

February 11, 2015

Ms. Kate Burum, Assistant General Counsel and Funds Manager  
Oklahoma Water Resources Board ("Issuer")  
3800 North Claussen Boulevard  
Oklahoma City, Oklahoma 73118

TRANSMITTAL LETTER

CONTROL #FAP-01  
\$50,000,000.00  
OKLAHOMA WATER RESOURCES BOARD  
STATE LOAN PROGRAM REVENUE BONDS, SERIES 1989  
DATE OF ISSUE: NOVEMBER 14, 1989  
ARBITRAGE REBATE CALCULATIONS  
FOR THE 25TH YEAR REBATE INSTALLMENT COMPUTATION PERIOD  
NOVEMBER 14, 1989 TO NOVEMBER 14, 2014  
AS OF THE DATE OF THIS REPORT  
FEBRUARY 11, 2015

We have enclosed the arbitrage rebate calculation report (together with Exhibits thereto, the "Report") for the above-referenced issue of tax-exempt debt ("Debt"). As explained in more detail in this Report, *there was no Rebate Installment payment due to the United States Treasury, Internal Revenue Service ("IRS") on or before Tuesday, January 13, 2015* with respect to the Debt for the above-referenced 25th Year Rebate Installment Computation Period. There are no filing requirements regarding arbitrage rebate with the IRS as of the date of this Report, and therefore, nothing should be filed with the IRS as of this time.

As you will note in this Report for the Computation Period, there is a negative rebatable arbitrage in the amount of -\$1,732,748.62. The Issuer made a 5th Year Rebate Installment payment to the IRS in the amount of \$660,000.00. The rebatable arbitrage amount has decreased over the years due to a number of computational factors and therefore, the Issuer may now apply for recovery of amounts paid under rebate provisions according to Revenue Procedure 92-83, 1992-42 IRB 29--Recovery of Overpayment of Rebate. We would be pleased to prepare and file the above-referenced Request for Recovery for Overpayment of Rebate from the IRS on behalf of the Issuer for the Debt. At your convenience, please call us to discuss the potential Recovery of Overpayment of Rebate from the IRS.

*Please note that the Final IRS filing date is 60 days from September 01, 2019.* If you have any questions regarding this Report and related matters please call *Matt Collins* or *Stephen H. Broden* at (800) 672-9993 ext. 7538. We will be happy to discuss any aspect of these calculations.

Very truly yours,

ARBITRAGE COMPLIANCE SPECIALISTS, INC.

*Arbitrage Compliance Specialists, Inc.*

February 11, 2015

Oklahoma Water Resources Board ("Issuer")  
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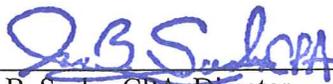
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At your request, Arbitrage Compliance Specialists, Inc. ("ACS") has prepared computations pertaining to the amount of the rebate installment payment ("Rebate Installment payment") that was due on or before Tuesday, January 13, 2015 from the Issuer to the United States Treasury, Internal Revenue Service ("IRS") with respect to the above-referenced issue of tax-exempt debt ("Debt") for the above-referenced 25th Year Rebate Installment Computation Period ("Computation Period"). At the Issuer's request, we have not reviewed AMTEC's rebate report dated December 26, 2013 for the period November 14, 1989 through November 14, 2013 ("Prior Rebate Report"). We have computed the rebatable arbitrage for the entire Computation Period assuming the Cumulative Rebatable Arbitrage from the Prior Rebate Report. The computations attached as Exhibits (together with this letter, the "Report") have been performed by ACS and are based upon the limited scope of ACS' engagement with information, instructions, assumptions and representations as provided to ACS by the Issuer. The computations reflected in the Exhibits of this Report are summarized as follows:

1. The yield on the Debt is 6.408635% per the Prior Rebate Report.
  2. The yield on the investments is 0.193541329%.
  3. 100% Rebate Installment payment (\$1,732,748.62)
- TOTAL PAYMENT DUE TO THE IRS: NONE**

For purposes of these calculations, we have allocated the Debt Service Reserve Fund to reflect that portion that is subject to rebate for the Debt. Using procedures, which ACS has developed for calculating arbitrage rebate, ACS has computed the amount of the Rebate Installment payment with respect to the Debt for the Computation Period in accordance with the applicable provisions of the Internal Revenue Code of 1986, as amended and the Treasury Regulations applicable to the Debt.

ARBITRAGE COMPLIANCE SPECIALISTS, INC.

BY: 

Ira B. Sacks, CPA, Director  
PTIN: P01247303

## NOTES AND ASSUMPTIONS

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1. The Dated Date of the Debt is November 14, 1989.
2. The Delivery Date of the Debt is November 14, 1989.
3. The Bond Year, as previously elected, is November 14 for purposes of determining installment computation dates.
4. The Computation Period is November 14, 2013 to November 14, 2014.
5. Based upon the *Arbitrage and Use of Proceeds Certificate*, the Debt constitutes a single issue for federal taxation purposes and is not treated as part of any other issue of governmental obligations.
6. The Debt Service Fund associated with the Debt constitutes a bona fide debt service fund and has not been taken into account in determining the Cumulative Rebate Liability pursuant to the Code.
7. On May 1, 2011 the Board amended the General Bond Resolution to establish a program wide General Debt Service Reserve Fund. The cash in the General Debt Service Reserve Fund secures all Debt on a parity basis just as in each of the issue specific Debt Service Reserve Funds secures all Debt on a parity basis.
8. According to the *Arbitrage and Use of Proceeds Certificate*, Section 7., amounts in the Board's Reserve Fund must be invested at or below the Yield on the Debt to which they relate. We have tested the Reserve Fund from November 14, 2013 to November 14, 2014 and found the Reserve Fund to be funded in excess of the IRS Regulations three-part test for determining a reasonably required Reserve Fund. However, the Reserve Fund is invested below the Bond Yield, and therefore, no payment is due to the IRS for this yield restriction requirement, at this time.
9. Amounts held in the Reserve Funds associated with the Debt have been taken into account in determining the Cumulative Rebate Liability with respect to the Debt. The Reserve Fund is allocated to several of the Issuer's outstanding debt issues, including the Debt, based upon the relative outstanding principal amount, the allocation method used by the prior rebate calculation provider.
10. Pursuant to the 1993 Regulations Section 1.148-11(b)(1), the Issuer elected to retroactively apply the provisions of the 1993 Regulations to the Debt in lieu of otherwise applicable regulations. ACS has applied the computation date credit amounts set forth in the Proposed Regulations for bond years ending on or after September 26, 2007 (the date the Proposed Regulations were published by the Department of Treasury).



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SERIES 1989  
{25TH-YEAR ARBITRAGE REBATE CALCULATIONS}

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**LISTING OF INVESTMENTS BY FUND**

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YIELD RES RESERVES  
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1.	GENERAL RESERVE-GOVT FUND/CDS
2.	1989 RESERVE-TREASURY ACCT
3.	1994A RESERVE-GOVT FUND/CDS

PRIOR REPORT AMOUNT  
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5.	PRIOR REPORT LIABILITY AMOUNT
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NOTE: THE DEBT SERVICE RESERVE FUNDS, SUBJECT PORTION, HAVE BEEN ALLOCATED AMONG ISSUES SUPPORTED BY THE FUNDS BASED ON RELATIVE OUTSTANDING PRINCIPAL AMOUNTS.

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**PROOF OF INVESTMENT YIELD**

PERIOD ENDING	INVESTMENTS	PRESENT VALUE FACTOR	PRESENT VALUE	PROCEEDS	PRESENT VALUE FACTOR	PRESENT VALUE
11/14/13	-12,365.16	1.001936350	-12,389.10		1.001936350	
01/21/14	-0.00	1.001575690	-0.00		1.001575690	
01/22/14	-682.07	1.001570308	-683.14		1.001570308	
01/27/14		1.001543398			1.001543398	
02/03/14	-0.02	1.001511108	-0.02		1.001511108	
03/12/14		1.001301245		13,057.95	1.001301245	13,074.94
03/13/14	-11,834.94	1.001295864	-11,850.27		1.001295864	
04/15/14		1.001123703		7.42	1.001123703	7.43
06/30/14		1.000720315		1.19	1.000720315	1.19
07/31/14		1.000559005		11,832.95	1.000559005	11,839.56
08/01/14	-11,503.08	1.000553629	-11,509.45		1.000553629	
10/15/14		1.000155845		11.16	1.000155845	11.16
11/14/14		1.000000000		11,497.69	1.000000000	11,497.69
	<u>-36,385.27</u>		<u>-36,431.98</u>	<u>36,408.37</u>		<u>36,431.98</u>

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INVESTMENT DETAIL - YIELD RES RESERVES

GENERAL RESERVE-GOVT FUND/CDS		1989 RESERVE-TREASURY ACCT		1994A RESERVE-GOVT FUND/CDS	
NET	YIELD (Computed):	NET	YIELD (Computed):	NET	YIELD (Computed):
21.77	0.21270	0.03	0.01052	1.30	0.09333
Date	Transaction Amt	Date	Transaction Amt	Date	Transaction Amt
11/14/13	-3,054.39	11/14/13	-1,829.11	11/14/13	-7,481.66
01/21/14	-9,181.67	01/21/14	1,829.14	01/21/14	1,632.12
01/27/14	-682.07			01/21/14	5,720.20
01/27/14	0.16			01/27/14	0.16
01/27/14	-130.48				
02/03/14	-0.01				
02/12/14	0.01				
03/12/14	13,057.95				
03/13/14	-11,834.94				
04/15/14	7.42				
09/30/14	1.19				
08/31/14	11,832.95				
10/15/14	-11,503.08				
10/15/14	11.16				
11/14/14	11,497.69				

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**INVESTMENT DETAIL - PRIOR REPORT AMOUNT**

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PRIOR REPORT LIABILITY AMOUNT  
NET : 1,624,592.15  
YIELD (Computed) 0.00000  
Date Transaction Amt -----  
11/14/13 -1,468,305.03  
11/14/13 -156,287.12