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- 1989 Series (Fixed Rate)
- 1994A Series (Variable Rate & Fixed Rate)
- 1995 Series (Variable Rate & Fixed Rate)
- 1997 Series (Variable Rate & Fixed Rate)
- 1999 Series (Variable Rate & Fixed Rate)
- 2001 Series (Variable Rate & Fixed Rate)
- 2003A Series (Variable Rate & Fixed Rate)
- 2004A Series (Fixed Rate)
- 2006B Series (Fixed Rate)
- 2007 Series (Fixed Rate)
- 2009 Series (Fixed Rate)
- 2010A Series (Fixed Rate)
- 2010B Series (Fixed Rate)
- 2011 Series (Fixed Rate)
- 2012 Series (Fixed Rate)
- 2012A Series (Fixed Rate)
- 2012B Series (Fixed Rate)
- 2012C Series (Fixed Rate)
- 2013A Series (Fixed Rate)
- 2013B Series (Fixed Rate)
- 2014A Series (Fixed Rate)
- 2014B Series (Fixed Rate)
- 2014C Series (Fixed Rate)
- 2015A Series (Fixed Rate)

SECTION 3 – Sinking Funds

Estimated Bond Principal Sinking Funds

SECTION 4 – State Loan Program Cash Flow Analysis

- No Defaults
- 4-1 Default First 4 Years
- 4-2 Default Middle 4 Years
- 4-3 Default Last 4 Years

THE BOARD

- Established by Legislative Action in 1957
- Composed of nine members appointed by the Governor with advice and consent of the Senate
 - Seven year terms
- Funded appropriations from the State Legislature and program revenues
 - 2016 Operating Budget of \$16,393,458
 - Staff of 100 employees
- Authorized to provide or assist political subdivisions and municipal corporations of the State ("Local Entities"):
 - to acquire, develop and use storage and control facilities for water and sewage purposes; and
 - to distribute water from reservoirs or other storage facilities for the general welfare and benefit of the State
- Empowered to issue obligations to provide funds which may be loaned to Local Entities

BOARD PROGRAMS

- Statutory Funds
 - Water Resources Fund
 - Statewide Water Development Revolving Fund
- Board Administered Funding Programs
 - State Loan Program
 - Emergency Grant Program
 - Rural Economic Action Plan Grant Program
 - Wastewater Facilities Construction Revolving Loan Program (EPA Clean Water SRF)
 - Hardship Grant Program
 - Drinking Water Treatment Revolving Loan Program (EPA-created Drinking Water SRF)

THE STATE LOAN PROGRAM

- Loans provided under the State Loan Program may be used for:
 - Water Supply Reservoirs
 - Water Storage Tanks
 - Water Supply and Distribution Lines
 - Water Treatment Systems
 - Wastewater Collection Systems
 - Refinancing of any of the above
 - Brownfield Projects
 - Non Point Source Projects

- Eligible Entities include:
 - Public Trusts and Political Subdivision (Counties, Cities, Towns)
 - Rural Water or Sewer Districts
 - Irrigation Districts
 - Water Conservancy Districts

- Since 1985, the OWRB has issued \$1,038,180,000 of bonds through its State Loan Program:
 - \$935,480,000 to fund new loans
 - \$102,700,000 of refunding bonds

- \$875.2 million of loans funded since inception
- \$292.78 million of loans currently outstanding

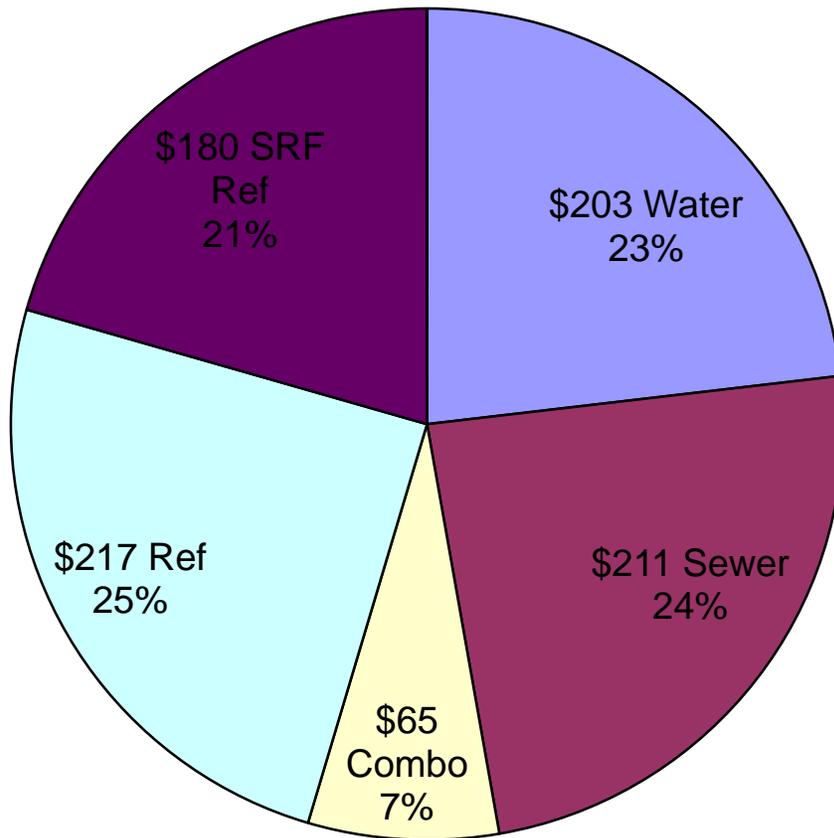
- Average loan size equals \$2.883 million

- Borrowers with outstanding loans in excess of 5% of portfolio
 - Tulsa Metropolitan Utilities Authority (\$144.9 million – 49.49%)
 - Waurika Lake Master Conservancy District (\$24.89 million – 9%)
 - Broken Arrow Municipal Authority (\$29.4 million – 10%)

- Pending Applications
 - No FAP applications are currently pending approval

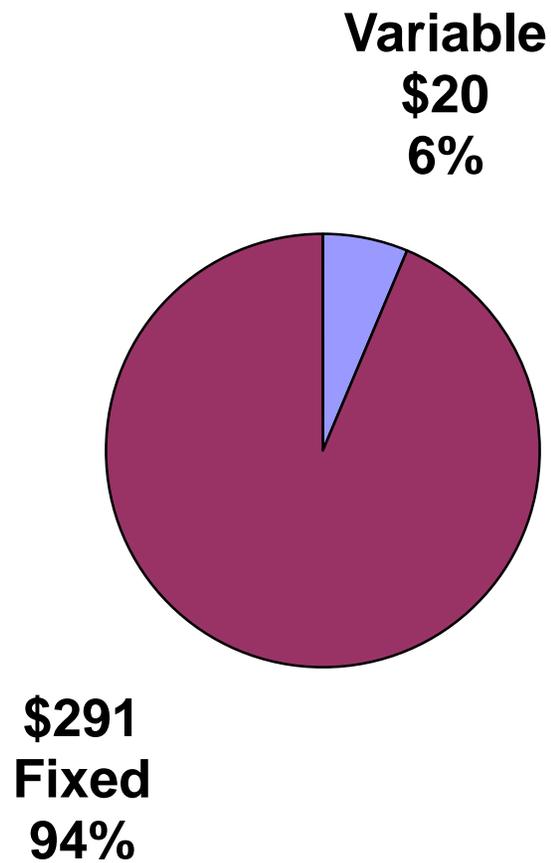
State Loan Program Historical Loans

Loans by Purpose (in millions)



Outstanding Loans by Type (in millions)

Variable vs. Fixed Rate



PROGRAM LOAN REQUIREMENTS TO BORROWERS

- Security
 - Pledge of system revenues
 - Additional revenues as may be acceptable or required by the Board
- Minimum/Maximum Terms – 6 months to 30 years
- Additional Indebtedness
 - 1.25x Maximum Terms – 6 months to 30 years
- Rate Covenant
 - Net Revenues available for debt service must equal 1.25 times maximum annual debt service requirements
 - For variable rate obligations, the debt service shall be calculated based on the average State Loan rate for the preceding 12 month period
- Interest Mode
 - Fixed Rate
 - Variable rate with a one time conversion feature to fixed rate
- Reserve Requirement
 - Lesser of 10% of loan amount, maximum annual P&I, or 125% of average annual P&I (calculated at 8% for variable rate loans)

KEY BOND STRUCTURAL FEATURES AND LEGAL COVENANTS

- Security
 - Local Notes and payments received
 - Investment Income
 - All funds and accounts created under the Resolution except the rebate fund

- Interest Rate Modes
 - Monthly, quarterly, semi-annual, two, three, four, five year rate periods and term rate
 - Once bonds are converted to a term rate, they may not be reconverted to an adjustable rate

- Additional Bonds
 - Supplemental Resolution must specify additional amount required to be deposited to reserve fund
 - Trustee must be delivered:
 - 1) A letter from S&P such that the issuance will not cause the additional bonds or any previously issued bonds to have a rating of less than BBB without consideration of the credit facility, or
 - 2) Cash flow projections reflecting a 15% default rate in local note payments, whichever is more restrictive

- Reserve Requirement
 - Such amount determined by the Board and approved by the Credit Facility Provider which shall not exceed the lesser of:
 - 1) 10% of the bond proceeds
 - 2) Maximum annual principal and interest
 - 3) 125% of average annual principal and interest
 - There is no Reserve Fund Requirement for all bonds outstanding in aggregate
 - The Board may substitute a Reserve Fund Surety Policy for all or a portion of the reserve amount

- Qualified Investments
 - Direct U.S. Government Obligations
 - FNMA or FHLMC obligations in the top rating category of S&P and Moody's with less than 3 years to maturity
 - U.S. Dollar Denominated deposit accounts, fed funds, bankers acceptances within the top rating category and less than 1 year to maturity, repurchase agreements, and unsecured CDs
 - Commercial Paper in the top rating category of S&P and Moody's with less than a 270 day maturity
 - Money Market fund investments rated AAAM or AAAM-G or better by S&P
 - Certain Pre-Refunded Municipal Obligations
 - Investment Agreements with long term ratings in the top two categories of S&P

STANDBY BOND PURCHASE AGREEMENT

- The Standby Bond Purchase Agreement provides liquidity in the event that tendered bonds (variable rate mode) are unable to be remarketed
- Standby Provider must carry a short and long term rating in the two highest rating categories of S&P or Moody's or both depending on who is rating the bonds
- State Street is Standby Provider for the Bond Series 1994A, 1995, 1997, 1999 2001 and 2003A.

CASH FLOWS AND DEFAULT TOLERANCE STUDIES

- Key Assumptions
 - Scheduled loan income is taken from all loan programs
 - Default Rate utilized: S&P levels of default and duration for “Agreed-Upon” procedures and S&P criteria
 - Float income reflects the 15 day lag between loan payment dates and bond payment dates
 - Reserve fund interest is applied only when the reserve fund is funded below the required level; otherwise, the earnings are applied to the Emergency Grant Program
 - Board Administrative Fees are waived to the extent necessary to meet OWRB obligations

- Detailed Cashflows follow

NOTES AND ASSUMPTIONS FOR CASH FLOWS

1. "Scheduled Loan Income" is taken from all loan programs.
2. "Default Rate" utilizes the agreed upon levels of default and duration between OWRB and Standard & Poor's for large borrower pools (over 50 borrowers) for the AA-Ratings target.
3. "Loan Income Received" reflects the Scheduled Loan Income after consideration of defaults.
4. "Reserve Transfer In" reflects a contribution from the Reserve Fund in the amount necessary to fulfill the OWRB's obligations.
5. "Float Income @ .05%" reflects earnings on the Loan Income Received for the 15 day period between loan payment dates and bond payment dates.
6. "Interest on Reserve @ .3%" reflects interest contributed to the cash flow only when the Reserve Fund is below the Reserve Requirement of \$26,204,908. Otherwise, earnings are contributed toward the OWRB grant program.

(The following correspond to required flow of funds in the Bond Resolution.)

7. "Liquidity Facility Fees" are based on a pre-set percentage.
8. "Debt Service" is based on the sinking fund required to retire the bonds.
9. "Reserve Transfer Out" reflects replenishment to the Reserve Fund from monies available to replenish such fund.
10. "Trustee and Remarketing Fees" are based on a pre-set percentage.
11. "Board Administrative Fees" are based on a pre-set percentage but are waived in the event all of the OWRB's obligations are unable to be met.
12. In addition to cash reserves, the OWRB has obtained \$28,500,000 in surety policies in the event the OWRB's obligations are unable to be met.