall be necessary to provide sufficient moneys when needed for payments to be made from such Fund, and in any case, moneys in the Revenue Fund sufficient to meet the monthly transfers to the Bond Service Account shall be available for timely transfer.

Moneys in the Construction Fund or any Project Account therein may be invested or reinvested by the Authority in Authorized Investments which mature not later than such times as shall be necessary to provide sufficient moneys when needed for payments to be made from such Fund.

All investment earnings from the Revenue Fund, Bond Fund and Construction Fund shall be deposited in the Bond Service Account for the payment of principal of the Bonds, unless otherwise provided in this Bond Indenture or any Supplemental Bond Indenture.

Particular Covenants of the Authority

General The Authority hereby covenants and agrees with the Trustee and with the holders of the Bonds and makes provisions which shall be a part of its contract with such holders, to the effect and with the purpose set forth in the following provisions.

Payment of Bonds The Authority shall duly and punctually pay or cause to be paid the principal, purchase price or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner mentioned in such Bonds according to the true intent and meaning thereof.

Projects The Authority shall with due diligence, in a sound and economical manner and with all reasonable dispatch and expediency complete the construction and acquisition of each Project in conformity with law and all requirements of all governmental authorities having jurisdiction thereover and in accordance with and as more fully shown on the plans therefor approved by the Authority, subject to modification of such plans and specifications approved by the Authority as necessary or advisable to effectuate the general plan of the Project.

Performance of Covenants The Authority covenants that it will faithfully perform and observe at all times any and all covenants, undertakings, stipulations and provisions on its part under, and preserve and enforce all the terms and provisions of the Indenture and the Bonds. Specifically, without limitation, the Authority agrees to take any action or refrain from taking any action necessary to protect the exemption of interest on the Bonds from Federal income taxation. The Authority covenants that it is duly authorized under the laws of the State of Oklahoma to issue the Bonds and to pledge and assign the Trust Estate in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds has been duly and effectively taken; and that the Bonds in the hands of the holders thereof are and will be valid and enforceable obligations of the Authority according to the import thereof.

Books and Records; Annual Audit. The Authority shall keep or cause to be kept proper books of record and account and shall cause such books of record and account to be audited annually as of the close of each fiscal year by a firm of independent certified public accountants of favorable reputation selected by the Trustees of the Authority.

Not more than one hundred twenty (120) days after the close of each fiscal year of the Authority, the Authority shall furnish to the Trustee and to any requesting Bondholder a report which includes financial statements prepared by the Authority and audited by the firm of independent certified public accountants, containing among other things:

(a) opinion of firm of independent certified public accountants on Authority's financial statements and supplemental schedules;

(b) a balance sheet of the Authority as of the end of the fiscal year; and

(c) statements of Gross Revenues for the fiscal year.

Payment of Lawful Charges The Authority shall pay all taxes and assessments or other municipal or governmental charges, if any, but only to the extent lawfully levied or assessed upon it, when the same shall become due, and shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to any part thereof, and shall not create or suffer to be created any lien or charge thereon or any part thereof or upon the Revenues therefrom, except the pledge and lien created by the Bond Indenture for the payment of the principal, purchase price and Redemption Price of and interest on Bonds. The Authority shall not make any payments in lieu of any such tax or assessment unless required by law, and shall make no payment to any person, by way of compensation or otherwise, in respect of any tax, assessment or other charge levied on or on account of real property or other assets owned or leased by the Authority if, by virtue of such ownership or leasehold interest, such real property or other assets shall be exempt from such tax, assessment or other charge. The Authority shall pay or cause to be discharged, or will make adequate provision to satisfy and discharge, within sixty (60) days after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the Trust Estate or any part thereof or the Revenues therefrom; provided however, that nothing contained herein shall require the Authority to pay or cause to be discharged, or make provision for, any such lien or charge, so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

Insurance on Facilities The Authority covenants that it will carry or cause to be carried, as long as the Bonds are Outstanding, and to the extent reasonably available, insurance against loss covering the Facilities to the full insurable value thereof and liability coverage for injury to persons or property as may be ordinarily maintained on similar property by prudent operators of property of the size and character of the Facilities.

All such insurance policies shall be taken out and maintained in generally recognized responsible insurance companies, qualified under the laws of the State of Oklahoma to assume the respective risks undertaken. All policies of insurance herein required to be carried by the Authority shall make the Authority and the City coinsureds or additional insureds as their interests may appear and shall name the Trustee under appropriate loss payee endorsements. Copies of all insurance policies herein required to be carried, or certificates of insurance, shall be furnished to the Trustee. All such insurance policies shall contain a provision requiring thirty days prior notification to the Trustee of cancellation or termination thereof. Prior to the expiration or cancellation of any such policy, the Authority will furnish another policy or cause to be furnished another policy, or certify that there is no necessity therefor under the requirements of the Indenture. All insurance policies herein required to be carried by the Authority shall be payable to the Trustee to be utilized in the manner set forth herein and shall be subject to the lien of the Indenture. The Authority shall be deemed to have satisfied the foregoing insurance requirements if the Authority and the Trustee are endorsed as additional insureds on a blanket policy of the City covering the foregoing risks.

In the event the Authority fails to take out or maintain the full insurance coverage required under this Section, the Trustee, after first notifying the Authority of any such failure on its part, may (but shall not be obligated to) take out the required policies of insurance and pay the premiums on the same and the costs thereof so advanced shall be paid promptly by the Authority or from any funds held by the Trustee for the Authority whether established hereunder or otherwise.

Damage or Destruction of the Facilities If the Facilities shall be damaged or either partially or totally destroyed at any time prior to retirement of the Bonds the net recovery shall promptly, when received or collected, be deposited in a special trust fund in the custody of the Trustee to be used as hereinafter provided in subsections (a), (b), (c) and/or (d). Pending the expenditure of such special trust fund or its application to payment of the Bonds or other disposition as provided herein and at the request of the Authority, which request shall be subject to the Trustee's approval (such approval not to be unreasonably withheld), the Trustee shall invest the same in Authorized Investments in the same manner as provided in the Indenture; provided, that the Authority need not repair or restore the damaged or destroyed Facilities or construct, reconstruct, acquire or install substituted property as provided in subsections (a) and (b) hereof if in the opinion of an Independent Engineer it would not be prudent or reasonable to do so.

(a) **Repair or Reconstruction with Proceeds.** The Authority shall, if the same can be lawfully done, repair and restore the damaged or destroyed Facilities or construct, reconstruct, acquire or install substituted property of equivalent efficiency, utility and value suitable for the needs and uses of the Authority or its sublessee, as the case may be, or shall cause same to be done. The total amount of available net recovery received and recovered shall in that event be paid over by the Trustee to the Authority at the Trustee's election, either upon the completion of such repair, restoration, reconstruction, construction, acquisition or installation, or periodically as such repair, restoration or construction costs are paid by the Authority to reimburse it for such costs; provided, however, that the aggregate sum or sums so paid by the Trustee shall in no event exceed the actual cost of such repair, restoration, construction, reconstruction, acquisition or installation.

(b) **Repair or Reconstruction If Net Recovery Insufficient.** In the event that the Trustee determines that the net recovery is insufficient to meet the costs of repairing, restoring or reconstructing the Facilities and/or constructing, acquiring and installing substituted property so as to make the Facilities again usable for its intended purpose, the over-all operating efficiency and value of which has not been materially reduced, then the Trustee may make demand on the Authority to make such repairs, restoration or reconstruction of the Facilities and/or construction, acquisition or installation of substituted property and be reimbursed for the cost thereof from such net recovery received or recovered to the extent of such repair, restoration, reconstruction, construction, acquisition or installation, or to the extent of such net recovery received or recovered, whichever is less, in which case the damaged, destroyed, taken or condemned property included in the Facilities shall be repaired, restored, reconstructed, constructed, acquired and installed as provided in the preceding subsection (a) of this Section.

(c) **Disposition of Surplus Net Recovery After Repair or Reconstruction.** Any surplus of such net recovery remaining after the completion of all payments for such repair, restoration, reconstruction, construction, acquisition or installation shall be deposited by the Trustee in the Bond Service Account of the Bond Fund to be used for the redemption of Bonds.

(d) **Repair or Reconstruction, or Disposition of Net Recovery Upon Failure of Authority to Repair or Reconstruct.** In the event the Authority shall fail to repair, restore or reconstruct the Facilities and/or construct, acquire or install the substituted property or cause same to be done pursuant to subsections (a) and (b) above, after the lapse of a reasonable time and after due notice is given by the Trustee to the Authority, the Trustee shall deposit the net recovery in the Bond Service Account of the Bond Fund to be used for the redemption of Bonds.

The Authority and the Trustee shall cooperate and consult with each other in all matters pertaining to the settlement, compromise, arbitration or adjustment of any and all claims and demands for damages on account of damage to or destruction of the Facilities.

Compliance with Governmental and Contractual Requirements. The Authority covenants and agrees to faithfully and fully comply with and abide by every statute, order, rule or regulation now in force or hereafter enacted by any competent governmental agency or authority with respect to or affecting the Trust Estate. The Authority covenants and agrees to comply with the terms, covenants and provisions, express or implied, of all contracts entered into by the Authority for the use of or affecting the Trust Estate or the business of the Authority.

Instruments of Further Assurance; Defects and Clouds on Title; Defense of Actions. Whenever reasonably requested so to do by the Trustee, the Authority covenants and agrees to promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and to promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the holders of the Bonds all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by the Indenture.

The Authority covenants and agrees from time to time to promptly take such action upon request of the Trustee as may be necessary or proper to remedy or cure any title defect in or cloud upon the title to the Trust Estate or any part thereof whether now existing or hereafter developing, and to prosecute all such suits, actions and proceedings as may be appropriate for such purpose and to indemnify and save the Trustee harmless from all loss, cost, damage and expense, including attorney's fees, which it may incur by reason of any such defect, cloud, suit, action or proceedings.

The Authority covenants and agrees to defend against every suit, action or proceeding at any time brought against the Trustee or the Bondholders upon any claim involving the Trustee or such Bondholder's rights under the Indenture; provided, however, that the Trustee or the Bondholders at its or their election may appear in and defend against any such suit, action or proceedings; and notwithstanding any contrary provision hereof, this covenant shall continue and remain in full force and effect, even though all indebtedness, liabilities, obligations and other sums secured hereby may have been fully paid and satisfied, and the Indenture may have been released of record and the lien hereof discharged.

Recordation of Indenture and Security Documents The Authority shall cause the Indenture and all supplements hereto (as well as such other security documents, financing statements and all supplements thereto and other instruments as may be required from time to time to be kept, recorded and filed) to be kept, recorded and filed in such manner and in such places as may be required by law in order to fully preserve and protect the security of the holders and owners of the Bonds, and the rights of the Trustee hereunder and to perfect the lien of and the security interest created by the Indenture.

Rights of Inspection The Trustee or any Owner of $1,000,000 in aggregate principal amount of Bonds at the time Outstanding shall have the right at all reasonable times to inspect all records, accounts and data of the Authority relating thereto, and upon request the Authority shall furnish to the Trustee or such Owner such financial statements, reports and other information relating to the Authority as the Trustee or such Owner may from time to time reasonably request.

Authority May Improve or Alter The Authority may make or permit such additions, improvements or alterations to the Facilities or may purchase furnishings or equipment as it deems desirable; provided, such additions, improvements, alterations, facilities, and furnishings or equipment will neither impair the structural soundness or the operational value of the Facilities, nor adversely affect the mortgage and security interest granted by the Indenture.

Liens and Encumbrances The Authority covenants and agrees to keep or cause to be kept the Facilities and all parts thereof free from judgments, mechanics' and materialmen's liens and free from all other liens, claims, demands, and encumbrances of whatsoever nature or character (except the lien of the Indenture and other liens permitted hereby and the Permitted Encumbrances) to the end that the priority of the pledge and assignment of the Authority's interest in the Facilities and Gross Revenues as provided for in the Indenture may at all times be maintained and preserved free from any lien or encumbrance which might prevent or hamper the Authority in conducting its business or the operation thereof.

Condemnation or Expropriation In the event that title to, or the temporary use of, the Facilities or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental authority or by any person, firm or corporation acting under governmental authority, there shall be no abatement or reduction of the obligation of the Authority to pay the principal of or interest on the Bonds and the Authority shall take prompt action to enforce and protect the rights of the Authority and the Trustee. The proceeds received by the Authority as a result of any such taking shall be used in the manner and subject to the same requirements as use of insurance proceeds set out in the Indenture.

Quiet Enjoyment Unless an Event of Default shall have occurred as hereinafter provided, the Authority shall be entitled to possess, cause operation of, and enjoy the Facilities and to receive, take and use the Gross Revenues therefrom in the manner and for the purposes and uses provided in the Indenture.

Encumbrances or Removal of Facilities. The Authority shall not (except as permitted by the Indenture and the Lease) abandon, sell or otherwise dispose of, lease or transfer possession of, mortgage or otherwise encumber, the Facilities or any portion thereof provided that the Authority may sell, lease or otherwise dispose of such machinery, equipment, tools or other property, real or personal, which shall be or shall have become unserviceable, inadequate, uneconomic, obsolete, worn out, unfit or unadapted for use in connection with the operation of the Facilities or no longer necessary, material to, useful or profitable in the operation of the Facilities, if the terms and conditions of the proposed sale, lease or disposition of any such properties are fair and reasonable. If the proceeds (in the case of a sale) or the depreciated cost (in the case of a lease) of the property to be sold, leased or otherwise disposed of pursuant to this Section is greater than $50,000.00, the Authority shall file with the Trustee a certificate of an Independent Engineer stating, in the opinion of the signer, that the sale, lease or other disposition of such property does not result in a breach of the conditions under this Section.

The proceeds received by the Authority from such sale or disposition of property shall be used first to make up any deficiency in the Bond Fund and thereafter, at the option of the Authority, to pay for improvements and additions to the Facilities, or shall be deposited by the Trustee in the Bond Service Account of the Bond Fund to be used to purchase or redeem Bonds prior to maturity.

Rates, Fees and Charges. The Authority shall or shall cause the City to promptly prescribe, charge and revise from time to time as the need therefor arises, or cause such to be done, and shall collect rates, fees and charges as may be necessary or proper in order that the Gross Revenues collected in respect to the Facilities will at all times be adequate to maintain the Facilities in good repair and sound operating condition and to pay all Operation and Maintenance Expenses and such rates, fees and charges shall be all times be established and collected so as to render annual Net Revenues at least equal to 1.00 times the average annual principal of and interest on all Bonds and to comply in all respects with the terms and provisions of the Indenture.

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

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

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

Tax Covenant (a) The Authority hereby particularly covenants and agrees with the Bondholders of the Bonds that no part of the proceeds of any Series of Bonds shall be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in subsection (c) of Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations thereunder which apply on the date of issue of such Series.

(b) The Authority shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Authority on the Bonds shall, for the purposes of Federal income taxation be exempt from all such taxation under any valid provision of law. It is the intent of the Authority that any Additional Bonds issued by the Authority and constituting "Private Activity Bond" as that term is defined by the Code shall not prescribe terms or provisions that would render the interest on any Series of Bonds issued to be subject to Federal income taxation.

(c) In order to insure compliance with the requirements of this Section, the Authority hereby authorizes the Trustee to employ such professionals as necessary to insure that the actual yield on any Series of Bonds does not exceed the permissible yield on such Series of Bonds.

Events of Default

Events of Default and Acceleration of Maturities If one or more of the following events (herein called and defined as "Events of Default") shall happen:

(a) the failure to make the due and punctual payment of the principal or Redemption Price or purchase price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

(b) the failure to make the due and punctual payment of any installment of interest on any Bond or any Sinking Fund Installment (except when such Sinking Fund Installment is due on the maturity date of such Bond) when and as such interest installment or Sinking Fund Installment shall become due and payable;

(c) failure of the Authority in the punctual observance of any of the covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, and such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee, or to the Authority and the Trustees by the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds at the time Outstanding; or

(d) if there shall occur the dissolution or liquidation of the Authority or the filing by the Authority of a voluntary petition in bankruptcy, or adjudication of the Authority as a bankrupt, or assignment by the Authority for the benefit of its creditors, or the entry by the Authority into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Authority in any proceeding for its reorganization instituted under the provisions of the federal bankruptcy act, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted; or

(e) if an order or decree shall be entered, with the consent or acquiescence of the Authority, appointing a receiver or receivers of any substantial part of the Authority's assets so as to adversely affect the Gross Revenues, or if such order or decree, having been entered without the consent or acquiescence of the Authority, shall not be vacated or discharged or stayed within ninety (90) days after the entry thereof; or

(f) if the Trustee shall have received written notice from the issuer of a Support Facility of an occurrence of an event of default under such Support Facility or the Support Agreement and a direction to the Trustee to accelerate the Bonds.

(g) If the Lease shall be terminated or for any reason shall be declared invalid or unenforceable by the Authority; or

(h) If the Authority fails to keep the properties of the Trust Estate free and clear of all adverse claims and demands, and all liens and encumbrances whatsoever, except as otherwise permitted in the Bond Indenture; or

(i) If, except as a result of force majeure and during the continuance thereof, the Authority fails to keep or cause to keep the Facilities in proper repair, or commits or allows waste thereon with respect thereto. The term "force majeure", as used herein, shall mean, without limitation, the following: acts of God, strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States of America or the State of Oklahoma or any of their departments, agencies, or officials or any civil or military authority; insurrections; riots, epidemics; landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; drought; arrests; restraint of government and people; civil disturbances; explosions, breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; shortage or delays with regard to transportation of materials; or any other cause or event not reasonably with the control of the Authority. The Authority agrees, however, to the extent possible, to remedy with all reasonable dispatch the cause or causes preventing the Authority from carrying out its agreements; provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Authority, and the Authority shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Authority unfavorable to the Authority; or

(j) If the Authority fails to procure and provide the insurance required under the Bond Indenture.

then and in each and every such case during the continuance of any such Event of Default unless the principal of all the Bonds shall have already become due and payable, (a) in the case of an Event of Default under subsection (f) above the Trustees shall, and (b) in the case of any other Event of Default hereunder either the Trustee or the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds at the time Outstanding shall be entitled, upon notice in writing to the Authority (in the case of the Holders notice shall be delivered to both the Authority and the Trustee) to, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon such declaration the same shall become and shall be immediately due and payable, anything in the Bond Indenture or in the Bonds contained to the contrary notwithstanding.

The right of the Trustee or of the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds at the time Outstanding to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, all overdue installments of interest upon the Bonds, together with interest on such overdue installments (at the rate specified for such Bond) if and to the extent permitted by law, and the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums then payable by the Authority under the Indenture (except the principal of, and interest accrued since the next preceding interest payment date on the Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of the Authority or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Bonds or under the Bond Indenture (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then and in every such case the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds at the time Outstanding may request that any such declaration be rescinded, and upon such request any such declaration shall ipso facto be deemed to be annulled, but such rescission and annulment shall not extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

Notice of Default and Remedies Upon the occurrence of an Event of Default, the Trustee, the Bondholders and the issuer of any applicable Support Facility shall have all the rights and remedies as may be allowed by law or the Bond Indenture, including acceleration of the payment of all Bonds as provided in above; appointment of a temporary receiver or trustee; or suit at law or in equity to enforce or enjoin the action or inaction of parties under the provisions of the Bond Indenture. Notice of the occurrence of any Event of Default will be given to each registered owner of Bonds and the issuer of any Support Facility.

Insufficiency in Revenue Fund and other Funds of the Authority; Application of Monies Anything in the Bond Indenture to the contrary notwithstanding, if at any time the monies in the Revenue Fund and all other Funds of the Authority shall not be sufficient to pay the interest on or the principal of the Bonds as the same shall become due and payable (either by their terms or by acceleration), such monies, together with any monies when available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for herein or otherwise, shall be applied as follows:

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

(1) To the payment to the persons entitled thereto of all installments of interest then due and payable in the order in which such installments became due and payable;

(2) To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due and payable (other than Bonds called for redemption for the payment of which monies are held pursuant to the provisions of the Indenture) in the order of their due dates (with interest on the principal amount of such Bonds due and payable);

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

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

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

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

Appointment of Receiver Upon the occurrence of any Event of Default, and upon filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the

Bondholders and the issuer of a Support Facility under the Bond Indenture, either the Trustee or the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds at the time Outstanding or the issuer of a Support Facility shall be entitled to request the appointment of a receiver or trustee of the Gross Revenues pending such proceedings, with such powers as the court making such appointment shall confer, whether or not such Gross Revenues shall be deemed sufficient ultimately to satisfy the Bonds Outstanding hereunder.

Remedies not Exclusive No remedy by the terms of the Bond Indenture conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every remedy shall be cumulative and shall be in addition to every other remedy given under the Bond Indenture or existing at law or in equity on or after the date of adoption of the Bond Indenture.

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

51% of Bondholders Control Proceedings If an Event of Default shall have occurred and be continuing, notwithstanding anything in the Bond Indenture to the contrary, the holders of at least fifty-one percent (51%) of the aggregate principal amount of Bonds then Outstanding (or, in the case of an Event of Default under subsection (f) above, the issuer of a Support Facility) shall have the right, at any time by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of the Bond Indenture, provided the direction is in accordance with law and the provisions of the Bond Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interest of Bondholders not joining in the direction and the issuer of any Support Facility, and provided further, that nothing in this section shall impair the right of the Trustee in its discretion to take any other action under the Bond Indenture which it may deem proper and which is not inconsistent with the direction by Bondholders.

Individual Bondholder Action Restricted No holder of any Bond or coupon shall have any right to institute any suit, action or proceeding for the enforcement of the Bond Indenture or for the execution of any trust hereunder or for any remedy under the Bond Indenture unless:

(a) An Event of Default has occurred as to which the Trustee has actual notice, or as to which the Trustee has been notified in writing; and

(b) The holders of at least fifty-one percent (51%) of the aggregate principal amount of Bonds Outstanding or the issuer of any Support Facility shall have made written request to the Trustee to proceed to exercise the powers granted in the Bond Indenture or to institute an action, suit or proceeding in its own name; and such Bondholders shall have offered the Trustee such indemnity as may be satisfactory to the Trustee, and the Trustee shall have failed or refused to exercise the powers granted in the Bond Indenture or to institute an action, suit or proceeding in its own name for a period of fifteen (15) days after receipt of the request and offer of indemnity.

No one or more holders of Bonds shall have any right in any manner whatsoever to disturb or prejudice the security of the Bond Indenture or to enforce any right hereunder except in the manner herein provided and then only for the equal benefit of the holders of all outstanding Bonds.

Waiver and Non-Waiver of Event of Default No delay or omission of the Trustee or of any holder of Bonds to exercise any right or power accruing upon any Event of Default shall impair the right or power or shall be construed to be a waiver of an Event of Default or an acquiescence therein. Every power and remedy given to the Trustee and to the holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient;

The Trustee may waive any Event of Default other than under paragraph (f) above which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of the Bond Indenture, or before the completion of the enforcement of any other remedy under the Bond Indenture;

Notwithstanding anything contained in the Bond Indenture to the contrary, the Trustee, upon written request of the holders of at least fifty-one percent (51%) of the aggregate principal amount of the Bonds then outstanding, shall waive any Event of Default and its consequences other than an Event of Default under subsection (iv) above; and

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

Supplemental Bond Indentures

Supplement or Amendment Without Bondowner or Bank Consent The Trustee and the Authority may, from time to time and at any time, without the consent of the holders of any of the Bonds enter into indentures supplemental or amendatory thereto which, in the opinion of the Trustee (whose opinion shall be conclusive upon the Authority and the holder of any Bond), shall not be inconsistent with the terms and provisions thereof for any of the purposes heretofore specifically authorized in the Bond Indenture, and in addition thereto for the following purposes:

(a) To cure any ambiguity or formal defect, inconsistency, or omission in the Bond Indenture or to clarify matters or questions arising thereunder;

(b) To add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds;

(c) To confirm as further assurance any pledge of additional revenues, monies, securities or funds;

(d) To effect any changes necessary in order that the rating or ratings assigned to the Bonds by Moody's or S & P shall be the best ratings obtainable with respect to such Bonds from such rating agencies;

(e) To authorize Bonds of a Series and, in connection therewith, to specify and elaborate on the matters and things mentioned or referred to in the Bond Indenture and also any other matters and things relative to such Additional Bonds which are not contrary to or inconsistent with the Bond Indenture or to amend, modify or rescind any such authorization, specification or determination at any time prior to the authentication and delivery of such Bonds;

(f) To modify any of the provisions of the Bond Indenture in any other respect whatever, **PROVIDED**, that:

(i) such modification shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Indenture shall cease to be Outstanding; or

(ii) To provide for the creation of any additional funds or accounts as the Authority and the Trustee shall deem desirable for the further securing and assurance of all Series of Bonds Outstanding and any Additional Bonds to be issued pursuant to any Supplemental Indenture, or provide for such additional funds or accounts as the Authority shall deem appropriate to enhance the management and efficiency of the Authority.

Supplement or Amendment Upon Approval of Fifty-One Percent (51%) of Bondowners The provisions of the Bond Indenture may be supplemented or amended in any particular by the Authority and the Trustee with the prior written consent of the owners of not less than fifty-one percent (51%) of the aggregate principal amount of Bonds then Outstanding which would be adversely affected by the supplement or amendment; **PROVIDED, HOWEVER**, that no such supplement or amendment may be adopted which decreases the percentage of Bonds required to approve a supplement or amendment, nor which permits a change in the date of payment of the principal of any Bonds or of any redemption price thereof or the rate or rates of interest thereon, or the creation of a lien upon the Authority's interest in the Trust Estate or a pledge of Gross Revenues superior to the lien or pledge created by the Bond Indenture or a priority of any Bond over any other Bond, without the consent of all the Bondowners.

Filing and Recording Copies of any amendatory or supplemental indenture shall be filed with the Trustee, delivered to the Beneficiaries and recorded in the offices wherein the Bond Indenture is filed of record before such amendment or supplement may become effective.

Reliance on Counsel The Trustee shall be entitled to receive, and shall be fully protected in relying upon an opinion of counsel, who may be counsel for the Authority, as conclusive evidence that any such proposed amendatory or supplemental indenture complies with the provisions of the Bond Indenture, and that it is proper for the Trustee, under the provisions of the Bond Indenture, to join in the execution of such amendatory or supplemental indenture.

Amendment or Supplement Binding Upon the execution of any Amendatory or Supplemental Bond Indenture pursuant to the provisions of the Bond Indenture, the Bond Indenture shall be and be deemed to be supplemented, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Bond Indenture of the Trustee, the Authority and Owners of Bonds then Outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modification and amendments.

Defeasance

Payment If the Authority shall pay or cause to be paid with Available Monies or there shall otherwise be paid with Available Monies, to the Owners of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Bond Indenture and all amounts owing to the issuer of a Support Facility under a Support Agreement, if applicable, are paid, then the assignment and pledge of the Trust Estate under the Bond Indenture and all covenants, agreements and other obligations of the Authority to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Authority and shall execute and deliver to the Authority all monies or securities held by them pursuant to the Bond Indenture which are not required for the payment of principal or Redemption Price, if applicable, or of interest on Bonds not theretofore surrendered to such payment or redemption. If the Authority shall pay or cause to be paid, or there shall otherwise be paid to the Owners of all Outstanding Bonds the principal or Redemption Price, if applicable, thereof and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Bond Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under the Bond Indenture and all covenants, agreements and obligations of the

Authority to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied.

Provision for Payment Bonds or interest installments for the payment or redemption of which direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America ("Government Obligations") purchased with Available Monies shall have been set aside and shall be held in trust by the Trustee until maturity or a date set for redemption by the Authority shall be deemed to have been paid within the meaning and with the effect expressed above. All Outstanding Bonds and all interest on such Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed above (i) in case of any of said Bonds which are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption of such Bonds on said date; (ii) there shall be Government Obligations the principal of and interest on which when due will provide monies, which shall be sufficient to pay when due the principal or Redemption Price of and interest due at the maturity or redemption date thereof, as the case may be; and (iii) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to give, as soon as practicable, notice of redemption that the deposit required by (ii) above has been made with the Trustee and that such Bonds and interest thereon are deemed to have been paid in accordance with this paragraph and stating such maturity or redemption date upon which monies are to be available for the payment of the principal or Redemption Price of such Bonds.

SUMMARY OF CERTAIN PROVISIONS
OF THE LEASE

The following is a summary of certain provisions of the Lease. The summary does not purport to be comprehensive or definitive and is qualified in its entirety by reference to all of the terms and provisions of the Lease, copies of which are available for inspection at the principal offices of the Authority and the Trustee. Capitalized words or phrases which are not defined herein or conventionally capitalized have the meanings given such words or phrases in the Lease.

Certain Definitions

"Agreement" ("Lease" in this Official Statement) shall mean the Lease Agreement between the Authority ("Lessor") and the City ("Lessee").

"Base Rental" shall mean the total of principal and interest due and owing on any indebtedness of the Authority issued and outstanding in connection with the Leased Property including (a) the promissory note of the Authority given in connection with the initial acquisition of the facilities comprising the Leased Property and (b) indebtedness incurred pursuant to the terms of a certain Master Bond Indenture as amended and supplemented during such Renewal Term, (the "Indenture") and specifically the Authority's Lease Payment Revenue Bonds, Series 2017, in the aggregate principal amount of not to exceed $59,650,000 (all such indebtedness identified in (a) and (b) above is collectively referred to herein as the "Bonds").

"Improvements" shall mean all presently existing and hereafter acquired or constructed permanent improvements located upon the Real Property, including, without limitation, the existing buildings, all fixtures, mechanical apparatus, and other components thereof or thereto.

"Leased Property" shall mean the following property: (a) The Real Property; (b) The Improvements; (c) All presently existing and later acquired fixtures and tangible and intangible items of personalty located or affixed in, on or to the Real Property or the Improvements, acquired and designated by the Authority for the purpose of facilitating the operation and maintenance of the Leased Property as a City government building or in connection with the tenant improvement of any portion of the Leased Property.

"Lease Year" shall initially mean the period commencing with the commencement date of the Lease, and terminating June 30, 2018. Thereafter, "Lease Year" shall mean the period of twelve (12) consecutive months commencing July 1, 2018, and terminating June 30, 2019, or any succeeding twelve (12) month period during the term of the Lease.

"Lessee" ("City" in this Official Statement) shall mean the City of Tulsa, Oklahoma.

"Lessor" ("Authority" in this Official Statement) shall mean the Tulsa Public Facilities Authority, an Oklahoma public trust.

"Real Property" shall mean the property described in the Lease.

Lease of Property

In consideration of the rent reserved therein, and subject to the covenants, agreements, provisions and conditions to be kept, observed and performed by the City thereunder, the Authority has demised and leased the Leased Property unto the City, and the City accepts the Leased Property on such terms. The City hereby accepts Leased Property subject to such outstanding leases of said property currently existing and agrees by and between the Authority and the City to operate and manage such existing leases on behalf of the Authority and to ensure that all rent payable thereunder is deposited into such accounts as the Authority shall determine.

Term

The Term of the Lease shall commence at 12:01 o'clock A.M. on the 24th day of September, 2007, and extend to 12:00 o'clock P.M. on the 30th day of June, 2018, unless such term be terminated sooner, as hereinafter provided. In addition to any other rights the City may have under the Lease, if the City is not in default under the terms of the Lease, the City shall have an option to extend the Term upon expiration thereof for successive one (1) year terms commencing July 1, 2018, and on each successive July 1 thereafter, until payment or provision for payment has been made on the Bonds and any other indebtedness secured by the Real Property or Improvements by taking such official action as may be required by law to effect such renewal on or before July 30 of each year. Each such one (1) year extension shall be referred to herein as a "Renewal Term." Each such Renewal Term shall be upon all of the terms, conditions, and provisions herein contained (except that the Base Rental for each such Renewal Term shall be those sums described in the definition of Base Rental).

Lease Consideration

The City covenants and agrees to pay Base Rental to the Authority, without any set-off or deduction whatsoever, at the address for the Authority hereinafter set forth. The City shall further pay, as additional rent, all other sums of money as shall become due and payable by the City to the Authority under the terms of the Lease, and any and all amendments or modifications hereof and shall pay all fees and expenses of the Authority and the Trustee incurred pursuant to or in connection with the Indenture (such Base Rental and such other sums as shall become due and payable hereunder being collectively referred to as the "Rent"). The City shall receive as a credit against the Rent due and owing to the Authority the amount of Gross Revenues deposited into the Revenue Fund by the Authority (as defined in the Indenture). Rent shall be due and payable in advance, without demand or notice, in equal monthly installments, on or before the 25th day of each month during the term of the Lease. Notwithstanding anything to the contrary herein contained in all cases, Rent shall be paid in such amounts and at such times to allow the Authority to make payments of principal and interest on the Authority's Bonds when due and payable. The City further covenants and agrees to do all things necessary and required to provide for the payment of the Rent, including to cause the Rent payable hereunder to be included in the City's fiscal budget each year.

Notwithstanding anything to the contrary contained herein, if the City does not timely appropriate funds for the payment of Rent to be paid hereunder for any Lease Year (other than the first Lease Year) during the term of the Lease or any Renewal Term hereof pursuant to the appropriation procedure set forth by law, the City shall not be obligated to pay Rent for such non-appropriated Lease Year. In such event, the Lease shall automatically terminate and become null and void as of the end of the preceding Lease Year. The City shall notify the Authority in writing of any such non-appropriation as soon as the City becomes aware of same. No such failure to appropriate funds for succeeding Lease Years, nor the termination of the Lease as a result thereof, shall diminish, impair or excuse the City's obligation to pay Rent as and when it becomes due. Once the funds for the payment of Rent are legally appropriated pursuant to law, the City covenants to proceed with the renewal of the Term of the Lease.

Net-Net-Net Lease

It is specifically understood and agreed by the City that the Lease is what is commonly designated as a "net-net-net lease". It is the expressed intent of the Authority and the City that all rentals payable under the terms of the Lease by the City to the Authority shall be absolutely net to the Authority and that each and every item of expense of every kind and nature whatsoever for the payment of which the Authority is, shall or may be or become liable by reason of the Authority's estate or interest in the Leased

Property shall be borne by the City and the Authority held harmless therefrom. Without limiting the generality of the foregoing statement, the City is to bear all expenses and make all payments consistent with the principles of a net-net-net lease, and the City hereby takes subject thereto and shall perform all duties and obligations with relation to the Leased Property and the use, maintenance and operation thereof so that no matter from whatever source arising, if anything shall be ordered or required to be done by lawful authority or by the terms of the Lease in, upon or with respect to the Leased Property, the same shall be done and fulfilled at the sole expense, risk and responsibility of the City during the full term of the Lease and any renewal hereof without any expense, risk, liability or obligation whatsoever to or upon the Authority or the Authority's successors, grantees or assigns of the Leased Property. Without limiting the generality of the foregoing, the City agrees:

(a) The City shall during the Term of the Lease and any extension or Renewal Term thereof timely pay before any fine, penalty, interest or cost may be added thereto for the non-payment thereof (except as hereinafter provided in this Section) all real estate taxes, assessments and other governmental levies and charges, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature whatsoever, which are assessed, levied, confirmed or imposed upon or against the Leased Property or any part thereof or which are assessed, levied, confirmed or imposed by reason of the occupancy or use of the Leased Property by the City herein. All of such taxes, assessments, charges and levies are hereinafter referred to as "impositions". The obligation of the City herein to pay all of such impositions shall exist whether the same are or may become a lien upon the Leased Property or any part thereof. If, by law, any imposition is payable or may at the option of the taxpayer be paid in installments (whether or not interest shall accrue on the unpaid balance of such imposition), the City may pay the same and any accrued interest on the unpaid balance of such imposition installments as the same respectively become due and before any fine, penalty, interest or cost may be added thereto for the non-payment of any such installment and interest. Any imposition relating to a fiscal period of the taxing authority in which the primary term of the Lease or any extension or renewal thereof shall end by the natural expiration thereof and not by reason of any default of the City shall be apportioned so that the City shall pay only that proportion of such imposition which corresponds with the portion of said period as is within the Term or any extension or Renewal Term thereof.

Nothing in the Lease contained shall require the City to pay any capital levy, franchise, or transfer tax of the Authority, or any income or excess profits tax or any other tax, assessment, charge or levy upon the income of the Authority.

The City agrees, upon request of the Authority, to furnish to the Authority for its inspection, within sixty (60) days after the date when any imposition is payable pursuant to any provision of this paragraph, official receipts of the appropriate taxing authority or other proof satisfactory to the Authority evidencing the payment thereof.

The City shall have the right to contest the amount or validity, in whole or in part, of any imposition by appropriate proceedings. The City shall, nevertheless, promptly pay such imposition under protest or otherwise or take such other action as may be authorized by law to defer or preclude any execution or levy upon any portion of the Leased Property to satisfy any such unpaid and contested imposition. If any law in effect shall require that such proceedings be brought by and/or in the name of the Authority, the Authority agrees to join in any such proceedings or permit the same to be brought in its name and the City covenants to indemnify and save harmless the Authority from any costs or expenses thereof. The City shall be entitled to any refund of any imposition and penalties or interest thereon which shall have been paid by the City or paid by the Authority and for which the Authority has been fully reimbursed by the City.

(b) In addition to all other insurance required to be maintained by the City pursuant to the Lease, the City shall maintain fire and extended coverage insurance on the Improvements, and additions and improvements thereto which are permitted or required to be made by the City under the Lease and which have become or are to become the property of the Authority upon vacation of the Leased Property by the City. Said insurance shall be maintained with an insurance company authorized to do business in Oklahoma acceptable to the Authority. Such insurance policies shall be sufficient to keep the Improvements insured at all times throughout the primary term of the Lease and any renewal hereof against loss or damage by fire, lightning, windstorm, explosion, riot, civil commotion, damage from aircraft, boilers, machinery and vehicles and smoke damage, and loss or damage from such other hazards as are embraced by the standard extended coverage endorsement approved for use in the State of Oklahoma in an amount equal to the greater of one hundred percent (100%) of the replacement cost of the Improvements or Outstanding Bonds. The City agrees that the cost and expense of maintaining such policies shall be the sole responsibility of the City and such policies shall name the Authority and the Trustee as additional insureds thereunder and payments for losses thereunder shall be made solely to the City and the Trustee, as their interests appear. This requirement (b) shall be satisfied if the City shall cause the Improvements to be scheduled as property insured under the City's blanket hazard insurance policy in effect on the date hereof, a copy of which has been delivered by the City to the Authority.

(c) The City shall at all times during the Term of the Lease and any extension or Renewal Term hereof promptly pay all charges for water, sewer, electric current, telephone, gas, trash or refuse hauling, cable and/or other communication and any other public or private utility service used or consumed by the City or others on the Leased Property. The City shall not at any time permit any lien or claim to be filed against the Leased Property or any part thereof on account of any expenses or charges for any of said utility services and shall save the Authority harmless therefrom. Any utility deposits required by any public or private utility company furnishing utility services to the Leased Property shall be deposited by the City.

It is specifically understood and agreed that under no circumstances shall the Authority be liable for any interruption whatsoever in utility services nor shall failure of the same to be supplied to the Leased Property be deemed a constructive eviction of the City or be grounds for withholding or offsetting any Rent or other financial obligation payable by the City under the terms of the Lease.

(d) The City shall at all times during the Term of the Lease and any extension or Renewal Term hereof, at its own cost and expense, repair or replace any damage or injury done to the Leased Property, or any part thereof, caused by the City or the City's agents, employees, invitees or visitors except as may be covered by insurance required to be maintained hereunder; **PROVIDED, HOWEVER**, if the City fails to make such repairs or replacements promptly the Authority may, at its option, make such repairs or replacements, and the City shall repay the cost thereof to the Authority on demand. The City shall not commit or allow any waste or damage to be committed on any portion of the Leased Property, and at the termination of the Lease, by lapse of time or otherwise, shall deliver the Leased Property to the Authority in as good condition as at the date of possession by the City, ordinary wear and tear excepted, and upon such termination of the Lease, the Authority shall have the right to re-enter and resume possession of the Leased Property.

(e) The City shall, as often as necessary or appropriate, at its expense, make all structural repairs and replacements to the Improvements, and repair and maintain (including preventive maintenance) all components thereof, including without limitation all exterior windows, electric wiring, risers, plumbing, heating, ventilating and air conditioning facilities servicing the Improvements. Further, the City assumes the full and sole responsibility for the condition, operation, repair, maintenance (including preventive maintenance) and management of the Leased Property and the Authority shall not under any circumstances be responsible for the physical performance of any maintenance, repairs, changes or alterations whatsoever to the Leased Property and shall not be liable for the cost thereof.

Without limiting the generality of the foregoing, the City agrees throughout the Term of the Lease and any Renewal Term hereof, at the City's sole cost, risk and expense, to operate, maintain (including preventive maintenance) and care for the Leased Property, including without limitation, the

Improvements and all parts thereof and appliances and machinery therein, and the parking areas, landscaped areas, sidewalks, curbs, approaches, driveways and lighting for all of the same which may be located on the Real Property and to keep the same in good order and first class condition and promptly, at the City's sole cost and expense, to make all necessary repairs thereto, interior and exterior, structural and non-structural, ordinary as well as extraordinary, foreseen as well as unforeseen. When used in this Section, the term "repairs" or "repair" shall include replacements or renewals, when necessary, and all such repairs made by the City shall be in quality at least equal to the original construction of the Improvements. The City shall keep and maintain the Leased Property in a clean and orderly condition at all times free of accumulation of dirt, rubbish, snow and ice. The City shall also keep the unimproved portions of the Real Property mowed and trimmed, and all landscaping and paving thereon maintained, all in a first-class condition.

(f) At all times during the Term of the Lease and any extension or Renewal Term thereof, the City shall be solely responsible for the cost and expense of all lighting serving the Leased Property, including, without limitation, the cost and expense, if any, of street or other exterior lighting located within any public rights-of-way.

Lease Representation

The Leased Property shall be used and occupied by the City as and for government facilities for the City of Tulsa, Oklahoma, Tulsa County, Oklahoma, the State of Oklahoma, the United States of America and any agency or body thereof (including functionally related and subordinate uses), (the "governmental use"), and any additional space in the facility not so used shall be subleased by the City to such other sublessees as the City shall determine in its sole discretion (the "non-governmental use"). The City shall notify the Authority of any change in the governmental use and non-governmental use of the Leased Property from that percentage which existed at the beginning of the initial term hereof immediately upon notice of any such change to the City.

Changes in Leased Property

The City shall have the right, at its sole expense, to (i) change the location of any personalty constituting the Leased Property, or (ii) substitute for any such personalty other property of similar character of not less than equal value at the time of such substitution. Prior to any such change of location or substitution under authority of this Section, the City shall deliver to the Authority a written statement describing the property to be moved and the location to which the same will be moved, or a description of the property for which other property is to be substituted, with a description of the substitution property, as the case may be. Title to any such substitution property shall vest in the Authority immediately upon installation and shall become and be a part of the Leased Property.

Notwithstanding the above provisions, should personalty comprising part of the Leased Property become obsolete or unusable for the purpose originally intended, the City may at its option elect to replace such personalty at its sole expense. In such event, the City shall notify the Authority of its intent to abandon and/or replace such personalty. The Authority shall have twenty (20) days after receipt of such notice to require the City by notice in writing to deliver such personalty to the Authority, at a site reasonably designated by the Authority. If such a requirement is made, the City shall deliver the personalty to such site within the time permitted by the Authority. If the Authority fails to timely require the City to deliver such personalty, such personalty shall be deemed abandoned to the Authority. All replacements of obsolete or unusable personalty acquired by the City shall be and remain the property of the City, subject to the remaining provisions of the Lease.

Should personalty comprising part of the Leased Property be lost, stolen, damaged or destroyed, or become obsolete, the Authority shall not be required to repair or replace such personalty.

The City shall have the right to make alterations, additions or improvements to the Leased Property in connection with its own occupancy of the Leased Property. Provided however that the City shall notify the Authority of any such improvements which shall be funded from the proceeds of any indebtedness of the Authority. Any alteration, addition, or improvement made by the City and any fixtures installed as part thereof, shall at the the Authority's exclusive option become the property of the Authority upon the expiration or termination of the Lease.

Prohibition of Liens

The City shall have no right or authority whatsoever to allow the title and/or interest of the Authority or the City in or to the Leased Property or any part thereof to be subjected to any mechanic's or materialmen's lien or other lien. The City shall promptly discharge of record any such lien filed against the Authority's or the City's title and/or interest in or to the Leased Property, in failure of which the Authority may, but shall not be obligated to, do so. If the Authority does discharge any such lien, the Authority shall be entitled to bill the City for all reasonable expenses associated therewith, including attorneys' fees, together with interest thereon accruing at the highest rate permitted by law, until paid, as additional Rent.

Subordination: City Attornment

The Lease shall be subject and subordinate at all times to the lien of any mortgage or mortgages which may now or hereafter constitute a lien upon the Leased Property and subordinate to all renewals, modifications, amendments, consolidations, replacements and extensions thereof. The City shall, at the Authority's request, promptly execute and deliver any instrument or certificate evidencing such subordination as may be requested by the Authority or any mortgagee of the Authority. The City hereby attorns to any successor to the Authority's interest in the Lease where such interest is acquired by foreclosure or otherwise, and shall recognize such successor as the Authority under the Lease. The City agrees to execute, at the Authority's request, all instruments as may be reasonably required by such successor to confirm such attornment.

Default and Remedies

The following events shall be deemed to be events of default by the City under the Lease:

(a) Failure by the City to pay any portion of the Rent hereby reserved or other sum of money payable hereunder or under any other agreement between the Authority and the City within five (5) days after the same is due.

(b) Failure by the City to comply with any term, provision or covenant of the Lease, other than the payment of Rent, or any term, provision or covenant of any other agreement between the Authority and the City, for a period of forty-five (45) days after written notice thereof to the City specifying such failure and requesting that it be remedied.

(c) The City shall desert, abandon, vacate or commit waste with respect to any substantial portion of the Leased Property.

Upon the occurrence of any of the aforesaid events of default, the Authority may pursue any one or more of the following remedies without any demand or notice whatsoever, to-wit:

(a) Terminate the Lease effective immediately, in which event the City shall surrender the Leased Property to the Authority immediately, and if the City fails to do so the Authority may, without prejudice to any other remedy which it may have for possession or arrearages in Rent or other financial obligations of the City hereunder, enter upon and take possession of the Leased Property and expel or remove the City and any other person who may be occupying the Leased Property or any part thereof, without being liable for prosecution or any claim of damages therefor; and the City agrees to pay to the Authority upon demand the amount of all loss and damage which the Authority may suffer by reason of such termination, including but not limited to, the cost of recovering the Leased Property, the unpaid balance of all Rent or other sums of money hereby reserved to the date of termination.

(b) Maintain an action for the collection of all Rent then due but unpaid and/or an action for forcible entry and detainer to retake possession of the Leased Property effective immediately.

(c) Enter upon the Leased Property, without being liable for prosecution or any claim for damages therefor, and do whatever the City is obligated to do under the terms of the Lease; and the City agrees to reimburse the Authority upon demand for any expenses which the Authority may incur in thus effecting compliance with the City's obligations under the Lease, and the City further agrees that the Authority shall not be liable for any damages resulting to the City from such action, unless caused by the negligence or willful misconduct of the Authority, its agents, servants, employees or otherwise.

Pursuit of any of the foregoing remedies shall not preclude the exercise of any other remedy provided by the terms of the Lease or provided by law, nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of Rent or other financial obligations due the Authority under the Lease or of any damages occurring to the Authority by reason of the violation by the City of any of the terms, provisions and covenants of the City contained herein. Failure or delay by the Authority to enforce one or more of the remedies provided herein or provided by law upon the occurrence of an event of default shall not be deemed or construed to constitute a waiver thereof or preclude the exercise thereof during the continuance of any other default hereunder or be deemed or construed to be a waiver of any other or subsequent violation or breach of any of the terms, provisions and covenants herein contained. If, on account of any default by the City hereunder, it shall become necessary or in the opinion of the Authority, advisable, for it to employ an attorney to enforce or defend any of the Authority's rights or remedies hereunder, the City agrees to pay any reasonable attorney's fees incurred by the Authority in such connection, together with all costs, charges and expenses incurred by the Authority in the enforcement of the City's obligations hereunder.

Termination of Lease

The City shall, upon termination or cancellation of the Lease peacefully quit, surrender and deliver unto the Authority, its successors or assigns, the Leased Property in as good a condition as when received, with the exception of normal wear and tear. Except as otherwise provided herein, all alterations, improvements and other additions made to the Leased Property by either party hereto shall become the property of the Authority and shall not be removed by the City upon termination or cancellation hereof; provided, however, that all furniture, machinery and equipment installed by the City shall remain the property of the City and shall be promptly removed by the City upon termination of the Lease. In removing such furniture, fixtures, machinery and equipment, the City shall not injure or damage the Leased Property and any such injury or damage resulting shall be promptly repaired to the satisfaction of the Authority at the sole expense of the City. If the City shall fail to promptly remove all of such property from the Leased Property as aforesaid for any cause whatsoever, the Authority may at its option remove the same in any manner that the Authority elects, repair or replace any damage to the Leased Property occasioned thereby, and store said property without liability to the City for loss thereof or damage thereto. The City agrees to pay the Authority on demand any and all costs or expenses incurred in such removal, including, but not limited to, repairing or replacing any damage to the Leased Property, court costs, attorneys' fees and storage charges on such property for any length of time that the same shall be in the Authority's possession. In addition, the Authority may at its option, with or without notice, sell said property or any part thereof at public or private sale and apply the proceeds of such sale upon any amounts due under the Lease from the City to the Authority and upon the expense incident to the removal and sale of said property. It is expressly agreed that the Lease shall terminate at the end of the Term of the Lease, and any Renewal Terms thereof as set forth herein, unless sooner terminated as provided herein. However, the City hereby expressly waives all rights to any extension or renewal by reason of holding over or otherwise; and should the City so hold over, the City shall be a tenant at will only and the City shall pay Rent to the Authority for the entire holdover period in the amount of one hundred fifty percent (150%) of the then current Base Rental and the City shall indemnify the Authority against all claims for damages by any other tenant to whom the Authority may have leased all or any part of the Leased Property effective upon the termination of the Lease or during the period of such holding over. This provision shall not, however, give the City the right to hold over and any such holding over shall, at the Authority's option, be a breach of the Lease.

Notwithstanding anything to the contrary contained herein, in the event the Bonds issued by the Authority in connection with the acquisition and renovation of the Leased Property and any additional bonds issued by the Authority for the benefit of the City in connection with this Project, shall be duly paid and defeased and shall no longer be outstanding, then and in such event, the Authority agrees to convey the Leased Property to the City.

EXHIBIT E

FORM OF LEGAL OPINIONS

Trustees of the Tulsa Public Facilities Authority
Tulsa, Oklahoma

Re: $__________________ Tulsa Public Facilities Authority Lease Payment Revenue Bonds, Series 2017A, dated the date hereof.

Gentlemen:

We have acted as Bond Counsel to the Tulsa Public Facilities Authority (the "Authority") in connection with the issuance and sale of the captioned Bonds (the "Bonds").

In connection with the opinions expressed below, we have examined (i) originals or certified copies of the proceedings relating to the issuance of the Bonds, as contained in a Transcript of Proceedings had in connection therewith, and (ii) executed Bond No. R-1. In addition, we have examined such other documents and instruments as we have deemed necessary to express the opinions hereinafter set forth. As to questions of fact material to our opinion we have relied upon the Transcript of Proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon our examination of all of the foregoing, and in reliance thereon, and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

1. The Authority is a duly created and validly existing public trust under the laws of the State of Oklahoma.

2. The Master Bond Indenture, dated as of November 1, 2007 as supplemented by the Second Supplemental Bond Indenture, dated as of August 1, 2017 (the "Bond Indenture"), authorizing the issuance of the Bonds has been duly and lawfully authorized by the Authority and UMB BANK, N.A., Oklahoma City, Oklahoma, as trustee (the "Trustee"), and such Bond Indenture is in full force and effect and is a valid and binding obligation of the Authority enforceable upon the Authority. The Bond Indenture creates the valid pledge of the Trust Estate (as defined in such Bond Indenture) that it purports to create.

3. The Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding special obligations of the Authority, payable solely from the sources provided therefor in the Bond Indenture.

4. The form of Bond No. R-1 and its execution are regular and proper.

5. The interest on the Bonds (a) is excluded from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion set forth in clause (a) above is subject to the condition that the Authority comply with all requirements of the Internal Revenue Code of 1986, as

amended, (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Authority has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. The interest on the Bonds is excluded from gross income for state of Oklahoma income tax purposes.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof and of the Bond Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

Hilborne & Weidman,
a professional corporation
Tulsa, Oklahoma

Trustees of the Tulsa Public Facilities Authority
Tulsa, Oklahoma

Re: $_______________________ Tulsa Public Facilities Authority Lease Payment Revenue Bonds, Taxable Series 2017B, dated the date hereof.

Gentlemen:

We have acted as Bond Counsel to the Tulsa Public Facilities Authority (the "Authority") in connection with the issuance and sale of the captioned Bonds (the "Bonds").

In connection with the opinions expressed below, we have examined (i) originals or certified copies of the proceedings relating to the issuance of the Bonds, as contained in a Transcript of Proceedings had in connection therewith, and (ii) executed Bond No. R-1. In addition, we have examined such other documents and instruments as we have deemed necessary to express the opinions hereinafter set forth. As to questions of fact material to our opinion we have relied upon the Transcript of Proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon our examination of all of the foregoing, and in reliance thereon, and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

1. The Authority is a duly created and validly existing public trust under the laws of the State of Oklahoma.

2. The Master Bond Indenture, dated as of November 1, 2007 as supplemented by the Second Supplemental Bond Indenture, dated as of August 1, 2017 (the "Bond Indenture"), authorizing the issuance of the Bonds has been duly and lawfully authorized by the Authority and UMB BANK, N.A., Oklahoma City, Oklahoma, as trustee (the "Trustee"), and such Bond Indenture is in full force and effect and is a valid and binding obligation of the Authority enforceable upon the Authority. The Bond Indenture creates the valid pledge of the Trust Estate (as defined in such Bond Indenture) that it purports to create.

3. The Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding special obligations of the Authority, payable solely from the sources provided therefor in the Bond Indenture.

4. The form of Bond No. R-1 and its execution are regular and proper.

5. The interest on the Bonds is excluded from gross income for state of Oklahoma income tax purposes.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof and of the Bond Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

Hilborne & Weidman,
a professional corporation
Tulsa, Oklahoma

EXHIBIT F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Tulsa Public Facilities Authority (the "Issuer") in connection with the issuance of $__________ Lease Payment Revenue Bonds, Refunding Series 2017A (the "Bonds"). The Bonds are being issued pursuant to a Master Bond Indenture, dated as of November 1, 2007 as supplemented and amended by a Second Supplemental Bond Indenture, dated as of August 1, 2018, (the "Indenture"). The Issuer covenants and agrees as follows:

ARTICLE I
The Undertaking

Section 1.1. Purpose. This Certificate is being executed and delivered solely to assist the Underwriter in complying with subsection (b)(5) of the Rule.

Section 1.2. Annual Financial Information. (a) The Issuer shall provide Annual Financial Information with respect to each fiscal year of the Issuer, commencing with fiscal year ending June 30, 2017, by no later than 6 months after the end of the respective fiscal year, to the MSRB.

(b) The Issuer shall also provide Annual Financial Information with respect to each fiscal year of the City of Tulsa, commencing with fiscal year ending June 30, 2017, including the City's CAFR and Audited Financial Statements by no later than 6 months after the end of the respective fiscal year, to the MSRB.

(c) The Issuer shall provide, in a timely manner, notice of any failure to provide the Annual Financial Information by the date specified in subsection (a) above to the MSRB.

Section 1.3. Audited Financial Statements. If not provided as part of the Annual Financial Information by the date required by Section 1.2(a) hereof, the Issuer shall provide Audited Financial Statements, for itself and the City when and if available, to the MSRB.

Section 1.4. Listed Event Notices. (a) If a Listed Event occurs, the Issuer shall provide, within 10 business days of the occurrence of the applicable event, notice of such Listed Event to the MSRB on the MSRB's Internet Web Site. Provided that any event under (ii), (vii), (viii), (x), (xiv) or (xv) of the definition of Listed Event must be filed only if the event is material. Notwithstanding the foregoing, notice of a Listed Event described in subsections (viii) and (ix) need not be given under this section any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Bond Documents..

(b) Any notice of a defeasance of Bonds shall state whether the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

Section 1.5 **Other Information.** Nothing in this Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Financial Information or notice of a Listed Event hereunder, in addition to that which is required by this Certificate. If the Issuer chooses to do so, the Issuer shall have no obligation under this Certificate to update such additional information or include it in any future Annual Financial Information or notice of a Listed Event hereunder.

Section 1.6. **Suspension of Obligations.** Anything herein to the contrary notwithstanding, the obligations to file Annual Financial Information, Audited Financial Statements, Listed Event Notices and additional information pursuant to Sections 1.2, 1.3, 1.4 and 1.5 hereof may be suspended for so long as the Bonds are eligible for exception from the requirements of the Rule pursuant to Section 15c2-12(d)(1)(iii) thereof, provided that notice of such suspension is filed promptly to the extent and in the manner that otherwise would be required for Annual Financial Information, Audited Financial Statements, Listed Event Notices and such additional information.

Section 1.7. **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 Certificate without additional disclosures or other action may not fully discharge all duties and obligations of the Issuer under such laws.

ARTICLE II
Operating Rules

Section 2.1. **Reference to Other Filed Documents.** It shall be sufficient for purposes of Section 1.2 hereof if the Issuer provides Annual Financial Information (but not Listed Event notices) by specific reference to documents either (i) available to the public on the MSRB Internet Web Site or (ii) filed with the SEC.

Section 2.2. **Submission of Information.** Annual Financial Information may be set forth or provided in one document or a set of documents, and at one time or in part from time to time.

Section 2.3. **Dissemination Agents.** The Issuer may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Issuer under this Certificate, and revoke or modify any such designation.

Section 2.4. **Transmission of Information and Notices.** Unless otherwise required by law all notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB (presently the MSRB Internet Web Site), and shall be accompanied by identifying information as prescribed by the MSRB.

Section 2.5. **Fiscal Year.** (a) The Issuer's current fiscal year is July 1 – June 30, and the Issuer shall promptly provide notice of each change in its fiscal year to the MSRB.

(b) Annual Financial Information shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months.

ARTICLE III
Effective Date, Termination, Amendment and Enforcement

Section 3.1. Effective Date, Termination. (a) This Certificate shall be effective upon the issuance of the Bonds.

(b) The Issuer's obligations under this Certificate shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds.

(c) This Certificate, or any provision hereof, shall be null and void in the event that (1) the Issuer obtains an opinion of Counsel, addressed to the Issuer to the effect that those portions of the Rule which require this Certificate, or such provision, as the case may be, 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) the Issuer delivers a copy of such opinion within one Business Day after receipt by the Issuer to the MSRB.

Section 3.2. Amendment. (a) This Certificate may be amended, 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 Certificate as so amended would have complied with the requirements of the Rule as of the date of this Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Issuer shall have obtained an opinion of Counsel, addressed to the Issuer to the same effect as set forth in clause (2) above, (4) either (i) the Issuer shall have obtained an opinion of Counsel or a determination by a person, in each case unaffiliated with the Issuer (such as bond counsel), and addressed to the Issuer, 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 Certificate, and (5) the Issuer shall have delivered copies of such opinion(s) and amendment to the MSRB within one Business Day after receipt by the Issuer.

(b) In addition to subsection (a) above, this Certificate may be amended without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Certificate which is applicable to this Certificate, (2) the Issuer shall have obtained an opinion of Counsel, addressed to the Issuer, to the effect that performance by the Issuer under this Certificate as so amended will not result in a violation of the Rule and (3) the Issuer shall have delivered copies of such opinion and amendment to the MSRB within one Business Day after receipt by the Issuer.

(c) This Certificate may be amended without the consent of the holders of the Bonds, to amend the information and dates specified in Section 1.5(a) hereof.

(d) This Certificate may be amended without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) the Issuer shall have obtained an opinion of Counsel, addressed to the Issuer, to the effect that the amendment is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of staff of the SEC, and (2) the Issuer shall have delivered copies of such opinion and amendment to the MSRB within one Business Day after receipt by the Issuer.

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

(f) If an amendment is made pursuant to Section 3.2 (a) hereof to the accounting principles to be followed by the Issuer in preparing its financial statements, the Annual Financial Information for the fiscal 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 qualitative and, to the extent reasonably feasible, quantitative 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 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Certificate shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Bonds, except that (i) beneficial owners of Bonds shall be third-party beneficiaries of this Certificate. The provisions of this Certificate shall create no rights in any person or entity except as provided in this subsection (a) and in subsection (b) of this Section.

(b) The obligations of the Issuer to comply with the provisions of this Certificate shall be enforceable by any holder of Outstanding Bonds. The holders' rights to enforce the provisions of this Certificate 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 Certificate. In consideration of the third-party beneficiary status of beneficial owners of Bonds pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Bonds for purposes of this subsection (b).

(c) Any failure by the Issuer to perform in accordance with this Certificate shall not constitute a default under the Bonds.

(d) This Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Certificate shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

ARTICLE IV
Definitions

Section 4.1. Definitions. The following terms used in this Certificate shall have the following respective meanings:

(1) "Annual Financial Information" means, collectively, (i) updated versions of the following financial information and operating data contained in the Official Statement, for each fiscal year of the Issuer, as follows:

The financial information and operating data set forth in Exhibits A, B and C of the Official Statement; and (ii) the information regarding amendments to this Certificate required pursuant to Sections 3.2(e) and (f) of this Certificate. Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

The descriptions contained in Section 4.1(1)(i) hereof of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Financial Information containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(2) "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. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that pursuant to Sections 3.2(a) and (f) hereof, the Issuer may from time to time, if required by Federal or State legal requirements, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 3.2(a) hereof shall include a reference to the specific Federal or State law or regulation describing such accounting principles, or other description thereof.

(3) "Counsel" means Hilborne & Weidman, A Professional Corporation, Tulsa, Oklahoma or other nationally recognized bond counsel or counsel expert in federal securities laws.

(4) "GAAP" means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, or any successor to the duties or responsibilities thereof.

(5) "Internet Web Site" means the MSRB's Electronic Municipal Market Access (EMMA) system, presently at http://emma.msrb.org.

(6) "Listed Event" means any of the following events with respect to the Bonds whether relating to the Issuer or otherwise:

(i) principal and interest payment delinquencies;
(ii) non-payment related defaults;
(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 IRS of proposed or final determinations of taxability, notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the security, or other events affecting the tax status of the security (including Build America Bonds);
(vii) modifications to rights of Bondholders;
(viii) bond calls;
(ix) defeasances;
(x) release, substitution or sale of property securing repayment of the Bonds;
(xi) rating changes;
(xii) tender offers;
(xiii) bankruptcy, insolvency, receivership or similar event of the obligated group;
(xiv) consummation of a merger, consolidation, or acquisition involving an obligated person, or the sale of all or substantially all the assets of the obligated person, other than in the ordinary course of business, the entry of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms; and
(xv) appointment of a successor or additional trustee or the change of name of a trustee.

(7) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Certificate.

(8) “Official Statement” means the Official Statement of the Issuer relating to the Bonds.

(9) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Certificate, including any official interpretations thereof issued either before or after the effective date of this Certificate which are applicable to this Certificate.

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

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

ARTICLE V
Miscellaneous

Section 5.1 Counterparts. This Certificate 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.

Date: August ___, 2017

TULSA PUBLIC FACILITIES AUTHORITY

____
Chairman of Trustees

ATTEST:

____
Secretary of Trustees

(SEAL)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Tulsa Public Facilities Authority (the "Issuer") in connection with the issuance of $___________Lease Payment Revenue Bonds, Taxable Refunding Series 2017B (the "Bonds"). The Bonds are being issued pursuant to a Master Bond Indenture, dated as of November 1, 2007 as supplemented and amended by a Second Supplemental Bond Indenture, dated as of August 1, 2018, (the "Indenture"). The Issuer covenants and agrees as follows:

ARTICLE I
The Undertaking

Section 1.1. **Purpose.** This Certificate is being executed and delivered solely to assist the Underwriter in complying with subsection (b)(5) of the Rule.

Section 1.2. **Annual Financial Information.** (a) The Issuer shall provide Annual Financial Information with respect to each fiscal year of the Issuer, commencing with fiscal year ending June 30, 2017, by no later than 6 months after the end of the respective fiscal year, to the MSRB.

(b) The Issuer shall also provide Annual Financial Information with respect to each fiscal year of the City of Tulsa, commencing with fiscal year ending June 30, 2017, including the City's CAFR and Audited Financial Statements by no later than 6 months after the end of the respective fiscal year, to the MSRB.

(c) The Issuer shall provide, in a timely manner, notice of any failure to provide the Annual Financial Information by the date specified in subsection (a) above to the MSRB.

Section 1.3. **Audited Financial Statements.** If not provided as part of the Annual Financial Information by the date required by Section 1.2(a) hereof, the Issuer shall provide Audited Financial Statements, for itself and the City when and if available, to the MSRB.

Section 1.4. **Listed Event Notices.** (a) If a Listed Event occurs, the Issuer shall provide, within 10 business days of the occurrence of the applicable event, notice of such Listed Event to the MSRB on the MSRB's Internet Web Site. Provided that any event under (ii), (vii), (viii), (x), (xiv) or (xv) of the definition of Listed Event must be filed only if the event is material. Notwithstanding the foregoing, notice of a Listed Event described in subsections (viii) and (ix) need not be given under this section any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Bond Documents..

(b) Any notice of a defeasance of Bonds shall state whether the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

Section 1.5 **Other Information.** Nothing in this Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Financial Information or notice of a Listed Event hereunder, in addition to that which is required by this Certificate. If the Issuer chooses to do so, the Issuer shall have no obligation under this Certificate to update such additional information or include it in any future Annual Financial Information or notice of a Listed Event hereunder.

Section 1.6. **Suspension of Obligations.** Anything herein to the contrary notwithstanding, the obligations to file Annual Financial Information, Audited Financial Statements, Listed Event Notices and additional information pursuant to Sections 1.2, 1.3, 1.4 and 1.5 hereof may be suspended for so long as the Bonds are eligible for exception from the requirements of the Rule pursuant to Section 15c2-12(d)(1)(iii) thereof, provided that notice of such suspension is filed promptly to the extent and in the manner that otherwise would be required for Annual Financial Information, Audited Financial Statements, Listed Event Notices and such additional information.

Section 1.7. **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 Certificate without additional disclosures or other action may not fully discharge all duties and obligations of the Issuer under such laws.

ARTICLE II
Operating Rules

Section 2.1. **Reference to Other Filed Documents.** It shall be sufficient for purposes of Section 1.2 hereof if the Issuer provides Annual Financial Information (but not Listed Event notices) by specific reference to documents either (i) available to the public on the MSRB Internet Web Site or (ii) filed with the SEC.

Section 2.2. **Submission of Information.** Annual Financial Information may be set forth or provided in one document or a set of documents, and at one time or in part from time to time.

Section 2.3. **Dissemination Agents.** The Issuer may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Issuer under this Certificate, and revoke or modify any such designation.

Section 2.4. **Transmission of Information and Notices.** Unless otherwise required by law all notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB (presently the MSRB Internet Web Site), and shall be accompanied by identifying information as prescribed by the MSRB.

Section 2.5. **Fiscal Year.** (a) The Issuer's current fiscal year is July 1 – June 30, and the Issuer shall promptly provide notice of each change in its fiscal year to the MSRB.

(b) Annual Financial Information shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months.

ARTICLE III
Effective Date, Termination, Amendment and Enforcement

Section 3.1. **Effective Date, Termination.** (a) This Certificate shall be effective upon the issuance of the Bonds.

(b) The Issuer's obligations under this Certificate shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds.

(c) This Certificate, or any provision hereof, shall be null and void in the event that (1) the Issuer obtains an opinion of Counsel, addressed to the Issuer to the effect that those portions of the Rule which require this Certificate, or such provision, as the case may be, 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) the Issuer delivers a copy of such opinion within one Business Day after receipt by the Issuer to the MSRB.

Section 3.2. Amendment. (a) This Certificate may be amended, 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 Certificate as so amended would have complied with the requirements of the Rule as of the date of this Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Issuer shall have obtained an opinion of Counsel, addressed to the Issuer to the same effect as set forth in clause (2) above, (4) either (i) the Issuer shall have obtained an opinion of Counsel or a determination by a person, in each case unaffiliated with the Issuer (such as bond counsel), and addressed to the Issuer, 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 Certificate, and (5) the Issuer shall have delivered copies of such opinion(s) and amendment to the MSRB within one Business Day after receipt by the Issuer.

(b) In addition to subsection (a) above, this Certificate may be amended without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Certificate which is applicable to this Certificate, (2) the Issuer shall have obtained an opinion of Counsel, addressed to the Issuer, to the effect that performance by the Issuer under this Certificate as so amended will not result in a violation of the Rule and (3) the Issuer shall have delivered copies of such opinion and amendment to the MSRB within one Business Day after receipt by the Issuer.

(c) This Certificate may be amended without the consent of the holders of the Bonds, to amend the information and dates specified in Section 1.5(a) hereof.

(d) This Certificate may be amended without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) the Issuer shall have obtained an opinion of Counsel, addressed to the Issuer, to the effect that the amendment is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of staff of the SEC, and (2) the Issuer shall have delivered copies of such opinion and amendment to the MSRB within one Business Day after receipt by the Issuer.

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

(f) If an amendment is made pursuant to Section 3.2 (a) hereof to the accounting principles to be followed by the Issuer in preparing its financial statements, the Annual Financial Information for the fiscal 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 qualitative and, to the extent reasonably feasible, quantitative 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 3.3. **Benefit; Third-Party Beneficiaries; Enforcement.** (a) The provisions of this Certificate shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Bonds, except that (i) beneficial owners of Bonds shall be third-party beneficiaries of this Certificate. The provisions of this Certificate shall create no rights in any person or entity except as provided in this subsection (a) and in subsection (b) of this Section.

(b) The obligations of the Issuer to comply with the provisions of this Certificate shall be enforceable by any holder of Outstanding Bonds. The holders' rights to enforce the provisions of this Certificate 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 Certificate. In consideration of the third-party beneficiary status of beneficial owners of Bonds pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Bonds for purposes of this subsection (b).

(c) Any failure by the Issuer to perform in accordance with this Certificate shall not constitute a default under the Bonds.

(d) This Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Certificate shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

ARTICLE IV
Definitions

Section 4.1. **Definitions.** The following terms used in this Certificate shall have the following respective meanings:

(1) "Annual Financial Information" means, collectively, (i) updated versions of the following financial information and operating data contained in the Official Statement, for each fiscal year of the Issuer, as follows:

The financial information and operating data set forth in Exhibits A, B and C of the Official Statement; and (ii) the information regarding amendments to this Certificate required pursuant to Sections 3.2(e) and (f) of this Certificate. Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

The descriptions contained in Section 4.1(1)(i) hereof of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Financial Information containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(2) "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. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that pursuant to Sections

3.2(a) and (f) hereof, the Issuer may from time to time, if required by Federal or State legal requirements, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 3.2(a) hereof shall include a reference to the specific Federal or State law or regulation describing such accounting principles, or other description thereof.

(3) "Counsel" means Hilborne & Weidman, A Professional Corporation, Tulsa, Oklahoma or other nationally recognized bond counsel or counsel expert in federal securities laws.

(4) "GAAP" means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, or any successor to the duties or responsibilities thereof.

(5) "Internet Web Site" means the MSRB's Electronic Municipal Market Access (EMMA) system, presently at http://emma.msrb.org.

(6) "Listed Event" means any of the following events with respect to the Bonds whether relating to the Issuer or otherwise:

(i) principal and interest payment delinquencies;
(ii) non-payment related defaults;
(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 IRS of proposed or final determinations of taxability, notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the security, or other events affecting the tax status of the security (including Build America Bonds);
(vii) modifications to rights of Bondholders;
(viii) bond calls;
(ix) defeasances;
(x) release, substitution or sale of property securing repayment of the Bonds;
(xi) rating changes;
(xii) tender offers;
(xiii) bankruptcy, insolvency, receivership or similar event of the obligated group;
(xiv) consummation of a merger, consolidation, or acquisition involving an obligated person, or the sale of all or substantially all the assets of the obligated person, other than in the ordinary course of business, the entry of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms; and
(xv) appointment of a successor or additional trustee or the change of name of a trustee.

(7) "MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Certificate.

(8) "Official Statement" means the Official Statement of the Issuer relating to the Bonds.

(9) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Certificate, including any official interpretations thereof issued either before or after the effective date of this Certificate which are applicable to this Certificate.

(10) "SEC" means the United States Securities and Exchange Commission.

(11) "Unaudited Financial Statements" means the same as Audited Financial Statements, except that they shall not have been audited.

ARTICLE V
Miscellaneous

Section 5.1 Counterparts. This Certificate 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.

Date: August ___, 2017

TULSA PUBLIC FACILITIES AUTHORITY

____
Chairman of Trustees

ATTEST:

____
Secretary of Trustees

(SEAL)