

This Official Notice of Sale and Instructions to Bidders does not alone constitute an offer to sell but is merely notice of sale of the Bonds described herein. The offer to sell such Bonds is being made by means of this Official Notice of Sale and Instructions to Bidders, the Official Bid Form, and the Preliminary Official Statement.

**OFFICIAL NOTICE OF SALE**

**AND**

**INSTRUCTIONS TO BIDDERS**

**for the sale of**

**\$47,320,000.00**

**TULSA METROPOLITAN UTILITY AUTHORITY  
UTILITY REVENUE BONDS,  
SERIES 2024A**

and

**\$17,025,000.00**

**TULSA METROPOLITAN UTILITY AUTHORITY  
UTILITY REVENUE BONDS,  
SERIES 2024B**

Sealed Written Bids and Electronic Bids Will Be Received

April 9, 2024

until 10:30 a.m. local time

at

Office of the City Clerk, Suite 260

175 East 2<sup>nd</sup> Street

One Technology Center

Tulsa, Oklahoma 74103

Tammy Pitts

Director of Finance

City of Tulsa

(918) 596-7522

and

Electronic Bids submitted through the facilities of

**PARITY**

as described herein

**OFFICIAL NOTICE OF SALE  
AND  
INSTRUCTIONS TO BIDDERS  
for the sale of**

**\$64,345,000.00  
Tulsa Metropolitan Utility Authority  
Utility Revenue Bonds,**

**Consisting of**

**\$47,320,000.00 Series 2024A  
and  
\$17,025,000.00 Series 2024B**

Notice is hereby given that sealed bids and electronic bids (as described herein) will be received by the Tulsa Metropolitan Utility Authority (hereinafter called the "Issuer"), until 10:30 o'clock A.M., local time, on April 9, 2024, at its office in Tulsa, Oklahoma, for the purchase of Bonds of said Authority described as follows:

Tulsa Metropolitan Utility Authority Utility Revenue Bonds, Series 2024A and Tulsa Metropolitan Utility Authority Utility Revenue Bonds, Series 2024B (the "Bonds") dated as of the date of delivery thereof, maturing, with interest, payable semi-annually, and secured as set forth in the Preliminary Official Statement attached hereto and made a part hereof.

**Address and Delivery of Sealed Written Bids**

Sealed written bids, plainly marked "Bids for Bonds of the Tulsa Metropolitan Utility Authority to be sold April 9, 2024" should be addressed to "Tammy Pitts, Finance Director, City of Tulsa, Oklahoma, Attn: Office of the City Clerk, Suite 260, 175 East 2<sup>nd</sup> Street, One Technology Center, Tulsa, Oklahoma 74103". Bids shall be submitted on the "Official Bid Form", a copy of which is attached hereto.

**Electronic Bids**

Electronic Bids must be submitted through the facilities of PARITY, a system for accepting electronic bids. No other form of bid or provider of electronic bidding services will be accepted. Subscription to PARITY is required in order to submit an electronic bid and the Issuer will neither confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe. An electronic bid made through the facilities of PARITY shall be deemed to be an offer, in response to this Official Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Issuer. If any provisions of this Official Notice of Sale shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Official Notice of Sale shall control. Further information about PARITY, including any fee charged, may be obtained from the Issuer or I-Deal LLC at 1359 Broadway, 2nd Floor, New York, NY, 10018 telephone (212) 849-5021.

**Any bidder submitting their bid via PARITY only needs to complete and sign an Official Bid Form if it is determined they are the winning bid.**

Neither the Issuer nor Bond Counsel shall be responsible for, and each bidder expressly assumes the risk of, any incomplete, inaccurate, or untimely bid submitted by Internet transmission by such bidder, including without limitation, by reason of garbled transmissions, mechanical failure, engaged telephone or telecommunications lines or any other cause arising from delivery by Internet transmission.

### **Time Stamp**

The PARITY time stamp will govern the receipt of all bids. All bids will be deemed to incorporate the provisions of this Official Notice of Sale.

This Official Notice of Sale, and the information set forth herein, are not to be treated as a complete disclosure of all relevant information with respect to the Bonds. The information set forth herein is subject, in all respects, to a more complete description of the Bonds and the security therefore set forth in the Preliminary Official Statement.

## **THE BONDS**

### **Purpose and Authorization**

The Bonds are being issued by the Issuer to provide funds for the costs (i) to fund the costs of a project consisting of the construction, acquisition and equipping of certain capital improvements to the water portion of the System currently estimated to not exceed \$43,300,000.00 (the “Series 2024A Project”) (ii) to fund the costs of a project consisting of the construction, acquisition and equipping of certain capital improvements to the sewer portion of the System currently estimated to not exceed \$15,524,000.00 (the “Series 2024B Project”); (iii) to fund a bond fund reserve fund and (iv) to pay costs of issuing the Bonds. The Bonds shall be delivered, as soon as practicable, to UMB Bank, N.A., (the “Trustee”) under the Twenty Eighth Supplemental Bond Indenture dated as of April 1, 2024, by and between the Issuer and the Trustee (the “Indenture”). Delivery of the Bonds shall be tendered at the Trustee under said Indenture, free of all charges and delivery expenses, fully authenticated or registered by said Trustee. The successful bidder shall be notified of the time of tender not less than five days prior to the date for tender and payment in full for said Bonds will be made at the time of tender.

### **Interest Payments, Maturities and Redemption**

The Bonds will be dated the date of delivery thereof and will be issued in the principal amount, mature on the dates and bear interest payable on the dates described below. Interest on the Bonds will be payable commencing on October 1, 2024 and continue on each April 1 and October 1 thereafter until the earlier of maturity or redemption.

The Bonds will mature serially on April 1 in each year as follows:

\$47,320,000.00 Series 2024A

<u>Year</u>	<u>Amount Maturing</u>
April 1, 2025	\$2,305,000.00
April 1, 2026	\$2,385,000.00
April 1, 2027	\$2,465,000.00
April 1, 2028	\$2,540,000.00
April 1, 2029	\$2,620,000.00
April 1, 2030	\$2,700,000.00
April 1, 2031	\$2,785,000.00
April 1, 2032	\$2,865,000.00
April 1, 2033	\$2,955,000.00
April 1, 2034	\$3,045,000.00
April 1, 2035	\$3,140,000.00
April 1, 2036	\$3,240,000.00
April 1, 2037	\$3,350,000.00
April 1, 2038	\$3,465,000.00
April 1, 2039	\$7,460,000.00

\$17,025,000.00 Series 2024B

<u>Year</u>	<u>Amount Maturing</u>
April 1, 2025	\$ 830,000.00
April 1, 2026	\$ 860,000.00
April 1, 2027	\$ 885,000.00
April 1, 2028	\$ 915,000.00
April 1, 2029	\$ 940,000.00
April 1, 2030	\$ 970,000.00
April 1, 2031	\$1,000,000.00
April 1, 2032	\$1,030,000.00
April 1, 2033	\$1,065,000.00
April 1, 2034	\$1,095,000.00
April 1, 2035	\$1,130,000.00
April 1, 2036	\$1,165,000.00
April 1, 2037	\$1,205,000.00
April 1, 2038	\$1,245,000.00
April 1, 2039	\$2,690,000.00

**Optional Redemption.** The Series 2024A Bonds maturing on and after April 1, 2033, are subject to redemption at the option of the Authority, in whole or in part, in inverse order of maturity, by lot within a maturity, on any date on and after April 1, 2032, at the principal amount thereof plus accrued interest to the date fixed for redemption.

The Series 2024B Bonds maturing on and after April 1, 2033, are subject to redemption at the option of the Authority, in whole or in part, in inverse order of maturity, by lot within a maturity,

on any date on and after April 1, 2032, at the principal amount thereof plus accrued interest to the date fixed for redemption.

**Extraordinary Optional Redemption.** The Bonds shall be subject to redemption, in whole at any time, at a redemption price equal to the principal amount thereof plus interest accrued thereon to the redemption date in the event of the destruction or damage to all or substantially all of the System or the condemnation of substantially all of the System.

### **Payment; Book-Entry Only**

The Bonds will be issued in fully registered form and will be registered initially in the name of "Cede & Co" as nominee for The Depository Trust Company, New York, New York ("DTC"). Beneficial ownership interests will be recorded on the records of the participants in the DTC system ("Participants"). Persons for which Participants acquire interests in the Bonds (the "Beneficial Owners") will not receive certificates evidencing their interests in the Bonds so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. So long as DTC or its nominee is the registered owner of the Bonds, payments of principal and interest on the Bonds, as well as notices and other communications made by or on behalf of the Issuer, will be made to DTC or its nominee only. Disbursement of such payments, notices, and other communications by DTC to Participants, and by Participants to the Beneficial Owners, is the responsibility of DTC and the Participants pursuant to rules and procedures established by such entities.

### **Bidding Details**

Each bidder shall designate a rate of interest per annum to be paid on principal maturity amounts (ie., a "coupon"). The Bonds will be sold in one block, all or none, and no bid of less than par shall be considered. However, such designation of a rate of interest shall be subject to the following limitations;

- (a) all Bonds of the same maturity must bear the same rate of interest and no one Bond shall bear more than one rate of interest; and
- (b) No bid for purchase of less than all of the Bonds will be considered; and
- (c) No interest rate may be specified which is not a multiple of one-eighth (1/8th) or one-twentieth (1/20th) of one percent (1%); and
- (d) **any premium above the par bid for the Bonds, if any, shall not exceed \$1,286,900.00; and**
- (e) No interest rate in excess of ten percent (10%) shall be considered; and
- (f) **bidders will not be able to submit a bid unless a wire, certified or cashier's check has been received as described herein under the caption "Good Faith Deposit."**

## **Basis of Award**

Bonds will be sold in accordance with the provisions of Title 60, Oklahoma Statutes 2021, Sections 176 to 180.3, inclusive, as amended and supplemented. For the purpose of awarding the Bonds, the lowest True Interest Cost of each bid shall be computed by determining, at the rate or rates specified therein, the True Interest Cost. "True Interest Cost" shall mean that rate which when used to discount each amount of principal and interest payable in relation to the Bonds will produce a present value precisely equal to the amount of bond proceeds received by the Issuer in exchange for the Bonds (including any premium payable to the Issuer). Unless all bids are rejected, the Bonds shall be awarded to the bidder whose bid, on the basis of the above computations, produces the lowest True Interest Cost to the Issuer as determined by the Issuer in its sole discretion.

The Issuer reserves the right to reject any or all bids and to determine the best bid in its sole discretion and to waive any informality in any bid.

At the time of delivery, the Issuer will furnish to the purchaser without cost, the written approving opinion of Hilborne & Weidman, Bond Counsel, Tulsa, Oklahoma, evidencing the legality of the Bonds. The transcript of proceedings on which said opinion is based and a certificate of non-litigation affecting the legality of the Bonds or the right of the Issuer to issue the Bonds will be available for inspection by the purchaser at delivery and will be transmitted to the purchaser upon completion and binding.

The apparent low bid will be unofficially determined by the Issuer and announced to the bidder by telephone promptly after the bidding deadline at 10:30 a.m. Central Standard Time, on the Bid Date, April 9, 2024. If the apparent winning bidder used an electronic bid, then upon notice, such apparent winning bidder will immediately forward to the Issuer, via facsimile and U.S. Express Mail a signed and executed winning bid form (as such form is attached hereto as Exhibit A) stating the terms of their bid. The Trustees of the Issuer will officially award the sale of the Bonds or reject all Bids at their regularly scheduled meeting at 9:00 a.m. Central Standard Time, April 10, 2024.

## **Delivery**

Delivery of the Bonds to DTC shall be made at the expense of the purchaser against payment in federal funds of not less than par plus any premium bid.

## **Standard Filings and Charges**

The winning bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to MSRB Rules G-8, G-11 and G-36. The winning bidder will be required to pay the standard MSRB charge for Bonds purchased. In addition, those who are members of the Bond Market Association ("BMA ") will be required to pay BMA's standard bond charge.

## **Good Faith Deposit**

Each bid shall be accompanied by a deposit ("Deposit") in the form of a wire transfer, certified or cashier's check in the amount of two percent of the aggregate principal amount of the Bonds (\$1,286,900.00), payable to the order of the Issuer, as evidence of the good faith of the bidder.

If a certified or cashiers check is used, it must be on a bank or trust company payable to the Issuer. If a wire transfer is used, the wire instructions can be obtained by contacting Mr. Andrew Martinez at (918) 576-5542. (andrewmartinez@cityoftulsa.org ). **The Deposit or wire transfer must be submitted to the Issuer by 10:00 a.m. Central Standard Time on April 9, 2024** to the Issuer's Director of Finance at the following address: Tammy Pitts, Director of Finance, City of Tulsa, Oklahoma, Attn: Office of the City Clerk, Suite 260, 175 East 2<sup>nd</sup> Street, One Technology Center, Tulsa, Oklahoma 74103; with the envelope marked on the outside substantially as follows: "Good Faith Deposit for Tulsa Metropolitan Utility Authority Utility Revenue Bonds, Series 2024A and Series 2024B".

The Deposit of the successful bidder will be retained by the Issuer pending delivery of the Bonds. All other certified checks, cashier checks or wires will be returned promptly. No interest will be allowed on any Deposit. If the successful bidder shall fail or refuse to comply with his bid, it is agreed that the amount of said Deposit constitutes the damages to the Issuer by reason of such failure or refusal, and said Deposit may be retained by the Issuer as liquidated damages therefor. Otherwise the Deposit will be applied to the purchase price of the Bonds in order to obtain good funds on the date of delivery or returned at delivery

## **Right to Reject Bids; Waive Irregularities**

The Issuer reserves the right, in its discretion, to reject any and all bids and, to the extent permitted by law, to waive any irregularity or nonconformity in any bid.

## **Delivery and Payment; Book-Entry Only**

Delivery of the Bonds is expected to be made in the name of Cede & Co., as nominee of The Depository Trust Company in New York, New York on or about April 19, 2024 and will be available to the winning bidder in book-entry form only as more fully set forth in the Official Statement for the Bonds. The winning bidder shall pay for the Bonds in Tulsa, Oklahoma in immediately available federal funds of not less than par, plus any premium bid, on the date of delivery of such Bonds to DTC. Any expense of providing federal funds shall be borne by the winning bidder.

## **Right of Cancellation**

The winning bidder shall have the right, at its option, to cancel the contract of purchase if the Issuer shall fail to deliver the Bonds within 60 days from the date of sale thereof, and in such event the winning bidder shall be entitled to the return of the Deposit accompanying its bid.

## **CUSIP Numbers**

It is anticipated that CUSIP numbers will be printed on the Bonds, but neither failure to print such numbers on any Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the winning bidder thereof to accept delivery of and pay for the Bonds in accordance with the terms hereof. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the winning bidder including the CUSIP Service Bureau charge for the assignment of said numbers.

## **Official Statement**

The Issuer has authorized the use of a Preliminary Official Statement relating to the Bonds dated as of March 29, 2024 in connection with the sale of the Bonds. The Preliminary Official Statement has been "deemed final" by the Issuer for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, with the exception of "Permitted Exceptions," as defined in said rule. Upon the sale of the Bonds, the Issuer will complete a final Official Statement (the "Official Statement") substantially in the same form as the Preliminary Official Statement subject to such amendments as are necessary.

The Issuer covenants to provide the Official Statement to the purchaser within seven business days after final agreement to purchase, offer, or sell the Bonds in an offering and in sufficient time to accompany any confirmation that requests payment from any customer. Not more than 100 copies of the Official Statement of the Bonds will be supplied to the winning bidder, at the expense of the Issuer. Copies of the Official Statement in excess of the above stated amounts may be obtained at the expense of such winning bidder. The Preliminary Official Statement, may be viewed on and obtained from i-Deal Prospectus at [www.i-dealprospectus.com](http://www.i-dealprospectus.com), telephone (212)849-5024.

## **Approving Opinion**

Bids may be submitted subject to the approving opinion of Hilborne & Weidman, a professional corporation, Tulsa, Oklahoma, in the form set forth in the Preliminary Official Statement, which shall be provided by the Issuer, without cost to the winning bidder.

## **Continuing Disclosure**

In order to assist bidders in complying with S.E.C. Rule 15c2-12(b)(5), the Issuer will undertake, pursuant to a Continuing Disclosure Certificate, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement. Such Continuing Disclosure Certificate will be delivered at closing by the Issuer.

## **Ratings in Effect**

Each bid will be understood to be conditioned upon there being in place at the date of delivery of the Bonds the same (or higher) rating or ratings, if any, as were in place with respect to the Bonds on the Bid Date.



## **Change in Tax Exempt Status**

At any time before the Bonds are tendered for delivery, the winning bidder may disaffirm and withdraw its proposal if the interest received by private holders of obligations of the same type and character of the Bonds (as determined by Bond Counsel) shall be declared to be includable in gross income under present federal income tax laws, either by a ruling of the Internal Revenue Service or by a decision of any federal court, or shall be declared taxable by the terms of any federal income tax law enacted subsequent to the date of this Official Notice of Sale.

## **Information required from Winning Bidder; Reoffering Price**

By making a bid for the Bonds, the winning bidder agrees; (a) to provide to the Issuer, in writing, immediately upon being officially awarded the Bonds, the purchase price, reoffering yield(s), and other related information necessary for completion of the final Official Statement; (b) to disseminate to all members of the underwriting syndicate copies of the Official Statement, including any supplements prepared by the Issuer; (c) to promptly file a copy of the final Official Statement, including any supplements prepared by the Issuer, with each Nationally Recognized Municipal Securities Information Repository; and (d) to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the ultimate purchaser.

## **Establishing the Initial Offering Price for the Bonds**

In order to provide the Issuer with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986, as amended (the “Code”) relating to the exclusion of interest on the Bonds from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Issuer (within 5 business days of the date on which the 10% test, as defined below, is satisfied) a certification as to their “issue price” (the “Issue Price Certificate”) in the form and to the effect attached hereto or accompanying this Official Notice of Sale. In the event the successful bidder will not reoffer the Bonds for sale to the “public” any maturity by the Closing Date, the Issue Price Certificate may be modified in a manner approved by the Issuer. Each bidder, by submitting its bid, agrees to complete, execute, and timely deliver the Issue Price Certificate, if its bid is accepted by the Issuer. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty.

For purposes of this section of this Official Notice of Sale:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other)

In connection with the dissemination of this Official Notice of Sale, the Issuer represents that (i) this Official Notice of Sale is disseminated to potential underwriters in a manner that is reasonably intended to reach potential underwriters; and (ii) all bidders are provided with an equal opportunity to bid. Any bid submitted pursuant to this Official Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. The winning bidder shall confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder.

**In the event that the Competitive Sale Requirements are not satisfied, bids will not be subject to cancellation and the Issuer will establish issue price of the Bonds based on the first price at which 10% of each maturity of the Bonds (such conditions are hereinafter, the “10% test”) is sold to the public.**

The winning bidder agrees to promptly report to the Issuer the prices at which at least 10% of each maturity of the Bonds have been sold to the public. That reporting obligation shall continue until 10% of each maturity of the Bonds is sold to the public, whether or not the Closing Date has occurred. By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

## **Blue Sky Laws**

The winning bidder will be responsible for the clearance or exemption with respect to the status of the Bonds for sale under the securities or "Blue Sky" laws of the several states and the preparation of any surveys or memoranda in connection therewith.

## **Governing Law**

This Official Notice of Sale, and upon the acceptance of a bid from the purchaser of the Bonds by the Issuer in accordance with the terms of this Official Notice of Sale, the resulting contract for the purchase of said Bonds, shall be deemed to have been made in Oklahoma and shall be governed by and construed and interpreted under the laws of the State of Oklahoma applicable to contracts made and performed in the State of Oklahoma. Additionally, the Bonds shall be governed by and construed in accordance with the laws of the State of Oklahoma.

## **Additional Information**

A Preliminary Official Statement relating to the issue, the Official Notice of Sale and Instructions to Bidders and Official Bid Forms, may be viewed on and obtained from i-Deal Prospectus at [www.i-dealprospectus.com](http://www.i-dealprospectus.com), telephone (212)849-5024. A Preliminary Official Statement relating to the issue, the Official Notice of Sale and Instructions to Bidders and Official Bid Forms and other information concerning the proposed financing may also be procured, on request, from the Issuer at the following address: Tammy Pitts, Director of Finance, City of Tulsa, Oklahoma, Attn: Office of the City Clerk, Suite 260, 175 East 2<sup>nd</sup> Street, One Technology Center, Tulsa, Oklahoma, 74103: telephone: (918) 596-7522.

Dated: March 29, 2024.

/s/  
\_\_\_\_\_  
**Chairman of Trustees**

## OFFICIAL BID FORM

Honorable Chairman  
Tulsa Metropolitan Utility Authority  
175 East 2<sup>nd</sup> Street  
Tulsa, Oklahoma 74103

April 9, 2024

Honorable Trustees:

For your issue of Utility Revenue Bonds, Series 2024A and Utility Revenue Bonds, Series 2024B of the aggregate par value of \$64,345,000.00, described in your Official Notice of Sale and Preliminary Official Statement which is expressly made a part hereof, we will pay you, in federal funds, par plus a premium in the amount of \$\_\_\_\_\_, the Bonds to mature in the principal amounts and bear interest at the annual interest rates as set forth on Exhibit "A" attached hereto and made a part hereof.

Payment in federal funds for the Bonds in accordance with the above terms will be made upon their tender to us, free and clear of any bank charges or delivery expenses at the Depository Trust Company, provided we are to be furnished with the approving legal opinion of Hilborne & Weidman, a professional corporation, whose opinion shall be provided at no cost to us.

We have previously delivered our wire transfer, certified or cashier's check, in the sum of One Million Two Hundred Eighty Six Thousand Nine Hundred and No/100s Dollars (\$1,286,900.00) to be held by you and to be forfeited to you as liquidated damages in the event we fail or refuse to comply with this agreement, said Deposit to be returned to us (a) immediately if this proposal is rejected, or (b) after sixty (60) days from this date, if demanded by us, in the event you are unable to comply with the above provisions.

If prior to delivery of these Bonds, the interest received from bonds of the same type and character, shall be subject to Federal income taxation by ruling, decisions, or law, we may, at our election, be relieved of our obligation under this contract and in such case the Deposit will be returned.

The Issuer will undertake, pursuant to a Continuing Disclosure Certificate, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Final Official Statement.

We have calculated the True Interest Cost of the Bonds in accordance with the Official Notice of Sale and Instructions to Bidders and such True Interest Cost for our bid to the Issuer as set forth on Exhibit "A" is as follows:

True Interest Cost \_\_\_\_\_ %

Respectfully submitted,

Name: \_\_\_\_\_

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

Account Manager

Phone: \_\_\_\_\_

Accepted this 9th day of April, 2024.

**WITNESS OUR OFFICIAL HAND AND SEAL:**

ATTEST:	_____	_____
(SEAL)	Secretary of Trustees	Chairman of Trustees

**EXHIBIT A  
TO OFFICIAL BID FORM**

This Exhibit A is attached to and made a part of the bid of \_\_\_\_\_ for the purchase of the \$47,320,000.00 Tulsa Metropolitan Utility Authority Utility Revenue Bonds, Series 2024A and \$17,025,000.00 Tulsa Metropolitan Utility Authority Utility Revenue Bonds, Series 2024B.

**\$47,320,000.00 Series 2024A**

\$2,305,000.00 Bonds maturing April 1, 2025: \_\_\_\_\_%

\$2,385,000.00 Bonds maturing April 1, 2026: \_\_\_\_\_%

\$2,465,000.00 Bonds maturing April 1, 2027: \_\_\_\_\_%

\$2,540,000.00 Bonds maturing April 1, 2028: \_\_\_\_\_%

\$2,620,000.00 Bonds maturing April 1, 2029: \_\_\_\_\_%

\$2,700,000.00 Bonds maturing April 1, 2030: \_\_\_\_\_%

\$2,785,000.00 Bonds maturing April 1, 2031: \_\_\_\_\_%

\$2,865,000.00 Bonds maturing April 1, 2032: \_\_\_\_\_%

\$2,955,000.00 Bonds maturing April 1, 2033: \_\_\_\_\_%

\$3,045,000.00 Bonds maturing April 1, 2034: \_\_\_\_\_%

\$3,140,000.00 Bonds maturing April 1, 2035: \_\_\_\_\_%

\$3,240,000.00 Bonds maturing April 1, 2036: \_\_\_\_\_%

\$3,350,000.00 Bonds maturing April 1, 2037: \_\_\_\_\_%

\$3,465,000.00 Bonds maturing April 1, 2038: \_\_\_\_\_%

\$7,460,000.00 Bonds maturing April 1, 2039: \_\_\_\_\_%

**\$17,025,000.00 Series 2024B**

\$ 830,000.00 Bonds maturing April 1, 2025: \_\_\_\_\_%

\$ 860,000.00 Bonds maturing April 1, 2026: \_\_\_\_\_%

\$ 885,000.00 Bonds maturing April 1, 2027: \_\_\_\_\_%

\$ 915,000.00 Bonds maturing April 1, 2028: \_\_\_\_\_%

\$ 940,000.00 Bonds maturing April 1, 2029: \_\_\_\_\_%

\$ 970,000.00 Bonds maturing April 1, 2030: \_\_\_\_\_%

\$1,000,000.00 Bonds maturing April 1, 2031: \_\_\_\_\_%

\$1,030,000.00 Bonds maturing April 1, 2032: \_\_\_\_\_%

\$1,065,000.00 Bonds maturing April 1, 2033: \_\_\_\_\_%

\$1,095,000.00 Bonds maturing April 1, 2034: \_\_\_\_\_%

\$1,130,000.00 Bonds maturing April 1, 2035: \_\_\_\_\_%

\$1,165,000.00 Bonds maturing April 1, 2036: \_\_\_\_\_%

\$1,205,000.00 Bonds maturing April 1, 2037: \_\_\_\_\_%

\$1,245,000.00 Bonds maturing April 1, 2038: \_\_\_\_\_%

\$2,690,000.00 Bonds maturing April 1, 2039: \_\_\_\_\_%

True Interest Cost \_\_\_\_\_%

Name: \_\_\_\_\_

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

Account Manager

## EXHIBIT B

### ISSUE PRICE CERTIFICATE

The undersigned, as the purchaser (the “Purchaser”) with respect to the purchase at competitive sale of the Utility Revenue Bonds, Series 2024A and the Utility Revenue Bonds, Series 2024B of the Tulsa Metropolitan Utility Authority (the “Issuer”) in the aggregate principal amount of \$64,345,000.00 (the “Bonds”), hereby certify and represent, based on its records and information, as follows:

(Sales where at least 3 bids are received from potential purchasers)

(a) On the first day on which there was a binding contract in writing for the purchase of the Bonds by the Purchaser, the Purchaser’s reasonably expected initial offering prices of each maturity of the Bonds with the same payment and credit terms (the “Expected Offering Prices”) to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter are as set forth in the pricing wire or equivalent communication for the Bonds, as attached to this Certificate as Schedule A. The Expected Offering Prices are the prices for the Bonds used by the Purchaser in formulating its bid to purchase the Bonds.

(b) The Purchaser had an equal opportunity to bid to purchase the Bonds and it was not given the opportunity to review other bids that was not equally given to all other bidders.

(c) The bid submitted by the Purchaser constituted a firm bid to purchase the Bonds.

(Sales where less than 3 bids are received from potential purchasers)

(a) [Other than the Bonds maturing in \_\_\_\_\_, (the “Undersold Maturities”), the] The first price at which at least ten percent (“Substantial Amount”) of the principal amount of each maturity of the Bonds having the same credit and payment terms (“Maturity”) was sold to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter (“Public”) are the initial offering prices (the “Initial Offering Prices”), as listed in the pricing wire or equivalent communication for the Bonds that is attached to this Certificate as Schedule A.

(Add (b) and (c) only if there are Undersold Maturities)

(b) On or before the first day on which there is a binding contract in writing for the sale of the Bonds (“Sale Date”), the Purchaser offered to the Public each Maturity of the Undersold Maturities at the Initial Offering Prices as listed in the pricing wire or equivalent communication for the Bonds that is attached to this Certificate as Schedule A.

(c) Pursuant to the terms of the Official Notice of Sale and Instructions to Bidders and upon delivery and acceptance of the bid form, the Purchaser thereby agreed and hereby agrees to neither offer nor sell any of the Undersold Maturities to any person at any higher price than the Initial Offering Price for such Maturity until the earlier of the close of the fifth business day after the Sale Date or the date on which the Purchaser sells a Substantial Amount of a Maturity of the Bonds to the Public at no higher price than the Initial Offering Price for such Maturity.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations in the No-Arbitrage and Use of Proceeds Certificate and with compliance with the federal income tax rules affecting the Bonds, and by Hilborne & Weidman, a professional corporation, in connection

with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes and for other purposes.

Executed and delivered as of this \_\_\_\_ day of April, 2024.

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Name:

Title:



**SCHEDULE A TO ISSUE PRICE CERTIFICATE**  
**PRICING WIRE OR EQUIVALENT COMMUNICATION**

**PRELIMINARY OFFICIAL STATEMENT DATED, MARCH 29, 2024**

Moody's: Aa1  
S&P: AA+

**NEW ISSUE**

**BOOK-ENTRY ONLY**

*In the opinion of Bond Counsel, under existing statutes and court decisions, assuming continuing compliance with certain conditions imposed by applicable federal tax law as described herein, interest on the Bonds is excluded from the gross income of the owners thereof for federal income tax purposes. Interest on the Bonds will not be treated as a preference item in calculating the alternative minimum tax imposed on individuals under the Internal Revenue Code of 1986, as amended; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. See "CERTAIN TAX MATTERS" herein.*

**\$47,320,000**

**TULSA METROPOLITAN UTILITY AUTHORITY  
UTILITY REVENUE BONDS  
SERIES 2024A**

**\$17,025,000**

**TULSA METROPOLITAN UTILITY AUTHORITY  
UTILITY REVENUE BONDS  
SERIES 2024B**

**Dated: Date of Delivery**

**Due: April 1, as shown**

Interest on the Series 2024A Bonds (the "Series 2024A Bonds") and the Series 2024B (the "Series 2024B Bonds") (collectively the "Series 2024 Bonds") is payable on each April 1 and October 1, commencing October 1, 2024. The Series 2024 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. Purchasers will acquire beneficial interests in the Series 2024 Bonds, in principal amounts of \$5,000 and integral multiples thereof, by book-entry only. Purchasers of the Series 2024 Bonds will not receive physical delivery of bond certificates. The Series 2024 Bonds will not be transferable or exchangeable, except for transfers to another nominee of DTC or otherwise as described herein. See "DESCRIPTION OF THE SERIES 2024 BONDS — Book-Entry-Only System" herein.

Maturity, Principal Amount, Interest Rates, Yield and CUSIP Numbers for the Series 2024 Bonds are shown on the inside cover herein.

The Series 2024A Bonds and the Series 2024B Bonds are subject to optional redemption prior to maturity as set forth herein.

The Series 2024 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 Tulsa Metropolitan Utility Authority (the "Authority") or general obligations of the Authority, but are limited and special obligations of the Authority payable solely from the revenues and receipts derived by the Authority from the operation of the Water System and Wastewater System (herein collectively the "System"), from monies received by the Authority pursuant to the Water System Lease Agreement and Wastewater System Lease Agreement (herein collectively the "Lease Agreements") 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 2024 Bonds. **THE AUTHORITY HAS NO TAXING POWER.**

The Series 2024 Bonds are offered when, as and if issued, and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Hilborne and Weidman, a professional corporation, Tulsa, Oklahoma, Bond Counsel. Certain legal matters will be passed upon for the Authority by its counsel, Jeremy K. Ward, Esq., Tulsa, Oklahoma. It is expected that the Series 2024 Bonds will be available for delivery in New York, New York on or about April 19, 2024.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

## Series 2024A

<b>Principal Amount</b>	<b>Maturity April 1,</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP</b>
\$ 2,305,000	2025			
2,385,000	2026			
2,465,000	2027			
2,540,000	2028			
2,620,000	2029			
2,700,000	2030			
2,785,000	2031			
2,865,000	2032			
2,955,000	2033			
3,045,000	2034			
3,140,000	2035			
3,240,000	2036			
3,350,000	2037			
3,465,000	2038			
7,460,000	2039			

## Series 2024B

<b>Principal Amount</b>	<b>Maturity April 1,</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP</b>
\$ 830,000	2025			
860,000	2026			
885,000	2027			
915,000	2028			
940,000	2029			
970,000	2030			
1,000,000	2031			
1,030,000	2032			
1,065,000	2033			
1,095,000	2034			
1,130,000	2035			
1,165,000	2036			
1,205,000	2037			
1,245,000	2038			
2,690,000	2039			

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 2024 Bonds. Neither the Authority nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

## REGARDING USE OF THIS PRELIMINARY OFFICIAL STATEMENT

The Series 2024 Bonds are offered only by means of this Preliminary Official Statement. This Preliminary Official Statement does not constitute an offering of any security other than the Series 2024 Bonds specifically offered hereby. It does not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the Series 2024 Bonds to any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than contained in this Preliminary Official Statement in connection with the offering of the Series 2024 Bonds and, if given or made, such information or representation must not be relied upon.

The Series 2024 Bonds will not be registered under the Securities Act of 1933, as amended, and the Tulsa Metropolitan Utility Authority (the “Authority”) does not intend to list the Series 2024 Bonds on any stock or other securities exchange. The Securities and Exchange Commission has not passed upon the accuracy or adequacy of this Preliminary Official Statement. With respect to the various states in which the Series 2024 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 Preliminary Official Statement or passed upon or endorsed the merits of this offering of the Series 2024 Bonds.

All references made herein to the Series 2024 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. 2<sup>nd</sup> Street, Suite 1570, Tulsa, Oklahoma and the corporate trust offices of UMB Bank, N.A., Oklahoma City, Oklahoma.

The information contained in this Preliminary Official Statement, including the cover page and Exhibits hereto has been obtained from the Authority and the City of Tulsa, Oklahoma (the “City”), public officials, official records, 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. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority since the date hereof.

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## **PRELIMINARY OFFICIAL STATEMENT**

**\$47,320,000**  
**TULSA METROPOLITAN UTILITY AUTHORITY**  
**UTILITY REVENUE BONDS**  
**SERIES 2024A**

**\$17,025,000**  
**TULSA METROPOLITAN UTILITY AUTHORITY**  
**UTILITY REVENUE BONDS**  
**SERIES 2024B**

### **INTRODUCTION**

This Preliminary Official Statement, including the cover page and Exhibits, is being provided by the Trustees of the **TULSA METROPOLITAN UTILITY AUTHORITY** (the "**Authority**"), in connection with the issuance of the Authority's \$47,320,000 Utility Revenue Bonds, Series 2024A (the "Series 2024A Bonds") and the Authority's \$17,025,000 Utility Revenue Bonds, Series 2024B (the "Series 2024B Bonds"). The Series 2024A Bonds and the Series 2024B Bonds are referred to herein collectively as the "Series 2024 Bonds". The Authority is a public trust which was created pursuant to a Trust Indenture, dated April 5, 1957, as amended, for the use and benefit of the City of Tulsa, Oklahoma (the "City"), under the provisions of Title 60, Oklahoma Statutes 2021, Sections 176, et seq., as amended (the "Act"). The Series 2024 Bonds and any additional parity bonds issued under the Amended Master Bond Indenture (the "Master Bond Indenture"), dated as of September 1, 1989, by and between the Authority and UMB Bank, N.A., Oklahoma City, Oklahoma (the "Trustee"), shall be referred to herein as the "Bonds".

The Authority is issuing its Series 2024 Bonds pursuant to the Master Bond Indenture, as supplemented by the Twenty-Eighth Supplemental Bond Indenture, dated as of April 1, 2024, by and between the Authority and the Trustee (the "Twenty Eighth Supplemental Indenture") (the Master Bond Indenture, as supplemented by the Twenty Eighth Supplemental Indenture, shall be collectively referred to herein as the "Bond Indenture"). A Summary of Certain Provisions of the Bond Indenture is included herein as Exhibit A. Exhibit A should be read in its entirety. The proceeds of the Series 2024 Bonds will be used to fund the construction, acquisition and equipping of certain capital improvements to the Wastewater System (the "Project").

The Authority incurs debt to pay the costs of the construction, acquisition and equipping of certain capital improvements to the Authority's water treatment and distribution system, which includes, but is not limited to, the water distribution system, the treatment facilities, the storage facilities, the water rights and the storage rights (the "Water System") owned by the City and leased to the Authority according to a Lease Agreement and Operation and Maintenance Contract, dated as of February 1, 1984, by and between the City and the Authority (the "Water System Lease Agreement"). A Summary of Certain Provisions of the Water System Lease Agreement is included herein as Exhibit B. Exhibit B should be read in its entirety. The major components of the Water System include the existing and hereafter acquired raw water supplies, water lines that deliver raw water to local storage reservoirs, water treatment plants and the water distribution system. The Water System currently provides water service to areas within the corporate limits of the City, certain areas outside of the City and certain outlying communities (the "Service Area"). For further information on the Service Area, see "The Water System" herein.

The Authority also incurs debt to pay the costs of the construction, acquisition and equipping of certain capital improvements to the Authority's sanitary sewer and wastewater system, which includes, but is not limited to, the sanitary sewer and wastewater collection, transportation, processing and disposal system, including the collection system, lift stations and treatment plants (the "Wastewater System") owned by the City and leased to the Authority according to a Wastewater System Lease Agreement and Operation and Maintenance Contract, dated as of July 1, 1985, by and between the City and the Authority (the "Wastewater System Lease Agreement"). A Summary of Certain Provisions of the Wastewater System Lease Agreement is included herein as Exhibit B. Exhibit B should be read in its entirety. The major components of the Wastewater System include the existing and hereafter acquired collection lines,

wastewater treatment plants and the wastewater collection and disposal system. The Wastewater System currently provides sanitary sewer service to areas within the corporate limits of the City, certain areas outside of the City and certain outlying communities (the "Service Area"). For further information on the Service Area, see "The Wastewater System" herein.

The Water System and Wastewater System are sometimes referred to herein collectively as the "System". The Water System Lease Agreement and the Wastewater System Lease Agreement are sometimes referred to herein as the "Lease Agreements".

The Authority, the City and the Utility Board of the City (the "Utility Board") develop and adopt five-year Capital Improvements Plans (the "Capital Improvements Plans") and five-year Financial Plans (the "Financial Plans") which provide comprehensive plans for development of City-wide capital improvements, including water and sewer facilities. Capital improvement projects delineated in the Capital Improvements Plans and the Financial Plans are funded by Water System and Wastewater System revenues, the issuance of general obligation bonds by the City, the levy and collection of sales tax, the issuance of revenue bonds and federal grants. Pursuant to the provisions of the City Charter, fifty percent of the debt service requirements on general obligation bonds issued by the City to fund improvements to the Water System and Wastewater System are required to be paid from the revenues of the Water System and Wastewater System respectively. As of June 30, 2023, there are no outstanding general obligation bonds issued to fund Water System improvements but there are \$2,539,000 general obligation bonds outstanding to fund Wastewater System improvements.

The Water System Lease Agreement provides for the leasing by the City to the Authority of the existing and hereafter acquired Water System and the rights to the Revenues (as defined herein) of the Water System. The Water System Lease Agreement term expires on January 31, 2034, or until all indebtedness incurred by the Authority secured by and payable from the Revenues has been paid or provisions for the payment thereof have been made. Pursuant to the Water System Lease Agreement, the City has covenanted and agreed, during the term of the Water System Lease Agreement, on behalf of the Authority, to collect the Revenues of the Water System, to operate and maintain the Water System and to make all necessary additions, extensions, replacements and improvements, or to cause such to be done, in order to keep the Water System in proper working and revenue producing order on behalf of the Authority. The City shall collect Revenues on a daily basis and deposit those funds in the Authority's funds and accounts, all as more fully described herein.

The Wastewater System Lease Agreement provides for the leasing by the City to the Authority of the existing and hereafter acquired Wastewater System and the rights to the Revenues (as defined herein) of the Wastewater System. The Wastewater System Lease Agreement term expires on July 30, 2039, or until all indebtedness incurred by the Authority secured by and payable from the Revenues has been paid or provisions for the payment thereof have been made. Pursuant to the Wastewater System Lease Agreement, the City has covenanted and agreed, during the term of the Wastewater System Lease Agreement, on behalf of the Authority, to collect the Revenues of the Wastewater System, to operate and maintain the Wastewater System and to make all necessary additions, extensions, replacements and improvements, or to cause such to be done, in order to keep the Wastewater System in proper working and revenue producing order on behalf of the Authority. The City shall collect Revenues on a daily basis and deposit those funds in the Authority's funds and accounts, all as more fully described herein.

The Authority has previously determined in 2016, pursuant to the provisions of the Indenture to consolidate the Authority's Water System and Wastewater System for purposes of financing improvements to both Systems under the Bond Indenture. (See "Condition for Consolidation of Water System and the Authority's Wastewater System or other Proprietary Revenue Producing System of the Authority" in Exhibit A attached hereto). From and after said date, all Utility System Revenue Bonds will be secured by both the Water and Wastewater Systems and will be used to fund improvements to both Systems. The Series 2024 Bonds, and all other Bonds issued pursuant to the terms of the Indenture are special obligations of the Authority secured by a pledge of the Revenues derived by the Authority and deposited in the funds

and accounts of the Authority pursuant to the Indenture. Such Revenues consist primarily of charges, fees, rewards, sales and collections derived from the Authority from the Water System and the Wastewater System. The pledge of Revenues from the Wastewater System is subordinate to the payment of any senior indebtedness outstanding to the Oklahoma Water Resources Board as described under “Sources of Payment for the Series 2024 Bonds” below.

The Authority has covenanted in the Indenture to establish fees and charges, or to cause such to be done, to produce annual Revenues sufficient to provide Net Revenues (as defined herein) equal to one hundred twenty-five percent (125%) of the maximum annual debt service requirements on the Bonds (the "Rate Covenant").

The Authority employed Infrastructure Management Group (IMG), consulting engineers (the "Engineer") to complete a Comprehensive Water and Wastewater System Study for the City of Tulsa's water and wastewater systems and identify improvements required to meet the projected water and wastewater systems demand for the period of 2010 to 2060. Black & Veatch LLP, consulting engineers, developed computerized models that the City staff could update annually to develop water rates. The City staff uses the models to make projections as to future rate increases necessary to provide Revenues sufficient to satisfy the Rate Covenant. The Authority approved a 3% rate increase in water fees and a 4% rate increase in sewer fees beginning in October 2023.

The Authority has included herein as Exhibit "E" a copy of the Authority's audited basic financial statements as of June 30, 2023 and for the year then ended, which have been audited by RSM US LLP, independent auditor. Exhibit "E" should be read in its 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 2024 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 2024 Bonds. **THE AUTHORITY HAS NO TAXING POWER.**

#### **SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS**

The Series 2024 Bonds are special and limited obligations of the Authority payable by the Authority from and secured by a pledge of: (a) the Revenues of the System, (b) all funds and accounts (except for the Operating Fund) established by the Bond Indenture, including the income derived from the investment thereof, if any, and the proceeds of the Series 2024 Bonds, until expended, (c) the leasehold personal property interests related to the System created, given, granted, assigned, pledged and conveyed by and subject to the terms of the Bond Indenture, and all other personal property owned by the Authority and related to the System, and (d) the present and hereinafter acquired interests of the Authority in and to the Lease Agreements, certain Water Main Extension Contracts and all other contracts and agreements relating to the System which are pledged to the Trustee under the Bond Indenture as security for the Bonds. Provided the pledge of the security interest in favor of the Trustee set forth above as it relates to the Revenues of the Wastewater System as defined herein and all right title and interest of the Authority in and to the personal property rights contained in the Authority's leasehold interest in the Wastewater System and in all personal property of the Authority relating to the Wastewater System in subordinate and inferior to any pledge or encumbrance of the Authority in the Wastewater System presently granted to the Oklahoma Water Resources Board in connection with any outstanding debt of the Authority owing to the Oklahoma Water Resources Board. (See “Existing Debt of Wastewater Systems”).

Under and pursuant to the terms of the Lease Agreements, the Authority shall receive on a daily basis, to the credit of the Revenue Fund, the Revenues of the System. Upon receipt of the Revenues, and

as to the Wastewater System, subject to the prior lien of the Oklahoma Water Resources Board, the Authority shall make the following transfers monthly in the following order: to the Bond Service Account and the Bond Service Reserve Account in the Bond Fund; to provide for the payment of maintenance and operation costs of the System; to the Renewal and Replacement Fund; to make the Water Main Extension Payments; to make the General Fund Transfer; and to deposit the balance to the Operating Fund. If on or before the 25<sup>th</sup> day of each month the payments and deposits required above have been made from the Operating Fund or any other source then during the month immediately following such deposits the Revenues from the Water System and the Wastewater System may be deposited as received directly into the Operating Fund. The Authority has also established the Bond Service Reserve Account under the Bond Indenture in an amount equal to the lesser of ten percent (10%) of the proceeds of such Series of Bonds or the maximum Bond Service for any Bond Year in respect to such Series of Bonds. The monies contained in the Bond Service Reserve Account can be utilized to prevent a default in the payment of the principal of and interest on the Series 2024 Bonds. Upon issuance of the Series 2024 Bonds and any additional bonds under the Bond Indenture, there shall be deposited in the Bond Service Reserve Account an amount as required by the Bond Indenture.

The payment of the principal of and interest on the Series 2024 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 2024 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 2024 Bonds. The Series 2024 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 2024 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 2024 BONDS**

The following is a summary of certain provisions of the Series 2024 Bonds. Reference is made to the Series 2024 Bonds themselves for the complete text thereof and to the Bond Indenture, and the discussion herein is qualified by such reference.

### **General**

The Series 2024 Bonds will be dated the date of delivery and will mature, subject to the right of redemption described below, in the amounts and on the dates set forth on the cover page of this Preliminary Official Statement. The Series 2024 Bonds will bear interest from the date of delivery thereof at the rates set forth on the cover page hereof, payable on each April 1, and October 1, commencing October 1, 2024.

### **Book-Entry Only System**

The information contained in the following paragraphs of this subsection “Book-Entry Only System” has been extracted from a schedule prepared by the Depository Trust Company, New York, New York (“DTC”) entitled “SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY ONLY ISSUANCE.” The Authority makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.



DTC will act as securities depository for the Series 2024 Bonds. The Series 2024 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered certificate will be issued for each annual maturity of the Bond, each in aggregate principal amount of such annual maturity, and such certificates will be deposited with DTC.

DTC 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, and 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 securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants ("Direct Participants") include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and 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 securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Series 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 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, but Beneficial Owners are 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 Series 2024 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Series 2024 Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024 Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the Series 2024 Bonds 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. will consent or vote with respect to the Series 2024 Bonds. Under its usual procedures, DTC would mail 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 Series 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2024 Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payment date. 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 to 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 Series 2024 Bonds at any time by giving reasonable notice to Issuer or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

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

NEITHER THE ISSUER, THE PAYING AGENT NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2024 BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDOWNER; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS BONDOWNER; OR (5) THE SELECTION BY DTC, AND DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF SERIES 2024 BONDS.

### **Redemption of the Series 2024 Bonds**

**Extraordinary Optional Redemption.** The Bonds shall be subject to redemption, in whole at any time, at a redemption price equal to the principal amount thereof plus interest accrued thereon to the redemption date in the event of the destruction or damage to all or substantially all of the System or the condemnation of substantially all of the System.

**Optional Redemption.** The Series 2024A Bonds maturing on and after April 1, 2033, are subject to redemption at the option of the Authority, in whole or in part, in inverse order of maturity, by lot within a maturity, on any date on and after April 1, 2032, at the principal amount thereof plus accrued interest to the date fixed for redemption.

The Series 2024B Bonds maturing on and after April 1, 2033, are subject to redemption at the option of the Authority, in whole or in part, in inverse order of maturity, by lot within a maturity, on any date on and after April 1, 2032, at the principal amount thereof plus accrued interest to the date fixed for redemption.

**Selection of Series 2024 Bonds to be Redeemed.** If less than all the Series 2024 Bonds within a particular maturity shall be called for redemption, the particular Series 2024 Bonds or portions of Series 2024 Bonds to be redeemed shall be selected by lot by the Trustee in such manner as the Trustee in its discretion may deem appropriate and fair; **PROVIDED, HOWEVER**, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some integral multiple thereof and that in selecting Series 2024 Bonds for redemption, the Trustee shall treat each Bond as representing that number of Series

2024 Bonds which is obtained by dividing the principal amount of such registered Series 2024 Bond by \$5,000 (such amounts being hereinafter referred to as the applicable "units of principal amount"). If it is determined that one or more, but not all of the \$5,000 units of principal amount represented by any such Bond is to be called for redemption, then upon notice of intention to redeem such \$5,000 unit or units, the holder of such Series 2024 Bond shall forthwith surrender such Series 2024 Bond to the Trustee for (a) payment of redemption price (including interest to the date fixed for redemption) of the \$5,000 unit or units of principal amount called for redemption, and (b) exchange for a new Series 2024 Bond or Series 2024 Bonds of the aggregate principal of such Series 2024 Bonds not called for redemption. **IF THE OWNER OF ANY SUCH SERIES 2024 BOND OF A DENOMINATION GREATER THAN \$5,000 SHALL FAIL TO PRESENT SUCH SERIES 2024 BOND TO THE TRUSTEE FOR PAYMENT AND EXCHANGE AS AFORESAID, SUCH SERIES 2024 BOND SHALL, NEVERTHELESS, BECOME DUE AND PAYABLE ON THE DATE FIXED FOR REDEMPTION TO THE EXTENT OF THE \$5,000 UNIT OR UNITS OF PRINCIPAL AMOUNT CALLED FOR REDEMPTION (AND TO THAT EXTENT ONLY).**

**Notice of Redemption.** Notice of redemption shall be given by mailing a copy of the redemption notice by first class mail at least thirty (30) days prior to the date fixed for redemption, to the holders of the Series 2024 Bonds to be redeemed at the addresses shown on the registration books; **PROVIDED, HOWEVER,** that failure duly to give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of Series 2024 Bonds as to which no such failure or defect has occurred.

## THE AUTHORITY

### General

The Tulsa Metropolitan Water Authority was created pursuant to a Trust Indenture dated April 5, 1957, as amended, for the benefit of the City, and is governed by seven trustees, who serve so long as they serve as members of the Utility Board of the City (the "Utility Board"). The Authority's name was changed in 1989 to the Tulsa Metropolitan Utility Authority. Pursuant to the Amended Charter of the City of Tulsa, effective May 8, 1990 (the "Amended Charter"), is composed of the Mayor of the City of Tulsa, and six (6) members appointed by the Mayor and confirmed by the City Council. The Authority is a public trust and an agency of the State of Oklahoma organized under and pursuant to the provisions of Title 60, Oklahoma Statutes, Sections 176, et seq., as amended. The purposes of the Authority, in general, are to construct, operate and maintain, or to cause the construction, operation, and maintenance of Water System facilities and Wastewater System Facilities and other public facilities for the benefit of the citizens of the City and surrounding areas. The Trustees and officers of the Authority are as follows:

<u>Name</u>	<u>Position</u>	<u>Occupation</u>
Jeff Dunn	Chairman	Businessman
Richard Sevenoaks	Vice Chairman	Businessman
Lou Reynolds	Secretary	Businesswoman
Richard Hudson	Member	Businessman
Stephanie Vickers-Regan	Member	Attorney
Jim Cameron	Member	Businessman
Jack Neely	Mayor Designee	Businessman

## Existing Indebtedness (in thousands)

The Authority has issued the following indebtedness in connection with the combined Water System and Wastewater System:

	<u>Original Amount</u>	<u>Outstanding as of June 30, 2023</u>
<b>Water:</b>		
Utility Revenue Bonds, Refunding Series 2013	\$ 61,280	\$ 20,820
Utility Revenue Bonds, Series 2014	17,825	13,045
Utility Revenue Bonds, Refunding Series 2015	9,940	4,110
Utility Revenue Bonds, Series 2016A	16,565	10,985
Utility Revenue Bonds, Refunding Series 2017A	27,765	18,370
Utility Revenue Bonds, Refunding Series 2019A	18,705	12,700
<b>Sewer:</b>		
Utility Revenue Bonds, Series 2016B	10,885	8,285
Utility Revenue Bonds, Refunding Series 2016C	34,810	18,020
Utility Revenue Bonds, Series 2018A	11,850	10,105
Utility Revenue Bonds, Series 2019B	12,430	11,010
Utility Revenue Bonds, Series 2020A	26,695	24,655
Utility Revenue Bonds, Series 2020B	24,770	14,600
<b>Total</b>	<u>\$ 273,520</u>	<u>\$ 190,460</u>

The Authority has issued the following additional indebtedness to the Oklahoma Water Resources Board in connection with the Wastewater System:

Promissory Notes	Maturity Dates	Original Amount	Outstanding as of June 30, 2023
<b>Wastewater Senior Debt:</b>			
Series 2012B	2032	\$11,355	\$6,890
Series 2013B	2033	27,605	18,950
Series 2014B	2033	10,180	6,885
Series 2014C	2034	17,735	13,115
<b>Total Senior Debt</b>		<u>\$66,875</u>	<u>\$45,840</u>
<b>Wastewater Subordinate Debt:</b>			
Series 2004B	2023	1,560	120
Series 2005B	2027	7,900	2,564
Series 2005C	2025	1,203	211
Series 2006A	2027	3,130	990
Series 2006C	2029	17,825	7,551
Series 2007A	2026	5,131	1,184
Series 2009A	2032	11,320	5,356
Series 2010A	2032	27,757	14,571
Series 2011A	2033	23,480	13,188
Series 2011C	2034	16,700	10,266
Series 2012A	2034	4,347	2,641
Series 2013A	2035	9,850	6,659
Series 2014A	2035	2,910	1,940
Series 2015A	2038	28,330	19,551
Series 2017A	2040	21,725	17,057
Series 2018A	2041	14,350	11,826
Series 2019A	2041	10,626	2,481
<b>Total Subordinate Debt</b>		<u>\$214,957</u>	<u>\$118,336</u>
<b>Total Promissory Note Debt</b>		<u>\$281,832</u>	<u>\$164,176</u>

The pledge of Wastewater Revenues granted for the Bonds under the Indenture is subordinate to the Wastewater Senior Debt and on a parity to the pledge granted to the Wastewater Subordinate Debt.

The Authority is responsible to repay one half of the debt service of general obligation bonds issued by the City of Tulsa for the benefit of the Wastewater System, of which \$2,539,000 is outstanding as of June 30, 2023.

## **THE UTILITY BOARD**

### **General**

The Utility Board was created by the City Charter, Article XII, Sections 1 through 5, for the purpose of the construction, extension, improvement, operation, management and maintenance of the water system, sanitary sewer system and sewage disposal plants of the City. Under the Amended Charter, the Utility Board was created and subject to Article V, Sections 2.1 through 2.14. The Utility Board has the mandatory duty to fix and establish rates and prices for services rendered and commodities sold (including services supplied by the Authority) and it is the mandatory duty of the City Council to approve all such rates and prices.

Pursuant to the Amended Charter, the Utility Board consists of seven (7) members, six (6) of whom are appointed by the Mayor subject to confirmation by the Council and the seventh is the Mayor or a representative of the Mayor designated for that purpose. The seven (7) members of the Utility Board also serve as Trustees of the Authority.

### **Management**

The Utility Board is responsible for the management of the System of the City and has the power to appoint and/or authorize the employment of employees, all subject to the approval of the Mayor. Pursuant to the Lease Agreements, the City, through the Utility Board, is responsible for the operation, maintenance and management of the System. The employees are members of the Water and Sewer Department, Engineering Services Department and Finance Department of the City. The Mayor shall be responsible for appointing the Director of the Water and Sewer Department.

## **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 2020 census is 1,015,331.

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, BOK 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 Gathering Place which was voted USA Today's Best New Attraction of 2019, 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, hockey, and soccer, as well as a full complement of NCAA Division I college athletics including: football, basketball, golf, baseball, soccer, and tennis.

Tulsa also offers a wide range of shipping options: rail, water, truck, and air. The completion of the McClellan-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**

Tulsa has a diverse economy including: aerospace (manufacturing and aviation), health care, energy, machinery and electrical equipment (both manufacturing and transportation) and distribution and logistics. As the Tulsa Regional Chamber of Commerce has reported, several of these sectors have disproportionately large concentrations of employment relative to the U.S. “Aerospace part manufacturing, which is 4.8 times more concentrated in the Tulsa MSA than the U.S.; and oil and gas production and machinery manufacturing, which is 6.2 times more concentrated, accounts for 1.5 percent of highly productive employment, which produces 12.4 percent of Tulsa’s Gross Regional Product. Tulsa’s concentration of fabricated metal product manufacturing is 3.6 times the U.S. concentration, but its heat-exchanger manufacturing sub-cluster is 55.7 times more concentrated than at the U.S. level”. Many of these concentrations are positioned within the metro area due to factors such as the cost of doing business and a cost of living which is 11% below the national average.

Based on the 2020 Census, the Tulsa Metropolitan Statistical Area (MSA) is comprised of 1,034,123 people which makes up 25.7% of the state’s total population. In 2022, Tulsa represented over \$56.1B in Gross Metro Product which is 26.1% of Oklahoma’s economy.

The unemployment rate for the city of Tulsa, as reported by the Bureau of Labor Statistics, in June 2023 was 3.0% at the end of the fiscal year. This is down from the City’s unemployment rate of 3.5% at the end of fiscal year 2022. We saw the unemployment rate spike to an all-time high in April 2020 to 14.0% due to COVID-19. In September 2021, the unemployment rate for the city fell to 3.5% from the peak in April 2020, returning to its pre-pandemic levels.

## **THE WATER SYSTEM**

### **Service Area**

The Service Area of the Authority includes all of the area within the corporate limits of the City, certain areas outside the City and certain outlying communities. The Water System currently provides treated water to the following cities and rural water districts: Bixby, Broken Arrow, Catoosa, Glenpool, Jenks, Owasso, Sand Springs, Skiatook, Sperry, Creek Rural Water #2, Okmulgee Rural Water #6, Osage Rural Water #15, Rogers Rural Water #3, Sapulpa Rural Water, Turley Rural Water #3, Wagoner Rural Water #4 and Washington Rural Water #3. The Water System also has emergency connections to the cities and rural water districts of Sapulpa, and Rogers Rural Water #5.

### **Customers**

As of June 30, 2023, the Water System had a total of 147,493 active water meters, a 1.01% increase over the 146,392 active water meters in 2022. The average daily amount of water delivered to those meters in 2023 totaled 113.05 million gallons, which is a 4.22% increase from the 108.47 million gallons delivered in 2022. The historical annual pattern of change, since 2014, in the number of meters in service and water delivered are set forth as follows:

## Water Delivered

<u>Fiscal</u> <u>Year</u>	<b>Active Water Meters</b>		<b>Daily Average</b>	
	<u>Total</u>	<u>Percent</u> <u>Change</u>	<u>Pumpage</u> <u>(MGD)</u>	<u>Percent</u> <u>Change</u>
2023	147,493	1.01%	113.05	4.22%
2022	146,392	11.74%	108.47	3.8%
2021	131,008	-2.50%	104.45	-0.10%
2020	144,785	2.19%	104.56	7.24%
2019	145,308	0.38%	97.5	-6.07%
2018	144,761	0.66%	103.8	-2.26%
2017	143,805	-0.87%	106.2	2.21%
2016	145,070	1.63%	103.9	2.36%
2015	142,738	0.29%	101.5	0.89%
2014	142,330	0.43%	100.6	-6.42%

\*MGD – Million Gallons per day

The largest class of Water System customers is residential customers, who represented 89.4% of the total number of customers in 2023. The second largest class of customers was industrial customers, representing 0.095% of the current total.

Total Water System billed consumption (treated water only) for Fiscal Year 2023 was 36.65 billion gallons. The top ten customers of the System, by total billed consumption (treated water only), are listed below:

	<u>Customer Name</u>	<u>Consumption (in millions)</u>
1	Terra Nitrogen L P	1,648
2	Holly R M Tulsa LLC	1,345
3	Holly R M Tulsa LLC	1,328
4	Kimberly Clark Corp	988
5	City of Jenks	969
6	Rogers County RWD #3 Treated	719
7	City of Owasso	622
8	City of Bixby	590
9	Jenks Public Works	384
10	Covanta Environmental Solutions	457

These ten major customers accounted for approximately 24.99% of the total billed consumption in Fiscal Year 2023. In Fiscal Year 2022, the top ten customers accounted for approximately 25.42% of the total billed consumption. The top two customers represented 8.17% of the billed consumption in Fiscal Year 2023 and 8.90% in Fiscal Year 2022.

## Supply

Tulsa has two normal sources of raw water: Spavinaw Creek, the source for Spavinaw and Eucha Lakes, and the Verdigris River, which feeds Lake Oologah. During emergencies, such as droughts, these two supplies are supplemented by a connection to Lake Hudson on the Grand River. A third permanent supply source of 80 million gallons per day (MGD) has been obtained from the Grand River through the Grand River Dam Authority. To date, a portion of the right of way has been purchased for the future pipeline needed to deliver this water to the treatment plants, but the pipeline has not been built. Given current projected demand figures, it is not anticipated this source will be needed until after 2040.



The existing raw water sources and pipelines can deliver 187 MGD during dry weather, with maximum capacity at more than 210 MGD. This compares to an average treated water consumption rate of just over 100 MGD over the last five years. The current supplies can deliver 1.9 times the historic average daily demand. When combined with the local storage reservoirs, it is anticipated the existing supply lines will be able to deliver the water needed under drought conditions through the year 2040.

## **Treatment Plants**

The Water System is served by the Mohawk and A.B. Jewell water treatment plants. The Mohawk plant uses water from the Spavinaw and Eucha lakes and can treat 100 MGD. The A.B. Jewell Plant can treat 110 MGD and is supplied by Lake Oologah.

## **Distribution Facilities**

Treated water is distributed to the Water System's customers through 2,262 miles of water lines. Storage tanks at eight locations throughout the Water System's service area are used to meet peak daily demands and emergencies. The Water System's Capital Improvement Plan (CIP) currently includes a new 48-inch waterline to improve service to the northern portion of the City of Tulsa and the Cherokee Industrial Park. Also in the plan is the connection of dead-end waterlines and replacement of undersized 2-inch waterlines throughout the city. Finally, future funding will be required to serve the northwest area of Tulsa that is currently underserved due to the elevation change in that area of the city.

The City implements a system-wide water main replacement program to maintain the integrity of the water distribution system. The program involves the development of an annual priority list which is based on frequency of breaks, adequacy of fire protection, size, age and condition of the lines and elimination of dead-end mains. The program is financed from annual Revenues.

## **THE WASTEWATER SYSTEM**

### **Service Area**

The Service Area of the Authority includes all of the area within the corporate limits of the City, and certain areas outside the City. The Wastewater System currently provides treated sewer to Tulsa. The Haikey Creek wastewater treatment plant and drainage basin serve the City of Tulsa and the City of Broken Arrow.

### **Customers**

As of June 30, 2023, the Wastewater System had a total of 137,173 active wastewater customers, a 0.40% decrease over the 137,653 active wastewater customers in 2022. The historical annual pattern of change, since 2016, in the number of customers in service and are set forth as follows:

<u>Fiscal Year</u>	<u>Wastewater System Customer Totals</u>	<u>Percent Change</u>
2023	137,173	-0.40%
2022	137,653	3.59%
2022	132,883	-1.67%
2020	135,146	0.20%
2019	134,881	0.38%
2018	134,369	1.04%
2017	132,992	0.94%
2016	131,751	0.21%

The largest class of Wastewater System customers is residential customers, who represented 91.49% of the total number of customers in 2023. The second largest class of customers was commercial customers, representing 7.78% of the current total. Industrial customers represent 0.72%.

Total Wastewater System billed use for Fiscal Year 2023 was 12.63 billion gallons. The top ten customers of the Wastewater System, by use are listed below:

	<b><u>Customer Name</u></b>	<b><u>FY 2023 (in millions)</u></b>
1	City of Catoosa	327.7
2	American Airlines	230.7
3	St. Francis Hospital	139.1
4	Milo's Tea Company Inc	44.2
5	Tulsa County Sheriff Office	43.1
6	Tulsa State Fair	40.4
7	Creek Nation Casino	38.5
8	John Zink Company	30.4
9	Hillcrest Medical Center	29.7
10	Covanta Environmental Solutions	27.5

These ten major customers accounted for approximately 7.53% of the total billed rates in Fiscal Year 2023. In Fiscal Year 2022, the top ten customers accounted for approximately 8.09% of the total billed use. The top two customers represented 4.42% of the billed rates in Fiscal Year 2023 and 4.72% in Fiscal Year 2022.

### **Treatment Plants and Disposal Facilities**

The Wastewater System is served by the Northside, Southside, Haikey Creek and Lower Bird Creek wastewater treatment plants. The Northside plant experiences a 5-year average daily flow of 23.97 MGD and it is permitted for 42.6 MGD. The Southside plant experiences a 5-year average daily flow of 23.77 MGD and it is permitted for 42.0 MGD. The Haikey Creek plant experiences a 5-year average daily flow of 11.64 MGD and it is permitted for 16.0 MGD. The Lower Bird Creek plant experiences a 5-year average daily flow of 1.12 MGD and is permitted for 4.0 MGD. Each plant has a flow equalization basin.

The City of Tulsa contributes on average 55% of the flow, and the City of Broken Arrow contributes on average 45% of the flow to the Haikey Creek plant. The City of Tulsa operates the plant and bills the City of Broken Arrow for 45% of the operations and maintenance costs. Capital investment in the plant is divided evenly between the cities.

The treatment system also includes the 71<sup>st</sup> Street Biosolids Dewatering Facility.

### **Collection System**

Four plants treat waste collected in a system of 1,960 miles of underground trunk and collection system sanitary sewer lines, and 62 lift stations. The collection system also has three flow equalization basins.

The City implements a system-wide concrete pipe replacement program and a sewer rehabilitation and replacement program. The program involves the development of annual priority list which is based on condition assessment, flow monitoring, inflow and infiltration assessment, and sanitary sewer overflows.

## FINANCIAL OPERATIONS

### Rates

The Authority employed Information Management Group (IMG), consulting engineers (the "Engineer") to complete a Comprehensive Water and Wastewater System Study for the City of Tulsa's water and wastewater system and identify improvements required to meet the projected water and wastewater system demand for the period of 2010 to 2060. Black & Veatch LLP, consulting engineers, developed computerized models that the City staff could update annually to develop water rates. The City staff uses the models to make projections as to future rate increases necessary to provide revenues sufficient to satisfy the Rate Covenant. In June 2023, a rate increase for residential customers inside city limits of 7.5% monthly base rate and 4% per 1,000 gallons for wastewater service was approved to take effect in October 2023. A rate increase for residential customers inside city limits of 3.1% monthly base rate and 3% per 1,000 gallons for water service was approved to take effect in October 2023.

Below is a schedule of water rates for residential customers inside city limits with rates that begin October 1 of the stated year:

<u>Year</u>	<u>Monthly Base Rate</u>	<u>Rate per 1,000 Gallons</u>
2023	\$6.57	\$4.44
2022	6.38	4.31
2021	6.38	4.31
2020	6.38	4.31
2019	6.38	4.31
2018	6.38	4.25
2017	6.19	4.13
2016	5.90	3.93
2015	5.51	3.64
2014	5.15	3.40

Below is a schedule of wastewater rates for residential customers inside city limits with rates that began October 1 of the stated year:

<u>Year</u>	<u>Monthly Base Rate</u>	<u>Rate per 1,000 Gallons</u>
2023	\$10.69	\$10.40
2022	9.95	10.02
2021	8.80	9.36
2020	8.52	9.06
2019	8.27	8.80
2018	7.63	7.96
2017	7.00	7.30
2016	5.90	6.70
2015	5.88	6.15
2014	5.39	5.64

## Revenues and Expenses

The following tables show the Revenues and Operations and Maintenance Expenses of the Systems in fiscal years 2017-2023 (in thousands of dollars) and coverage ratio for the Bonds.

### WATER SYSTEM

Year	Gross (1) Revenue	Direct (2) Operating Expenses	Available for Debt Service	Principal	Interest	Total	Actual (3) Coverage	Coverage (4) Using Maximum Principal & Interest
2023	\$139,249	\$81,696	\$57,553	\$11,430	\$2,545	\$13,975	4.12	4.12
2022	121,163	67,016	54,147	11,125	2,891	14,016	3.86	3.86
2021	125,284	63,488	61,796	10,935	3,330	14,265	4.33	4.33
2020	126,506	64,785	61,721	10,815	3,553	14,368	4.30	4.30
2019	124,062	62,405	61,657	9,705	3,962	13,667	4.51	4.29
2018	128,894	56,539	72,355	10,555	4,001	14,556	4.97	4.97
2017	123,221	58,721	64,500	9,400	5,051	14,451	4.46	4.46

(1) Operating revenues and investment income less revenue restricted for general obligation bonds

(2) Excludes transfers to General Fund per debt agreement and depreciation expense.

(3) Debt coverage based on actual debt service

(4) Debt coverage based on maximum principal and interest per debt agreement

### WASTEWATER SYSTEM

Year	Gross (1) Revenue	Direct (2) Operating Expenses	Available for Debt Service	Principal	Interest	Total	Actual (3) Coverage	Coverage (4) Using Maximum Principal & Interest
2023	\$147,391	\$64,077	\$83,314	\$22,014	\$7,892	\$29,906	2.79	2.79
2022	129,041	57,070	71,971	21,012	7,615	28,627	2.51	2.39
2021	126,703	54,535	72,168	16,916	8,124	25,040	2.88	2.45
2020	124,701	56,902	67,799	21,725	8,439	30,164	2.25	2.25
2019	115,753	54,212	61,541	17,492	8,607	26,099	2.36	2.09
2018	108,086	48,012	60,074	16,771	8,757	25,528	2.35	2.14
2017	100,305	47,136	53,169	12,829	9,119	21,948	2.42	2.42

(1) Operating revenues and investment income less revenue restricted for general obligation bonds

(2) Excludes transfers to General Fund per debt agreement and depreciation expense.

(3) Debt coverage based on actual debt service

(4) Debt coverage based on maximum principal and interest per debt agreement

### COMBINED SYSTEMS

Year	Gross Revenue (1)	Direct Operating Expenses (2)	Transfer to Senior and Subordinate Debt to OWRB	Net Revenue Available for Debt Service	Maximum Principal & Interest on Bonds	Coverage Ratio (3)
2023	\$286,641	\$145,773	\$18,380	\$122,488	\$25,823	4.74
2022	250,204	124,086	18,031	108,087	25,823	4.19
2021	251,987	118,023	17,764	116,200	24,935	4.66
2020	251,207	121,687	23,146	106,374	21,708	4.90
2019	239,815	116,617	19,804	103,394	21,708	4.76
2018	236,980	104,550	19,888	112,542	21,052	5.35
2017	223,526	105,857	21,948	95,721	20,518	4.67

(1) Operating revenues and investment income less revenue restricted for general obligation bonds.

(2) Excludes transfers to General Fund per debt agreement and depreciation expense.

(3) Debt coverage based on maximum principal and interest per debt agreement.

The Bond Indenture contains a Rate Covenant requiring Revenues less Operation and Maintenance Expenses (excluding the General Fund Transfer of 6.95% of Water Revenues and 6.2% of Wastewater Revenues) at least equal to 125% of the maximum annual principal and interest on all Bonds, as described under "Rates, Fees and Charges" in Exhibit A, Summary of Certain Provisions of the Bond Indenture. Under this method of calculation, the Authority has continually complied with the rate covenant contained in the Bond Indenture and for Fiscal Year 2023 has provided a coverage ratio of 4.74.

## **Budget Process and Accounting Procedures**

The City's Water and Sewer Department prepares an annual budget for the System in conformity with the City's requirements and procedures. The budget is a financial plan which sets forth estimated revenues and appropriations. Appropriations are made for each account under individual sections. Appropriation increases must be funded by either a transfer from other appropriations within the Authority funds or by excess revenues generated by the System. The budget request is sent to the City's Finance Department for review before submittal to the Mayor, Council and TMUA board for approval. The Mayor is required, by the Charter, to submit a budget to the City Council on or before May 1 of each year for their approval. The Council must adopt a budget seven days prior to the beginning of the fiscal year, July 1.

The Water and Sewer Department utilizes the City's Finance Department to monitor and control expenditures. Monthly reports are distributed along organizational, account and project lines. Review of such reports on a timely basis allows the Water and Sewer Department to monitor costs and to control and redirect programs, and provides a basis for preparation of other internal reports. The System is accounted for on a full accrual basis which recognizes and records expenses when goods and services are received and revenues when earned.

In preparing its annual operating budget, the Water and Sewer Department determines its total expense and debt service needs. This is accomplished using information from rate studies as well as historical expenditures. Rates are established by determining revenues needed to cover 100% of the budget. The Authority, assisted by the Water and Sewer Department, has determined, by policy, to establish rates sufficient to provide Net Revenues Available for Debt Service at least equal to 2.00 times the annual debt service requirements of the Bonds.

## **Financial Controls**

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, 2021 and for each of the previous 40 years. 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 CAFR may be obtained from the City Controller, 175 E 2nd St, Suite 1570, Tulsa, OK 74103. These and other financial reports may also be found on the City's website ([Link to CAFR](#)).

## Billing, Collections and Enforcement Procedures

All utility charges are billed by the Utilities Services Division of the Finance Department using a module that is integrated within the City's ERP system. Revenues are collected on behalf of the Authority by the Finance Department in accordance with its payment processing procedures. Utility service bills are based on metered use, meter, field service and other types of fees and are mailed to each customer once a month. The amount of each water bill is determined by the volume of water used by the customer since the previous reading date (approximately 30 days), size of the meter(s) and other miscellaneous charges. The amount of each wastewater bill for residential service is determined by a calculation of the average water usage by the customer during the winter months, size of meter and other miscellaneous charges. Payment is due on utility bills twenty-one days from the bill date. Bills outstanding thereafter are considered delinquent and subject to a 1.5% late fee based on the total delinquent balance.

The Finance Department deposits all utility service collections with the City and, in conjunction with other payment processing sources, delivers daily reports on receipts and deposits to the Finance Department's Utilities Services Division.

Listed below is the most recent five-year utility system collection history in thousands:

Water System Collection History			
Fiscal Year Ending			Percentage of Total
June 30	Total Water Billings	Amount Collected	Collected
2023	\$134,110	\$131,891	98.35%
2022	121,245	122,796	101.28%
2021	123,312	122,244*	99.13%
2020	115,022	113,288	98.49%
2019	116,209	117,993	101.54%
2018	121,703	118,524	97.39%

Wastewater System Collection History			
Fiscal Year Ending			Percentage of Total
June 30	Total Water Billings	Amount Collected	Collected
2023	\$141,310	\$139,710	98.87%
2022	127,510	132,146	103.64%
2021	125,802	125,888*	100.07%
2020	119,638	119,826	100.16%
2019	112,146	111,436	99.37%
2018	105,735	104,559	98.89%

\*Collection amount estimated based on 03/31/2021 collection percentage. 06/30/2021 collection amounts are not available due to ransomware attack.

City ordinances provide that any person, firm or corporation desiring water or wastewater services make a security deposit to guarantee payment for service to each premise served. The amount of such security deposit is equal to the charges for two months water services as estimated at the date of first service. The security deposit does not relieve the customer of the obligation of paying monthly Utilities Services' billings.

In the event that any utility charges remain unpaid for a period of forty-two days from the bill date, Utilities Services and Field Customer Service may shut off the supply of water to any premises served by the Authority. One week later, if the charges are still unpaid, the meter will be removed. If charges are not paid within the next thirty days or if illegal connections are discovered, customers may face service line removal. If an account is closed and the bill remains unpaid after sixty days, the account is written off and transferred to a collection agency.

## **Results of Operations from July 1, 2023 to December 31, 2023**

For Fiscal Year 2024 the Authority, Mayor and City Council adopted a System operating budget of \$321,627,000. Annual operating revenues were projected to provide \$304,450,000. Fiscal Year 2024 original appropriations were increased by carry over encumbrances of \$18,532,000.

Revenue collections for the fiscal year to date reported on a non GAAP budgetary basis are higher than expected. Service fee revenues for the fiscal year to date total \$147,356,000, which is \$3,111,000 over estimate. Other miscellaneous revenues and interest earnings are above projected amounts. Operating expenses are in line with expected to date estimates of 52%. Expenditures and commitments through December 31 were 53.5% of budget. These figures are before fiscal year end and audit adjustments.

## **Municipal Employees' Retirement Plan**

The Authority 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 of Tulsa, 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 7.5% 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, 2023
Actuarial cost method	Entry Age Normal
Amortization method	Level percent, 30-year closed period beginning January 1, 2016
Remaining amortization periods	23 years
Asset valuation method	5 year smoothed FMV
Investment rate of return*	6.75%
Projected salary increases*	3.5%-9.5%
*includes inflation at	2.50%
Cost-of-living adjustments	None
Mortality rates	Pub-2010 General Employee Mortality Table
	Generational mortality improvements with in accordance with the ultimate rates of Scale MP-2021 from the table's base year of 2010

(in thousands)	<b>June 30, 2023</b>
Total pension liability	\$853,634
Plan fiduciary net position	(573,268)
Net pension liability	\$280,366

Plan fiduciary net position as a percentage of the total pension liability 69.5%

Covered payroll \$54,450

Plans' net pension liability as a percentage of Covered payroll 346.44%

The net pension liability was allocated to the participating employers as follows:

	Percentage	NPL
City of Tulsa (Governmental Activities)	42.1166%	118,081
Business type activities	6.5052%	18,238
Trusts & Authorities reported in City of Tulsa	38.8648%	108,964
Organizations outside City of Tulsa reporting	12.5134%	35,083
	100.0000%	\$268,796

The Authority's allocation of the net pension liability is 28.62% of the total set forth above in the amount of \$80,245,000.

For more information relating to the Plan see Appendix E – Note to Basic Financial Statements – Note 7 from the Audited Financial Statements of the Authority dated June 30, 2023 attached here to.

## PLAN OF FINANCING

The Series 2024 Bonds will be used to pay the costs of construction, acquisition, and equipping of Capital Improvements to the Wastewater System, funding the costs of issuance of the Series 2024 Bonds, and funding a Bond Service Reserve Fund.

## SOURCES AND USES OF FUNDS

The proceeds from the sale of the Series 2024 Bonds are expected to be applied as follows (estimated):

### SERIES 2024A

#### Sources of Funds:

Proceeds of Series 2024A Bonds  
Premium

**Total Sources of Funds**

#### Uses of Funds:

Series 2024A Project Fund  
Series 2024A Reserve Fund  
Cost of Issuance\*

**Total Uses of Funds**

\*Includes legal, printing, Trustee fees, and expenses and other costs of issuing the Series 2024A Bonds.



**SERIES 2024B****Sources of Funds:**

Proceeds of Series 2024B Bonds  
Premium

**Total Sources of Funds**

**Uses of Funds:**

Series 2024B Project Fund  
Series 2024B Reserve Fund  
Cost of Issuance\*

**Total Uses of Funds**

\*Includes legal, printing, Trustee fees, and expenses and other costs of issuing the Series 2024B Bonds.

**DEBT SERVICE SCHEDULE**

The following table sets forth for each respective year ending June 30, the amounts required to be made available for debt service on the Series 2024 Bonds. The annual principal and interest requirements on the Bonds are as follows:

<b>SERIES 2024A BONDS</b>				<b>SERIES 2024B BONDS</b>			
Period Ending June 30	Principal	Interest	Total	Period Ending June 30	Principal	Interest	Total
2025	\$2,305,000	-	\$2,305,000	2025	\$ 830,000	-	\$ 830,000
2026	2,385,000	-	2,385,000	2026	860,000	-	860,000
2027	2,465,000	-	2,465,000	2027	885,000	-	885,000
2028	2,540,000	-	2,540,000	2028	915,000	-	915,000
2029	2,620,000	-	2,620,000	2029	940,000	-	940,000
2030	2,700,000	-	2,700,000	2030	970,000	-	970,000
2031	2,785,000	-	2,785,000	2031	1,000,000	-	1,000,000
2032	2,865,000	-	2,865,000	2032	1,030,000	-	1,030,000
2033	2,955,000	-	2,955,000	2033	1,065,000	-	1,065,000
2034	3,045,000	-	3,045,000	2034	1,095,000	-	1,095,000
2035	3,140,000	-	3,140,000	2035	1,130,000	-	1,130,000
2036	3,240,000	-	3,240,000	2036	1,165,000	-	1,165,000
2037	3,350,000	-	3,350,000	2037	1,205,000	-	1,205,000
2038	3,465,000	-	3,465,000	2038	1,245,000	-	1,245,000
2039	7,460,000	-	7,460,000	2039	2,690,000	-	2,690,000

## **RISKS OF BONDOWNERS**

As reflected herein, the 2024 Bonds are limited and special obligations of the Authority payable solely from the Revenues received by the Authority from the operation and existence of the System. The ability of the Authority to generate sufficient Revenues to pay (i) the debt service requirements of the Series 2024 Bonds and any Additional Bonds; (ii) the monies required if necessary to replenish the Bond Reserve Account; (iii) the Operation and Maintenance Expenses of the System; (iv) any monies required to be deposited into the Renewal and Replacement Fund; (v) the General Fund Transfer; (vi) the System General Obligation Debt payments, if any; and (vii) any other monies required to meet any other lawful needs of the Authority, will depend, in part, upon the ability of the Authority to continue to contract for the operation and maintenance of the System at a reasonable cost. If the Authority should be unable to contract with the City for the operation and maintenance of the System, the Authority would have to attempt to either contract with another party for the operation of the System or operate the System itself, although it has no experience or staff qualified to do so. Any failure to operate and maintain the System, or cause the System to be operated and maintained, will result in a reduction or elimination of the Revenues and could result in the inability of the Authority to pay the debt service requirements of the Bonds.

Furthermore, any reduction in the demand for the services of the System, any negative economic changes in the Service Area of the Authority, any substantial increases in the costs of operating and maintaining the System, any new technology which could render the services of the System obsolete and unneeded, and any other similar changes could have negative impact on the ability of the Authority to pay the debt service requirements of the Bonds. If the Authority shall be unable in the future to raise rates, fees and charges for services of the System, or cause such to be raised, the Authority may be unable to generate sufficient Revenues to provide the monies to pay (i) through (vii) listed above.

## **GLOBAL HEALTH EMERGENCY RISK**

The outbreak of COVID-19 has had a widespread effect on global, national, state and local economic activity. As a result, the City has received funds from federal and state agencies to assist with mitigating the risk of COVID-19. The City of Tulsa was awarded \$87.8 million in “ARPA” funds. City of Tulsa Recovery Plan lists the projects through July 31, 2023 can be found at the following website address under “American Rescue Plan Act (ARPA) > City of Tulsa Recovery Plan Report”: <https://www.cityoftulsa.org/covidrelief>.

## **CERTAIN TAX MATTERS RESPECTING THE SERIES 2024 BONDS**

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the Series 2024 Bonds under the Internal Revenue Code of 1986, as amended (the “Code”) and the Regulations and the judicial and administrative rulings and court decisions now in effect, all of which are subject to change or possible differing interpretations. 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 2024 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 Bond and one or more other investments, or purchasers that have a “functional currency” other than the U.S. dollar. 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 2024 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 2024 Bonds.

Any federal tax advice contained in this Preliminary Official Statement was written to support the marketing of the Series 2024 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.

## **Federal Income Taxation**

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Series 2024 Bonds in order that interest on the Series 2024 Bonds be and remain excludable from gross income for federal income tax purposes under Section 103 of the Code. The Arbitrage and Use of Proceeds Certificate of the Authority, which will be delivered concurrently with the delivery of the Series 2024 Bonds, will contain provisions and procedures relating to compliance with the requirements of the Code. The Authority, in executing its Arbitrage and Use of Proceeds Certificate, will certify to the effect that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest paid on the Series 2024 Bonds is excludable from gross income under Section 103 of the Code. Noncompliance by the Authority with such provisions and procedures may require inclusion in gross income of interest on the Series 2024 Bonds retroactive to the date of issuance of the Series 2024 Bonds, regardless of when such noncompliance occurs.

Prospective purchasers of the Series 2024 Bonds should be aware that (a) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2024 Bonds or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the Series 2024 Bonds (other than "qualified obligations"), and that the Series 2024 Bonds are not qualified obligations for this purpose, (b) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832 (b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Series 2024 Bonds, (c) interest on the Series 2024 Bonds earned by some corporations could be subject to the environmental tax imposed by Section 59A of the Code, (d) interest on the Series 2024 Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (e) passive investment income including interest on the Series 2024 Bonds may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25 percent of the gross receipts of such Subchapter S corporation is passive investment income and (f) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account in determining gross income, receipts or accruals of interest on the Series 2024 Bonds.

Assuming that the Authority complies with the provisions and procedures set forth in the Arbitrage and Use of Proceeds Certificate, in the opinion of Hilborne & Weidman, Bond Counsel, under existing statutes and court decisions, interest on the Series 2024 Bonds is excludable from the gross income of the recipients thereof pursuant to Section 103 of the Code for federal income tax purposes, and interest on the Series 2024 Bonds is not treated as a preference item in calculating alternative minimum taxable income on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

## **Original Issue Discount**

The resulting discount on those Series 2024 Bonds which are sold at an initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) which is less than the principal amount of those particular Series 2024 Bonds constitute Original Issue Discount, which is excludable from the gross income for federal income tax purposes. Generally, such Original Issue Discount accretes actuarially on a constant interest rate basis over the term of the respective Series 2024 Bonds and the basis of such Series 2024 Bonds acquired at such initial offering price by an initial purchaser of the particular Series 2024 Bonds will be increased by the amount of such accreted interest.

Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount and market discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. The rule generally applies to taxable years after 2017, except that in the case of income from a debt instrument having original issue discount, the rule does not apply until taxable years after 2018. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the Series 2024 Bonds under the Code.

## **Original Issue Premium**

Certain maturities of the Series 2024 Bonds may be initially offered to the public at prices greater than the amounts payable thereon at maturity. As a result of the tax cost reduction requirements of the Code relating to amortization of bond premium, under certain circumstances an initial owner of Premium Bonds may realize a taxable gain upon disposition of such Premium Bonds even though they are sold or redeemed for an amount equal to such owner's original cost of acquiring such Premium Bonds. Owners of Premium Bonds are advised that they should consult with their own tax advisors with respect to the tax consequences of owning such Premium 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 2024 Bonds, the interest on the Series 2024 Bonds is exempt from Oklahoma income taxation.

## **No Other Opinions**

The opinions to be rendered by Bond Counsel on the date of delivery of the Series 2024A Bonds and the Series 2024B Bonds are expected to be in substantially the form of Exhibit C hereto. Bond Counsel expresses no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2024 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 2024 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 2024 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 2024 Bonds should consult their own tax advisors regarding the particular tax consequences to them of an investment in such bonds.

## **INDEPENDENT AUDITOR**

The basic financial statements of the Authority as of June 30, 2023 and for the years then ended, included in Exhibit "E" of this Preliminary Official Statement, have been audited by RSM US LLP, independent auditor, as stated in their report included in Exhibit "E".

## **LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale of the Series 2024 Bonds are subject to the approval of Hilborne & Weidman, a professional corporation, Tulsa, Oklahoma, Bond Counsel, who will render an opinion in substantially the form attached hereto as Exhibit "C". Certain legal matters will be passed upon for the Authority by its counsel, Jeremy K. Ward, Esq., Tulsa, Oklahoma.

## LITIGATION

Except as discussed below, the City is not a party to any litigation or any other proceeding pending or to its knowledge, threatened, in any court, agency or other administrative body (either state or federal), which, if decided adversely to the City, would have a material adverse effect on the financial statements of the City.

On August 8, 2017, the United States Court of Appeals for the Tenth Circuit issued an opinion in the case of *Murphy v. Royal*, 866 F.3d 1164 (10th Cir. 2017), and on November 9, 2017, issued an amended opinion, 875 F.3d 896 (10th Cir. 2017). In its opinion, the Tenth Circuit concluded that the United States Congress has not disestablished the Creek Reservation recognized by treaty in 1866. The external boundaries of the 1866 Reservation include much of the eastern portion of the current State of Oklahoma, including a portion of the boundaries of the City. The Court of Appeals concluded, accordingly, that the land within the external boundaries of the 1866 Reservation constitutes “Indian country” within the meaning of the federal Major Crimes Act (18 U.S.C.A. § 1151, et seq.).

On February 6, 2018, the State of Oklahoma filed a petition for a writ of certiorari with the United States Supreme Court. The Supreme Court heard oral arguments on November 27, 2018, and accepted supplemental briefs on December 28, 2018. In June of 2019, the case was restored to the calendar for re-argument. The Court first decided to hear the similar case of *McGirt v. Oklahoma* (No. 18-9526) being directly appealed from the Oklahoma Court of Criminal Appeals. Arguments for *McGirt* were heard before the Supreme Court on May 11, 2020. On July 9, 2020, the Supreme Court held that land throughout much of eastern Oklahoma reserved for the Creek Nation since the 19th century remains Indian Country for purposes of the Major Crimes Act. Also, on July 9, 2020 the Supreme Court affirmed in a per curiam opinion, the judgment of the U.S. Court of Appeals of the 10th Circuit, for the reasons stated in *McGirt v. Oklahoma*.

The Oklahoma Court of Criminal Appeals applied the same reasoning to the Cherokee Nation’s reservation, which also includes a portion of the City of Tulsa. See *Hogner v. State of Oklahoma*, No. F-2018-138 (decided March 11, 2021).

On April 13, 2022, in *Hooper v. City of Tulsa*, the United States District Court for the Northern District of Oklahoma held “that the Curtis Act grants the municipalities in its scope (including the City of Tulsa) jurisdiction over violations of municipal ordinances by any inhabitant of those municipalities, including Indians.” The relevant portion of the 1898 statute (Section 14) provides that “all inhabitants of such cities and towns, without regard to race, shall be subject to all laws and ordinances of such city or town governments, and shall have equal rights, privileges, and protections therein.” However, the Tenth Circuit of Appeals held on June 28, 2023, that Section 14 of the Curtis Act no longer applies to Tulsa, therefore the district court erred in granting Tulsa’s Rule 12(b)(6) motion to dismiss Mr. Hooper’s declaratory judgment claim. The United States Supreme Court denied an application for an emergency stay in the matter, and the case was remanded to the District Court for further proceedings. On remand, the District Court held that it lacks subject matter jurisdiction over Mr. Hooper’s appeal from the municipal court and dismissed the appeal without prejudice. The District Court declined to consider Mr. Hooper’s request for declaratory relief.

On, November 15, 2023, the Muscogee (Creek) Nation filed a complaint in the federal District Court seeking injunctive relief and a declaration that the City lacks criminal jurisdiction over Indians for conduct occurring within the Creek Reservation. *Muscogee (Creek) Nation v. City of Tulsa*, 23-cv-490 (N.D. Okla. Nov. 15, 2023). On December 8, 2023, the City filed a motion to dismiss and a brief in opposition to the plaintiff’s motion for a preliminary injunction.

The City of Tulsa continues to apply and enforce its traffic laws against all inhabitants, including Indians, during the pendency of the litigation.

Other traffic citation cases are pending in the City's Municipal Court and the Oklahoma Court of Criminal Appeals, addressing issues similar to those addressed in *Hooper v. City of Tulsa*. See e.g. *City of Tulsa v. O'Brien*, No. 720766, Municipal Criminal Court of the City of Tulsa, Oklahoma (dismissed Aug. 17, 2023); *Stitt v. City of Tulsa*, No. M-2022-984, Oklahoma Court of Criminal Appeals (appeal filed Nov. 7, 2022).

On June 29, 2022, the United States Supreme Court held in *Oklahoma v. Castro-Huerta* (No. 21–429) that the Federal Government and the State have concurrent jurisdiction to prosecute non-Indians who commit crimes against Indians in Indian Country.

Although these cases arise in a criminal law context, the Supreme Court's holding in *McGirt v. Oklahoma* may affect the application of civil law and have regulatory consequences within the same geographic territory, with potential direct and indirect effects upon the State and its political subdivision within such geographic territory, including the City. To date, litigation involving the City has rejected expanding *McGirt* in such a manner. See, *Nicholson v. Stitt, et al.*, Case No. CJ-2020-094, Okmulgee County District Court, Case No. CJ-2020-094. *Nicholson* involved a class action filed against most municipalities in Creek, Tulsa and Okmulgee counties, including the City, seeking recovery of fines levied against Native American defendants. On November 24, 2020, the *Nicholson* case was dismissed with prejudice in favor of the City and was appealed to the Oklahoma Supreme Court. On April 19, 2022, the Oklahoma Supreme Court affirmed the district court's dismissal and mandate was issued on May 11, 2022.

Notwithstanding *Nicholson*, application of *McGirt* to other areas of State jurisdiction, such civil action, tax, zoning, land use, etc., could affect the way the State and its political subdivisions interact with Indian Country. For instance, IF IT IS DETERMINED THAT THE CITY IS UNABLE TO LEVY AND COLLECT AD VALOREM TAXES ON PROPERTY OWNED BY INDIANS IN THE ORIGINAL BOUNDARIES OF THE CREEK NATION OR CHEROKEE NATION RESERVATIONS, THEN THE CITY WOULD NEED TO INCREASE THE MILLAGE THAT WOULD BE ASSESSED ON THE REMAINING PROPERTY IN THE CITY IN ORDER TO COLLECT THE AMOUNT NECESSARY TO PAY THE PRINCIPAL AND INTEREST ON THE BONDS.

There is no litigation now pending or, to the knowledge of Authority officials, threatened which in any manner seeks to restrain or enjoin or in any way limit the approval or the issuance and delivery of the Official Statement or the Bonds or the proceedings or Authority under which they are to be issued. There is no litigation pending, or to the knowledge of the Authority, threatened which in any manner challenges or threatens the powers of the Authority to enter into or carry out the transactions contemplated herein.

## **CREDIT RATINGS**

It is a condition precedent to the delivery of the Series 2024 Bonds that Moody's Investors Service, Inc., New York, New York, shall have assigned a rating of Aa1 to the Series 2024 Bonds and Standard & Poor's Corporation, New York, New York, shall have assigned a rating of AA+ to the Series 2024 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 2024 Bonds.

## **CERTIFICATE WITH RESPECT TO PRELIMINARY OFFICIAL STATEMENT**

At the time of original delivery of and payment for the Series 2024 Bonds, the Authority will deliver a certificate from the Director of Finance addressed to the Purchaser to the effect that he has examined the Preliminary Official Statement (including the Exhibits) and the financial and other data concerning the Authority contained herein and that, to the best of his knowledge and belief: (a) the Preliminary Official Statement, both as of its date and as of the date of delivery of the Series 2024 Bonds, does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements herein, in

the light of the circumstances under which they were made, not misleading and (b) between the date of the Preliminary Official Statement and the date of delivery of the Series 2024 Bonds there has been no material change in the affairs (financial or other), financial condition or results of operations of the Authority except as set forth in or contemplated by the Preliminary Official Statement.

The Authority has covenanted to provide the final Preliminary Official Statement to the purchaser within seven business days after final agreement to purchase, offer, or sell the Series 2024 Bonds in an offering and in sufficient time to accompany any confirmation that request payment from any customer.

### **CONTINUING DISCLOSURE**

The Authority has covenanted for the benefit of the Bondholders to provide certain financial information and operating data relating to the Authority by not later than six months after the end of the respective fiscal year commencing with fiscal year ending June 30, 2023 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if deemed by the Authority to be material. The Annual Report will be filed by the Authority with the Municipal Security Rulemaking Board (the "MSRB") by electronic format as prescribed by the MSRB, presently the MSRB's Electronic Municipal Market Access (EMMA) system. The notices of material events will be filed by the Authority with the MSRB. 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 D - Form of Continuing Disclosure Certificate."

The Authority has endeavored to comply in all material respects with its continuing disclosure obligations for the previous five years. On January 24, 2023 the Authority filed its financial information and operating data for 2018 and filed a notice of late filing for financial information and operating data by December 31, 2018 on December 21, 2018. The Authority has instituted additional procedures to ensure compliance in the future. The Authority continues to strive to meet all obligations under its continuing disclosure agreements. These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12.

### **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 2024 Bonds, the Authority will furnish a certificate executed on behalf of the Authority by the undersigned to the effect that this Preliminary Official Statement, as of the date of this Preliminary Official Statement and as of the date of delivery of the Series 2024 Bonds, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make to the statements herein, in light of the circumstances under which they were made, not misleading.

### **MISCELLANEOUS**

Information concerning the Authority and the Series 2024 Bonds contained in this Preliminary 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 Preliminary Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Preliminary 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 2024 Bonds.

This Preliminary Official Statement has been approved by the Authority.

**TULSA METROPOLITAN UTILITY  
AUTHORITY**

**/s/ JEFF DUNN  
Chairman of Trustees**



## EXHIBIT "A"

### Summary of Certain Provisions of the Bond Indenture

#### Definitions

The following are definitions of certain terms contained in the Bond Indenture (terms used in such definitions are further defined in the Bond Indenture).

**"Accrued Aggregate Bond Service"** shall mean, 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 (a) 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 (b) 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" in the Bond Indenture) by the end of the then current calendar month.

**"Act of Bankruptcy"** shall mean 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 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.

**"Aggregate Bond Service"** shall mean, 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.

**"Authority"** shall mean the Tulsa Metropolitan Utility Authority, an Oklahoma public trust of which the City is beneficiary, and its successors.

**"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) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America;

(B) any bonds or other obligations unconditionally guaranteed by the United States of America and issued by the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Financing Bank, Federal Intermediate Credit Banks, Federal Home Loan Banks, Farmers Home Administration or the Federal Home Loan Mortgage Association;

(C) direct and general obligations of any state of the United States of America or any municipality in Oklahoma, to the payment of the principal of and interest on which the full faith and credit of such state or municipality is pledged, **PROVIDED**, that at the time of their purchase under the Bond Indenture such obligations are rated in one of the two highest major rating categories by S & P, if S & P rates the Bonds and Moody's, if Moody's rates the Bonds;

(D) repurchase agreements with banks which are members of the Federal Deposit Insurance Corporation having combined surplus and capital of at least \$100 million (the "Repurchasers"), **PROVIDED**, that each such repurchase agreement (i) is in commercially reasonable form and is for a commercially reasonable period, and (ii) results in transfer to the Trustee of possession of and legal title to, or the grant to the Trustee of possession of and a prior, continuously perfected security interest in, securities which are obligations described in clauses (A) and (B) above, inclusive, 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 continuously at the lower of the then current market value of such securities or the repurchase price thereof set forth in the applicable repurchase agreement;

(E) 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 banks or trust companies long-term debt is at least rated A by Moody's and S & P and **PROVIDED**, that such certificates shall be either: (i) continuously and fully insured by the Federal Deposit Insurance Corporation, or (ii) continuously and fully secured by such securities as are described in clauses (A) and (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 (iii) 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;

(F) obligations of or investment contracts with any national or state banking institution or any other qualified financial institution (in each case having combined capital and surplus of at least \$100 million) with the unsecured short-term indebtedness of such institution or claims paying ability being rated in one of the two highest major rating categories established by S & P and Moody's; and

(G) Money market funds or mutual funds backed or collateralized by securities described in clauses (A), (B) or (C) above and which funds have been registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and rated in one of the two highest rating categories by Standard & Poor's Corporation or Moody's Investors Service, Inc.

**"Available Money" or "Available Monies"** shall mean, with respect to a Series of Bonds (a) during the term of a Support Facility (i) monies drawn under the Support Facility, Bond proceeds, or monies deposited directly by the Authority with the Trustee which have been on deposit with the Trustee for at least one hundred twenty-three (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 nationally recognized counsel experienced in bankruptcy matters and acceptable to the Trustee, the application of such monies will not constitute a voidable preference in the event of the occurrence of an Act of Bankruptcy, or (c) the proceeds from investment of monies under clause (i) or (ii) above, and (b) at any time not occurring during the term of a Support Facility, any monies held by the Trustee and the proceeds from the investment thereof.

**"Bond" or "Bonds"** shall mean the Series 2024A Bonds and any additional parity Bonds issued pursuant to the Master Bond Indenture.

**"Bondholder" or "Holder of a Bond"** shall mean the registered owner or his duly authorized attorney-in-fact, representative or assigns of any Bond.

**"Bond Indenture" or "Indenture"** shall mean the Master Bond Indenture, as same may be supplemented from time to time.

**"Bond Service"** shall mean, as of any date of calculation and with respect to any period for any Series of Bonds, an amount equal to the sum of: (a) 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 from Bond proceeds, or accrued interest, and (b) 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 (1) 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 (12) 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 Reserve Requirement"** shall mean for each Series of Bonds the lesser of ten percent (10%) of the proceeds of such Series of Bonds or the maximum Bond Service for any Bond Year in respect to such Series of Bonds; **PROVIDED, HOWEVER**, that for the purposes of this definition the interest rate on Variable Rate Bonds shall be calculated at the Certified Interest Rate; **PROVIDED FURTHER**, the Bond Service Reserve Requirement shall not exceed for any Series of Bonds that amount allowed for a "reasonably required reserve fund" pursuant to the Code.

**"Bond Year"** shall mean, 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.

**"Business Day"** shall mean any day of the year other than a Saturday, a Sunday or any other day on which (a) banks in the States of New York or Oklahoma are required or authorized by law to remain closed, or (b) the New York Stock Exchange is closed.

**"Calendar Year"** shall mean the period commencing on January 1 of each year terminating on the next succeeding December 31.

**"Certified Interest Rate"** shall mean the rate of interest as certified pursuant to the Master Bond Indenture which would have been borne by Variable Rate Bonds had such Variable Rate Bonds been issued at a fixed interest rate.

**"City"** shall mean the City of Tulsa, Oklahoma.

**"Consulting Engineer"** shall mean an independent engineer, firm of engineers or consulting firm of generally accepted reputation recognized and qualified in engineering matters relating to municipal water systems and sanitary sewer and wastewater systems and the economic feasibility thereof, such engineer or engineers to be selected by the Authority.

**"Default"** or **"Event of Default"** shall mean any event as specified in and defined by the Master Bond Indenture.

**"Depository Bank"** shall mean the Bank or Banks selected by the City to hold the Operating Fund of the Authority.

**"Estimated Net Revenues"** shall mean, for any Calendar Year (or such other Year as may be specified by the Authority), the estimated Revenues for such Calendar Year less the estimated Operation and Maintenance Costs for such Calendar Year.

**"Fiscal Year"** shall mean the Calendar Year or any other Year as may hereafter be established by Resolution of the Authority.

**"General Fund Transfer"** shall mean that amount, calculated for any period of time, established by the Budget of the City as a percentage of Gross Revenues received in respect to the System. Such transfer shall be made by the Authority and received by the City in accordance with the Indenture.

**"General Obligation Sewer Bond Contribution"** shall mean the amount, if any, transferred, or caused to be transferred, by the Authority to the City pursuant to the Indenture, which shall equal annually an amount equal to fifty percent (50%) of the annual principal and interest on the City's outstanding general obligation sewer bonds.

**"General Obligation Water Bond Contribution"** shall mean the amount, if any, transferred, or caused to be transferred, by the Authority to the City pursuant to the Indenture, which shall equal annually an amount equal to fifty percent (50%) of the annual principal and interest on the City's outstanding general obligation water bonds.

**"Lease Agreements"** shall mean collectively the Water System Lease Agreement and the Wastewater System Lease Agreement.

**"Moody's"** shall mean Moody's Investors Service, Inc., 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, with the consent of Bank, by notice to Trustee and Remarketing Agent.

**"Net Revenues"** shall mean for any period the 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 and as to the Wastewater System, the term Net Revenues shall exclude any payments made to the Oklahoma Water Resources Board to fund the payment of debt service on senior indebtedness for any such period.

**"Operating Fund"** means the fund by that name established by the Bond Indenture; **PROVIDED, HOWEVER,** that the Operating Fund shall not be part of the Trust Estate and shall not be subject to the lien and pledge of the Bond Indenture.

**"Operation and Maintenance Expenses"** shall mean the reasonable and necessary current expenses of the Authority or the City paid or accrued in operating, maintaining and repairing the System, including without limiting the generality of the foregoing, the following:

(A) costs of operation attributable to any operation contract by and between the Authority and the City and the cost of any rentals, fees and charges for the use and services of the System and its facilities, and for making any refunds therefrom lawfully due to others;

(B) costs of audit reports and legal, accounting and engineering expenses directly related to the administration, operation, maintenance and repair of the System or a reasonable and properly allocable share of such costs and expenses; costs of salaries, wages and other compensation of officers and employees including payments to pension, retirement, health and hospitalization funds and other insurance (including self-insurance for the foregoing) or a properly allocable share thereof;

(C) overhead expenses directly related to the administration, operation, maintenance and repair of the System, or a properly allocable share of such expenses;

(D) cost of routine repairs, replacements, and alterations occurring in the usual course of business;

(E) taxes, assessments or other governmental charges, or payments in lieu thereof, imposed upon the properties included in the System or on any part of them or on the operation of the System or on the income therefrom or on any privilege in connection with the ownership or operation of it or on its income;

(F) costs of utility services;

(G) cost of material and supplies used in the ordinary course of business, including taxes thereon, if any, and any costs related to the ordinary and current rental of equipment or other property;

(H) rental paid by the Authority under leases, or other agreements entered into by the Authority by which Authority acquires rights, easements or other interests in properties (real, personal or mixed) included in the System;

(I) costs of contractual services and professional, consulting or engineering services, including legal services and services of financial consultants, or a properly allocable share of the premium of any blanket bond, pertaining to the System or pertaining to the rentals, fees, charges, income and other receipts derived from it;

(J) costs of carrying out the provisions of the Bond Indenture, including the Trustee, any Remarketing Agents' and Paying Agents' or Support Facility issuer's fees and expenses; cost of insurance required hereby or a properly allocable share of any premium on any blanket policy which covers or pertains to the System; fees and expenses of Independent Consultants, Construction Engineers, Consulting Engineers, accountants, architects, engineers and attorneys or a properly allocable share of the foregoing; and costs of recording, mailing and publication; and

(K) all other costs and expenses of operating, maintaining and repairing the System arising in the routine and normal course of business, including, without limitation, costs and expenses of attorneys, financial consultants, architects, engineers and others incurred in planning for additions and expansions to the System.

**PROVIDED, HOWEVER,** that the term "Operation and Maintenance Expenses" shall not include: (a) any allowance for depreciation or any amounts for capital replacements, repairs and maintenance not recurring annually (or at shorter intervals) or reserves therefor; (b) costs of additions and improvements to the System or reserves therefor; (c) reserves for administration, operation, maintenance and repairs occurring in the normal course of business; (d) costs directly related to the issuance of Bonds; (e) payment (including redemption) of Bonds or other evidences of indebtedness or interest and premium therefor or reserves therefor; (f) the General Obligation Water Bond Contribution; (g) the General Obligation Sewer Bond Contribution; (h) the Water Main Extension Payments; and (i) the General Fund Transfer.

**"Outstanding"** shall mean, 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 monies, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held 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.

**"Paying Agent"** shall mean 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.

**"Permitted Encumbrances"** shall mean, as of any particular time (a) any lease agreement or sublease agreement between the Authority and the City; (b) 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 the Bond Indenture; (c) 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 System or any portion thereof, adjacent or related facilities or for the use of any thereof

for their intended purposes; (d) 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 the Bond Indenture which shall be acceptable to the Authority; and (e) 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 System.

**"Principal Installment"** shall mean, as of any date of calculation and with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding: (a) the principal amount of Bonds of such Series due on a certain future date for which no Sinking Fund Installments have been established, or (b) the unsatisfied balance (determined as provided in the definition of "Sinking Fund Installment" in the Bond Indenture) 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 (c) 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"** shall mean any project as may be further defined in any particular Supplemental Bond Indenture which may include, but not necessarily be limited to construction, improving, extending, furnishing, equipping, repairing or replacing the System or 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 and the acquisition of water sources and the transmission, distribution, treatment, pumping and storage thereof, and the treatment, transmission, collection, pumping and disposal of wastewater.

**"Record Date"** at any time shall mean the 15<sup>th</sup> day of the calendar month next preceding any Interest Payment Date.

**"Renewal and Replacement Fund Requirement"** shall mean an amount established in any Supplemental Bond Indenture or by subsequent official action or Resolution of the Authority.

**"Revenues"** shall mean: (a) all rates, fees, rentals, other charges, income and revenue properly allocable to the System in accordance with generally accepted accounting principles resulting from the ownership of a leasehold interest in and to the System and as derived by the Authority from the ownership or operation of the System, except customer deposits and any other deposits subject to refund until such deposits have become the property of the Authority and including any guaranty, indemnification, or subscription agreement; (b) payments from the City; (c) monies derived from the authorized disposition or sale of System 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 Bond Indenture); **PROVIDED**, monies derived in the manner prescribed in this clause (c) shall not be considered for purposes of the rate covenant contained in the Bond Indenture; (d) the income from the investment of monies held under the Bond Indenture; and (e) monies derived from any other sources. The term "Revenues" does not include monies 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 Revenues include any income, receipts or other monies of the Authority which are derived from its ownership or operation of properties not included within the System (unless such monies are hereafter dedicated to the support of the System on either a parity or subordinate lien basis) or from the furnishing and supplying of the services, facilities or commodities of such other properties.

**"S & P"** shall mean 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 the Trustee and any Remarketing Agent.

**"Series"** shall mean 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.

**"Sinking Fund Installment"** shall mean 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.

**"Subordinated Indebtedness"** shall mean any evidence of debt referred to in, and complying with the provisions of the Bond Indenture.

**"Supplemental Bond Indenture"** shall mean 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 Bond Indenture, including the Ninth Supplemental Indenture.

**"Support Agreement"** shall mean the agreement, if any, entered into by the Authority which provides for a Support Facility, and any and all modifications, alterations, amendments and supplements thereto.

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

**"System"** shall mean collectively the Water System and the Wastewater System.

**"Trust Estate"** shall mean the rights of the Authority in and to the Revenues of the System, all rights, title and interest of the Authority in and to the personal property rights contained in the Authority leasehold interest in the System and in all other personal property held by the Authority, all funds and accounts created by the Bond Indenture as supplemented and amended (except the Operating Fund), and the present and hereinafter acquired interests of the Authority in and to the Lease Agreement, certain Water Main Extension Contracts and all other contracts and agreements which are pledged to the Trustee under the Bond Indenture as security for the Bonds.

**"Utility Board of the City of Tulsa" or "Utility Board"** means that Board established by the Charter which regulates the affairs of the System.

**"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.

**"Wastewater System"** shall mean the now or hereafter acquired sanitary sewer and wastewater systems owned by the Authority and the existing and hereafter acquired sanitary sewer and wastewater collection, transportation, processing and disposal system and facilities of the City leased to the Authority under the Wastewater System Lease Agreement, including, but not limited to all contracts for services, equipment, facilities, licenses, storage rights, easements, collection, transportation, processing and disposal facilities and all real and personal property related to the operation or maintenance thereof as more fully defined in the Wastewater System Lease Agreement.

**“Wastewater System Lease Agreement”** means the Wastewater System Lease Agreement and Operation and Maintenance Contract, dated as of July 1, 1989, pursuant to which the City leased to the Authority its existing and after acquired sanitary sewer and wastewater collection, transportation, processing and disposal system (as more fully defined in the Wastewater System Lease Agreement) for a term of fifty (50) years commencing February 1, 1989, to and including July 30, 2039, or to such later date as all bonds issued or indebtedness incurred by the Authority secured by or payable from revenues derived therefrom have been retired or provision therefor has been made.

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

**“Water System Lease Agreement”** means the Lease Agreement and Operation and Maintenance Contract, dated as of February 1, 1984, pursuant to which the City leased to the Authority its existing and after acquired water treatment and distribution systems and certain water rights and storage rights (as more fully defined in the Water System Lease Agreement) for a term of fifty (50) years commencing February 1, 1984, to and including January 31, 2034, or to such later date as all bonds issued or indebtedness incurred by the Authority secured by or payable from revenues derived therefrom have been retired or provision therefor has been made.

**"Year"** shall mean any period of twelve (12) consecutive months.

#### **Authorization of Issuance of Bonds and Other Indebtedness**

**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. The Bonds will be equally and ratably secured by a parity lien on the Trust Estate. The Bonds are not (i) an indebtedness of the State of Oklahoma or of the City of Tulsa or of any municipality or political subdivision of the State of Oklahoma, (ii) a general obligation of the Authority or a charge upon any other revenues or assets of the Authority not specifically pledged under the Bond Indenture, or (iii) a personal obligation of the Trustees of the Authority.

**Additional Bonds.** Each series of Additional Bonds, the proceeds of which are to be applied to pay Project Costs for which bonds have not theretofore been issued, shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required above) of the following documents, all dated as of the date of such delivery:

(A) An Accountant's Certificate setting forth the following: (a) the Net Revenues of the Authority for the preceding twelve (12) months computed to a quarter ending within one hundred twenty (120) days, (b) the maximum annual principal and interest requirements on the Bonds then Outstanding; (c) and that, based on the information set forth in (a) and (b) above, the Net Revenues were at least one hundred twenty-five percent (125%) of the maximum annual principal and interest requirements for all Outstanding Bonds;

(B) An Accountant's Certificate stating that the balances of the Bond Reserve Account and the Renewal and Replacement Fund are, as of the closing date, at least equal to the Bond Service Reserve Requirement and that amount required at that point in time to be on deposit in the Renewal and Replacement Fund by the Annual Budget;

(C) An Engineer's Certificate of the Consulting Engineer to the effect that the proposed Project can be beneficially used by the Authority to meet the water or sanitary sewer or wastewater requirements of the citizens of the City or those entities of government purchasing water or water services or sanitary sewer or wastewater services from the Authority or the City; and



(D) Either (i) an Accountant's Certificate reflecting that the Net Revenues in the preceding twelve (12) months computed to a quarter ending within one hundred twenty (120) days shall have been at least equal to one hundred twenty-five percent (125%) of the annual principal and interest requirements for all Bonds to be Outstanding immediately after the delivery of such Additional Bonds; or (ii) assuming the completion of all uncompleted Projects on their then Estimated Dates of Commercial Operation, an Engineer's Certificate provided by the Consulting Engineer setting forth the Estimated Net Revenues for then current Fiscal Year succeeding the latest estimated date of commercial operation of any uncompleted Project. The Engineer's Certificate required by this clause (D) shall be prepared for the period prescribed herein or such lesser period of time as shall be deemed reasonable by the Authority determined by the generally accepted standards of practice of the trade and specific Project determinations. Such Engineer's Certificate shall reflect the Aggregate Bond Service for each of the Fiscal Years set forth in the Engineer's Certificate and shall reflect that the Estimated Net Revenues for each of such Fiscal Years are not less than 1.25 times the maximum annual principal and interest requirements for each of such Fiscal Years with respect to all series of Bonds to be Outstanding immediately after the delivery of such Additional Bonds being issued. In the event that there are uncompleted Projects, the Engineer's Certificate delivered pursuant hereto may set forth the Estimated Net Revenues for the then current Fiscal Year and for each of the two (2) succeeding Fiscal Years, assuming present or reasonably increased rates to and including the date of projected coverage.

**Variable Rate Bonds.** The Bond Indenture authorizes the issuance of Variable Rate Bonds, either as the initial Series of Bonds or as Additional Bonds, pursuant to a Supplemental Indenture or Supplemental Indentures.

**Subordinated Indebtedness and Bond Anticipation Notes.** 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 Operating Fund as may from time to time be available for the purpose of payment thereof as provided in the Bond Indenture. In addition, Bond anticipation notes or bonds may be issued by the Authority at such time as the Authority may have adopted a resolution authorizing any Project.

**Refunding Bonds.** The Authority may issue one or more Series of Refunding Bonds by means of a Supplemental Indenture to refund any Outstanding Bonds.

**Conditions for Consolidation of the Water System and the Authority's Wastewater System or other Proprietary Revenue Producing System of the Authority.** Subject to the conditions hereinafter set forth in this Section, the Authority, by resolution of the Trustees of the Authority, and without consent of any Bondholders, may consolidate the System and the Authority's sanitary sewer and wastewater system (the "Sewer System") and/or any other proprietary revenue producing system hereinafter leased to the Authority (the "Future Systems"). In connection with such consolidation, the Authority may grant, bargain, sell, convey, transfer, assign, confirm, set over, pledge and encumber and create a security interest for the equal and proportionate benefit of the holders and owners of all Bonds now or hereafter issued and secured hereunder and the holders and owners of all Bonds or other obligations of the Authority now or hereafter issued in connection with and secured by the Sewer System or by the Future System (such Bonds or other obligations of the Sewer System hereinafter referred to collectively as the "Sewer System Bonds" and such Bonds or other obligations of the Future System hereinafter referred to collectively as the "Future System Bonds") in and to all of the following property:

(A) The rights of the Authority in and to the Revenues of the System and the Revenues of the Sewer System or the Revenues of the Future System as the case may be;

(B) All right, title and interest of the Authority in and to the personal property rights contained in the Authority's leasehold interest in the System, the Sewer System or the Future System;

(C) The present and hereafter acquired interest of the Authority in and to the Lease Agreements, Water Main Extension Contracts and all other contracts and agreements of the Authority relating to the System, the Sewer System or the Future System; and

(D) All funds and accounts created hereunder (except the Operating Fund) and all funds and accounts created under any bond indenture or other agreement entered into by the Authority relating to any Sewer System Bonds (hereinafter referred to as "Sewer System Indenture") or any Future System Bonds (hereinafter referred to as "Future System Indenture").

The conditions for consolidation of the Systems as described above are as follows:

(A) There shall not exist an event of default under any supplemental indenture thereto and under any Sewer System Indenture or Future System Indenture as applicable;

(B) The Authority shall deliver to the Trustee an Engineer's Certificate stating that the rate covenant of the Authority is, at the time of such Engineer's Certificate, satisfied as to the System. In addition, the Engineer's Certificate shall state that, on the date of such Engineer's Certificate, the Net Revenues of the Sewer System or Future System, as applicable are at least equal to 1.25 times the maximum annual principal of and interest on all Sewer System Bonds or Future System as applicable. Further, the Engineer's Certificate shall state that, upon consolidation of the System and the Sewer System or Future System, the Combined Net Revenues from the System and the Sewer System or Future System Bonds as applicable are at least equal to 1.25 times the maximum annual principal of and interest on all Bonds or Future System Bonds, as applicable and Sewer System Bonds or Future System Bonds, as applicable and are projected to be at such level for the next succeeding twelve (12) calendar months.

(C) The Authority shall deliver to the Trustee an opinion of nationally recognized Bond Counsel that the completion of the merger of the Sewer System or Future System into the System is pursuant to a lawful act of the Authority which it is empowered to do and that such merger shall not cause a loss of the tax-exempt status of the Bonds; and

(D) The Authority shall deliver to the Trustee a Consultant's opinion or report, as the case may be, demonstrating the ratio of Net Revenues to aggregate debt service on Outstanding Bonds and Sewer System Bonds, or Future System Bonds, as applicable for the two full Fiscal Years immediately following the transaction are not expected to be more than 35% lower than the projected ratio of Net Revenues to aggregate debt service on Outstanding Bonds and Sewer System Bonds, or Future System Bonds, as applicable had such merger or consolidation not occurred.

## **Pledge**

Payment of the principal of, premium, if any, and interest on the Bonds is secured by the Trust Estate.

## **Funds and Accounts**

The Bond Indenture establishes the following funds and accounts:

(A) The Authority has heretofore created the Operating Fund which is held by the Depository Bank which shall be used in the manner set forth herein and in the Lease Agreements and for other purposes as the Authority may direct but which shall not become subject to the lien of the Bond Indenture.

(B) A Construction Fund which shall be held by the Trustee. The Authority may, in its discretion, create under the terms of a Supplemental Bond Indenture an account or accounts within the Construction Fund for a specific Project.

(C) A Revenue Fund which shall be held by the Trustee.

(D) A Bond Fund which shall be held by the Trustee, which shall consist of a Bond Service Account and a Bond Service Reserve 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 the same shall be designated the Construction Interest Account. Within the Bond Fund there shall also be created and established a Redemption Account for the purpose of receiving proceeds for the redemption of Bonds including to receive proceeds derived from sale, disposition, insurance or

condemnation as prescribed in the Bond Indenture.

- (E) A Renewal and Replacement Fund which shall be held by the Trustee.

### **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 and there may be paid into the Construction Fund, at the option of the Authority, any monies received for or in connection with the System by the Authority from any other source, unless required to be otherwise applied as provided in the 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 Revenues shall be promptly deposited by the Authority to the credit of the Revenue Fund held by the Trustee. On or before the 25th day of each calendar month, the Authority shall withdraw from the Revenue Fund and deposit in the following funds and corresponding accounts in the following order the amounts set forth below:

- (A) In the Bond Fund:
  - (1) For credit to the Bond Service Account, the amount, if any, required so that the balance in said Account shall equal the Accrued Aggregate Bond Service;
  - (2) For credit to the Bond Service Reserve Account, the amount, if any, required for such Account to be equal to the Bond Service Reserve Requirement.
- (B) The required transfer or payment to the City for reimbursement of the amount necessary to meet the reasonable and necessary Operation and Maintenance Expenses of the System.
- (C) In the Renewal and Replacement Fund, the amount to be applied for purposes specified in the Bond Indenture.
- (D) To the designated fund or account of the City pay, transfer, or cause to be paid or transferred, an amount equal to the monthly General Obligation Water Bond Contribution, if any, and the General Obligation Sewer Bond Contribution, if any.
- (E) To the designated fund or account of the City pay or transfer an amount equal to the monthly Water Main Extension Payment, calculated for the calendar month preceding the date of payment.
- (F) To the designated fund an amount equal to the monthly General Fund Transfer, calculated for the calendar month preceding the date of payment.

The periods of calculation for the transfers contemplated by the Indenture shall be for the last preceding month. Upon receipt of the Revenues into the Revenue Fund, but in no case later than the 20th day of each month the Authority is to make the transfers or payments in the amounts and in the order of priority set out in the Indenture.

Assuming the timely application of the monies in the Operating Fund for the purposes prescribed in the Indenture, the Operating Fund shall be used to make the remaining transfers required by the Indenture. Pursuant to the Indenture, on or before the 10th day of each month, the City shall advise the Authority by written statement of the sum of the actual monthly Operation and Maintenance Expenses for the last preceding calendar month, and no later than the 20th day of each month the Authority shall provide for the payment of such Operation and Maintenance Expense. Any failure to remit on the 25th day of any month the payments required to be made in the following month by the Indenture, shall result in the daily deposit of Revenues directly into the Revenue Fund, unless and until the Authority shall make current such remittances by the 25th day of the month.

If the Authority is proceeding in accordance with the Indenture and the transfers from the Operating Fund are current, the balance, if any, remaining in the Revenue Fund each month after the foregoing transfers have been made may, at the option of the Authority, be transferred to the Operating Fund.

**PROVIDED**, 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 (a) on or before each Interest Payment Date for any of the Bonds, the amount required for the interest payable on such date; (b) on or before each Principal Installment due date, the amount required for the Principal Installment payable on such due date; and (c) 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. All purchases of any Bonds pursuant to this paragraph 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.

Amounts accumulated in the Bond Service Account from transfers made by the Authority from the Operating Fund shall be applied as promptly as practicable by the Trustee to the purchase or redemption of Bonds in accordance with the Bond Indenture.

**Bond Service Reserve Account.** If on or before any Interest Payment Date the amount in the Bond Service Account shall be less than the amount required to be in such Account pursuant to the Bond Indenture, the Trustee shall apply amounts in the Bond Service Reserve Account to the extent necessary to provide funds sufficient to remedy such deficiency. Deficiencies occurring in the Bond Service Reserve Account shall be replenished by equal monthly transfers in an amount sufficient to replenish such deficiency within twenty-four (24) months from the creation of such deficiency. Whenever the monies on deposit in the Bond Service Reserve Account shall exceed the established amount, such excess shall be transferred at the written direction of the Authority by the Trustee to the Authority to be allocated and applied by the Authority in the same manner as excess money in the Revenue Fund. Whenever the amount in the Bond Service Account together with the amount in the Bond Service Reserve Account, is sufficient to pay in full all Outstanding Bonds in accordance with their terms, the funds on deposit in the Bond Service Reserve Account shall be transferred to the Bond Service Account. Upon the issuance of any Series of Additional Bonds, the Trustee shall receive from the proceeds of such Bonds or from other available funds of the Authority an amount to be deposited in the Bond Service Reserve Account sufficient to provide a balance in such Account at least equal to the Bond Service Reserve Requirement with respect to such Series of Additional Bonds.

## **Renewal and Replacement Fund**

There is established pursuant to the Bond Indenture a Renewal and Replacement Fund which shall receive amounts from available 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 Revenues of the Authority. The Amounts in the Renewal and Replacement Fund shall be used to pay the cost of extraordinary and unanticipated renewals and replacements and extraordinary Operation and Maintenance Expenses. The amount in the Renewal and Replacement Fund, as of the Estimated Date of Commercial Operation, shall be at least equal to an amount to be adopted and established by the Authority in each year and the same shall be based upon the recommendation of the Consulting Engineer or Independent Consultant. Pursuant to the terms of a Supplemental Bond Indenture, the amounts required to be deposited in the Renewal and Replacement Fund may be derived from: (a) proceeds of the sale of Bonds, or (b) periodic deposits to such Fund, in amounts sufficient to accumulate

the requirement. If at any time the amount in the Bond Service Account in the Bond Fund shall be less than the requirement of such Account or the amount in the Bond Service Reserve Account in the Bond Fund shall be less than the Bond Service Reserve Requirement and there shall not be on deposit in the Operating Fund sufficient monies to cure such deficiency, there shall then be transferred from the Renewal and Replacement Fund to the Trustee for deposit in such appropriate Account the amount necessary to remedy or lessen such deficiency. Any balance of monies and securities in the Renewal and Replacement Fund in excess of the minimum amount required to be on deposit therein and not required to meet any such deficiencies in the Bond Fund or needed for any other purposes for which such Fund was established may be deposited in the Operating Fund.

### **Operating Fund**

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

(A) Unencumbered monies in the Operating Fund shall be available for transfer, at any time, to: (i) the Bond Service Account and the Bond Service Reserve Account in the Bond Fund in the amount necessary (or all the monies in the Operating Fund if less than the amount necessary) to make up any deficiencies in payments to such Accounts required by the Indenture, and (ii) in the event there shall be required any transfer of monies from the Bond Service Reserve Account to the Bond Service Account, to meet any deficiency occurring therein, then from the Operating Fund to the Bond Service Reserve Account the amount of the deficiency in such Account resulting from such transfer. Such transfer shall be made prior to the use of any monies on deposit in the Renewal and Replacement Fund to cure such deficiencies.

(B) In the event a deficiency shall occur in the Renewal and Replacement Fund as a result of expenditures from such Fund, or any of its Accounts, the Authority shall transfer from the Operating Fund to the Renewal and Replacement Fund by making deposits to such Fund the amount of such deficiency (or all of the monies in said Fund if less than the amount necessary).

(C) Amounts in the Operating Fund not required to meet a deficiency as required in the Indenture may be used for any one or more of the following:

- (1) transfer to the Revenue Fund;
- (2) transfer to the Bond Service Account within the Bond Fund for the purchase or redemption of any Bonds, including any expenses in connection with the purchase or redemption of any Bonds;
- (3) payments of principal or redemption price of or any interest on any Subordinated Indebtedness (including bond anticipation notes);
- (4) payments into the Construction Fund for application to the purposes of such Fund;
- (5) improvements, extensions, betterments, renewals and replacements of any properties of the System; and
- (6) payment of amounts due for professional services for the matters referred to in the Indenture.

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

### **Earnings Fund and Rebate Fund**

There is established an Earnings Fund and a Rebate Fund for the Bonds which shall be held by the Trustee, for the sole purpose of rebating interest earned on funds and accounts established in the Indenture to the United States pursuant to Section 148 of the Code.

(A) There shall be credited to the Earnings Fund all amounts required to be credited thereto from interest earnings or net gain on disposition of investments pursuant to the Indenture.

(B) On the twentieth Business Day following each Computation Period (as defined in the Arbitrage Certificate executed by the Authority on the date of issuance of the Bonds, hereinafter the "Arbitrage Certificate"), the Trustee, at the direction of the Authority, shall withdraw from the Earnings Fund and deposit to the Rebate Fund an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount required to be on deposit in the Rebate Fund pursuant to the Arbitrage Certificate. In the event of any deficiency, the balance required shall be provided by the Authority. In the event of any excess, the Trustee shall deposit the excess in the Construction Fund until completion of the Project as certified to the Trustee by the Authority Representative as provided in the Indenture and then such excess shall be deposited in the Interest Account of the Bond Service Account. Computations of the Rebate Amount shall be furnished to the Trustee by the Authority in accordance with the Arbitrage Certificate.

(C) Any amounts on deposit in the Earnings Fund following the transfers to the Rebate Fund required by the Indenture shall be deposited to the Interest Account of the Bond Service Account.

(D) The Trustee shall pay to the United States from the Rebate Fund the amounts described in the Arbitrage Certificate at the times provided therein.

### **Investment of Funds**

Monies held in the Bond Service Account in the Bond Fund and the Bond Service Reserve Account in the Bond Fund shall be invested and reinvested by the Trustee to the fullest extent practicable in Authorized Investments which mature not later than such times as shall be necessary to provide monies when needed for payments to be made from the Bond Service Account, and in the case of the Bond Service Reserve Account not later than five (5) years from the date of investment. The Revenue Fund may be invested and reinvested by the Authority in Authorized Investments which mature not later than at such times as shall be necessary to provide sufficient monies when needed for payments to be made from such Fund. The Renewal and Replacement Fund may be invested and reinvested by the Authority in Authorized Investments which mature not later than five (5) years from the date of investment. Monies held by the Authority in the Operating Fund may be invested and reinvested by the Authority in Authorized Investments which mature not later than ten (10) years from the date of investment. Monies 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 at such times as shall be necessary to provide sufficient monies when needed for payments to be made from such Fund. All investment earnings shall be deposited in and losses credited to the derivative account, unless otherwise provided in the Bond Indenture or any Supplemental Bond Indenture.

### **Particular Covenants Of Authority**

**Payment of Bonds.** The Authority shall duly and punctually pay or cause to be paid the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner mentioned in such Bonds according to the true intent and meaning 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.

**The System.** The Authority shall, consistent in all respects with the provisions of the Bond Indenture, complete acquisition and construction of any Project authorized by the Authority as nearly as practicable within the time ordinarily required for such acquisition or construction and shall carry out such acquisition and construction so as to entitle it to continue to receive and collect the maximum amount of Revenues with respect to the System, subject to sound business practices and consistent at all times with

the security hereunder provided for the protection of holders of the Bonds.

**Operation and Maintenance.** The Authority shall at all times operate the System or provide for the operation and maintenance thereof by the City, in a sound and economical manner, and shall maintain, preserve and keep the same properly, or cause the same to be so maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of the System may be properly and advantageously conducted.

**Rules, Regulations and Other Details.** The Authority shall establish and enforce reasonable rules and regulations governing the operation, use and services of the System and, in this connection, the Authority shall accept the rules and regulations established by the City, except and to the extent such said rules and regulations constitute or will eminently impair the collection of Revenues and the revenue providing capacity of the System. All compensation, salaries, fees and wages paid by it in connection with maintenance, repair and operation of the System (or, if necessary, rentals of retail facilities) shall be reasonable and no more than would be paid by other corporations, municipalities or public bodies for similar services. The Authority shall observe and perform all of the terms and conditions contained in the Bond Indenture, and shall comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the System or the Authority.

**Payment of Lawful Charges.** The Authority shall pay all taxes and assessments or other municipal or governmental charges, including the General Fund Transfer (subject to the established order of priority), if any, but only to the extent lawfully levied or assessed upon or in respect of the System, or upon any part thereof or upon any Revenues therefrom, when the same shall become due, and shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to any part thereof, and shall not create or suffer to be created any lien or charge thereon or any part thereof or upon the Revenues therefrom, except the pledge and lien created by 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 any Project or any part thereof or the Revenues therefrom; **PROVIDED, HOWEVER,** that nothing in this paragraph contained shall require the Authority to pay or cause to be discharged, or make provision for, any such lien or charge, so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

#### **Annual Budget; Anticipated Operating Expenses.**

(A) The Authority shall (with the aid and assistance of the City and the Utility Board of the City, as prescribed by the Lease Agreements), no less than thirty (30) days before the beginning of each Fiscal Year, prepare and file with the Trustee, a preliminary budget of Operation and Maintenance Expenses for the next ensuing Fiscal Year, including a revised amount to be deposited to the Renewal and Replacement Fund, if any, and all budgeted renewals and replacement items which will be billed by the City to the Authority pursuant to the Lease Agreements. The Authority shall prepare such preliminary budget and every Annual Budget so that it will be possible to determine from such budget the Operation and Maintenance Expenses for the Fiscal Year, and shall comply with any reasonable request of the Trustee as to the classifications in which such budget shall be prepared, particularly with respect to the facilities within the System into which such budget shall be divided or applied. The City and the Utility Board of the City will provide recommendations and projected Operation and Maintenance Expenses for the next ensuing Fiscal Year along with projected capital expenditures on the System which may reasonably be predicted, the Authority shall consider same when adopting the Annual Budget and establishing the rates for the use and services of the System. Such preliminary budget and any Annual Budget may set forth such additional material as the Authority may deem appropriate.

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

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

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

#### **Renewal and Replacement Fund Deficiencies.**

(A) The Authority shall at all times maintain the Renewal and Replacement Fund and do or cause to be done every act and thing with respect to the Renewal and Replacement Fund provided to be done or performed by or on behalf of the Authority or the Trustees under the terms and provisions hereof.

(B) In order to better secure the Bonds, to make the Bonds more marketable and to maintain in the Renewal and Replacement Fund an amount equal to the Renewal and Replacement Fund Requirement, the Consulting Engineer shall annually on or before April 1 of each year, deliver to the Authority a Certificate stating such sums, if any, as are necessary to restore the Renewal and Replacement Fund to the required balance. Thereafter, the Authority shall adopt or amend the Annual Budget so as to provide for the completion of the Renewal and Replacement Fund, as soon as practicable, but in all cases on or prior to thirty-six (36) months from the aforementioned date.

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

**Rates, Fees and Charges.** The Authority shall promptly prescribe, charge and revise from time to time as the need therefor arises, or cause such to be done, and shall collect fees and charges as may be necessary or proper in order that the Revenues collected in respect to the System will at all times be adequate to maintain the System in good repair and sound operating condition and to pay all Operation and Maintenance Expenses and such rates, fees and charges shall at all times be established and collected so as to render Net Revenues at least equal to 1.25 times the maximum annual principal of and interest on all Bonds, and to comply in all respects with the terms and provisions of the Bond Indenture, as supplemented. Receipts of condemnation, insurance, sale or disposition proceeds shall not be considered Revenues for purposes of this covenant. Copies of every schedule of rates and charges, and revisions thereof, prescribed or adopted by the Authority shall be promptly filed with the Trustee.



**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.

**Insurance and Reconstruction.** The Authority shall at all times maintain insurance on the System as is customarily maintained by municipally operated water and sanitary sewer and wastewater systems with responsible insurers to the full insurable value thereof (so long as such insurance is available upon commercially reasonable rates and terms) against loss or damage and against loss of Revenues and against public and other liability to the extent reasonably necessary to protect the interests of the Authority and the Bondholders. If any useful part of the System shall be damaged or destroyed, the Authority shall, as expeditiously as may be possible, commence and diligently proceed with the repair or replacement of the damaged property so as to restore the same to use. The proceeds of any such insurance shall be payable to the Authority and the Trustee and (except for proceeds of use and occupancy insurance, if any) shall be applied to the necessary costs involved in such repair and replacement and, to the extent not so applied, shall (together with proceeds of any such use and occupancy insurance, if any) be deposited by the Authority in the Redemption Account and used immediately to redeem or purchase Bonds. In the event that the costs of such repair and replacement of the damaged property exceeds the proceeds of such insurance available for payment of the same, funds available in the Renewal and Replacement Fund and in the Operating Fund shall be used to the extent necessary for such purposes.

**Sale or Lease of System.**

(A) Except as provided in the Bond Indenture, no part of the System shall be sold, leased (other than parking spaces and ancillary or accessory space) or otherwise disposed of.

(B) Subject to the Bond Indenture, the Authority may sell at any time and from time to time at appraised market value any property constituting part of the System and not necessary in the judgment of the Authority, the City and the Trustee for the purposes of the Authority and any proceeds of any such sale not used (i) to acquire or construct a replacement facility of at least equivalent revenue producing value, (ii) for an authorized purpose of the Authority, or (iii) to replace such property so sold or exchanged in excess of \$25,000, shall be deposited (in addition to the Aggregate Bond Service Requirement) in the Redemption Account and shall be used and applied to the redemption or purchase of Bonds as provided in the Bond Indenture. In all cases and notwithstanding any provision herein to the contrary the Trustee shall be authorized to use the monies so deposited to the credit of the Redemption Account for tender offers. The proceeds of any sale under \$25,000 and of any equipment no longer useful for the purposes of the Authority shall be deposited in the Revenue Fund.

(C) Subject to the Bond Indenture, the Authority may exchange at any time and from time to time any property or facilities constituting part of the System provided the property exchanged to the Authority shall be property of substantially the same character as and shall have an appraised fair market value equal to or greater than the appraised fair market value of the property being exchanged by the Authority.

**Condemnation.** The Authority covenants that, if title to or use of any portion of the System is taken or condemned under the power of eminent domain by any governmental authority or by any person acting under governmental authority, the Authority shall cause any proceeds received by the Authority upon such condemnation or sale to be deposited in the Redemption Account and will use and apply such monies immediately upon deposit to the redemption or purchase of Bonds; **PROVIDED**, that, to the extent stated in a Certificate of a Consulting Engineer or Independent Consultant, such proceeds may be expended to replace, repair, restore or reconstruct such portion of the System to a condition of at least equivalent revenue producing value, and in that event such proceeds shall be placed in an account held by the Trustee and shall be applied only for the necessary costs of such repair, replacement, restoration or reconstruction.

**Accounts and Audit.** The Authority shall keep proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the System or any part thereof, and which, together with all other books and papers of the Authority, shall at all reasonable times be subject to the inspection of the Trustee, or the holder or holders of any of the Bonds then Outstanding or their representatives duly authorized in writing. The Authority shall cause its books and accounts to be audited each Fiscal Year by an Independent Public Accountant,

acceptable to the Authority and Trustee and not later than December 31 of each fiscal year copies of the reports of such audits so made shall be furnished to the Authority, the Consulting Engineer and the Trustee, including statements in reasonable detail, certified by said Accountant, of financial condition, of the Authority and detailing the Revenues, Operation and Maintenance Expenses, the General Obligation Water Bond Contribution, the General Obligation Sewer Bond Contribution, the Water Main Extension Payments, the General Fund Transfers, the Renewal and Replacement Fund and of all funds held by the Trustee and of the fees, rates and charges and Revenues collected in each classification. The Authority shall cause a copy of every report of audit to be mailed to every Bondholder who within two years prior to the date of each such report shall have filed with the Authority a statement of his name and address together with a request for copies of such reports.

**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 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, 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 the 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 Revenues and other funds pledged under the Bond Indenture 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 the 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 covenants and agrees with the holders of the Bonds that no part of the proceeds of any Series of the 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 148 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 excluded from the gross income of the payee interest under any valid provision of law.

#### **Events of Default**

The happening of any one or more of the following events shall constitute an Event of Default under the Bond Indenture:

(A) if default shall be made in 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) if default shall be made in 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) if default shall be made by the Authority in the observance of any of the covenants, agreements or conditions on its part in the Bond 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 the System, or any substantial part thereof so as to adversely affect the 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;

(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; or

(G) if the Bond Indenture or the Lease Agreements be terminated or for any reason be declared invalid or unenforceable by or against the Authority (unless all covenants and obligations of the Bond Indenture are assured by the City).

During the continuance of any such Event of Default unless the principal of all the Bonds shall have already become due and payable, 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; **PROVIDED, HOWEVER**, that so long as no Event of Default exists under subsections (A) or (B) above, any acceleration of Bonds pursuant to an Event of Default described in subsections (C), (D), (E), (F) or (G) above in respect of which a Support Facility exists shall be made only upon the written concurrence of the issuer of any such Support Facility.

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 Bond 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.

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; appointment of a temporary receiver or trustee to take over, operate and maintain the System; foreclosure of the mortgage and security interest hereof; 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.

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 in the Bond Indenture 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 Bond 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 Bond Indenture, 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.

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.

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 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 shall be entitled to request the appointment of a receiver or trustee of the System and of the Revenues pending such proceedings, with such powers as the court making such appointment shall confer, whether or not such Revenues shall be deemed sufficient ultimately to satisfy the Bonds Outstanding hereunder.

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.

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.

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 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 **PROVIDED FURTHER**, that nothing in the Bond Indenture 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.

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 owners of at least fifty-one percent (51%) of the aggregate principal amount of Bonds Outstanding 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 owners 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 provided in the Bond Indenture and then only for the equal benefit of the holders of all Outstanding Bonds.

No delay or omission of the Trustee or of any holder of Bonds to exercise any right or power accruing upon any Event of Default shall impair the right or power or shall be construed to be a waiver of an Event of Default or an acquiescence therein. Every power and remedy given by the Bond Indenture 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 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; and

In case of a waiver by the Trustee of any Event of Default the Authority, the Trustee and the Bondowners 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.

### **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

(G) 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 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 City 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 (a) 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; (b) 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 (c) 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 (b) 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.

**EXHIBIT "B"**



## **Summary of Certain Provisions of the Water System Lease Agreement**

Pursuant to the Water System Lease Agreement the City leases the City's water system to the Authority for a term of fifty (50) years or until all indebtedness of the Authority issued pursuant to the Bond Indenture is retired or provisions have been made therefor. The following is a summary only of certain provisions of the Water System Lease Agreement and reference is made to the Water System Lease Agreement for a complete recital of its provisions.

**Property Leased.** The City has leased to the Authority its water system and all appurtenances thereto, including all licenses, easements, contracts, leases, property, real, personal or mixed and all proceeds, fees, charges, revenues, income, rents, receipts and benefits from the use of said water system.

**Term.** The City has leased its System to the Authority for a term of fifty (50) years from the 1st day of February, 1984, to the 31st day of January, 2034, or to such later date as all bonds or any indebtedness incurred by the Authority secured by and payable from the revenues of or any interest in the Water System, or any portion thereof, has been paid or provisions for the payment thereof have been duly made.

**Covenants by the City.** The City covenants and agrees with the Authority to:

(A) Cooperate with the Authority in the adoption and approval of a schedule of uniform and non-discriminatory rates, fees and charges for the use of the Water System and the facilities and services thereof all in accordance with the provisions set forth in the Indenture.

(B) Bill and collect rates, fees, tariffs and charges to each and every user of the Water System and the facilities and services thereof and to enforce the payment of same by all available legal means including curtailment of service, and not to permit any free use of the Water System and the facilities and services thereof, except as may be furnished to or used by the City for municipal purposes and functions.

(C) Deposit the Gross Revenues on a daily basis, or as soon as practicable, to the credit of the Revenue Fund created pursuant to the Indenture or to the Operating Fund as may be permitted by the Indenture.

(D) Report or cause reports and recommendations, required to be submitted pursuant to the Indenture, to be furnished to the Authority.

(E) Prepare and file with the Trustee monthly statements in respect to (i) the City's required Water System General Obligation Debt, (ii) the City's obligation under the Water Main Extension Contracts, (iii) the Operation and Maintenance Expenses and the amount to which the City is entitled to be reimbursed, and (iv) the City's General Fund Transfer.

(F) Cause the Water System to be operated and maintained in first class condition, and kept in good repair and not commit or allow any waste with respect to any of said property and to pay or cause to be paid or reimburse the City for the payment of the Operation and Maintenance Expenses of the Water System.

(G) Carry the insurance required to be carried by the Authority under the terms of the Indenture pertaining to any indebtedness incurred by the Authority.

(H) Assist the Authority in the preparation of its Annual Budget; in this connection the information to be furnished by the City shall include but not necessarily be limited to: (i) estimates pertaining to the Operation and Maintenance Expenses based on historical data, (ii) the monthly General Obligation Water Bond Contribution and Water Main Extension Payments and Renewal and Replacement Fund requirements, and (iii) the estimated General Fund Transfers set forth as a percentage of Gross Revenues. The City shall be responsible for approving the budget of the Authority.

**Covenants by the Authority.** The Authority covenants and agrees with the City as follows:

(A) To direct that the Gross Revenues collected by the City and deposited in the Revenue Fund or the Operating Fund, as may be permitted by the Indenture, are utilized in accordance with the terms of the Indenture, including the payment to the City of the General Obligation Water Bond Contribution payments, if any (to the appropriate sinking fund or funds designated by the City), and the transfer of the Water Main Extension Payments, if any, to the appropriate fund or account designated by the City.

(B) To pay or reimburse the City for the payment of Operation and Maintenance Expenses.

(C) To issue the Bonds for the purposes of providing the Project.

(D) Prepare and adopt a schedule of uniform and non-discretionary rates, fees and charges for the use of the Water System and the facilities and services thereof, all in accordance with the provisions set forth in the Indenture; and to present the same to the Utility Board and the City for approval and adoption as required by the established procedures of the City, the City's Charter and other applicable Oklahoma law, and subject to such conditions to revise or cause the timely revision of the same from time to time so as to comply with any and all requirements and conditions upon it by any Indenture securing or pertaining to any of its indebtedness.

### **Lease Agreement**

**Assignment of Lease Agreement.** Interests, powers, privileges and benefits accruing to or vested in the Authority under the Lease Agreement may be protected and enforced in conformity with the Indenture and have been assigned by the Authority to the Trustee as additional security for the Bonds, and may be exercised and enforced by the Trustee for and on behalf of the Bondholders in conformity with the provisions of the Lease Agreement and the Indenture.

**Supplemental Lease Agreement.** The Authority and the City, with the approval of the Trustee, may consent to supplemental lease agreements for the purposes and in the manner, including any provision of Bondholder consent, as provided for amendment of the Indenture above.

### **Summary of Certain Provisions of the Wastewater System Lease Agreement**

Pursuant to the Wastewater System Lease Agreement and Operation and Maintenance Contract the City leases the City's sanitary sewer and wastewater system to the Authority for a term of fifty (50) years or until all indebtedness of the Authority secured and payable from the revenues of the Wastewater System are retired or provisions have been made therefor. The following is a summary only of certain provisions of the Wastewater System Lease Agreement and reference is made to the Wastewater System Lease Agreement for a complete recital of its provisions.

**Property Leased.** The City has leased to the Authority its sanitary sewer and wastewater collection, transportation, processing and disposal system and facilities and all appurtenances thereto, including all licenses, easements, contracts, leases, property, real, personal or mixed and all proceeds, fees, charges, revenues, income, rents, receipts and benefits from the use of said sanitary sewer and wastewater system, (the "Wastewater System").

**Term.** The City has leased its Wastewater System to the Authority for a term of fifty (50) years from the 1st day of July, 1989, to the 30th day of June, 2039, or to such later date as all bonds or any indebtedness incurred by the Authority secured by and payable from the revenues of or any interest in the Wastewater System, or any portion thereof, has been paid or provisions for the payment thereof have been duly made.

**Covenants by the City.** In addition to other covenants and agreements the City covenants and agrees with the Authority to:

(A) Cooperate with the Authority in the adoption and approval of a schedule of uniform and non-discriminatory rates, fees and charges for the use of the Wastewater System and the facilities and services thereof all in accordance with the provisions set forth in the Indenture.

(B) Bill and collect rates, fees, tariffs and charges to each and every user of the System and the facilities and services thereof and to enforce the payment of same by all available legal means including curtailment of service, and not to permit any free use of the Wastewater System and the facilities and services thereof, except as may be furnished to or used by the City for municipal purposes and functions.

(C) Deposit the Gross Revenues on a daily basis, or as soon as practicable, to the credit of the Revenue Fund or to the Operating Fund as may be permitted by the Wastewater Lease Agreement and transfer funds from the Operating Fund of the Authority on or before the time needed therefrom.

(D) Maintain books, accounts and records pertaining to the Operation and Maintenance Expenses of the Wastewater System, to account for such Operation and Maintenance Expenses and expenses for repairs, replacements and betterment of the Wastewater System; to account for all General Fund Transfers, caused to be transferred in the manner prescribed herein.

(E) Report or cause reports and recommendations requested by the Authority to be furnished to the Authority.

(F) Prepare and file with the Trustee monthly statements in respect to (i) the City's required Wastewater System General Obligation Debt, (ii) the Operation and Maintenance Expenses and the amount to which the City is entitled to be reimbursed, and (iii) the City's General Fund Transfer.

(G) Cause the Wastewater System to be operated and maintained in first class condition, and kept in good repair and not commit or allow any waste with respect to any of said property and to pay or cause to be paid or reimburse the City for the payment of the Operation and Maintenance Expenses of the Wastewater System.

(H) Carry the insurance required to be carried by the Authority under the terms of the Indenture pertaining to any indebtedness incurred by the Authority.

(I) Assist the Authority in the preparation of its Annual Budget; in this connection the information to be furnished by the City shall include but not necessarily be limited to: (i) estimates pertaining to the Operation and Maintenance Expenses based on historical data, (ii) estimate of renewal and replacement deposit for additional repairs or betterments of the Wastewater System, (iii) the monthly General Obligation Sewer Bond Contribution, and (iv) the estimated General Fund Transfers set forth as a percentage of Gross Revenues. The City shall be responsible for approving the budget of the Authority.

(J) Keep the Wastewater System and each and every part thereof free and clear from all liens, claims and encumbrances of any nature or character whatever to the end and purpose that the priority of the liens and pledge provided for in any indenture or other instruments securing or pertaining to any indebtedness of the Authority may at all times be maintained and preserved as paramount and superior.

(K) Take all necessary and appropriate actions to assist the Authority in observing and performing all of its duties and obligations imposed under any indenture securing any indebtedness of the Authority, including, but not limited to, the institution and protection of appropriate proceedings in eminent domain, and any and all action required to protect the sources required for the provision of sanitary sewer and wastewater facilities supply adequate to meet the needs of the Wastewater System.

(L) Take all prompt and diligent action necessary as it relates to the Authority's duty to establish and refer, or cause to be established and referred, for approval and revision of rates, fees and

charges for the use of the Wastewater System and the facilities and services thereof so as to produce sufficient Gross Revenues to meet all legal requirements of the City of and the Authority.

**Covenants by the Authority.** In addition to other covenants and agreements the Authority covenants and agrees with the City as follows:

(A) To direct that the Gross Revenues collected by the City and deposited in the Revenue Fund or the Operating Fund are utilized in accordance with the terms of the Indenture, including the payment to the City of the General Obligation Wastewater Bond Contribution payments, if any (to the appropriate sinking fund or funds designated by the City).

(B) To pay or reimburse the City for the payment of Operation and Maintenance Expenses and to remit the General Fund Transfers.

(C) To issue the Bonds for the purposes of providing the Project.

(D) Prepare and adopt a schedule of uniform and non-discretionary rates, fees and charges for the use of the Wastewater System and the facilities and services thereof, all in accordance with the provisions set forth in the Indenture; and to present the same to the Utility Board and the City for approval and adoption as required by the established procedures of the City, the City's Charter and other applicable Oklahoma law, and subject to such conditions to revise or cause the timely revision of the same from time to time so as to comply with any and all requirements and conditions upon it by any Indenture securing or pertaining to any of its indebtedness.

### **Lease Agreement**

**Assignment of Lease Agreement.** Interests, powers, privileges and benefits accruing to or vested in the Authority under the Lease Agreement may be protected and enforced in conformity with the Indenture and have been assigned by the Authority to the Trustee as additional security for the Bonds, and may be exercised and enforced by the Trustee for and on behalf of the Bondholders in conformity with the provisions of the Lease Agreement and the Indenture.

**Supplemental Lease Agreement.** The Authority and the City, with the approval of the Trustee, may consent to supplemental lease agreements for the purposes and in the manner, including any provision of Bondholder consent, as provided for amendment of the Indenture above.

**EXHIBIT "C"**

**Series 2024A & Series 2024B  
Form of Bond Counsel Opinion**

**HILBORNE & WEIDMAN**  
A PROFESSIONAL CORPORATION  
ATTORNEYS AND COUNSELORS  
2405 EAST 57TH STREET  
TULSA, OKLAHOMA 74105-7548

April 19, 2024

Trustees of the Tulsa Metropolitan Utility Authority  
Tulsa, Oklahoma

Re: \$47,320,000.00 Tulsa Metropolitan Utility Authority Utility Revenue Bonds, Series 2024A, dated of even date herewith.

Gentlemen:

We have acted as Bond Counsel to the Tulsa Metropolitan Utility 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 Amended Master Bond Indenture, dated as of September 1, 1989, as supplemented by the Twenty Eighth Supplemental Bond Indenture dated as of April 1, 2024 (collectively the "Bond Indenture"), authorizing the issuance of the Bonds has been duly and lawfully authorized by the

Authority and UMB Bank, N.A., 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 (a) 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 under the Code, however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. The opinions set forth in the preceding sentence are subject to the condition that the Authority comply with all requirements of the Internal Revenue Code of 1986 (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 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**  
**ATTORNEYS AND COUNSELORS**  
2405 EAST 57TH STREET  
TULSA, OKLAHOMA 74105-7548

April 19, 2024

Trustees of the Tulsa Metropolitan Utility Authority  
Tulsa, Oklahoma

Re: \$17,025,000.00 Tulsa Metropolitan Utility Authority Utility Revenue Bonds, Series 2024B,  
dated of even date herewith.

Gentlemen:

We have acted as Bond Counsel to the Tulsa Metropolitan Utility 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 Amended Master Bond Indenture, dated as of September 1, 1989, as supplemented by the Twenty Eighth Supplemental Bond Indenture dated as of April 1, 2024 (collectively the "Bond Indenture"), authorizing the issuance of the Bonds has been duly and lawfully authorized by the Authority and UMB Bank, N.A., 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 (a) 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 under the Code, however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. The opinions set forth in the preceding sentence are subject to the condition that the Authority comply with all requirements of the Internal Revenue Code of 1986 (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 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,



## EXHIBIT "D"

### CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Tulsa Metropolitan Utility Authority (the "Issuer") in connection with the issuance of \$47,320,000.00 Utility Revenue Bonds, Series 2024A and \$17,025,000.00 Utility Revenue Bonds, Series 2024B (the "Bonds"). The Bonds are being issued pursuant to a Amended Master Bond Indenture, dated as of September 1, 1989, as supplemented by the Twenty Eighth Supplemental Bond Indenture, dated as of April 1, 2024 (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, 2024, by no later than 6 months (December 31) after the end of the respective fiscal year, to the MSRB.

(b) 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, 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, as to bond calls), (x), (xiii as to bond calls), (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 Exhibit E 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)        "Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(5)        “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.

(6)        “Internet Web Site” means the MSRB’s Electronic Municipal Market Access (EMMA) system, presently at <http://emma.msrb.org>.

(7)        “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, if material;
- (iii)      unscheduled draws on debt service reserves reflecting financial difficulties;

- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the 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 Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (xiii) 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, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (xv) incurrence of a financial obligation of an obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(8) “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.

(9) “Official Statement” means the Official Statement of the Issuer relating to the Bonds.

(10) “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.

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

(12) “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: April 19, 2024

**TULSA METROPOLITAN UTILITY AUTHORITY**

\_\_\_\_\_  
**Chairman of Trustees**

ATTEST:

\_\_\_\_\_  
**Secretary of Trustees**

(SEAL)

**EXHIBIT "E"**

**Audited Financial Statements**



**TULSA METROPOLITAN UTILITY AUTHORITY**  
(A Component Unit of the City of Tulsa, Oklahoma)

**FINANCIAL REPORT**  
June 30, 2023 and 2022

**TULSA METROPOLITAN UTILITY AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**INDEX**  
**June 30, 2023 and 2022**

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## Independent Auditor's Report

Board of Trustees  
Tulsa Metropolitan Utility Authority

### Opinions

We have audited the financial statements of the business-type activities and each major fund of the Tulsa Metropolitan Utility Authority (the Authority), a component unit of the City of Tulsa, Oklahoma, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Authority, as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other postemployment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

*RSM US LLP*

Kansas City, Missouri  
December 1, 2023

**TULSA METROPOLITAN UTILITY AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**June 30, 2023 and 2022**

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As management of the Tulsa Metropolitan Utility Authority (the “Authority”), a component unit of the City of Tulsa, Oklahoma (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 years ended June 30, 2023 and 2022. We encourage readers to consider the information presented here in conjunction with the Authority’s financial statements, which begin on page 10. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

**Financial Highlights**

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of the current year by \$1,516,523. Of this amount, \$184,537 is unrestricted and may be used to meet the Authority’s ongoing obligations.
- The Authority’s net position increased from \$1,437,598 at June 30, 2022 to \$1,516,523 at June 30, 2023. During 2023, the Authority generated an increase in net position of \$78,925 compared to an increase in net position of \$60,135 during 2022.
- The Authority’s cash and cash equivalents at June 30, 2023, were \$323,486, representing a decrease of \$7,944 from June 30, 2022.

**Overview of the Financial Statements**

The Authority, a legally separate public trust, is reported by the City as a discretely presented component unit in the City’s Annual Comprehensive Financial Report. The primary function of the Authority is to provide for water delivery and wastewater utility systems.

This discussion and analysis is intended to serve as an introduction to the Authority’s audit report. The audit report consists of two parts: management’s discussion and analysis, and the financial statements. The financial statements also include notes that explain in more detail some of the information in the financial statements.

**TULSA METROPOLITAN UTILITY AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**June 30, 2023 and 2022**

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**Required Financial Statements**

The Authority uses fund accounting in its 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 Authority has one fund type, proprietary, and reports two enterprise funds. Enterprise funds are used to report the functions presented as business-type activities.

These statements offer short-term and long-term financial information about its activities. The Statement of Net Position includes all of the Authority's assets and deferred outflows of resources and liabilities and deferred 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. This statement allows financial statement users to assess whether the Authority's current cash flows are sufficient to pay its obligations. The statement reports cash receipts, cash payments, and changes in cash resulting from operating, investing, and 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 the cash balance during the period.

**TULSA METROPOLITAN UTILITY AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**June 30, 2023 and 2022**

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**Net Position**

The Authority's net position increased \$78,925 for the year ended June 30, 2023 and \$60,135 for the year ended June 30, 2022. The following table provides a summary of net position.

**SUMMARY OF NET POSITION**

	<b>2023</b>	<b>2022</b>	<b>2021 (as restated)</b>
Current assets, unrestricted	\$ 269,493	\$ 271,359	\$ 284,999
Restricted assets	99,597	99,921	85,977
Capital assets, net	1,576,586	1,515,044	1,449,237
Other assets	39,324	39,147	38,510
<b>Total assets</b>	<b>1,985,000</b>	<b>1,925,471</b>	<b>1,858,723</b>
<b>Total deferred outflows of resources</b>	<b>13,743</b>	<b>14,701</b>	<b>14,087</b>
Current liabilities	86,403	81,680	84,084
Noncurrent liabilities	390,822	414,650	386,862
<b>Total liabilities</b>	<b>477,225</b>	<b>496,330</b>	<b>470,946</b>
<b>Total deferred inflows of resources</b>	<b>4,995</b>	<b>6,244</b>	<b>24,401</b>
Net investment in capital assets	1,315,592	1,232,233	1,153,457
Restricted	16,394	15,070	15,398
Unrestricted	184,537	190,295	208,608
<b>Total net position</b>	<b>\$ 1,516,523</b>	<b>\$ 1,437,598</b>	<b>\$ 1,377,463</b>

In 2023, total assets increased \$59,529. Current assets decreased \$1,866, primarily due to a decrease of \$7,620 in cash and cash equivalents attributable to a decline in the fair value of investments held in the City's pooled portfolio offset by an increase in net utilities receivables of \$2,983 and inventories of \$2,619 attributable to increase in water meters. The decrease in restricted assets of \$324 is primarily attributable to decreased spending of debt proceeds to fund capital. The \$61,542 increase in capital assets is consistent with the improvement and expansion of both utility systems and is necessary to provide adequate services to our customers and to assure compliance with all applicable laws and regulations. Total deferred outflows of resources decreased \$958 primarily due to a decrease in deferred outflows of pension related resources of \$608 and deferred charge on refunding of \$316. Total liabilities decreased \$19,105 primarily due to decrease in revenue bonds payable \$20,050, promissory notes payable of \$4,834 and general obligation debt of \$1,007 offset by an increase in net pension liability of \$4,621 and accounts payable and accrued liabilities of \$2,558 due to timing. Total deferred inflows of resources decreased \$1,249 primarily due to decreases in pension related items of \$978 and deferred gain on refunding of \$162.

**TULSA METROPOLITAN UTILITY AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**June 30, 2023 and 2022**

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**Net Position, continued**

In 2022, total assets increased \$66,748. Current assets decreased \$13,640, primarily due to a decrease of \$10,730 in cash and cash equivalents attributable to a decline in the fair value of investments held in the City's pooled portfolio as well as a decrease in other receivables of \$2,271 related to federal grant accrual. The increase in restricted assets of \$13,944 is primarily attributable to increases in debt proceeds of \$12,356 and escrow deposits of \$1,139. The \$65,807 increase in capital assets is consistent with the improvement and expansion of both utility systems and is necessary to provide adequate services to our customers and to assure compliance with all applicable laws and regulations. Total deferred outflows of resources increased \$614 primarily due to an increase in deferred outflows of pension related resources of \$1,214 offset by decrease in deferred charge on refunding of \$381. Total liabilities increased \$25,384 due primarily to increases in net pension liability of \$23,132, promissory notes payable of \$14,277 related to increased debt proceeds offset by decreases in revenue bonds payable of \$4,415 and accounts payable and accrued liabilities of \$4,279 due to timing. Total deferred inflows of resources decreased \$18,157 primarily due to decreases in pension related items of \$18,126.



**TULSA METROPOLITAN UTILITY AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**June 30, 2023 and 2022**

**SUMMARY OF CHANGES IN NET POSITION**

	<b>2023</b>	<b>2022</b>	<b>2021 (not restated)</b>
Operating revenue	\$ 282,175	\$ 260,266	\$ 251,453
Nonoperating revenue	662	1,254	2,500
Investment income	4,988	-	1,478
Total revenues	287,825	261,520	255,431
Depreciation expense	45,702	45,028	43,819
Other operating expense	145,774	124,087	118,023
Nonoperating expense	28,111	34,820	26,010
Total expenses	219,587	203,935	187,852
Income before contributions	68,238	57,585	67,579
Capital contributions	10,731	5,526	8,294
Capital contributions (to) from City of Tulsa	(44)	(2,976)	19
Total capital contributions	10,687	2,550	8,313
Change in net position	78,925	60,135	75,892
Net position, beginning of year	1,437,598	1,377,463	1,301,571
Net position, end of year	\$ 1,516,523	\$ 1,437,598	\$ 1,377,463

In 2023, total revenues increased \$26,305, due primarily to increase in operating revenue of \$21,909 resulting from increased wastewater rates and water usage as well as investment gains experienced during the year offset by decrease in proceeds from sale of capital assets of \$543. Other operating expenses increased \$21,687 due to increase in personnel services of \$12,207, materials and supplies of \$3,762 due to increased fuel costs, chemicals and supplies for water treatment and leak repairs; and increase of \$5,718 for utilities due to increased pumping, and paving repairs due to increased water line breaks. Nonoperating expenses decreased \$6,709 due primarily to increased payments in lieu of taxes to the City of Tulsa of \$3,130 offset by an increase in net investment gains due to increased returns on investments held in the City's pooled portfolio. Capital contributions increased \$8,137 primarily related to increases in contributed water and wastewater lines of \$5,205 and decrease of capital contributions to the City of Tulsa of \$2,932. As a result of these changes, net position decreased \$78,925 during the year.

In 2022, total revenues increased \$6,089, due primarily to increase in operating revenue of \$8,813 resulting from increased wastewater rates and water usage offset by decrease in noncapital federal grants of \$191,218 as well as investment losses experienced during the year. Other operating expenses increased \$6,064 due to increase in personnel services of \$4,103 as well as increase in materials and supplies of \$1,007 due to increased vendor costs for fuel and water treatment chemicals. Nonoperating expenses increased \$8,810, due primarily to net investment losses of \$9,516 mostly attributable to a decline in the fair value of on investments held in the City's pooled portfolio offset by decreases in new bond issuance costs of \$428 and interest and amortization expense of \$309. Capital contributions decreased \$5,763 primarily related to decreases in contributed water and wastewater lines of \$2,768 and the transfer of the Brake and Wheel Center with a historic value of \$2,574 to City of Tulsa. As a result of these changes, net position increased \$60,135 during the year.

**TULSA METROPOLITAN UTILITY AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**June 30, 2023 and 2022**

**Capital Assets**

The Authority's investment in capital assets as of June 30, 2023 and 2022 was \$1,576,586 and \$1,515,044, respectively (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, equipment, water storage lease and right-to-use leased assets of land, building and equipment. The Authority paid \$93,333 and \$113,100 during 2023 and 2022, respectively, related to the acquisition and purchase of capital assets. Contributions from area developers for water and wastewater lines were \$10,731 and \$5,526 during 2023 and 2022, respectively.

	<b>2023</b>	<b>2022</b>	<b>2021 (as restated)</b>
Land	\$ 38,177	\$ 38,177	\$ 38,177
Water storage lease	9,593	9,593	9,593
Buildings	54,883	51,507	53,443
Equipment	92,269	89,631	84,566
Land improvements, water and sewer lines	2,258,047	2,164,156	2,054,908
Right-to-use land	-	52	52
Right-to-use building	164	164	-
Right-to-use equipment	-	327	327
	<u>2,453,133</u>	<u>2,353,607</u>	<u>2,241,066</u>
Less accumulated depreciation/amortization	(949,923)	(905,739)	(863,936)
Construction-in-progress	<u>73,376</u>	<u>67,176</u>	<u>72,107</u>
Capital assets, net	<u>\$ 1,576,586</u>	<u>\$ 1,515,044</u>	<u>\$ 1,449,237</u>

**Debt**

During 2023, the Authority's debt decreased \$25,891 or 7.2%. The change is primarily a result of regularly scheduled principal payments. At June 30, 2023 and 2022, the Authority had outstanding general obligation bonded debt of \$2,539 and \$3,546, respectively. These bonds are required to be fully paid within 25 years from the date of issue and are backed by the full faith and credit of the City. The City's Charter requires that not less than 50% of the annual principal and interest requirements on general obligation bonds issued for waterworks and wastewater be funded by water and wastewater revenues, respectively.

	<b>2023</b>	<b>2022</b>	<b>2021</b>
General obligation bonds	\$ 2,539	\$ 3,546	\$ 5,308
Revenue bonds	170,410	190,460	194,875
Promissory notes	<u>159,162</u>	<u>163,996</u>	<u>149,719</u>
Total debt	<u>\$ 332,111</u>	<u>\$ 358,002</u>	<u>\$ 349,902</u>

In 2022, the Authority issued revenue bonds to fund capital improvements to the wastewater systems. As an issuer of bonds, the Authority is subject to numerous covenants contained within the bond indentures. The Authority is in full compliance with all of these covenants.

**TULSA METROPOLITAN UTILITY AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**June 30, 2023 and 2022**

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**Funds**

The Authority has two funds, the Water Fund and the Sewer Fund. At June 30, 2023, the Water Fund net position of \$746,361 reflected an increase of \$28,930 from the net position of \$717,431 at June 30, 2022. At June 30, 2023, the Sewer Fund net position of \$770,162 reflected an increase of \$49,995 from the net position of \$720,167 at June 30, 2022.

**Economic factors and next year's budgets and rates**

At the national level, unemployment remained 3.6% at the end of fiscal year 2023, consistent with last year. Unemployment in the Tulsa Metro was below the national level during the fiscal year. The unemployment rate in the Tulsa Metro was 3.0% at the end of fiscal year 2023 compared to 3.5% at the end of fiscal year 2022. The Authority continues to have consistent accounts receivable collections.

The Authority's appointed officials considered many factors when setting the fees that will be charged for water and sewer services in 2023. The Authority approved a 3 percent rate increase in water fees and a 4 percent rate increase in sewer fees beginning in October 2023. The fee increases are to fund operations, maintenance, debt service, and capital improvements.

**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 Office of the Controller, 175 E. Second Street, Suite 1570, Tulsa, Oklahoma 74103.

**TULSA METROPOLITAN UTILITY AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**STATEMENTS OF NET POSITION**  
**June 30, 2023 and 2022**

	2023			2022		
(In thousands of dollars)	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
<b><u>ASSETS</u></b>						
Current assets:						
Cash and cash equivalents	\$ 117,801	\$ 106,088	\$ 223,889	\$ 127,860	\$ 103,649	\$ 231,509
Cash and cash equivalents, restricted	21,448	11,160	32,608	20,001	10,358	30,359
Accounts receivable:						
Utility services receivable, net	17,068	18,357	35,425	16,375	16,067	32,442
Other receivables, net	506	357	863	398	189	587
Property tax receivable	-	471	471	-	520	520
Current portion of lease receivable	100	3	103	94	1	95
Prepaid expenses	83	52	135	141	77	218
Inventories	8,366	241	8,607	5,688	300	5,988
Total current assets	<u>165,372</u>	<u>136,729</u>	<u>302,101</u>	<u>170,557</u>	<u>131,161</u>	<u>301,718</u>
Noncurrent assets:						
Cash and cash equivalents, restricted	16,565	50,424	66,989	16,753	52,809	69,562
Interest receivable	85	235	320	10	30	40
Lease receivable	749	30	779	696	31	727
Equity interest in joint venture	-	38,225	38,225	-	38,380	38,380
Nondepreciable capital assets	65,778	55,368	121,146	56,875	58,071	114,946
Depreciable capital assets, net	<u>641,597</u>	<u>813,843</u>	<u>1,455,440</u>	<u>624,199</u>	<u>775,899</u>	<u>1,400,098</u>
Total noncurrent assets	<u>724,774</u>	<u>958,125</u>	<u>1,682,899</u>	<u>698,533</u>	<u>925,220</u>	<u>1,623,753</u>
Total assets	<u>\$ 890,146</u>	<u>\$ 1,094,854</u>	<u>\$ 1,985,000</u>	<u>\$ 869,090</u>	<u>\$ 1,056,381</u>	<u>\$ 1,925,471</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>						
Deferred charge on refunding	620	53	673	900	89	989
Pension related items	7,240	5,334	12,574	6,854	6,328	13,182
Other postemployment benefits related items	<u>263</u>	<u>233</u>	<u>496</u>	<u>278</u>	<u>252</u>	<u>530</u>
Total deferred outflows of resources	<u>\$ 8,123</u>	<u>\$ 5,620</u>	<u>\$ 13,743</u>	<u>\$ 8,032</u>	<u>\$ 6,669</u>	<u>\$ 14,701</u>

(Continued)

The accompanying notes are an integral part of the financial statements

**TULSA METROPOLITAN UTILITY AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**STATEMENTS OF NET POSITION, Continued**  
**June 30, 2023 and 2022**

(In thousands of dollars)	2023			2022		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
<b><u>LIABILITIES</u></b>						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 15,200	\$ 17,586	\$ 32,786	\$ 14,953	\$ 15,275	\$ 30,228
Current portion of compensated absences	2,039	1,574	3,613	1,597	1,380	2,977
Current portion of lease liability	276	29	305	326	75	401
Current portion of other OPEB	64	55	119	59	52	111
Liabilities payable from restricted assets:						
Deposits subject to refund	14,133	801	14,934	12,871	641	13,512
Current portion of general obligation debt	-	980	980	-	1,007	1,007
Current portion of promissory notes	-	13,161	13,161	-	13,394	13,394
Current portion of revenue bonds	11,755	8,750	20,505	11,430	8,620	20,050
Total current liabilities	43,467	42,936	86,403	41,236	40,444	81,680
Noncurrent liabilities:						
General obligation debt	-	1,559	1,559	-	2,539	2,539
Promissory notes	-	146,001	146,001	-	150,602	150,602
Revenue bonds	56,845	93,060	149,905	68,600	101,810	170,410
Unamortized bond premium	1,743	5,473	7,216	2,388	6,650	9,038
Compensated absences	1,088	840	1,928	1,052	910	1,962
Lease liability	2,019	29	2,048	2,406	115	2,521
Total OPEB liability	1,025	895	1,920	1,043	911	1,954
Net pension liability	43,325	36,920	80,245	39,913	35,711	75,624
Total noncurrent liabilities	106,045	284,777	390,822	115,402	299,248	414,650
Total liabilities	\$ 149,512	\$ 327,713	\$ 477,225	\$ 156,638	\$ 339,692	\$ 496,330
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>						
Deferred inflow of lease related resources	805	30	835	748	32	780
Deferred gain on refunding	-	650	650	-	812	812
Pension related items	1,402	1,274	2,676	2,055	1,599	3,654
Other postemployment benefits related items	189	174	363	250	228	478
Property tax revenue	-	471	471	-	520	520
Total deferred inflows of resources	\$ 2,396	\$ 2,599	\$ 4,995	\$ 3,053	\$ 3,191	\$ 6,244
<b><u>NET POSITION</u></b>						
Net investment in capital assets	642,090	673,502	1,315,592	603,707	628,526	1,232,233
Restricted for debt service	6,690	9,704	16,394	6,320	8,750	15,070
Unrestricted	97,581	86,956	184,537	107,404	82,891	190,295
Total net position	\$ 746,361	\$ 770,162	\$ 1,516,523	\$ 717,431	\$ 720,167	\$ 1,437,598

The accompanying notes are an integral part of the financial statements

**TULSA METROPOLITAN UTILITY AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**Years Ended June 30, 2023 and 2022**

(In thousands of dollars)	2023			2022		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Operating revenues:						
Water and sewer services	\$ 136,866	\$ 145,309	\$ 282,175	\$ 126,785	\$ 133,481	\$ 260,266
Operating expenses:						
Personnel services	39,926	34,629	74,555	32,724	29,624	62,348
Materials and supplies	12,342	4,332	16,674	9,166	3,746	12,912
Other services and charges	29,429	25,116	54,545	25,127	23,700	48,827
Depreciation	21,636	24,066	45,702	21,320	23,708	45,028
Total operating expenses	103,333	88,143	191,476	88,337	80,778	169,115
Operating income	33,533	57,166	90,699	38,448	52,703	91,151
Nonoperating revenues (expenses):						
Investment gain (loss)	2,384	2,604	4,988	(5,622)	(3,894)	(9,516)
Interest and amortization expense	(2,152)	(6,491)	(8,643)	(2,457)	(6,360)	(8,817)
Interest revenue on lease receivable	25	1	26	13	-	13
Bond issuance costs	-	-	-	-	(149)	(149)
Ad valorem taxes	-	520	520	-	545	545
Federal grants noncapital	4	-	4	20	3	23
Payments in lieu of taxes to City of Tulsa	(10,000)	(9,468)	(19,468)	(8,390)	(7,948)	(16,338)
Gain on disposal of capital assets	98	14	112	292	381	673
Net nonoperating expenses	(9,641)	(12,820)	(22,461)	(16,144)	(17,422)	(33,566)
Income before capital contributions	23,892	44,346	68,238	22,304	35,281	57,585
Capital contributions	5,100	5,631	10,731	1,838	3,688	5,526
Capital contributions to City of Tulsa	(67)	(35)	(102)	(2,973)	(3)	(2,976)
Capital contributions from City of Tulsa	5	53	58	-	-	-
Total capital contributions	5,038	5,649	10,687	(1,135)	3,685	2,550
Change in net position	28,930	49,995	78,925	21,169	38,966	60,135
Net position, beginning of year	717,431	720,167	1,437,598	696,262	681,201	1,377,463
Net position, end of year	\$ 746,361	\$ 770,162	\$ 1,516,523	\$ 717,431	\$ 720,167	\$ 1,437,598

The accompanying notes are an integral part of the financial statements

**TULSA METROPOLITAN UTILITY AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2023 and 2022**

(In thousands of dollars)	2023			2022		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Cash flows from operating activities:						
Received from customers, including deposits	\$ 137,352	\$ 143,175	\$ 280,527	\$ 127,857	\$ 135,890	\$ 263,747
Payments to suppliers for goods and services	(43,995)	(29,338)	(73,333)	(37,206)	(25,899)	(63,105)
Payments to personnel for services	(37,135)	(32,675)	(69,810)	(31,010)	(27,777)	(58,787)
Net cash provided by operating activities	56,222	81,162	137,384	59,641	82,214	141,855
Cash flows from non-capital and related financing activities:						
Payments in lieu of taxes to the primary government	(10,000)	(9,468)	(19,468)	(8,390)	(7,948)	(16,338)
Operating grant received	4	-	4	20	2,042	2,062
Net cash used by non-capital and related financing activities	(9,996)	(9,468)	(19,464)	(8,370)	(5,906)	(14,276)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(43,163)	(50,170)	(93,333)	(46,140)	(66,960)	(113,100)
Investment in joint venture	-	(1,014)	(1,014)	-	(1,913)	(1,913)
Proceeds from sale of capital assets	216	31	247	401	389	790
Principal paid on long-term debt	(11,698)	(23,075)	(34,773)	(11,417)	(22,822)	(34,239)
Interest paid on long-term debt	(2,627)	(7,978)	(10,605)	(2,982)	(7,743)	(10,725)
Payment of bond issuance costs	-	-	-	-	(149)	(149)
Proceeds from long-term debt issuance	-	8,561	8,561	-	41,999	41,999
Premium received on debt issuance	-	-	-	-	188	188
Payments from primary government	5	53	58	-	-	-
Payment to primary government	(67)	-	(67)	(390)	-	(390)
Lease receipts	93	-	93	23	-	23
Capital Contributions	-	-	-	150	-	150
Ad valorem taxes received for debt service	-	520	520	-	545	545
Net cash used by capital and related financing activities	(57,241)	(73,072)	(130,313)	(60,355)	(56,466)	(116,821)
Cash flows from investing activities:						
Interest income (loss) on investments	2,215	2,234	4,449	(5,971)	(4,089)	(10,060)
Sale or maturity of investments	-	-	-	7,532	11,601	19,133
Net cash provided by investing activities	2,215	2,234	4,449	1,561	7,512	9,073
Net (decrease) increase in cash and cash equivalents	(8,800)	856	(7,944)	(7,523)	27,354	19,831
Cash and cash equivalents, beginning of year	164,614	166,816	331,430	172,137	139,462	311,599
Cash and cash equivalents, end of year	\$ 155,814	\$ 167,672	\$ 323,486	\$ 164,614	\$ 166,816	\$ 331,430

(Continued)

The accompanying notes are an integral part of the financial statements

**TULSA METROPOLITAN UTILITY AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**STATEMENTS OF CASH FLOWS, Continued**  
**Years Ended June 30, 2023 and 2022**

(In thousands of dollars)	2023			2022		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Reconciliation of cash and cash equivalents to the Statement of Net Position:						
Current unrestricted cash and cash equivalents	\$ 117,801	\$ 106,088	\$ 223,889	\$ 127,860	\$ 103,649	\$ 231,509
Current restricted cash and cash equivalents	21,448	11,160	32,608	20,001	10,358	30,359
Noncurrent restricted cash and cash equivalents	16,565	50,424	66,989	16,753	52,809	69,562
	<u>\$ 155,814</u>	<u>\$ 167,672</u>	<u>\$ 323,486</u>	<u>\$ 164,614</u>	<u>\$ 166,816</u>	<u>\$ 331,430</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	\$ 33,533	\$ 57,166	\$ 90,699	\$ 38,448	\$ 52,703	\$ 91,151
Adjustments:						
Depreciation	21,636	24,066	45,702	21,320	23,708	45,028
Change in accounts receivable	(833)	(2,293)	(3,126)	(6)	2,378	2,372
Change in prepaids	57	25	82	-	15	15
Change in inventories	(2,678)	59	(2,619)	(3,376)	(112)	(3,488)
Change in joint venture	-	1,205	1,205	-	953	953
Change in deferred outflows pension	(386)	994	608	(695)	(519)	(1,214)
Change in deferred outflows OPEB	15	19	34	107	113	220
Change in accounts payable and other accrued liabilities	873	(1,054)	(181)	555	850	1,405
Change in total OPEB liability	(13)	(13)	(26)	(469)	(438)	(907)
Change in deposits subject to refund	1,262	160	1,422	1,139	-	1,139
Change in net pension liability	3,412	1,209	4,621	12,083	11,049	23,132
Change in deferred inflows lease	58	(2)	56	(62)	32	(30)
Change in deferred inflows pension	(653)	(325)	(978)	(9,508)	(8,618)	(18,126)
Change in deferred inflows OPEB	(61)	(54)	(115)	105	100	205
Net cash provided by operating activities	<u>\$ 56,222</u>	<u>\$ 81,162</u>	<u>\$ 137,384</u>	<u>\$ 59,641</u>	<u>\$ 82,214</u>	<u>\$ 141,855</u>
Noncash capital and related financing activities:						
Contributions from area developers	\$ 5,100	\$ 5,631	\$ 10,731	\$ 1,838	\$ 3,688	\$ 5,526
Additions included in accounts payable and retainage	<u>\$ 9,832</u>	<u>\$ 13,603</u>	<u>\$ 23,435</u>	<u>\$ 9,871</u>	<u>\$ 9,966</u>	<u>\$ 19,837</u>

The accompanying notes are an integral part of the financial statements



**TULSA METROPOLITAN UTILITY AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)**  
**June 30, 2023 and 2022**

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**1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF BUSINESS AND REPORTING ENTITY** – The Tulsa Metropolitan Utility Authority (the “Authority”) was created under the provisions of the Oklahoma Public Trust Act. The Trustees of the Authority consist of the Mayor of the City of Tulsa (the “City”) and six other members appointed by the Mayor and confirmed by the City Council. The City is the sole beneficiary of the Trust. The Authority meets the requirements for, and is included in, the City’s Annual Comprehensive Financial Report as a discretely presented component unit.

On February 1, 1984, the Authority leased from the City its existing and subsequently acquired water treatment and distribution systems (Water System) along with the rights to the gross revenues generated by the System. The terms of the agreement provide for the lease of the Water System for a term of 50 years or until all bonds and indebtedness collateralized by and payable from revenues is retired.

Under the terms of the lease, the City collects the Water System’s operating revenues. The Water System is operated by City personnel and the City also pays the operating expenses and maintenance costs, and makes additions, replacements and improvements necessary to keep the Water System in proper working order on behalf of the Authority.

The Authority is to utilize gross revenues to reimburse the City for the cost of operating and maintaining the Water System. Also, the Authority will issue bonds to finance improvements to the Water System and set rates, fees and charges to users of the Water System.

On July 1, 1989, the Authority entered into a Wastewater System Lease Agreement and Operation and Maintenance Contract with the City. The terms of the agreement provide for the lease of the City’s revenue producing sanitary sewer and wastewater treatment, collection, transportation, processing, and disposal systems and facilities, along with the transfer of related liabilities, for a term of 50 years or until such time as all bonds and indebtedness collateralized by and payable from revenues from the wastewater system are retired.

All operating costs, including personnel, are provided by the City and reimbursed by the Authority. For financial reporting purposes, personnel and other operating costs are reported as costs incurred directly by the Authority. Accordingly, the Authority reports these costs in its financial statements and makes appropriate disclosures in the notes to the financial statements. The Authority has no employees. All references to “employees” are references to City employees who perform operation and maintenance work under the terms of the lease agreement. Payments to and amounts owed to employees are part of the payments the Authority makes to the City pursuant to the terms of the lease agreements.

The Authority accounts for and reports using separate funds for water and sewer utility fees and other revenue dedicated to the Authority.

**TULSA METROPOLITAN UTILITY AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)**  
**June 30, 2023 and 2022**

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**1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued**

**BASIS OF ACCOUNTING AND PRESENTATION** – The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (“GAAP”) as applied to business-type activities of governmental units. The Governmental Accounting Standards Board (“GASB”) is the standard-setting body for governmental accounting and financial reporting.

The financial statements of the Authority are prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows/outflows from exchange and exchange-like transactions are recognized when the exchange transaction takes place. Voluntary nonexchange transactions are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions. Investment income, bond interest expense and related costs, and voluntary nonexchange transactions are included in nonoperating revenues and expenses.

GAAP requires the Authority to present in its financial statements, inclusive of the notes to the financial statements, the economic substance of its operations and the assets under lease.

**CASH AND CASH EQUIVALENTS** – Cash and cash equivalents reported on the statement of net position include both the amounts held within the City’s pooled portfolio and other cash and cash equivalents. Cash and cash equivalents also consist of money market accounts which are reported at amortized cost.

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 amounts held in 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 funds in accordance with 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.

**TULSA METROPOLITAN UTILITY AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)**  
**June 30, 2023 and 2022**

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**1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued**

**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 market 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 assets 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.

**PREPAID EXPENSES** – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

**INVENTORIES** – Inventories are stated at cost (first-in, first-out), which is not in excess of market.

**RESTRICTED ASSETS** – Certain assets of the Authority are restricted under the terms of its bond indentures or state statutes.

**TULSA METROPOLITAN UTILITY AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)**  
**June 30, 2023 and 2022**

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**1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued**

**UTILITY SERVICES RECEIVABLE** – This balance consists of amounts due from customers within and around the Tulsa metropolitan area for utility service. Unbilled revenue is accrued and included in utility services receivable for services that were provided, but not billed at year end. Utility services receivable included \$7,888 and \$8,098 of accrued unbilled revenue for the Water fund and Sewer fund, respectively, as of June 30, 2023, and \$8,335 and \$7,486 for the Water fund and Sewer fund, respectively, as of June 30, 2022. The Authority recorded an allowance for uncollectible accounts of \$379 and \$199 for Water fund and Sewer fund, respectively, as of June 30, 2023 and \$763 and \$566 for Water fund and Sewer fund, respectively, as of June 30, 2022.

**LEASE RECEIVABLE** - The Authority, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. The lease receivable is measured at the present value of the lease payment expected to be received during the lease term. The deferred inflow of resources should be measured as the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that related to future periods.

**CAPITAL ASSETS** – Capital assets purchased or acquired at an initial cost of \$5 or more and having a useful life of more than one year are carried at historical cost. Contributed assets are recorded at acquisition value as of the date donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Interest incurred during the construction phase of capital assets of the enterprise activities is expensed in accordance with GASB Statement No.89.

**DEPRECIATION/AMORTIZATION**– Capital assets placed in service are depreciated or amortized on the straight-line basis over the following estimated useful lives:

Land improvements	30 years
Buildings	50 years
Water and sewer lines	33 - 100 years
Equipment	3 - 20 years
Right-to-use land	3 years
Right-to-use building	2 years
Right-to-use equipment	3-6 years

Capital assets sold or disposed have their cost and accumulated depreciation removed from the Authority's records. The related gain or loss is recorded in the period of sale or disposal.

**CAPITAL CONTRIBUTIONS** – Capital contributions include payments made by developers for the construction of water and sewer lines, grants, and amounts contributed by City sales tax funds. Amounts contributed to the Authority from City sales tax funds are reported as capital contributions as these funds are spent on capital.

**TULSA METROPOLITAN UTILITY AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)**  
**June 30, 2023 and 2022**

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**1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued**

**COMPENSATED ABSENCES** – Vacation and sick leave is granted to all employees. Vacation time earned 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 upon termination or retirement. Accumulated sick leave is not paid out to employees upon separation, if separation occurs before retirement eligibility. Upon retirement an employee is eligible to receive a lump sum payout of one hour for every three hours earned and unused sick leave if the employee has at least 960 hours. 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 amount of unpaid vacation and sick leave is charged to expense during the period earned if probable of payout, and a corresponding liability is established.

**POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS** – Postemployment benefits other than pensions (“OPEB”) 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 benefits constitute compensation for employee services. A liability for OPEB is recognized when earned by employees. Additional information regarding these liabilities is included in Note 7.

**UNAMORTIZED DISCOUNTS AND PREMIUMS** – Original issue discounts and premiums on the Authority’s revenue bonds are amortized over the lives of the bonds using the effective interest method.

**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 amortization, and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Net investment in capital assets as of June 30, 2023 excludes unspent bond proceeds of \$16,566 and \$49,374 for Water and Sewer, respectively, and as of June 30, 2022 excludes unspent bond proceeds of \$16,753 and \$51,707 for Water and Sewer, respectively. Net position is reported as restricted when there are limitations imposed on the 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 inflows/outflows of resources that do not meet the definition of net investment in capital assets or restricted.

**RECLASSIFICATIONS** – Certain prior year amounts have been reclassified to conform to the current year presentation.

**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 general obligation bonded indebtedness, interest and one-third of all outstanding judgments coming due in the following fiscal year.

**TULSA METROPOLITAN UTILITY AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)**  
**June 30, 2023 and 2022**

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**1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued**

**PROPERTY TAX REVENUE, continued** - The sinking fund requirements are submitted by the City to the County Excise Board to determine the property tax levy. This submission is made by August 27th of each year. 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 currently 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 Authority revenue is reported as a deferred inflow of resources and will not be recognized until the year for which it is levied.

**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 footnotes. Actual results could differ from those estimates.

**INCOME TAXES** – With regards to federal income taxes, the Authority is nontaxable as a political subdivision under Section 115(1) of the Internal Revenue Code.

**DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES** – The Authority records deferred outflows or inflows of resources for the consumption or acquisition of net position that is applicable to a future reporting period and will not be reported as an outflow (expense) or inflow (revenue) until then. The financial statements reflect deferred outflows and inflows of resources recorded for unamortized losses/gains on refunding of debt, pensions and other post-employment benefits; and deferred inflows of resources related to property tax revenue and leases.

**DEFERRED CHARGES/GAINS ON REFUNDING** – Deferred charges/gains on refunding represents the difference in the reacquisition price and the net carrying amount of the old debt. These charges are presented as a deferred outflow/inflow of resources, amortized using the effective interest method, and recognized as a component of interest expense over the life of the old or new debt, whichever is shorter.

**PENSION PLAN** – 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.

**TULSA METROPOLITAN UTILITY AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)**  
**June 30, 2023 and 2022**

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**1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued**

**LEASES**

**Lessee** – The Authority is a lessee for noncancellable leases. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset). At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease asset is amortized on a straight-line basis over its useful life, unless the underlying asset is nondepreciable. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payment to present value, (2) lease term, and (3) lease payments.

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for the leases.
- The lease term includes the noncancellable period of the lease. Lease payments include the measurement of the lease liability are composed of the fixed payments and purchase option price that the Authority is reasonably certain to exercise.

**Lessor** – The Authority is a lessor for noncancellable leases. The Authority recognizes a lease receivable and deferred inflow of resources on the statement of net position. At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Authority uses its estimated incremental borrowing rate as the discount rate for the leases or a rate based on the economic characteristics of the transaction.
- The lease term includes the noncancellable period of the lease. Lease receipts include in the measurement of the lease receivable are composed of the fixed payments from the lessee.

The Authority monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability (Authority as Lessee) and the lease receivable and deferred inflows of resources (Authority as Lessor) if certain changes occur that are expected to significantly affect the amount of the lease liability or receivable.

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**2. CASH DEPOSITS AND INVESTMENTS**

**CASH AND CASH EQUIVALENTS** – Cash deposits of the Authority, not held in trust accounts, 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, 2023 and 2022 the Authority held \$234,619 and \$236,758, respectively, in the City’s pooled portfolio, which represented 18.9% and 20.3%, respectively of the City’s pooled portfolio.

The City’s pooled portfolio is collateralized by securities held by the City or its agent in the City’s name as of fiscal year end.

Please refer to the City’s Annual Comprehensive Financial Report for additional disclosures related to the City’s pooled portfolio, including required disclosures of risks and fair value measurements. A copy of the City’s Annual Comprehensive Financial Report may be obtained at [www.cityoftulsa.org](http://www.cityoftulsa.org).

In addition to assets held in the City’s pooled portfolio, the Authority has assets it holds directly. The Authority has money market mutual funds that are reported as cash equivalents on the statement of net position of \$88,867 and \$94,672 as of June 30, 2023 and 2022, respectively. The money market mutual funds are comprised of treasury securities, agency securities, cash and cash equivalents and collateralized repos based on the bond indentures.

**INVESTMENTS** – The Authority has money market mutual funds of \$88,867 and \$94,672 as of June 30, 2023 and 2022, respectively, 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. For restricted funds, bond requirements limit the type and maturity length of investments that can be acquired.

**Credit Risk** – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority utilizes the City of Tulsa investment policy and bond indenture restrictions on authorized investments to limit its exposure to credit risks. The Authority’s investments in U.S. Treasury Securities are not subject to credit risk.

**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 investments, custodial credit risk is the risk that, in the event of 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 deposit policy for custodial credit risk requires compliance with provisions of state law and that demand deposits be collateralized by at least 110% of the amount that is not federally insured. The Authority’s investments in U.S. Treasury Securities at June 30, 2023 are registered securities held by the Authority or by its agent in the Authority’s name. At June 30, 2023 and 2022 none of the Authority’s deposits, including money market mutual funds of \$88,867 and \$94,672, respectively, were exposed to custodial credit risk.

**Concentration of Credit Risk** – The Authority utilizes the City of Tulsa investment policy to determine the amount that may be invested in any one issuer.



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**3. RESTRICTIONS ON ASSET USE**

Unspent debt proceeds, as well as resources set aside for their repayment, are classified as restricted assets on the statements of net position because their use is limited by applicable bond covenants and they are maintained in separate bank accounts. The City levies ad valorem taxes for the retirement of 50% of general obligation bonds issued for the wastewater disposal system. A reserve for bond retirement is established at the City. Customer deposits held in the City's pooled portfolio are also classified as restricted assets as they are limited for customer refunds.

A summary of the purpose for which these assets are restricted as of June 30, is as follows:

	<u>2023</u>	<u>2022</u>
General Obligation Bonds:		
Sinking funds	\$ 1,051	\$ 1,102
Deposits subject to refund:		
Escrow deposits	14,934	13,512
Sewer Debt:		
Debt service fund	10,358	9,717
Construction fund	32,630	35,144
Reserve fund	16,744	16,563
Debt service, construction, reserve funds	59,732	61,424
Water Debt:		
Debt service fund	7,314	7,129
Construction fund	2,426	2,803
Reserve fund	14,140	13,951
Debt service, construction, reserve funds	23,880	23,883
Total restricted assets	\$ 99,597	\$ 99,921

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**4. CAPITAL ASSETS** – Changes in capital assets are summarized as follows:

<b>2023</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Transfers/ Decreases</b>	<b>Ending Balance</b>
<b>Nondepreciable assets:</b>				
Land	\$ 38,177	\$ -	\$ -	\$ 38,177
Water rights	9,593	-	-	9,593
Construction-in-progress	67,176	88,351	(82,151)	73,376
Total nondepreciable capital assets	114,946	88,351	(82,151)	121,146
<b>Capital assets being depreciated/amortized:</b>				
Land improvements, water and sewer lines	2,164,156	15,375	78,516	2,258,047
Buildings	51,507	312	3,064	54,883
Equipment	89,631	3,591	(953)	92,269
Right-to-use land	52	-	(52)	-
Right-to-use building	164	-	-	164
Right-to-use equipment	327	-	(327)	-
Total capital assets being depreciated/amortized	2,305,837	19,278	80,248	2,405,363
<b>Accumulated depreciation/amortization:</b>				
Land improvements, water and sewer lines	(810,269)	(39,554)	4	(849,819)
Buildings	(36,526)	(725)	-	(37,251)
Equipment	(58,838)	(5,335)	1,375	(62,798)
Right-to-use land	(26)	(26)	52	-
Right-to-use building	-	(55)	-	(55)
Right-to-use equipment	(80)	(7)	87	-
	(905,739)	(45,702)	1,518	(949,923)
Capital assets being depreciated/amortized, net	1,400,098	(26,424)	81,766	1,455,440
<b>Capital assets, net</b>	<b>\$ 1,515,044</b>	<b>\$ 61,927</b>	<b>\$ (385)</b>	<b>\$ 1,576,586</b>
<b>2022</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Transfers/ Decreases</b>	<b>Ending Balance</b>
<b>Nondepreciable assets:</b>				
Land	\$ 38,177	\$ -	\$ -	\$ 38,177
Water rights	9,593	-	-	9,593
Construction-in-progress	72,107	97,614	(102,545)	67,176
Total nondepreciable capital assets	119,877	97,614	(102,545)	114,946
<b>Capital assets being depreciated/amortized:</b>				
Land improvements, water and sewer lines	2,054,908	9,116	100,132	2,164,156
Buildings	53,443	1,090	(3,026)	51,507
Equipment	84,566	5,554	(489)	89,631
Right-to-use land	52	-	-	52
Right-to-use building	-	164	-	164
Right-to-use equipment	327	-	-	327
Total capital assets being depreciated/amortized	2,193,296	15,924	96,617	2,305,837
<b>Accumulated depreciation/amortization:</b>				
Land improvements, water and sewer lines	(771,668)	(38,601)	-	(810,269)
Buildings	(36,875)	(660)	1,009	(36,526)
Equipment	(55,393)	(5,661)	2,216	(58,838)
Right-to-use land	-	(26)	-	(26)
Right-to-use equipment	-	(80)	-	(80)
	(863,936)	(45,028)	3,225	(905,739)
Capital assets being depreciated/amortized, net	1,329,360	(29,104)	99,842	1,400,098
<b>Capital assets, net</b>	<b>\$ 1,449,237</b>	<b>\$ 68,510</b>	<b>\$ (2,703)</b>	<b>\$ 1,515,044</b>

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**5. JOINT VENTURE**

The Authority is a participant in a joint venture, the Regional Metropolitan Utility Authority (“RMUA”). RMUA was created to operate a sewage treatment facility. The Authority contributes approximately one-half of RMUA’s operating and capital budget, operates a facility for RMUA, and leases the facility site to RMUA. The City appoints two of the ten trustees with the four other participating cities appointing two trustees each. Services are provided approximately 50% each to the City and the City of Broken Arrow, Oklahoma. In accordance with the Trust Agreement, the Authority is entitled, on both an interim and final basis, to its pro-rata interest based on its contributions to RMUA.

The Authority’s equity interest was \$38,225 and \$38,380 as of June 30, 2023 and 2022, respectively. The Authority’s other services and charges have been increased to reflect the change in equity interest by \$1,205 and \$953 for the years ended June 30, 2023 and 2022, respectively. The Authority contributed \$1,050 and \$1,623 to RMUA for capital improvements during the years ended June 30, 2023 and 2022, respectively.

Request for an audited financial report or additional information concerning RMUA should be addressed to the Office of the Controller, 175 E. Second Street, Suite 1570, Tulsa, Oklahoma 74103, or online at [www.cityoftulsa.org](http://www.cityoftulsa.org).

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**6. PENSION PLAN**

**Plan description** – Employees are provided with pensions through the Municipal Employees’ Retirement Plan (“MERP”) – a cost-sharing multiple-employer defined benefit pension plan administered by the City. The Authority is not defined as an employer in the MERP plan document, but as described in Note 1, payroll and associated costs of City employees performing functions on behalf of the Authority, are reported in the financial statements of the Authority. MERP benefits are established by City ordinance to plan members and beneficiaries. MERP’s financial statements and required supplementary information are included in the City’s Annual Comprehensive Financial Report (“ACFR”). The report may be obtained by writing to the City of Tulsa Controller, 175 E. 2nd Street, Suite 1570, Tulsa, Oklahoma 74103, or online at [www.cityoftulsa.org](http://www.cityoftulsa.org).

**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 entering the plan prior to July 1, 2018 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. Employees entering the plan on or after July 1, 2018 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 90. Reduced benefits are available after age 60 and 5 years of service (Early Retirement). Benefits for Early retirement are reduced 6.0 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. 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** – The Contributions are set by City ordinance. Employees were required to contribute 7.5 percent for the period of January 1, 2021 to September 24, 2022, then 8 percent thereafter. The Authority was required to contribute 16.5 percent for the period of January 1, 2021 to September 24, 2022, and 17 percent thereafter. Actual charges to the Authority for pension plan contributions were \$7,549 and \$6,276 for the years ended June 30, 2023 and 2022, respectively.

**Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2023 and 2022, the Authority reported \$80,245 and \$75,624, respectively, for its proportionate charged share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. Standard update procedures were used to roll forward the total pension liability to June 30, 2023. The Authority’s charged proportion of the net pension liability was based on the Authority’s share of charged contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2023 and 2022, the Authority’s proportion was 28.6212 percent and 28.1346 percent, respectively.

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**6. PENSION PLAN, continued**

For the years ended June 30, 2023 and 2022, the Authority recognized pension expense of \$11,799 and \$10,608, respectively. At June 30, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources					
	2023			2022		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Net difference between projected and actual plan earnings on pension plan investments	\$ 952	\$ 811	\$ 1,763	\$ 2,693	\$ 2,408	\$ 5,101
Changes of assumptions	1,263	1,076	2,339	2,683	2,401	5,084
Differences between expected and actual plan experience	3,694	3,148	6,842	897	803	1,700
Changes in proportion and differences between the Authority's charges and proportionate share of charges	1,331	299	1,630	581	716	1,297
Total	<u>\$ 7,240</u>	<u>\$ 5,334</u>	<u>\$ 12,574</u>	<u>\$ 6,854</u>	<u>\$ 6,328</u>	<u>\$ 13,182</u>

	Deferred Inflows of Resources					
	2023			2022		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Changes of assumptions	\$ 764	\$ 651	\$ 1,415	\$ 1,068	\$ 955	\$ 2,023
Differences between expected and actual plan experience	13	11	24	53	48	101
Changes in proportion and differences between the Authority's charges and proportionate share of charges	625	612	1,237	934	596	1,530
Total	<u>\$ 1,402</u>	<u>\$ 1,274</u>	<u>\$ 2,676</u>	<u>\$ 2,055</u>	<u>\$ 1,599</u>	<u>\$ 3,654</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense (credit) as follows:

	Water Fund	Sewer Fund	Business-type Activities Total
<b>Year ended June 30:</b>			
2024	\$ 2,210	\$ 1,636	\$ 3,846
2025	165	(174)	(9)
2026	3,801	2,886	6,687
2027	(338)	(288)	(626)
	<u>\$ 5,838</u>	<u>\$ 4,060</u>	<u>\$ 9,898</u>

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**6. PENSION PLAN, continued**

**Actuarial Assumptions** - The total pension liability was determined by an actuarial valuation as of January 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.50% to 9.50%, including inflation
Investment rate of return	6.75% compounded annually, net of investment expense and including inflation

Mortality rates were based on Pub-2010 mortality table. Mortality was projected generationally using Scale MP-2021 for the year 2010.

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2022.

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 table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Fixed income	20%	2.75%
Domestic equity	36%	6.00%
International equity	24%	4.50%
Real estate	12%	5.25%
Commodities and Timber	7%	4.50%
Cash	1%	0.50%
	<u>100%</u>	

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**6. PENSION PLAN, continued**

**Discount rate** - The discount rate used to measure the total pension liability was 6.75 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 the MERP funding policy. Beginning January 1, 2021 to September 24, 2022, the employer contribution rate will be 16.50 percent of payroll and 17 percent thereafter. Based on those assumptions, the 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 6.75 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 (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate. The discount rate in 2022 was 6.75 percent.

<b>2023</b>	<b>1% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
Authority's proportionate share of the net pension liability	\$ 109,881	\$ 80,245	\$ 55,506
<b>2022</b>	<b>1% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
Authority's proportionate share of the net pension liability	\$ 102,660	\$ 75,624	\$ 52,997

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the City of Tulsa's ACFR; which can be located at [www.cityoftulsa.org](http://www.cityoftulsa.org).

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**7. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”)**

**General Information about the OPEB Plan**

**Plan Description** – Retired employees and their dependents are provided with postemployment health care benefits through the City of Tulsa Postretirement Medical Plan (the “Plan”), a multiple-employer defined benefit health care plan. The Authority is not an employer, but as described in Note 1, payroll and associated costs of City employees performing functions on behalf of the Authority, are reported in the financial statements of the Authority. 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The Plan does not issue a stand-alone financial report.

**Benefits Provided** – 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.

**Contributions** – Contribution rates are established by the City. Retiree plan participants pay the entire amount of the premium charged by the insurer for coverage thus the City does not directly contribute to the Plan. Retiree and active employee participants are included in the same cost pool used to determine rates set by the insurer. An implicit subsidy results from this method of rate setting.

**OPEB Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

At June 30, 2023, the Authority reported a liability of \$2,039 for its proportionate charged share of the total OPEB liability. The total OPEB liability was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022. Standard update procedures were used to roll forward the total OPEB liability to June 30, 2023. The total OPEB liability for June 30, 2022 was \$2,065. The Authority’s charged proportion of the total OPEB liability was based on the Authority’s share of active employee participants relative to the active employees of all participating employers. At June 30, 2023 and 2022, the Authority’s proportion was 36.3469 percent, and 36.1434 percent, respectively.



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**7. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued**

For the years ended June 30, 2023 and 2022, the Authority recognized OPEB expense of \$2 and \$361, respectively. At June 30, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>					
	<b>2023</b>			<b>2022</b>		
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Business-type Activities Total</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Business-type Activities Total</b>
Changes of assumptions	\$ 56	\$ 49	\$ 105	\$ 82	\$ 71	\$ 153
Differences between expected and actual plan experience	185	161	346	173	151	324
Changes in proportion and differences between the Authority's charges and proportionate share of charges	22	23	45	23	30	53
Total	<u>\$ 263</u>	<u>\$ 233</u>	<u>\$ 496</u>	<u>\$ 278</u>	<u>\$ 252</u>	<u>\$ 530</u>

	<b>Deferred Inflows of Resources</b>					
	<b>2023</b>			<b>2022</b>		
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Business-type Activities Total</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Business-type Activities Total</b>
Changes of assumptions	\$ 102	\$ 89	\$ 191	\$ 123	\$ 108	\$ 231
Differences between expected and actual plan experience	84	73	157	118	103	221
Changes in proportion and differences between the Authority's charges and proportionate share of charges	3	12	15	9	17	26
Total	<u>\$ 189</u>	<u>\$ 174</u>	<u>\$ 363</u>	<u>\$ 250</u>	<u>\$ 228</u>	<u>\$ 478</u>

Amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Authority's OPEB expense over the average remaining service lives of Plan participants (actives and retirees) as follows:

	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Business-type Activities Total</b>
<b>Year ended June 30:</b>			
2024	\$ 45	\$ 39	\$ 84
2025	53	48	101
2026	(16)	(17)	(33)
2027	(8)	(11)	(19)
	<u>\$ 74</u>	<u>\$ 59</u>	<u>\$ 133</u>

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**7. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued**

**Actuarial assumptions** – The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	3.0%
Salary increases	4.13% to 10.5%, including 3.0% inflation and 1.0% productivity
Healthcare cost trend rate	7.5% for 2023, decreasing by 0.5% annually to an ultimate rate of 4.5%

Thirty-five percent of future retirees with coverage are assumed to elect healthcare coverage.

Mortality rates for retirees were based on SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021. Surviving spouses mortality were based on SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021.

The actuarial assumptions used were based on the city's 2016 experience study that includes data from June 30, 2010 through June 30, 2016.

**Discount Rate** – The OPEB Plan is financed on a pay-as-you-go basis, thus a long-term rate of return was not used. The discount rate used to measure the total OPEB liability was 4.13 and 4.09 percent as of June 30, 2023 and 2022 respectively. The source of the discount rate used was the S&P Municipal Bond 20-Year High Grade Rate Index.

**Sensitivity of the Authority's proportionate share of the total OPEB liability to changes in the discount rate** – The following presents the Authority's proportionate share of the total OPEB liability calculated using the discount rate of 4.13 percent, as well as what the Authority's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate. The discount rate in 2022 was 4.09 percent.

<b>2023</b>	<b>1% Decrease (3.13%)</b>	<b>Current Discount Rate (4.13%)</b>	<b>1% Increase (5.13%)</b>
Authority's proportionate share of the total OPEB liability	\$ 2,213	\$ 2,039	\$ 1,881
<b>2022</b>	<b>1% Decrease (3.09%)</b>	<b>Current Discount Rate (4.09%)</b>	<b>1% Increase (5.09%)</b>
Authority's proportionate share of the total OPEB liability	\$ 2,238	\$ 2,065	\$ 1,908

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**7. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued**

**Sensitivity of the Authority's proportionate share of the total OPEB liability to changes in the healthcare cost trend rate** – The following presents the Authority's proportionate share of the total OPEB liability calculated using the healthcare cost trend rate of 7.5 percent decreasing to 4.5 percent, as well as what the Authority's proportionate share of the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	<b>1% Decrease (6.5% decreasing to 3.5%)</b>	<b>Current Rate (7.5% decreasing to 4.5%)</b>	<b>1% Increase (8.5% decreasing to 5.5%)</b>
<b>2023</b>			
Authority's proportionate share of the total OPEB liability	\$ 1,837	\$ 2,039	\$ 2,271
<b>2022</b>			
Authority's proportionate share of the total OPEB liability	\$ 1,862	\$ 2,065	\$ 2,302

**8. 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 covered in the City's insurance policies and premium costs are passed on to the Authority through indirect cost allocation. The Authority is 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.

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**9. NONCURRENT LIABILITIES**

**REVENUE BONDS** – Revenue bonds outstanding consist of debt issued by the Authority. The debt does not constitute debt of the City and is payable solely from resources of the Authority. Revenue bonds are collateralized primarily by the trust estates and revenues derived from the operations of the Authority.

Various bond indentures, loan agreements, and pledge and security agreements contain limitations and restrictions of debt service reserves and flow of monies through various restricted accounts (see additional information in Note 3). The Authority has pledged future water revenues, net of operating expenses and sewer revenues, net of operating expenses and net of amounts pledged for promissory note debt service, to repay \$68,600 and \$101,810 of outstanding Utility Revenue Bonds, respectively. The Utility Revenue Bonds are payable through 2042. Annual principal and interest payments on the bonds required 21 percent of net revenues, as defined above. The total principal and interest remaining to be paid on the bonds is \$199,664. Principal and interest paid for the current year and water and sewer net revenues as described above for the current year were \$25,501 and \$122,515, respectively. The Authority utility revenue bonds are subject to acceleration if the Authority defaults.

On December 1, 2022, the Authority authorized the issuance of an amount not to exceed \$36,000 of Utility Revenue Bonds. The proceeds of the bonds, when issued, will be used to construct a fertilizer production facility at the Haikey Creek Wastewater Treatment Plant.

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**9. NONCURRENT LIABILITIES, continued**

Utility revenue bond payable activity for the year ended June 30, 2023 is as follows:

Series	Issue Amount	Maturity Date	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Water:</b>								
Refunding Series 2013	\$ 61,280	2025	2.50-3.00%	\$ 20,820	\$ -	\$ (4,900)	\$ 15,920	\$ 5,100
Series 2014	17,825	2034	3.00-3.50%	13,045	-	(735)	12,310	750
Refunding Series 2015	9,940	2027	2.00-3.00%	4,110	-	(795)	3,315	820
Series 2016A	16,565	2031	3.00-3.25%	10,985	-	(980)	10,005	1,000
Refunding Series 2017A	27,765	2030	3.00-3.125%	18,370	-	(1,940)	16,430	1,965
Refunding Series 2019A	18,705	2027	5.00%	12,700	-	(2,080)	10,620	2,120
				<u>80,030</u>	<u>-</u>	<u>(11,430)</u>	<u>68,600</u>	<u>11,755</u>
<b>Sewer:</b>								
Series 2016B	10,885	2036	2.00-3.50%	8,285	-	(460)	7,825	465
Refunding Series 2016C	34,810	2025	5.00%	18,020	-	(3,515)	14,505	3,585
Series 2018A	11,850	2038	3.125-3.250%	10,105	-	(460)	9,645	470
Series 2019B	12,430	2039	3.00%	11,010	-	(490)	10,520	500
Series 2020A	26,695	2031	1.0-2.00%	24,655	-	(2,065)	22,590	2,095
Series 2020B	24,770	2040	1.0-2.00%	23,755	-	(1,025)	22,730	1,030
Series 2022A	14,600	2042	3.00-3.125%	14,600	-	(605)	13,995	605
				<u>110,430</u>	<u>-</u>	<u>(8,620)</u>	<u>101,810</u>	<u>8,750</u>
Total utility revenue bonds				<u>\$ 190,460</u>	<u>\$ -</u>	<u>\$ (20,050)</u>	<u>\$ 170,410</u>	<u>\$ 20,505</u>

Changes in other long-term liabilities for the year ended June 30, 2023 are summarized as:

Other long-term liabilities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Water storage lease	\$ 2,484	\$ -	\$ (242)	\$ 2,242	\$ 250
Lease liability	438	-	(327)	111	55
Total OPEB liability	2,065	383	(409)	2,039	119
Compensated absences	4,939	3,614	(3,012)	5,541	3,613
Net pension liability	75,624	29,093	(24,472)	80,245	-
Total other long-term liabilities	<u>\$ 85,550</u>	<u>\$ 33,090</u>	<u>\$ (28,462)</u>	<u>\$ 90,178</u>	<u>\$ 4,037</u>

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**9. NONCURRENT LIABILITIES, continued**

Utility revenue bond payable activity for the year ended June 30, 2022 is as follows:

Series	Issue Amount	Maturity Date	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Water:</b>								
Refunding Series 2013	\$ 61,280	2025	2.50-3.00%	\$ 25,540	\$ -	\$ (4,720)	\$ 20,820	\$ 4,900
Series 2014	17,825	2034	3.00-3.50%	13,760	-	(715)	13,045	735
Refunding Series 2015	9,940	2027	2.00-3.00%	4,880	-	(770)	4,110	795
Series 2016A	16,565	2031	3.00-3.25%	11,950	-	(965)	10,985	980
Refunding Series 2017A	27,765	2030	3.00-3.125%	20,285	-	(1,915)	18,370	1,940
Refunding Series 2019A	18,705	2027	5.00%	14,740	-	(2,040)	12,700	2,080
				91,155	-	(11,125)	80,030	11,430
<b>Sewer:</b>								
Series 2016B	10,885	2036	2.00-3.50%	8,735	-	(450)	8,285	460
Refunding Series 2016C	34,810	2025	5.00%	21,475	-	(3,455)	18,020	3,515
Series 2018A	11,850	2038	3.125-3.250%	10,555	-	(450)	10,105	460
Series 2019B	12,430	2039	3.00%	11,490	-	(480)	11,010	490
Series 2020A	26,695	2031	1.0-2.00%	26,695	-	(2,040)	24,655	2,065
Series 2020B	24,770	2040	1.0-2.00%	24,770	-	(1,015)	23,755	1,025
Series 2022A	14,600	2042	3.00-3.125%	-	14,600	-	14,600	605
				103,720	14,600	(7,890)	110,430	8,620
Total utility revenue bonds				\$ 194,875	\$ 14,600	\$ (19,015)	\$ 190,460	\$ 20,050

Changes in other long-term liabilities for the year ended June 30, 2022 are summarized as:

Other long-term liabilities	Beginning Balance (as restated)	Additions	Reductions	Ending Balance	Due Within One Year
Water storage lease	\$ 2,720	\$ -	\$ (236)	\$ 2,484	\$ 242
Lease liability	379	164	(105)	438	159
Total OPEB liability	2,972	-	(907)	2,065	-
Compensated absences	4,687	2,705	(2,453)	4,939	2,977
Net pension liability	52,492	23,132	-	75,624	-
Total other long-term liabilities	\$ 63,250	\$ 26,001	\$ (3,701)	\$ 85,550	\$ 3,378

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**9. NONCURRENT LIABILITIES, continued**

**PROMISSORY NOTES** – The Authority borrows from the Oklahoma Water Resources Board through two types of program loans: the State Financial Assistance Program (FAP) Loans and the Clean Water State Revolving Fund (SRF) Loan Program. FAP loan proceeds are received at closing and SRF loan proceeds are received on a reimbursement basis.

The Authority's outstanding promissory notes with the Oklahoma Water Resources Board are collateralized by a first lien and security interest in the Authority's wastewater treatment system and the revenues derived from the entire system and generally require semi-annual principal and interest payments. The Authority promissory notes are subject to acceleration if the Authority defaults.

The Authority has pledged future sewer revenue, net of operating expenses to repay \$159,162 of promissory notes. The promissory notes are payable through 2041. Annual principal and interest payments on the promissory notes required 22 percent of net revenues. The total principal and interest remaining to be paid on the promissory notes is \$190,097. Principal and interest paid for the current year and sewer net revenues for the current year were \$18,379 and \$83,316, respectively.

The promissory notes contain certain covenants. The covenants require that net revenues of the wastewater system, as defined by the debt agreement, provide for minimums of 100% of the maximum debt service on all notes and 125% of the maximum debt service on senior notes. FAP loans are considered senior obligations.

Promissory notes issued and outstanding under the SRF program were \$207,853 and \$116,302, respectively, as of June 30, 2023. The Authority had \$6,251 available to be drawn as of June 30, 2023. Promissory notes outstanding under the FAP program were \$42,860 as of June 30, 2023.

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**9. NONCURRENT LIABILITIES, continued**

Promissory note payable activity for the year ended June 30, 2023 is as follows:

<b>Promissory Notes and Maturity Dates</b>	<b>Loan Type</b>	<b>Issue Amount</b>	<b>Interest Rate</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Sewer:</b>								
Series 2004B - 2023	SRF	\$ 1,560	0.50%	\$ 120	\$ -	\$ (80)	\$ 40	\$ 40
Series 2005B - 2027	SRF	7,900	3.10%	2,564	-	(434)	2,130	448
Series 2005C - 2025	SRF	1,203	0.50%	211	-	(60)	151	60
Series 2006A - 2027	SRF	3,130	3.10%	990	-	(167)	823	173
Series 2006C - 2029	SRF	17,825	3.10%	7,551	-	(908)	6,643	936
Series 2007A - 2026	SRF	5,131	0.50%	1,184	-	(263)	921	263
Series 2009A - 2032	SRF	11,320	3.22%	5,356	-	(567)	4,789	566
Series 2010A - 2032	SRF	27,757	2.89%	14,571	1	(1,388)	13,184	1,222
Series 2011A - 2033	SRF	23,213	3.11%	13,188	46	(1,174)	12,060	985
Series 2011C - 2034	SRF	16,700	2.55%	10,266	-	(740)	9,526	759
Series 2012A - 2034	SRF	4,347	2.43%	2,641	-	(218)	2,423	217
Series 2012B - 2032	FAP	11,355	3.145-3.395%	6,890	-	(540)	6,350	555
Series 2013A - 2035	SRF	9,850	2.24%	6,659	24	(518)	6,165	518
Series 2013B - 2033	FAP	27,605	4.156-5.145%	18,950	-	(1,200)	17,750	1,260
Series 2014A - 2035	SRF	2,886	2.58%	1,940	-	(146)	1,794	123
Series 2014B - 2033	FAP	10,180	3.145-4.06%	6,885	-	(480)	6,405	495
Series 2014C - 2034	FAP	17,735	4.145-5.145%	13,115	-	(760)	12,355	790
Series 2015A - 2038	SRF	28,330	2.46%	19,551	1,784	(1,417)	19,918	1,417
Series 2017A - 2040	SRF	21,725	2.26%	17,057	2,075	(1,086)	18,046	1,086
Series 2018A - 2041	SRF	14,350	2.53%	11,826	1,173	(718)	12,281	717
Series 2019A - 2041	SRF	10,626	2.32%	2,481	3,458	(531)	5,408	531
				<u>\$ 163,996</u>	<u>\$ 8,561</u>	<u>\$ (13,395)</u>	<u>\$ 159,162</u>	<u>\$ 13,161</u>



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**9. NONCURRENT LIABILITIES, continued**

Promissory note payable activity for the year ended June 30, 2022 is as follows:

<b>Promissory Notes and Maturity Dates</b>	<b>Loan Type</b>	<b>Issue Amount</b>	<b>Interest Rate</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Sewer:</b>								
Series 2002D - 2021	SRF	\$ 6,813	0.50%	\$ 175	\$ -	\$ (175)	\$ -	\$ -
Series 2004B - 2023	SRF	1,560	0.50%	200	-	(80)	120	80
Series 2005B - 2027	SRF	7,900	3.10%	2,985	-	(421)	2,564	434
Series 2005C - 2025	SRF	1,203	0.50%	271	-	(60)	211	60
Series 2006A - 2027	SRF	3,130	3.10%	1,153	-	(163)	990	168
Series 2006C - 2029	SRF	17,825	3.10%	8,431	-	(880)	7,551	908
Series 2007A - 2026	SRF	5,131	0.50%	1,447	-	(263)	1,184	263
Series 2009A - 2032	SRF	11,320	3.22%	5,678	244	(566)	5,356	566
Series 2010A - 2032	SRF	27,757	2.89%	15,959	-	(1,388)	14,571	1,388
Series 2011A - 2033	SRF	23,480	3.11%	13,757	605	(1,174)	13,188	1,174
Series 2011C - 2034	SRF	16,700	2.55%	10,987	-	(721)	10,266	740
Series 2012A - 2034	SRF	4,347	2.43%	2,550	308	(217)	2,641	217
Series 2012B - 2032	FAP	11,355	2.75-3.25%	7,415	-	(525)	6,890	540
Series 2013A - 2035	SRF	9,850	2.24%	5,327	1,850	(518)	6,659	518
Series 2013B - 2033	FAP	27,605	5.145%	20,095	-	(1,145)	18,950	1,200
Series 2014A - 2035	SRF	2,910	2.58%	2,085	-	(145)	1,940	146
Series 2014B - 2033	FAP	10,180	3.145-4.06%	7,350	-	(465)	6,885	480
Series 2014C - 2034	FAP	17,735	4.145-5.145%	13,845	-	(730)	13,115	760
Series 2015A - 2038	SRF	28,330	2.46%	14,891	6,077	(1,417)	19,551	1,417
Series 2017A - 2040	SRF	21,725	2.26%	13,603	4,540	(1,086)	17,057	1,086
Series 2018A - 2041	SRF	14,350	2.53%	1,215	11,329	(718)	11,826	718
Series 2019A - 2041	SRF	10,626	2.32%	300	2,447	(266)	2,481	531
				<u>\$ 149,719</u>	<u>\$ 27,400</u>	<u>\$ (13,123)</u>	<u>\$ 163,996</u>	<u>\$ 13,394</u>

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**9. NONCURRENT LIABILITIES, continued**

**GENERAL LONG-TERM DEBT** – General long-term debt of the Authority consists of general obligation bonds approved by the voters and issued by the City for water and wastewater capital assets. These bonds are required to be fully paid within 25 years from the date of issue and are backed by the full faith and credit of the City. The City's Charter requires not less than 50% of the annual principal and interest requirements on general obligation bonds issued for waterworks and wastewater be funded by water and wastewater revenues, respectively. General obligation bond activity during 2023 and 2022 was as follows:

Bonds and Maturity Dates	Issue Amount	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due
							Within One Year
Series 2013A- 2025	\$ 8,534	2.50%	\$ 1,808	\$ -	\$ (635)	\$ 1,173	\$ 616
Series 2014A- 2026	430	3.00%	138	-	(37)	101	36
Series 2015A- 2027	4,222	2.00-2.50%	1,600	-	(335)	1,265	328
			<u>\$ 3,546</u>	<u>\$ -</u>	<u>\$ (1,007)</u>	<u>\$ 2,539</u>	<u>\$ 980</u>

Bonds and Maturity Dates	Issue Amount	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due
							Within One Year
Series 2013A- 2025	\$ 8,534	2.50%	\$ 2,461	-	\$ (653)	\$ 1,808	\$ 634
Series 2014A- 2026	430	3.00%	176	-	(38)	138	37
Series 2015A- 2027	4,222	2.00-2.50%	1,943	-	(343)	1,600	336
Series 2017A- 2021	2,155	5.00%	728	-	(728)	-	-
			<u>\$ 5,308</u>	<u>\$ -</u>	<u>\$ (1,762)</u>	<u>\$ 3,546</u>	<u>\$ 1,007</u>

**PRINCIPAL AND INTEREST PAYMENTS IN SUBSEQUENT YEARS** – Scheduled maturities of principal and interest in subsequent years are as follows:

	Revenue Bonds		Promissory Notes		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 20,505	\$ 4,829	\$ 13,161	\$ 4,644	\$ 980	\$ 60
2025	21,065	4,183	13,375	4,413	911	37
2026	24,960	3,417	13,619	3,995	344	16
2027	14,340	2,805	13,764	3,576	304	8
2028	9,565	2,354	13,588	3,148	-	-
2029-2033	45,300	7,877	64,921	9,486	-	-
2034-2038	23,605	3,192	23,464	1,580	-	-
2039-2042	11,070	595	3,270	93	-	-
	<u>\$ 170,410</u>	<u>\$ 29,254</u>	<u>\$ 159,162</u>	<u>\$ 30,935</u>	<u>\$ 2,539</u>	<u>\$ 121</u>

24 percent of Water Fund net revenue was required for debt service on water revenue bonds for the year ended June 30, 2023; and 36 percent of Sewer Fund net revenue was required for debt service on sewer revenue bonds and promissory notes for the year ended June 30, 2023.

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**9. NONCURRENT LIABILITIES, continued**

**LEASE LIABILITY**

*Authority as Lessee*

On December 2, 1984, the Authority entered a contract with the Department of the Army of the United States of America to utilize storage of the Oologah Lake as a source of a municipal and industrial water supply. Interest rates for the contract were determined by the Secretary of the Treasury. For the initial development stage, the interest rate is 2.5 percent, and for the ultimate development stage, it is 3.225 percent. There is an outlet works and four storage spaces referenced in the contract. Payment terms are annual. The outlet work and storage space one matured in 2012 and had an interest rate of 2.5 percent. The maturity date and interest rate for the remaining three storage spaces are 2031 and 3.225 percent, respectively. The contract includes annual operation and maintenance expenses. Upon expiration of the lease, with continued payment of annual operating costs, and costs allocated for reconstruction, rehabilitation or replacement of the outlet works, the Authority has a permanent right to use of the water supply storage space. The contract is accounted for as a finance purchase due to the permanent right to use the water supply storage space. The Authority has an intangible asset of \$9,593 recorded as of June 30, 2023 and 2022. The lease payments are subject to a consumer price index adjustment.

The future lease payments under the lease are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Operating Expense</u>	<u>Total</u>
2024	\$ 250	\$ 72	\$ 648	\$ 970
2025	258	64	648	970
2026	267	56	648	971
2027	275	47	648	970
2028	284	38	648	970
2029-2031	908	59	1,943	2,910
	<u>\$ 2,242</u>	<u>\$ 336</u>	<u>\$ 5,183</u>	<u>\$ 7,761</u>

The Authority has also entered into various lease agreements in order to acquire the right to use certain buildings and land. The terms and conditions for these leases vary. Some leases are fixed, periodic payments over the lease term, which extend through 2025. At June 30, 2023, the Authority recognized a right-to-use asset of \$109 and a lease liability of \$111 related to these leases. During the fiscal year, the Authority recorded \$88 in amortization and \$7 in interest expense for the remaining right-to-use assets. At June 30, 2022, the Authority recognized a right-to-use asset of \$437 and a lease liability of \$438 related to these leases. During the prior fiscal year, the Authority recorded \$106 in amortization expense and \$6 in interest expense for the right-to-use assets.

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**9. NONCURRENT LIABILITIES, continued**

The schedule below shows future annual payments for these leases:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 55	\$ 2	\$ 57
2025	56	1	57
	<u>\$ 111</u>	<u>\$ 3</u>	<u>\$ 114</u>

**10. LEASES**

*Authority as Lessor*

The Authority leases its capital assets, mostly the land space located at Lake Eucha and other locations, to tenants under various lease agreements. During the fiscal year, the Authority recognized \$85 in lease revenue and \$35 in interest income related to these leases. At June 30, 2023 and 2022, the Authority has a lease receivable for lease payments of \$882 and \$822 and an associated deferred inflow of \$836 and \$780, respectively. During the prior fiscal year, the Authority recognized \$63 in lease revenue and \$13 in interest income related to these leases.

The schedule below shows future expected lease receipts:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 103	\$ 24	\$ 127
2025	79	16	95
2026	82	15	97
2027	86	13	99
2028	92	11	103
2029-2033	270	31	301
2034-2038	72	15	87
2039-2043	51	7	58
2044-2048	2	4	6
2049-2053	2	4	6
2054-2058	2	4	6
2059-2063	2	4	6
2064-2068	3	3	6
2069-2073	3	3	6
2074-2078	3	3	6
2079-2083	3	3	6
2084-2088	4	2	6
2089-2093	4	2	6
2094-2098	4	2	6
2099-2103	5	1	6
2104-2108	5	1	6
2109-2113	5	-	5
	<u>\$ 882</u>	<u>\$ 168</u>	<u>\$ 1,050</u>

**TULSA METROPOLITAN UTILITY AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)**  
**June 30, 2023 and 2022**

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**11. RELATED PARTY TRANSACTIONS**

During the years ended June 30, 2023 and 2022, the Authority conducted the following transactions with related entities:

	<u>2023</u>	<u>2022</u>
Indirect cost paid to the City of Tulsa	\$ 5,952	\$ 5,889
Payment in lieu of taxes to the City of Tulsa	\$ 19,468	\$ 16,338
Capital contributions to the City of Tulsa	\$ 102	\$ 2,976
Capital contributions from the City of Tulsa	\$ 58	\$ -
Charges for utility services paid by the City of Tulsa	\$ 1,609	\$ 1,647
Charges for maintenance of equipment paid to the City of Tulsa	\$ 5,286	\$ 4,195

The Authority recorded accounts payable in the amount of \$65 and \$29 related to capital contributions due to RMUA at June 30, 2023 and 2022.

**12. COMMITMENTS**

As of June 30, 2023, the Authority had open commitments for construction projects of approximately \$78,009.

**13. FUTURE CHANGES IN ACCOUNTING PRONOUNCEMENTS**

The GASB has issued several new accounting pronouncements which will be effective to the Authority in subsequent years. A description of the new accounting pronouncement which is expected to have an impact on the Authority, the fiscal year in which it is effective, and the Authority's consideration of the impact of the pronouncement effecting the Authority is described below:

GASB Statement No. 101 – *Compensated Absences*, issued in June 2022, this Statement will be effective for the Authority beginning with its fiscal year ending June 30, 2025. The primary objective of this Statement is to provide guidance on the accounting and financial reporting requirements for (a) compensated absences and (b) associated salary-related payments, including certain defined contribution pensions and defined contribution other postemployment benefits (OPEB). The Authority's management has not yet determined the effect this statement will have on the Authority's financial statements.

**TULSA METROPOLITAN UTILITY AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**REQUIRED SUPPLEMENTARY INFORMATION (In thousands of dollars)**  
**June 30, 2023 and 2022**

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**Municipal Employees' Retirement Plan**  
**Schedule of the Authority's Proportionate Share – Last ten years**

<b>Year</b>	<b>Authority's proportion of net pension liability</b>	<b>Authority's proportionate share of net pension liability</b>	<b>Authority's covered payroll</b>	<b>Authority's proportionate share of net pension liability as a percentage of its covered payroll</b>	<b>Plan fiduciary net position as a percentage of total pension liability</b>
2023	28.62%	\$ 80,245	\$ 44,711	179.47%	67.16%
2022	28.13%	75,624	38,036	198.82%	66.62%
2021	29.03%	52,492	37,908	138.47%	76.92%
2020	27.91%	70,894	36,568	193.87%	65.22%
2019	27.80%	65,292	34,531	189.08%	66.91%
2018	27.94%	54,849	33,368	164.38%	70.61%
2017	28.53%	56,361	33,235	169.58%	69.39%
2016	28.03%	60,625	32,905	184.24%	65.62%
2015	28.17%	35,290	29,197	120.87%	77.13%
2014	27.53%	30,761	30,525	100.77%	79.29%

The amounts presented were determined as of year end.

\* Information prior to 2014 is not available.

\*\* Authority's proportionate share of the net pension liability and its covered payroll are for employees whose payroll costs were charged to the Authority.

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%. In 2019 the inflation rate decreased from 3.00% to 2.50%, salary increases changed from 4.00%-11.75% to 3.50%-11.25%, and investment rate of return (and discount rate) decreased from 7.50% to 7.00%. In 2021, salary increases changed from 3.50%-11.25% to 3.50%-9.50% and investment rate of return (and discount rate) decreased from 7.00% to 6.75%, and the mortality table changed to the Pub-2010 General Employee. In 2022, the changes of assumptions consisted of an update of the mortality projection scale and the contingent survivor table. In 2023, the discount rate was updated from 4.09% to 4.13%.

**TULSA METROPOLITAN UTILITY AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**REQUIRED SUPPLEMENTARY INFORMATION (In thousands of dollars)**  
**June 30, 2023 and 2022**

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**Municipal Employees' Retirement Plan**  
**Schedule of the Authority's Payments – Last ten years**

<b>Year</b>	<b>Required Contribution</b>	<b>Actual Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>City's Covered Payroll funded by Authority payments</b>	<b>Contributions as a percentage of Covered Payroll</b>
2023	\$ 7,668	\$ 7,549	\$ (119)	\$ 44,711	17.15%
2022	6,276	6,276	-	38,036	16.50%
2021	6,065	6,065	-	37,908	16.00%
2020	5,668	5,668	-	36,568	15.50%
2019	5,352	5,352	-	34,531	15.50%
2018	5,172	5,172	-	33,368	15.50%
2017	3,822	3,822	-	33,235	11.50%
2016	3,741	3,741	-	32,530	11.50%
2015	3,572	3,572	-	31,064	11.50%
2014	3,056	3,056	-	30,564	10.00%

**TULSA METROPOLITAN UTILITY AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**REQUIRED SUPPLEMENTARY INFORMATION (In thousands of dollars)**  
**June 30, 2023 and 2022**

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**Postemployment Benefits Other than Pensions Plan**  
**Schedule of Proportionate Share – Last eight years**

<b>Year</b>	<b>Authority's proportion of total OPEB liability</b>	<b>Authority's proportionate share of total OPEB liability</b>	<b>Authority's covered payroll</b>	<b>Authority's proportionate share of total OPEB liability as a percentage of its covered payroll</b>	<b>Plan fiduciary net position as a percentage of total OPEB liability</b>
2023	36.35%	\$ 2,039	\$ 40,729	5.0%	0.00%
2022	36.14%	2,065	40,501	5.1%	0.00%
2021	36.18%	2,972	38,511	7.7%	0.00%
2020	36.19%	2,997	40,027	7.5%	0.00%
2019	34.73%	2,130	37,152	5.7%	0.00%
2018	35.25%	2,225	36,610	6.1%	0.00%
2017	35.67%	2,010	37,133	5.4%	0.00%
2016	35.68%	2,147	36,061	6.0%	0.00%

\* Information prior to 2016 is not available.

\*\* Authority's proportionate share of total OPEB liability and its covered payroll are for employees whose payroll costs were charged to the Authority.

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2023	4.13%
2022	4.09%
2021	2.19%
2020	2.66%
2019	3.51%
2018	3.87%
2017	3.56%
2016	4.00%



**TULSA METROPOLITAN UTILITY AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**REQUIRED SUPPLEMENTARY INFORMATION (In thousands of dollars)**  
**June 30, 2023 and 2022**

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**Postemployment Benefits Other than Pensions Plan**  
**Schedule of the Authority's Contributions – Last eight years**

<b>Year</b>	<b>Required Contribution</b>	<b>Actual Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>City's Covered Payroll funded by Authority payments</b>	<b>Contributions as a percentage of Covered Payroll</b>
2023	\$ 119	\$ 119	\$ -	\$ 40,729	0.29%
2022	122	122	-	40,501	0.30%
2021	178	178	-	38,511	0.46%
2020	121	121	-	40,027	0.30%
2019	161	161	-	37,152	0.43%
2018	71	71	-	36,610	0.19%
2017	440	440	-	37,133	1.18%
2016	284	284	-	36,061	0.79%

\* Information prior to 2016 is not available.