

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 26, 2024

NEW ISSUE—BOOK-ENTRY ONLY

RATINGS: Moody's: "Aa2"

S&P: "AA-"

See "RATINGS" herein.

In the opinion of Bond Counsel and Special Tax Counsel, under existing statutes and court decisions, and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2024B/C Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2024B/C Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Series 2024B/C Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In the opinion of Bond Counsel, interest on the Series 2024B/C Bonds is exempt from income taxation by the State of Oklahoma. See the information contained herein under the captions "CERTAIN TAX MATTERS RESPECTING THE SERIES 2024B/C BONDS."

\$37,900,000*

THE OKLAHOMA DEVELOPMENT FINANCE AUTHORITY
Oklahoma State System of Higher Education
Master Real Property Lease Revenue Refunding Bonds

\$30,390,000*

Tax-Exempt Series 2024B

\$7,510,000*

Tax-Exempt Series 2024C

(Subject to Annual Appropriation)

Dated: Date of Delivery

Due: June 1 (Series 2024B Bonds) and December 1 (Series 2024C Bonds), as shown on the inside cover pages

The above-captioned series of bonds (individually, the "Series 2024B Bonds" and the "Series 2024C Bonds" and collectively, the "Series 2024B/C Bonds") are being issued by The Oklahoma Development Finance Authority (the "Authority") to finance or refinance (or to refund certain bonds described herein that were issued by the Authority to finance or refinance) the acquisition of or improvements to certain real property (the "Projects") being used or to be used for essential governmental purposes by certain Oklahoma Colleges and Universities that are members of The Oklahoma State System of Higher Education (the "Schedule Lessees") and to pay the costs related to the issuance of the Series 2024B/C Bonds. The Projects will be leased by the Authority, as Lessor, to the Oklahoma State Regents for Higher Education (the "State Regents") acting for and on behalf of the Schedule Lessees (the State Regents and Schedule Lessees collectively referred to herein as the "Lessee") pursuant to a Master Real Property Lease/Purchase Agreement dated as of July 1, 2024, and related Lease Schedules dated as of October 1, 2024 (collectively, the "Lease").

The Series 2024B/C Bonds are being issued pursuant to a Trust Indenture dated as of July 1, 2024, as previously supplemented, and as supplemented by a Series 2024B Supplemental Trust Indenture and a Series 2024C Supplemental Trust Indenture, each dated as of October 1, 2024 (collectively, the "Indenture"), by and between the Authority and UMB Bank, N.A., as trustee (the "Trustee"). The Trustee will serve as Registrar and Paying Agent for the Series 2024B/C Bonds. The Series 2024B/C Bonds are issuable in fully registered form and when initially issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2024B/C Bonds. Purchases of beneficial ownership interests in the Series 2024B/C Bonds will be made in book-entry form only, in \$1,000 principal amounts or integral multiples thereof. Beneficial Owners of the Series 2024B/C Bonds will not receive physical delivery of certificates evidencing their ownership interest in the Series 2024B/C Bonds so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2024B/C Bonds. Interest on the Series 2024B/C Bonds is payable each June 1 and December 1, commencing June 1, 2025, as more fully described herein. So long as DTC or its nominee is the registered owner of the Series 2024B Bonds, payments of the principal and interest on the Series 2024B Bonds will be made directly to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants. See "THE SERIES 2024B Bonds—Book-Entry-Only System" herein.

Maturity Schedules on Inside Cover Pages

The Series 2024B/C Bonds are subject to redemption as described herein. See "THE SERIES 2024B/C Bonds—Redemption Provisions," "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE—Nonappropriation" and "RISK FACTORS" herein.

The Series 2024B/C Bonds are payable solely from the Trust Estate held by the Trustee under the Indenture consisting primarily of amounts paid by Lessee under the Lease. The payments under the Lease are payable from moneys budgeted and appropriated by the Legislature and allocated by the State Regents to the Schedule Lessees. See "APPROPRIATION OF ANNUAL LEASE PAYMENTS," and "THE OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION" herein.

Neither the Lease, nor the Lessee's obligation to make Lease Payments thereunder, nor the Series 2024B/C Bonds, are a general obligation of the Lessee or the Authority, and neither the full faith and credit of the Lessee nor the Authority is pledged thereto. The Series 2024B/C Bonds are payable solely from certain payments made by the Lessee and certain moneys held by the Trustee under the Indenture. Such payments by the Lessee are payable from and secured by moneys to be appropriated to the Lessee each year, but appropriations are not required to be made for such purpose. If moneys are not appropriated, the Lease or that particular Lease Schedule may be terminated at the end of the preceding fiscal period and the Schedule Lessee is not required to make the Lease Payments coming due after such termination. The Series 2024B/C Bonds are not an obligation of the State of Oklahoma and neither the faith and credit nor the taxing power of the State of Oklahoma is pledged to the payment thereof. See "RISK FACTORS" herein.

The Series 2024B/C Bonds are offered when, as and if issued and are subject to the receipt of the legal opinion of The Public Finance Law Group PLLC, Oklahoma City, Oklahoma, Bond Counsel. Certain legal matters will be passed upon by Hawkins Delafield & Wood LLP, Special Tax Counsel. Certain legal matters will be passed upon for the State Regents and the Schedule Lessees by their respective general counsels, for the Authority by The Public Finance Law Group PLLC, and for the Underwriters by their counsel, Kutak Rock LLP. It is expected that the Series 2024B/C Bonds will be available in definitive form for delivery at DTC in New York, New York, on or about October 16, 2024.



Raymond James

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 any such jurisdiction.

\$30,390,000*
THE OKLAHOMA DEVELOPMENT FINANCE AUTHORITY
Oklahoma State System of Higher Education
Master Real Property Lease Revenue Refunding Bonds
Tax-Exempt Series 2024B
(Subject to Annual Appropriation)

Maturities, Amounts, Interest Rates and Yields*

\$24,030,000* Serial Series 2024B Bonds

<u>Maturity</u> <u>June 1*</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Base: 67884G</u>
2025	\$920,000	%	%	
2026	1,620,000			
2027	1,700,000			
2028	1,790,000			
2029	1,865,000			
2030	1,970,000			
2031	2,070,000			
2032	2,170,000			
2033	2,280,000			
2034	1,120,000			
2035	1,180,000			
2036	1,235,000			
2037	1,300,000			
2038	1,370,000			
2039	1,440,000			

\$6,360,000* _____% Series 2024B Term Bond due June 1, 2043 — Yield _____% Price _____% (CUSIP 67884G—____)

CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein provided by CUSIP Global Services (“CGS”), managed on behalf of the American Bankers Association by S&P Capital IQ. This information is not intended to create a database and does not serve in any way as a substitute for services provided by CGS. CUSIP numbers have been assigned by an independent company not affiliated with the Authority or the Underwriters and are included solely for the convenience of the registered and beneficial owners of the Series 2024B Bonds. Neither the Authority nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2024B Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2024B Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2024B Bonds.

*Preliminary; subject to change.

\$7,510,000*
THE OKLAHOMA DEVELOPMENT FINANCE AUTHORITY
Oklahoma State System of Higher Education
Master Real Property Lease Revenue Refunding Bonds
Tax-Exempt Series 2024C
(Subject to Annual Appropriation)

Maturities, Amounts, Interest Rates and Yields*

\$7,510,000* Serial Series 2024C Bonds

<u>Maturity</u> <u>December 1*</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Base: 67884G</u>
2025	\$640,000	%	%	
2026	720,000			
2027	755,000			
2028	800,000			
2029	830,000			
2030	875,000			
2031	915,000			
2032	965,000			
2033	1,010,000			

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*Preliminary; subject to change.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than as contained in this Official Statement, and if given or made, any such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2024B/C Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the Authority, the State Regents and other sources which are believed to be reliable. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information and this Official Statement is not to be construed as the promise or guarantee of the Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the information or opinions set forth herein after the date of this Official Statement.

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

THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. THE COVER PAGE IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2024B/C BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THIS PRELIMINARY OFFICIAL STATEMENT IS DEEMED TO BE FINAL (EXCEPT FOR PERMITTED OMISSIONS) BY THE AUTHORITY AND THE STATE REGENTS FOR PURPOSES OF COMPLYING WITH RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

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\$37,900,000*
THE OKLAHOMA DEVELOPMENT FINANCE AUTHORITY
Oklahoma State System of Higher Education
Master Real Property Lease Revenue Refunding Bonds

\$30,390,000*
Tax-Exempt Series 2024B

\$7,510,000*
Tax-Exempt Series 2024C

(Subject to Annual Appropriation)

INTRODUCTION

This Official Statement, including the preceding pages and Appendices hereto, is provided to furnish information with respect to the offering, sale and delivery of the above-captioned series of bonds (individually, the “Series 2024B Bonds” and the “Series 2024C Bonds” and collectively, the “Series 2024B/C Bonds”). The Series 2024B/C Bonds are being issued pursuant to a Trust Indenture dated as of July 1, 2024, as previously supplemented, and as supplemented by a Series 2024B Supplemental Trust Indenture and a Series 2024C Supplemental Trust Indenture, each dated as of October 1, 2024 (collectively with any future supplements thereto, the “Indenture”), by and between The Oklahoma Development Finance Authority (the “Authority”) and UMB Bank, N.A., as trustee (the “Trustee” and “Paying Agent”).

The Series 2024B/C Bonds are special revenue obligations of the Authority payable from lease payments (the “Lease Payments”) to be made by The Oklahoma State Regents for Higher Education (the “State Regents”) acting for and on behalf of certain Oklahoma Colleges and Universities that are members of The Oklahoma State System of Higher Education (the “Schedule Lessees” and together with the State Regents, collectively referred to herein as the “Lessee”) pursuant to a Master Real Property Lease/Purchase Agreement dated as of July 1, 2024 (together with the Lease Schedules dated as of October 1, 2024, relating to the hereinafter-defined Projects, the “Lease”), by and between Lessee and the Authority, as Lessor, to finance or refinance the acquisition of or improvements to certain real property for the use and benefit of the Schedule Lessees (each a “Project”), to be leased to Lessee by the Authority pursuant to the Lease.

A portion of the proceeds of the Series 2024B/C Bonds will be used to provide lease purchase financing or refinancing of the acquisition of or improvements to the Projects for the use and benefit of the Schedule Lessees. A portion of the proceeds of the Series 2024B/C Bonds, together with certain funds contributed by the State Regents, will be used to pay costs of issuance of the Series 2024B/C Bonds. See “PLAN OF REFUNDING,” “THE PROJECTS AND THE SCHEDULE LESSEES” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The Series 2024B/C Bonds are the second and third series of Bonds issued under the Indenture; it is possible that additional series of bonds will be issued during calendar year 2024 under the Indenture on a parity therewith up to a total authorized aggregate principal amount of \$125,000,000. The Series 2024B/C Bonds will be the 61st and 62nd series of bonds to be offered in connection with the State Regents’ Master Real Property Lease Program (the “Master Real Property Lease Program”) authorized by the 2005 Oklahoma Legislature. See “THE OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION—Master Real Property Lease Bonds” herein. The Authority has also issued under separate indentures 55 series of bonds in connection with the State Regents’ Master Equipment Lease Program (the “Master Equipment Lease Program”) authorized by the 1999 Oklahoma Legislature. See “THE OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION—Master Equipment Lease Bonds” herein.

Neither the Lease, nor the Lessee’s obligation to make Lease Payments thereunder, nor the Series 2024B/C Bonds, are a general obligation of the Lessee or the Authority, and neither the full faith and credit of the Lessee nor the Authority is pledged thereto. The Series 2024B/C Bonds are

payable solely from certain payments made by the Lessee and certain moneys held by the Trustee under the Indenture. Such payments by the Lessee are payable from and secured by moneys to be appropriated to the Lessee each year, but appropriations are not required to be made for such purpose. If moneys are not appropriated, the Lease or that particular Lease Schedule may be terminated at the end of the preceding fiscal period and the Schedule Lessee is not required to make the Lease Payments coming due after such termination. The Series 2024B/C Bonds are not an obligation of the State of Oklahoma and neither the faith and credit nor the taxing power of the State of Oklahoma is pledged to the payment thereof. See “RISK FACTORS” herein.

The payments under the Lease are payable from moneys budgeted and appropriated by the Oklahoma State Legislature and allocated by the State Regents to the Schedule Lessees. See “APPROPRIATION OF ANNUAL LEASE PAYMENTS,” and “THE OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION” herein. In the event that sufficient funds are not appropriated for the payment of Lease Payments during the next succeeding Fiscal Year, a Schedule Lessee may terminate its obligations under the Lease, the Lease will be terminated at the end of the preceding Fiscal Year and the Lessee will not be required to pay the Lease Payments coming due after such termination. See “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE—Nonappropriation” and “RISK FACTORS.”

There follow brief descriptions of the Authority, the State Regents, the Schedule Lessees, the Series 2024B/C Bonds, the Lease, the Indenture and related matters. Such descriptions do not purport to be comprehensive or definitive. References to such documents are qualified in their entirety by reference to the complete texts thereof, copies of such documents being available for inspection at the offices of the Authority. Capitalized terms used in this Official Statement and not otherwise defined shall have the respective meanings given in the Lease or the Indenture.

THE OKLAHOMA DEVELOPMENT FINANCE AUTHORITY

The Oklahoma Development Finance Authority was created by a Declaration of Trust dated November 1, 1974, as amended October 9, 1975 (the “Original Declaration”), for the furtherance of public purposes and the benefit of the State of Oklahoma (the “State”) pursuant to the provisions of Title 60, Oklahoma Statutes 2021, Section 176 et seq., as amended, and Title 60, Oklahoma Statutes 2021, Section 175.1 et seq., as amended, and other applicable statutes and laws of the State. Pursuant to the provisions of Title 74, Oklahoma Statutes 2021, Section 5062.1 et seq., as amended, and other applicable statutes and laws of the State, the Original Declaration was further amended by an Amended and Restated Declaration of Trust dated February 11, 1988, which, among other things, changed the name of the Authority from The Oklahoma Development Authority to The Oklahoma Development Finance Authority. The Restated Declaration was accepted and approved by the Governor of the State on February 12, 1988. The most recent amendment to the Original Declaration occurred in 1994 under the provisions of an Amended and Restated Declaration of Trust dated July 1, 1994, which was approved by the Governor on August 5, 1994. The purpose of this amendment was to conform the membership of The Oklahoma Development Finance Authority with that of the Oklahoma Industrial Finance Authority pursuant to certain statutory changes.

Purpose and Powers

The authorized purposes of the Authority include, but are not limited to, the following: (i) to expand and establish agricultural and industrial enterprises; (ii) to provide pollution control facilities; (iii) to develop public or private energy generating, distribution or conservation facilities and sources; (iv) to provide health care facilities; (v) to provide infrastructure, waste water and capital improvement facilities; (vi) to provide educational facilities; (vii) to provide recreational facilities; and (viii) to provide for

short-term advance funding and the purchase of the obligations of political subdivisions throughout the State.

The Authority has all powers necessary or appropriate to carry out and effectuate its purposes, including, without limitation: (i) to make and execute contracts and all other instruments necessary or convenient for the performance of its duties and the exercise of its powers and functions; (ii) to borrow money and to issue bonds to provide financing for the purpose and projects of the Authority and to provide for the security and services of payments therefor; (iii) to provide financing assistance by making of, entering into or providing for guarantees leases, insurance, financing credits, loans, letters of credit, financing assistance payments, grants or other financial aid for the purposes and projects provided; and (iv) to lend money or otherwise extend credit to any person and exercise all powers of a lender or creditor; and to collect fees and charges in connection with its loans, commitments and servicing, including but not limited to, reimbursement of costs of financing as the Authority determines to be reasonable and approves.

Board of Directors

The Authority is governed by a Board of Directors consisting of seven (7) persons, appointed by the Governor for overlapping terms, with the advice and consent of the State Senate. One member is the Director of the Oklahoma Department of Commerce, who serves ex officio, but who is a voting member of the Board of Directors. One person is selected from each of the six Congressional Districts of the State as they existed in 1959, at least five of whom are required to have had at least fifteen years' experience in banking, mortgage loans or financial management, and the remaining member must have demonstrated outstanding ability in business or industry. The members annually elect a Chairman, Vice Chairman, and Secretary from among the membership of the Board of Directors.

The day-to-day management of the Authority is vested in the President appointed by the Board of Directors. Mr. Michael D. Davis serves as President of the Authority. The President employs such officers and employees as designated by the Board of Directors and directs and supervises the administrative affairs and general assignments of the Authority. The current address and telephone number of The Oklahoma Development Finance Authority are 9220 N. Kelley Avenue, Oklahoma City, Oklahoma 73131, (405) 842-1145.

THE OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION

General

The Oklahoma State Regents for Higher Education, established by Article XIII-A of the Oklahoma Constitution, constitute a coordinating board of control for all state higher education institutions supported in whole or in part by direct legislative appropriations. Among other specific powers, the State Regents prescribe standards of higher education applicable to each institution, recommend to the State Legislature the budget allocations to each institution, allocate funds to each institution from appropriations made by the State Legislature and transfer from one institution to another any property belonging to such institution when no longer needed by it and when needed by another institution to accomplish its functions.

The following state higher education institutions are designated by statute (Title 70 Okla. Stat. § 3201) as members of The Oklahoma State System of Higher Education:

University of Oklahoma; Oklahoma State University; Langston University; Oklahoma Panhandle State University; Murray State College; Connors State College; Cameron University; Eastern Oklahoma State College; Northeastern Oklahoma Agricultural and Mechanical College; University of Central

Oklahoma; East Central University; Northeastern State University; Northwestern Oklahoma State University; Southeastern Oklahoma State University; Southwestern Oklahoma State University; University of Science and Arts of Oklahoma; Rogers State University; Carl Albert State College; Redlands Community College; Northern Oklahoma College; Oklahoma City Community College; Rose State College; Seminole State College; Tulsa Community College; and Western Oklahoma State College.

Master Real Property Lease Bonds

The Series 2024B/C Bonds are the second and third series of Bonds to be issued under the Indenture and are being issued on a parity with the Authority’s Outstanding Bonds more particularly described as follows:

<u>Series</u>	<u>Dated Date</u>	<u>Number of Participating Institutions</u>	<u>Final Scheduled Maturity</u>	<u>Original Principal Amount</u>	<u>Principal Amount Outstanding December 2024</u>
2024A	07/02/24	4	06/01/49	\$28,345,000	\$28,345,000

At the request of the State Regents, the Authority has authorized the issuance of up to \$125,000,000 of Series 2024 Master Real Property Lease Revenue Bonds that could be issued and delivered in calendar year 2024.

Master Real Property Lease Program

The State Regents’ Master Real Property Lease Program was authorized by the 2005 Oklahoma Legislature to establish a master lease program to finance the acquisition of or improvements to real property as may be required by or useful to institutions and entities within The Oklahoma State System of Higher Education in order to achieve cost saving efficiencies. Title 70, Oklahoma Statutes 2021, Section 3206.6a authorizes leases under the State Regents’ Master Real Property Lease Program to have terms for the useful life of the real property or improvements to be acquired thereunder but no more than 30 years. Under separate trust indentures and various supplemental trust indentures thereto, the Authority has issued and outstanding \$472,230,000 of bonds under the State Regents’ Master Real Property Lease Program as of December 31, 2023. See Appendix D “State Gross and Net Tax Backed Debt” as of December 31, 2023, for information regarding the bonds outstanding under the Master Real Property Lease Program.

Revenue bonds under the Master Real Property Lease Program have been and will be issued under separate trust indentures and will not be issued on a parity with the Series 2024B/C Bonds and will be payable by the Authority from lease payments made by the State Regents and the participating institutions and entities under separate master lease agreements; however, such lease payments also will be secured by moneys budgeted and appropriated by the Oklahoma Legislature and allocated by the State Regents to such participating institutions and entities. See Appendix D “State Gross and Net Tax-Backed Debt” as of December 31, 2023, for information regarding the bonds outstanding under the Master Real Property Lease Program issued under separate trust indentures and supplemental trust indentures thereto.

Master Equipment Lease Program

The State Regents’ Master Equipment Lease Program was authorized by the 1999 Oklahoma Legislature. Title 70, Oklahoma Statutes 2021, Section 3206.6, as amended, authorizes the State Regents to establish a master lease program to finance the acquisition of items of personal property as may be required by or useful to institutions and entities within The Oklahoma State System of Higher Education in order to achieve cost saving efficiencies. The funds used by the State Regents for such purposes are

available for lease transactions having a minimum value of \$50,000 and a maximum value of \$10,000,000 (increased from \$5,000,000 by the 2002 Oklahoma Legislature). Leases thereunder are to have terms for the useful life of the personal property to be acquired thereunder but no more than 20 years (increased from 10 years by the 2002 Oklahoma Legislature).

The State Regents are authorized by statute to reduce the allocation of funds which could otherwise be made to an institution within The Oklahoma State System of Higher Education in order to make payments for leases under the State Regents' Master Lease Program financing Equipment.

Under separate trust indentures and various supplemental trust indentures thereto, the Authority has issued and outstanding \$36,179,000 of bonds under the State Regents' Master Equipment Lease Program as of December 31, 2023. Such bonds are not secured on a parity with the Series 2024B/C Bonds and are payable by the Authority from lease payments made by the State Regents and the participating institutions and entities under separate master equipment lease agreements; however, such lease payments also will be secured by moneys budgeted and appropriated by the Oklahoma Legislature and allocated by the State Regents to such participating institutions and entities. See Appendix D "State Gross and Net Tax-Backed Debt" as of December 31, 2023, for information regarding the bonds outstanding under the Master Equipment Lease Program issued under separate trust indentures and supplemental trust indentures thereto.

APPROPRIATION OF ANNUAL LEASE PAYMENTS

Pursuant to Article XIII-A of the Oklahoma Constitution, the State Regents annually are required to recommend to the State Legislature the budget allocations to be made to each institution within The Oklahoma State System of Higher Education and the appropriations made by the State Legislature for all such institutions are required to be made in one consolidated form without reference to any particular institution and the State Regents are authorized to allocate to each such institution an amount sufficient to meet its needs and functions for the entire fiscal year. See Appendix A hereto for a description of educational and general primary budget allocations for fiscal years ending June 30, 2021 through 2025 made by the State Regents to the institutions that will receive lease purchase financing from the Series 2024B/C Bonds.

The Fiscal Year for Oklahoma State government entities is a period of 12 consecutive months beginning on July 1 of each year and ending on June 30 of the following year. The following is a general discussion of the budget process of Oklahoma State Government:

General. The State of Oklahoma is constitutionally provided with two houses of the State Legislature and a Governor. The Senate and House of Representatives begin a Legislative session on the first Monday of February which must end by the last Friday of May each year. The State Constitution mandates a balanced budget. In general, the Legislature has a formal role in the formation of budget request instructions and in the compilation of budget requests from agencies. Although the Legislature's focus has been changed from objects of expenditure to program spending, the Legislature has implemented performance measurement procedures to improve oversight and allocation decisions. The Governor possesses "line item veto" powers.

Agency Budget Requests. The budget process begins in June each year when the Director of the Office of Management and Enterprise Services ("OMES") and the Joint Legislative Committee on Budget and Program Oversight ("JLCBPO") issue instructions for annual budget requests for the subsequent fiscal year. These instructions specify the form, manner and detail in which an agency must submit its annual budget.

Agency Budget Request Development. Once they have received their instructions, State agencies begin preparation of their budget requests for submission to the Director of OMES and the JLCBPO. The development of budget requests varies substantially from agency to agency and is far more complex with large agencies than small ones. All budget requests include a brief narrative describing the purpose of the agency, its programs, funding, number of employees and the changes it wants for the upcoming year. The request must include justifications for any proposed program changes and proposed sources of funding for any expansion. Not all agency funding comes from appropriations. Many state agencies receive federal funds or earmarked revenues from fees, permits or taxes or both. Such agencies' budgets must include estimates of federal or earmarked funds along with any request for appropriation. Budget requests must be submitted by October 1st. Budget requests are initially reviewed by analysts in the Division of the Budget and the House and Senate Fiscal Staffs. The head of the Division of the Budget, the Director of OMES and the Governor conduct subsequent review to develop the Governor's recommendation.

Governor's Recommended Annual Budget. After review of the budget proposals for technical accuracy, justification and evaluation, the Governor develops a comprehensive budget for the State. In addition to the Governor's budget recommendations, this comprehensive recommendation includes any statutory changes needed to accomplish policy or appropriation changes that are part of the budget plan.

The Revenue Certification Process. A fundamental element in the Governor's Recommended Budget is the State Board of Equalization's certification of funds available for appropriation by the Legislature. The Constitution requires the Board to meet prior to each legislative session to determine the total amount the Legislature can appropriate. The Constitution requires the Board to estimate the income of each fund and certify an amount equal to 95% of the estimate for appropriation from each fund. The remaining 5% is to be held unappropriated. This process applies only to anticipated revenues. Cash on hand may be appropriated in its entirety with some restrictions. The Board may meet one additional time to reevaluate its estimate. The initial certification plays a key role in the Governor's budget planning. Because of the requirement for a balanced budget, and more specific statutory requirements, the Governor's recommendations must be within the allowed appropriations total or the Governor must propose revenue increases to balance the proposed budget.

Legislative Enactment of the Budget. State law requires that immediately after the beginning of each year's regular session of the Legislature, the Governor submits to the presiding officer of each house printed copies of the proposed budget as well as drafts of the legislation needed to implement the budget recommendations. The Constitution requires that all revenue-raising measures be introduced in the House of Representatives. After appropriation bills are introduced, the presiding legislative officers refer them to the appropriations committees of the two houses which normally assign them to subcommittees for more detailed consideration. After final deliberations, a report is filed and drafted into an appropriations bill for each house. Appropriations bills may be amended on the floor and become part of the "engrossed" bill which is transmitted to the opposite house for consideration. The second house may agree to the "engrossed" bill or may propose changes, which then must be agreed to by the first house. If no agreement is reached, a joint committee is selected and differences resolved. Bills, once passed by both houses in final form, are then forwarded to the Governor for signature.

Governor's Signature. The Governor's signature completes the enactment of an appropriations bill. The Governor has constitutional power to line-item veto provisions.

Administration of the State Budget. The distribution of funds, the regulation of expenditure and the accounting controls related to the state budget are the responsibility of OMES with formal involvement of the Legislature through its JLCBPO for transfers of money requested by agencies. The state agency begins the process by submitting a "budget work program" which is a detailed plan of expenditure of all funds available to the agency. Following approval, the agency formally requests allotment of funds made

available to it. Allotments are requested and granted quarterly. In the case of the State Regents, the budgets for the member institutions are approved on an annual basis and member institutions submit revised budgets for approval by the State Regents on an as-needed basis.

Budget Allocations for Fiscal Years June 30, 2021, through June 30, 2025. See Appendix A hereto for a description of the budget allocations for the Fiscal Years ended June 30, 2021 through June 30, 2025 to the member institutions that will receive lease purchase financing from the Series 2024B/C Bonds.

Fiscal Year 2023 Results. On May 20, 2022, the State Legislature adopted the general appropriation bill, Senate Bill 1040, for Fiscal Year 2023. The total expenditure authority available for the legislature to appropriate in Fiscal Year 2023 was \$11.87 billion. However, the total authorized expenditures for Fiscal Year 2023 totaled \$10.95 billion, which was \$922.87 million below the amount legally authorized for expenditure.

Total General Revenue Fund collections for fiscal year 2023 were \$9.0 billion, which was \$1.6 billion, or 21.2%, above the estimate, and \$493.7 million, or 5.8%, above prior year collections for the same period.

The State's fiscal position remained exceptionally strong, with over \$5.0 billion in reserve funds and unspent cash. This includes approximately \$1.3 billion in the state's Constitutional Reserve Fund, roughly \$400 million in the Revenue Stabilization Fund, over \$2.0 billion in unspent revenues from fiscal years 2021 through 2023, and nearly \$1.0 billion combined in the Education Reform Revolving Fund and the FMAP Rate Preservation Fund.

Excerpts from the State of Oklahoma Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023 ("ACFR"), are included in Appendix B hereto. Completion of the ACFR was delayed due to turnover of senior staff and associated hiring and training of new personnel, as well as untimely reporting from the Oklahoma State Department of Education and continued implementation challenges associated with the GASB 87 standard. The ACFR was posted to the Electronic Municipal Market Access ("EMMA") website maintained by the Municipal Securities Rulemaking Board on September 9, 2024.

Fiscal Year 2024 Results. On May 26, 2023, the State Legislature adopted the general appropriation bill, House Bill 1004X, for Fiscal Year 2024. The total expenditure authority available for the legislature to appropriate in Fiscal Year 2024 was \$13.26 billion; however, the total authorized expenditures for Fiscal Year 2024 totaled \$12.59 billion, which was \$666 million below the amount legally authorized for expenditure. As part of the Fiscal Year 2024 budget, the Legislature committed approximately \$5.65 billion to education and \$3.25 billion to health and human services.

Several measures modifying revenue streams to the General Revenue Fund were enacted by the Legislature and signed into law by the Governor. These modifications are expected to result in decreased revenue to the General Revenue Fund in an amount totaling \$190.01 million, as certified by the Board of Equalization at their meeting on June 19, 2023, and include a decrease of \$134.13 million in individual income tax revenue and a decrease of \$55.87 million in franchise taxes.

State General Revenue Fund collections for Fiscal Year 2024 were \$8.5 billion, which is \$177.7 million, or 2.1%, above the estimate for the year and \$547.2 million, or 6.1%, below the all-time high record collections of the previous year. In addition, Fiscal Year 2024 registered \$262.2 million and \$91.3 million in deposits to the Revenue Stabilization Fund and Constitutional Reserve (Rainy Day) Fund, respectively. The combined balance in both funds is slightly above \$2 billion.

See Appendix C hereto for a summary of certain unaudited financial results of the State of Oklahoma for the Fiscal Year ending June 30, 2024. Complete information regarding financial results of the State of Oklahoma can be found at <https://omes.ok.gov/>.

Fiscal Year 2025 Results to Date. On May 30, 2024, the State Legislature adopted the general appropriation bill, Senate Bill 1125, for Fiscal Year 2025. The \$12.47 billion budget is relatively flat compared to Fiscal Year 2024 and includes a commitment of approximately \$5.6 billion to education and \$3.18 billion to health and human services. Additionally, the budget includes several one-time investments in the state's capital needs. Senate Bill 1399 authorized the creation of a \$350 million capital assets management fund deferred maintenance needs at public colleges, state parks, and other agencies. Additionally, the state contributed an additional \$177 million to the Legacy Capital Financing Fund ("LCFF") authorized during the 2023 legislative session, bringing the LCFF investment to \$777 million.

The budget for Fiscal Year 2025 also incorporates the effects of House Bill 1955, which was signed into law on February 28, 2024, eliminating the state sales tax on groceries. This measure is expected to reduce revenues by an estimated \$308 million in Fiscal Year 2025.

General Revenue Fund collections in August totaled \$603 million, which is \$14.3 million, or 2.3%, below the monthly estimate. This is \$6.1 million, or 1%, below collections in August 2023. Total General Revenue Fund collections for the first two months of Fiscal Year 2025 are \$1.2 billion, which is \$3.5 million, or 0.3%, below the estimate and \$10.9 million, or 0.9%, above prior year collections for the same period.

See Appendix C hereto for a summary of certain unaudited financial results of the State of Oklahoma for the first two months of Fiscal Year ending June 30, 2025. Complete information regarding financial results of the State of Oklahoma can be found at <https://omes.ok.gov/>.

State Gross and Net Tax-Backed Debt. See “State Gross and Net Tax-Backed Debt” as of December 31, 2023, in Appendix D hereto.

State Pension Systems. See “State Pension Systems and Post-Employment Benefits” in Appendix E hereto.

PLAN OF REFUNDING*

A portion of the proceeds of the Series 2024B Bonds, together with certain other available funds, will be transferred to an escrow account held by the bond trustee and used to redeem on October 17, 2024, \$33,267,000 in Outstanding principal amount of the Series 2014A Bonds maturing June 1, 2025 – 2028, inclusive, June 1, 2033, June 1, 2038 and June 1, 2043 (the “Refunded Series 2014A Bonds”).

A portion of the proceeds of the Series 2024C Bonds, together with certain other available funds, will be transferred to an escrow account held by the bond trustee and used to redeem on December 1, 2024, \$8,220,000 in Outstanding principal amount of the Series 2014B Bonds maturing December 1, 2025 – 2028, inclusive, and December 1, 2033 (the “Refunded Series 2014B Bonds” and together with the Refunded Series 2014A Bonds, the “Refunded Bonds”).

The Refunded Bonds were issued by the Authority to finance or refinance certain improvements for University of Central Oklahoma, Murray State College, Northeastern State University, Oklahoma Panhandle State University and Tulsa Community College.

*Preliminary, subject to change.

See Appendix A hereto for certain limited general information relating to the member institution Schedule Lessees.

THE PROJECTS AND THE SCHEDULE LESSEES*

A portion of the proceeds of the Series 2024B/C Bonds will be used to provide lease purchase financing and refinancing of the lease purchase financing originally provided with proceeds of the Refunded Bonds, for the following institutions within The Oklahoma State System of Higher Education. Proceeds of the Series 2024B/C Bonds, together with certain other funds contributed by the State Regents, also will be used to pay costs of issuance of the Series 2024B/C Bonds.

Murray State College

Project: Refunding \$4,605,000* in Outstanding principal amount of the Series 2014A Bonds that provided financing for a science and agriculture building.

Lease Term: Commencing as of October 1, 2024 and ending May 31, 2043.

Northeastern State University

Project: Refunding \$8,135,000* in Outstanding principal amount of the Series 2014A Bonds and \$5,885,000* in Outstanding principal amount of the Series 2014B Bonds that provided financing for existing housing renovations and construction of new student housing.

Lease Term: Individual Lease Schedules with terms commencing as of October 1, 2024 and ending:
May 31, 2033 (\$8,135,000*); and
November 30, 2033 (\$5,885,000*).

Oklahoma Panhandle State University

Project: Refunding \$2,335,000* in Outstanding principal amount of the Series 2014B Bonds that provided financing for acquisition of student housing.

Lease Term: Commencing as of October 1, 2024, and ending November 30, 2033.

Tulsa Community College

Project: Refunding \$1,627,000* in Outstanding principal amount of the Series 2014A Bonds that provided financing for hangar renovation.

Lease Term: Commencing as of October 1, 2024, and ending May 31, 2033.

*Preliminary, subject to change.

University of Central Oklahoma

Project: Refunding \$18,900,000* in Outstanding principal amount of the Series 2014A Bonds that provided financing for a student housing complex.

Lease Term: Commencing as of October 1, 2024 and ending May 31, 2043.

See Appendix A hereto for certain limited general information relating to the member institution Schedule Lessees.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated uses of the proceeds of the Series 2024B/C Bonds and other available funds.

	Series 2024B Bonds	Series 2024C Bonds	Total
Sources of Funds			
Principal Amount	\$	\$	\$
Original Issue Premium/(Discount)			
Other Available Funds			
<i>Total Sources of Funds</i>	\$	\$	\$
Uses of Funds			
Deposit for Redemption of Refunded Bonds ¹	\$	\$	\$
Costs of Issuance including Underwriters’			
Discount and Contingency ²			
<i>Total Uses of Funds</i>	\$	\$	\$

¹ The amounts deposited will be (a) applied to pay the redemption price of the Refunded Series 2014A Bonds on October 17, 2024 and (b) transferred to an escrow account held by the bond trustee for the Refunded Bonds and pay the redemption price of the Refunded Series 2014B Bonds on December 1, 2024. See “THE PROJECTS AND THE SCHEDULE LESSEES” herein for amounts provided for the Schedule Lessees from the proceeds of the Series 2024B/C Bonds for the financing or refinancing of their projects.

² Includes all costs of issuance (including Underwriters’ discount of \$_____ with respect to the Series 2024B Bonds and \$_____ with respect to the Series 2024C Bonds), the payment of all of which is contingent upon the issuance of the Series 2024B/C Bonds.

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*Preliminary, subject to change.

DEBT SERVICE REQUIREMENTS FOR THE SERIES 2024B/C BONDS

The following table sets forth the annual amounts required to pay scheduled principal and interest on the Series 2024A Bonds and the Series 2024B/C Bonds during each fiscal year ending June 30. Columns in such table may not sum due to rounding.

**Debt Service Requirements
(Bonds issued under July 1, 2024 Trust Indenture, as previously supplemented and
as supplemented by the Series 2024B Supplemental Trust Indenture and the Series 2024C
Supplemental Trust Indenture, each dated as of October 1, 2024)**

Period Ending June 30	Debt Service on Outstanding Bonds ¹	Series 2024B Principal	Series 2024B Interest	Series 2024C Principal	Series 2024C Interest	Total Debt Service
2025	\$ 1,866,022.16					
2026	2,038,775.00					
2027	2,040,025.00					
2028	2,039,275.00					
2029	2,036,525.00					
2030	2,036,775.00					
2031	2,039,775.00					
2032	2,040,275.00					
2033	2,043,275.00					
2034	2,038,525.00					
2035	2,036,275.00					
2036	2,031,275.00					
2037	2,038,525.00					
2038	2,037,275.00					
2039	2,037,775.00					
2040	2,034,775.00					
2041	2,038,575.00					
2042	2,039,775.00					
2043	2,038,375.00					
2044	1,919,375.00					
2045	967,375.00					
2046	969,787.50					
2047	970,756.26					
2048	970,281.26					
2049	<u>968,362.50</u>					
Total	<u>\$45,317,809.68</u>	\$	\$			\$

¹ Scheduled annual principal and interest requirements on the Authority’s Series 2023A Bonds.

SECURITY FOR THE SERIES 2024B/C BONDS

The Series 2024B/C Bonds are the second and third series of Bonds issued under the Indenture; it is possible that additional series of bonds may be issued during calendar year 2024 under the Indenture on a parity therewith up to a total authorized aggregate principal amount of \$125,000,000. The Series 2024B/C Bonds will be the 61st and 62nd series of bonds to be offered in connection with the State Regents’ Master Real Property Lease Program (the “Master Real Property Lease Program”) authorized by the 2005 Oklahoma Legislature. The Series 2024B/C Bonds will be payable solely from the Trust Estate consisting primarily of the Lease Payments and other moneys received and held by the Trustee under the Indenture.

See “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE—Lease Payments” and “APPROPRIATION OF ANNUAL LEASE PAYMENTS.”

The State Regents are authorized by statute to reduce the allocation of funds which could otherwise be made to an institution within The Oklahoma State System of Higher Education in order to make payments for leases under the Master Real Property Lease Program.

Neither the Lease, nor the Lessee’s obligation to make Lease Payments thereunder, nor the Series 2024B/C Bonds, are a general obligation of the Lessee or the Authority, and neither the full faith and credit of the Lessee nor the Authority is pledged thereto. The Series 2024B/C Bonds are payable solely from certain payments made by the Lessee and certain moneys held by the Trustee under the Indenture. Such payments by the Lessee are payable from and secured by moneys to be appropriated to the Lessee each year, but appropriations are not required to be made for such purpose. If moneys are not appropriated, the Lease or that particular Lease Schedule may be terminated at the end of the preceding fiscal period and the Schedule Lessee is not required to make the Lease Payments coming due after such termination. The Series 2024B/C Bonds are not an obligation of the State of Oklahoma and neither the faith and credit nor the taxing power of the State of Oklahoma is pledged to the payment thereof. See “RISK FACTORS” herein.

For a discussion of the risks associated with an Event of Default or an Event of Nonappropriation, see “RISK FACTORS.” The security for the Bonds under the Indenture does not include a mortgage or lien on or security interest in any real or tangible personal property of the Schedule Lessees including the Schedule Property. See “RISK FACTORS—Limited Enforcement Rights and Security for the Bonds” herein.

THE SERIES 2024B/C BONDS

Description of the Series 2024B/C Bonds

The aggregate principal amount of the Series 2024B/C Bonds shall be as set forth on the cover page hereof and the Series 2024B/C Bonds shall mature on the dates and in the amounts, with interest thereon at the rates, set forth on the inside cover pages hereof. See “SECURITY FOR THE SERIES 2024B/C BONDS” herein.

The Series 2024B/C Bonds shall be executed and delivered in fully registered form in denominations of \$1,000 or integral multiples thereof not exceeding the aggregate principal amount stated to mature on any given date. The Series 2024B/C Bonds shall be dated the date of their delivery and the Owners of the Series 2024B/C Bonds shall be entitled to receive interest therefrom payable to the persons in whose names the Series 2024B/C Bonds are registered on the Record Date therefor, the 15th day, whether or not such day is a Business Day, of the calendar month preceding such Interest Payment Date. The first Interest Payment Date shall be June 1, 2025. The payment of principal of and interest on the Series 2024B/C Bonds shall be made in lawful money of the United States of America. DTC shall act as Depository for the Series 2024B/C Bonds. So long as DTC is acting as Depository, the principal of and interest on the Series 2024B/C Bonds shall be payable as directed by the Depository.

Book-Entry-Only System

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

DTC will act as securities depository for the Series 2024B/C Bonds. The Series 2024B/C Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2024B/C Bond certificate will be issued for each series and maturity of the Series 2024B/C Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC at the office of the Trustee on behalf of DTC utilizing the DTC FAST system of registration.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2024B/C Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024B/C Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2024B/C Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2024B/C Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2024B/C Bonds, except in the event that use of the book-entry system for the Series 2024B/C Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024B/C Bonds deposited by Direct Participants with DTC (or the Trustee on behalf of DTC utilizing the DTC FAST system of registration) are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2024B/C Bonds with DTC (or the Trustee on behalf of DTC utilizing the DTC FAST system of registration) and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024B/C Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024B/C Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all the Series 2024B/C Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2024B/C Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2024B/C Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Series 2024B/C Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Paying Agent or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments on the Series 2024B/C Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2024B/C Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2024B/C Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2024B/C Bond certificates will be printed and delivered to DTC.

The Authority, Bond Counsel, the Trustee and the Underwriters cannot and do not give any assurances that the DTC Participants will distribute to the Beneficial Owners of the Series 2024B/C Bonds: (i) payments of principal of or interest on the Series 2024B/C Bonds; (ii) certificates representing an ownership interest or other confirmation of Beneficial Ownership interests in the Series 2024B/C Bonds; or (iii) redemption or other notices sent to DTC or its nominee, as the Registered Owners of the Series 2024B/C Bonds; or that they will do so on a timely basis or that DTC or its participants will serve and act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

None of the Authority, Bond Counsel, the Trustee or the Underwriters will have any responsibility or obligation to such DTC Participants (Direct or Indirect) or the persons for whom they act as nominees with respect to: (i) the Series 2024B/C Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by any DTC Participant of any amount due to any Beneficial Owner in respect of the principal amount of or interest on the Series 2024B/C Bonds; (iv) the delivery by any DTC Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Indenture to be given to Registered Owners; (v) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2024B/C Bonds; or (vi) any consent given or other action taken by DTC as Registered Owner.

In reading this Official Statement, it should be understood that while the Series 2024B/C Bonds are in the Book Entry system, references in other sections of this Official Statement to Registered Owner should be read to include the Beneficial Owners of the Series 2024B/C Bonds, but: (i) all rights of ownership must be exercised through DTC and the Book Entry system; and (ii) notices that are to be given to Registered Owners by the Authority or the Trustee will be given only to DTC.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event that any Bond is mutilated, lost, stolen or destroyed, a new Bond may be executed on behalf of the Trustee, of like date, maturity and denomination as that mutilated, lost, stolen or destroyed, provided that the Trustee shall have received indemnity from the Owner of the Bond satisfactory to it and provided further, in case of any mutilated Bond, that such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, that there shall be first furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee. In the event that any such Bond shall have matured, instead of executing and delivering a duplicate Bond, the Trustee may pay the same without surrender thereof. The Trustee may charge the Owner of the Bond with its reasonable fees and expenses in this connection.

Redemption Provisions

Optional Redemption

(a) *Series 2024B Bonds.* The Series 2024B Bonds maturing on and after June 1, 2035*, are subject to redemption, at the option of the Authority, prior to maturity, in whole or in part, at any time on or after June 1, 2034*, at the redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date.

(b) *Series 2024C Bonds.* The Series 2024C Bonds are not subject to optional redemption prior to maturity.

Scheduled Mandatory Sinking Fund Redemption of Series 2024B Bonds. The Series 2024B Bonds maturing on June 1, 2043* are subject to mandatory redemption prior to maturity, in part by lot, on June 1 of each of the years and in the principal amount set forth below at a redemption price of 100% of the principal amount of such Bonds, plus interest accrued to the date fixed for redemption.

*Preliminary, subject to change.

June 1, 2043*
2024B Term Bond

<u>June 1</u>	<u>Principal Amount</u>
2040	\$1,515,000
2041	1,570,000
2042	1,630,000
2043 ¹	1,695,000

¹ Stated Maturity.

Extraordinary Redemption. Prior to the first optional redemption date, the Series 2024B/C Bonds are subject to redemption prior to maturity at the option of the Authority, in whole or in part, on any interest payment date, upon the occurrence of an Extraordinary Event, at a redemption price equal to the greater of: (i) 100% of the principal amount of the Series 2024B/C Bonds to redeemed; and (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2024B/C Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2024B/C Bonds are to be redeemed, discounted to the date on which the Series 2024B/C Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate; plus, in each case, accrued interest on the Series 2024B/C Bonds to be redeemed to the redemption date (collectively, the “Extraordinary Redemption Price”).

For purposes of the exercise of an Extraordinary Redemption, an “Extraordinary Event” will have occurred if any Series 2024B/C Schedule Lessee exercises its rights under the Master Lease to pay, or cause to be paid on its behalf, the outstanding amount of all remaining Series 2024B/C Lease Payments securing the applicable Series 2024B/C Lease Schedules, plus the applicable Extraordinary Redemption Price. “Treasury Rate” means, with respect to any redemption date for a particular Series 2024B/C Bond, the yield to maturity as of such redemption date of the United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two (2) business days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the stated maturity date of the Series 2024B/C Bonds to be redeemed; provided, however, that if the period from the redemption date to the stated maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Any such Extraordinary Redemption shall be made in such amounts and from such maturities, and by lot within a maturity, as shall coincide with the schedule of principal payments originally designed with respect to such Lease and such Schedule Lessee.

Partial Redemption. Notwithstanding an Extraordinary Redemption, if less than all of the Series 2024B/C Bonds are to be redeemed, the Series 2024B/C Bonds shall be redeemed only in integral multiples of \$1,000. The Trustee is to treat any Bond of a denomination greater than \$1,000 as representing that number of separate Bonds each of the denomination of \$1,000 as can be obtained by dividing the actual principal amount of such Bond by \$1,000. Upon surrender of any Bond for redemption in part, the Trustee is to execute and deliver to the Owner thereof, at no expense of the Owner, a new Bond or Bonds of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Bonds so surrendered.

*Preliminary, subject to change.

Notice of Redemption. Whenever Series 2024B/C Bonds are to be redeemed, or when directed to do so by the Authority, the Trustee is required to, not less than 30 and not more than 60 days prior to the redemption date, mail notice of redemption to all Owners of all Bonds to be redeemed at their registered addresses, by first-class mail, postage prepaid. Any notice of redemption is to (a) be given in the name of the Authority, (b) identify the Bonds to be redeemed, (c) specify the redemption date and the redemption price, and (d) state that on the redemption date the Bonds called for redemption will be payable at the principal corporate trust office of Paying Agent and that from that date interest will cease to accrue. The Trustee may use “CUSIP” numbers in notices of redemption as a convenience to Owners of the Bonds, provided that any such notice is required to state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of redemption and that reliance may be placed only on the identification numbers containing the prefix established under the Indenture.

CERTAIN DEFINITIONS

In addition to terms hereinabove defined, the following are certain definitions used under the captions “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE” and “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

“*Authorized Officer*” shall mean, with respect to the Lessee, the Person signing the Lessee’s General or Closing Certificate or any other Person designated by the Lessee, in writing, to act for or on behalf of the Lessee in connection with the Lease; and with respect to the Authority the Chairman, Vice Chairman or President of the Authority shall also mean any person designated by any such officer, in writing, to the Trustee to deal with matters governed by the Indenture or the Lease.

“*Bonds*” shall mean the Series 2024B Bonds, the Series 2024C Bonds and any additional bonds issued under the Indenture on a parity therewith.

“*Collateralized Deposits*” shall mean certificates of deposit, time deposits or other similar banking arrangements issued by a bank (including the Trustee or any banking corporation or association affiliated therewith), trust company or savings and loan association the deposits in which are insured by the FDIC which also are fully secured and collateralized by Government Securities held by (i) the Trustee, (ii) a Federal Reserve Bank, or (iii) a bank which is a member of the FDIC and which has a combined capital, surplus and undivided profits of not less than \$25,000,000, and such collateral securities have a fair market value at all times equal to at least 100% of the amount of the deposit in excess of the amount not insured by the FDIC.

“*Cost*” or “*Costs*” shall mean:

- (a) with respect to the Projects, the cost thereof as specified in the Lease;
- (b) in connection with the issuance of the Bonds, all expenses which are properly chargeable thereto, including, without limiting the generality of the foregoing:
 - (i) legal, accounting and other professional and advisory fees and the fees and expenses of the Trustee; and
 - (ii) the fees of the Authority, underwriting discounts, printing and engraving, insurance premiums and other expenses of financing; and
- (c) in the case of the redeeming of Bonds, advertising and other expenses related to the such redemption.

Whenever Costs are to be paid, such payment may be made by way of reimbursement to the Lessee or others who have paid the same.

“*Eligible Investments*” shall mean and include any of the following securities:

- (a) Government Securities;
- (b) Insured Deposits;
- (c) Collateralized Deposits;
- (d) Money Market funds rated in the highest short-term rating category by at least two nationally recognized rating agencies; and
- (e) Securities acquired and deposits made pursuant to the Investment Agreement.

“*Financing Documents*” shall mean the Bonds, the Lease, the Indenture, all Supplemental Indentures and all other documents, certificates, writings and representations delivered in connection therewith.

“*Fiscal Year*” means the Fiscal Year of the State Regents and each Schedule Lessee, July 1 through June 30 of each year.

“*Funds*” shall mean the Proceeds Fund, the Bond Fund, the Project Fund, the Redemption Fund, the Rebate Fund and the Administrative Account, and any accounts or subaccount thereof to be established for the Bonds.

“*Government Securities*” shall mean (a) direct and general obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America; and (b) obligations of the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, the Federal Farm Credit Bank and the Federal Home Loan Bank and its district banks.

“*Indenture*” shall mean the Trust Indenture dated as of July 1, 2024, as previously supplemented, and as supplemented by a Series 2024B Supplemental Trust Indenture dated as of October 1, 2024 and a Series 2024C Supplemental Trust Indenture dated as of October 1, 2024, each by and between the Authority and the Trustee, as the same may be further amended or supplemented from time to time.

“*Insured Deposits*” shall mean and include negotiable or non-negotiable certificates of deposit, time deposits or other similar banking arrangements, used by any bank, trust company or savings and loan association (including the Trustee and any banking corporation or association affiliated with the Trustee); provided that such certificates, deposits, or arrangements are fully insured (including interest accruing thereon to maturity) by the FDIC.

“*Lease*” shall mean the Master Real Property Lease/Purchase Agreement dated as of July 1, 2024, executed by the Authority, as Lessor, and the State Regents together with the Lease Schedules dated as of October 1, 2024, attached thereto executed by the Schedule Lessees.

“*Lease Payments*” means the basic payments payable by each Schedule Lessee pursuant to the provisions of the Lease as set out on its Lease Schedule during the Term. Lease Payments shall be payable

on behalf of each Schedule Lessee by the State Regents from such Schedule Lessee's appropriations to the Trustee for the account of the Lessor in the amounts and at the times during the Term set forth in the Lease.

"Lease Schedule(s)" shall mean the Lease Schedule(s) executed by the Schedule Lessee(s).

"Lessee" shall mean, collectively, the State Regents and each of the Schedule Lessees.

"Lessor" shall mean the Authority as Lessor under the Lease.

"Maturity Date" shall mean, with respect to each Bond, the date on which the final payment including interest thereon and the principal amount is scheduled to be paid.

"Net Proceeds" means the amount remaining from gross proceeds of any insurance claim or condemnation award after deducting all expenses (including attorneys' fees) incurred in connection with such claim or award.

"Outstanding" in connection with the Bonds shall mean, as of the time in question, all Bonds authenticated and delivered under the Indenture, except:

(a) Bonds theretofore canceled or required to be canceled thereunder;

(b) Bonds for which the payment or redemption of which the necessary amount shall have been or shall concurrently be deposited with the Trustee and be available for payment thereof or for which provision for payment shall have been made; provided that, if such Bonds are being redeemed prior to maturity, the required notice of redemption shall have been given or provisions satisfactory to the Trustee shall have been made therefor; and

(c) Bonds in substitution for which other Bonds have been authenticated and delivered.

In determining whether the Registered Owners of a requisite aggregate principal amount of Bonds Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions hereof, unless all Bonds Outstanding are so held, Bonds which are held by or on behalf of the Lessee or any person controlling, controlled by or under common control with the Lessee shall be disregarded for the purpose of any such determination.

"Owner" or *"Registered Owner"* shall mean the person in whose name any Bond is registered on the bond register maintained by the Trustee as Registrar.

"Payment Date" shall mean each date on which payment of principal or interest on any Bonds is to be made pursuant to the Indenture.

"Pledged Revenues" shall mean:

(a) any and all sums which may be deposited in any Funds or accounts established under the Indenture (other than the Rebate Fund), which shall include Lease Payments, interest earnings on the Funds (other than the Rebate Fund), and all amounts received by the Trustee from the sale or leasing of the Real Property (other than fees and expenses of the Trustee associated therewith);

(b) all other amounts received by the Trustee from or on behalf of the Lessee for deposit into any Fund (other than amounts, if any, that are deposited into any Fund and are to be used for the payment of fees and expenses of parties pursuant to the Indenture), and the proceeds received by the Trustee of any insurance coverages on and condemnation awards in respect of any portions of the Real Property, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the Lessee; and

(c) all Eligible Investments acquired with the foregoing.

“*Proceeds Fund*” shall mean the fund so designated which is established for the proceeds received from the sale of the Bonds.

“*Project Fund*” shall mean the fund so designated which is established for the payment of the costs of the Projects.

“*Purchase Price*” shall mean the amount which each Schedule Lessee can pay to Lessor to acquire the Schedule Property outright on a Lease Payment due date, as set forth on the Lease Schedule executed by such Schedule Lessee and applicable to such Schedule Property.

“*Rebate Fund*” shall mean the account so designated which may be established for a Series by the Trustee pursuant to the Indenture.

“*Schedule Property*” shall mean the Real Property (the real estate and existing improvements thereon described in a Lease Schedule) together with the Projects.

“*Series*” or “*Series of Bonds*” shall mean a series of bonds issued pursuant to the Indenture, including the Series 2024B Bonds and the Series 2024C Bonds.

“*Term*” shall mean with respect to each Schedule Lessee the term of its Lease.

“*Trust Estate*” shall mean the Lease, the Lease Payments and the Pledged Revenues and any interest the Lessor might have in the Real Property and the Projects.

SUMMARY OF CERTAIN PROVISIONS OF THE LEASE

The following is a summary of certain provisions of the Master Real Property Lease/Purchase Agreement. Reference is hereby made to the actual Lease for a complete recital of its terms.

Lease Term

The Lease shall be effective immediately upon execution by the Lessor and the State Regents, but shall become effective with respect to a Schedule Lessee as of the date of execution of a Lease Schedule and shall remain in effect until all Lease Payments have been paid, but with respect to each Schedule Lessee, when there has been paid on behalf of such Schedule Lessee all of its specific Lease Payments and other amounts due thereunder, subject to the right of such Schedule Lessee to give a notice of termination under clause (a) of the next paragraph; provided that should a Schedule Lessee pay all the Lease Payments due on its Lease Schedule or pay the Purchase Price of the Schedule Property to the Lessor then the Term of this Lease, as it relates solely to that Schedule Lessee, shall terminate.

The Term will terminate upon the earliest of any of the following events: (a) as to a particular Schedule Lessee the State Regents shall have received a notice to discontinue Lease Payments under the Lease on behalf of such Schedule Lessee by May 1 of a year effective for the next ensuing Fiscal Year; (b) as to a particular Schedule Lessee the nonappropriation of funds and termination of the Lease as to that Schedule Lessee by May 1 of a year effective for the next ensuing Fiscal Year; (c) as to a particular Schedule Lessee, the exercise by such Schedule Lessee of the option to purchase the Schedule Property under the provisions of the Lease; (d) a default by any Schedule Lessee and Lessor's election to terminate the Lease; or (e) as to a particular Schedule Lessee, the payment by such Schedule Lessee of all Lease Payments and all other sums required to be paid by such Schedule Lessee under the Lease.

Nonappropriation

Oklahoma law (Title 74, Oklahoma Statutes 2021, Section 85.4(J)) requires that each lease purchase contract having a state agency as lessee must contain a nonappropriation clause with the following or substantially similar language: "Lessee shall have the right to terminate this lease, in whole but not in part, at the end of any fiscal year of lessee, if the Legislature fails to allocate sufficient funds to lessee for the rental payments required under this lease."

In the event that during any Fiscal Year sufficient funds are not appropriated for the payment of all Lease Payments and payments of all necessary insurance and maintenance on the Schedule Property which may be required to be paid during the next succeeding Fiscal Year, then such Schedule Lessee may terminate its obligations under the Lease as of the end of the then current Fiscal Year and shall not be obligated to pay the Lease Payments beyond such Fiscal Year. Each Schedule Lessee agrees to give the State Regents and the Lessor written notice of such termination at least sixty (60) days prior to the end of the then current Fiscal Year or, if nonappropriation has not occurred by that date, immediately upon nonappropriation. If the Lease is terminated, each Schedule Lessee agrees to surrender possession, use and occupancy of the Schedule Property.

Lease Payments

Each Schedule Lessee, pursuant to the provisions of the Lease, authorizes the payment by the State Regents, and the State Regents agree on behalf of such Schedule Lessee to pay Lease Payments as set out on its Lease Schedule exclusively from legally available legislative appropriations to the Trustee for the account of the Lessor in the amounts and on the dates set forth in each applicable Lease Schedule. This authorization is continuing from one Fiscal Year to the next Fiscal Year unless written notice is given on or before May 1 by a Schedule Lessee to the State Regents to discontinue such Lease Payments on behalf of such Schedule Lessee effective on the ensuing Fiscal Year; provided a Schedule Lessee may not discontinue Lease Payments on any Lease Schedule without discontinuing Lease Payments on all Lease Schedules relating to such Schedule Lessee.

As set forth on each Lease Schedule, a portion of each Lease Payment is paid as, and represents payment of, interest and the balance is paid as, and represents payment of, principal.

The obligation of Lessee to make payment of the Lease Payments required under the Lease and to perform and observe the other covenants and agreements contained therein shall be absolute and unconditional in all events except as expressly provided under the Lease. Notwithstanding any dispute between Lessee and Lessor, any seller of or contractor with respect to any improvements to the Real Property or any other person, Lessee shall pay all Lease Payments when due and shall not withhold any Lease Payments or assert any right of set-off or counterclaim against its obligation to make any payments under the Lease. Lessee's obligation to make Lease Payments shall not be abated through accident or unforeseen circumstances.

Option To Purchase

At the request of Lessee, Lessor's interest in the Schedule Property will be transferred, conveyed and assigned permanently to Lessee and the Lease shall terminate: (a) at the end of the Term, upon payment in full of all Lease Payments due thereunder and all other sums required to be paid thereunder; or (b) on any Lease Payment due date, upon payment by Lessee of the Lease Payment due on such date, the then applicable Purchase Price as set forth in the Lease Schedule and all other sums required to be paid thereunder.

Thereupon, Lessor shall deliver to Lessee any documentation necessary to convey its full remaining right, title and interest to the Schedule Property to Lessee free and clear of all liens and encumbrances created by or arising through Lessor, with special warranty and warranty of further assurances but without other warranties.

Assignments

The Lease, Lessor's interest in the Schedule Property and right of Lessor to receive payments under the Lease may be assigned and reassigned in whole or in part to one or more assignees or subassignees by Lessor at any time without the necessity of obtaining the consent of Lessee. However, no assignment or reassignment of any of Lessor's right, title or interest in the Lease or the Schedule Property shall be effective unless and until Lessee shall have received a notice of assignment. Upon receipt of the notice described above, Lessee agrees to make all payments to the assignee designated in the assignment, and shall, if so requested, acknowledge the assignment in writing, but such acknowledgment shall in no way be deemed necessary to make the assignment effective. Lessee agrees to establish and maintain a book-entry record of ownership of the Lease. Lessee agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements which may be reasonably requested by Lessor or its assignee to protect their interests in the Schedule Property and in the Lease.

The Lease and the interest of Lessee in the Schedule Property may not be sold, leased, pledged, assigned or otherwise encumbered by Lessee for any reason without the express prior written consent of Lessor.

Certain Representations, Warranties and Covenants of Lessee

Each Schedule Lessee by the execution of its Lease Schedule represents, covenants and warrants to Lessor as follows: (a) it is an educational institution which is a member of The Oklahoma State System of Higher Education and is an agency of the State within the meaning of Section 103(c) of the Internal Revenue Code of 1986, as amended (the "Code"), and will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as such; (b) it is authorized under the Constitution and laws of the State to enter into the Lease and the transactions contemplated thereby and to perform all of its obligations thereunder; (c) the execution and delivery of its Lease Schedule by or on its behalf have been duly authorized by all necessary action of the governing body of such Schedule Lessee, and it has obtained such other approvals and consents as are necessary to consummate the Lease and it further represents, covenants and warrants that all requirements have been met and procedures have been followed in order to ensure the enforceability of the Lease with respect to such Schedule Lessee; (d) it has complied with such public bidding requirements as may be applicable to the Lease and the acquisition or construction of its Projects thereunder; (e) it shall cause to be executed and delivered to Lessor an opinion of its counsel and an incumbency certificate in form and substance satisfactory to Lessor; and (f) it has an immediate need for, and expects to make immediate use of all of the Project identified on its Lease Schedule, which need is not temporary or expected to diminish during the Term of the Lease.

The Schedule Property

Lease and Leaseback; Enjoyment; Inspection. Each Schedule Lessee leases its Schedule Property to the Lessor and the Lessor leases, demises and lets unto the State Regents and the Schedule Lessee, and the State Regents and the Schedule Lessee take and lease the Schedule Property from the Lessor.

So long as a Schedule Lessee is not in default under the Lease, as to claims of Lessor or persons claiming under Lessor, Lessor covenants that such Schedule Lessee shall peaceably and quietly have, hold, possess, use, and enjoy its Schedule Property, without suit, trouble or hindrance from Lessor, subject to the terms and provisions of such Lease. Lessor shall have the right at all reasonable times during business hours to enter into and upon the property of any Schedule Lessee for the purpose of inspecting any of the Schedule Property.

Use of Schedule Property. The Schedule Property shall be used by the Lessee as necessary to carry on the functions of the Lessee, and the Lessee hereby represents that the payments for such use and/or occupancy will constitute a necessary expense of carrying on the public functions of the Lessee.

Maintenance of Schedule Property by Lessee. Lessee agrees that at all times during the Term, Lessee shall be responsible for all maintenance and repair of the Schedule Property and will, at its own cost and expense, preserve and keep the Schedule Property in good repair, working order and condition. Lessee will from time to time make or cause to be made all necessary and proper repairs and replacements. Lessor shall have no responsibility in any of these matters or for the making of improvements or additions to the Schedule Property.

Insurance. Lessee shall cause casualty, public liability and property damage insurance to be carried and maintained with respect to the Schedule Property to protect Lessor from liability in all events. All insurance proceeds from casualty losses shall be payable as provided in the Lease. Lessee shall, at Lessor's request, furnish to Lessor certificates evidencing such coverage throughout the Term. As an alternative, Lessee may self-insure the Schedule Property as set out by the Risk Management Division of the Department of Central Services.

All insurance policies required pursuant to the Lease shall be so written or endorsed as to make losses, if any, payable to Lessee and Lessor, or its assignees, as their respective interests may appear, shall name Lessor and its assignees as additional insured, and shall be in form and amount and with insurance companies reasonably satisfactory to Lessor. Provided, however, in no event shall the limits of loss be less than the then applicable Purchase Price of the Schedule Property. Each insurer shall agree, by endorsement upon the policy or policies issued by it or by independent instrument furnished to Lessor, that (a) it will give Lessor thirty (30) days' prior written notice of the effect date of any material alteration or cancellation of such policy; and (b) insurance as to the interest of any named additional insured or loss payee other than Lessee shall not be invalidated by any actions, inactions, breach of warranty or conditions or negligence of with respect to such policy or policies. The Net Proceeds of the insurance required by the Lease shall be applied as described under "Damage to or Destruction of Schedule Property" below.

In the event Lessee shall fail to maintain the full insurance coverage required by the Lease or shall fail to keep the Schedule Property in good repair and operating condition, Lessor may (but shall be under no obligation to) purchase the required policies of insurance and pay the premiums therefor or may make such repairs or replacements as are necessary and provide for payment thereof, and all amounts so advanced by Lessor shall be payable on the next succeeding Lease Payment due date together with interest thereon from the date of advance by Lessor at the rate of 10% per annum (or, if such rate is in excess of the maximum rate permitted by law, the maximum rate permitted by law).

Liens. Lessee shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, security interest, encumbrance or claim on or with respect to the Schedule Property or any interest therein.

Damage to or Destruction of Schedule Property

If prior to the termination of the Term (a) the Schedule Property or any portion thereof is destroyed (in whole or in part) or damaged by fire or other casualty or (b) title to, or the temporary use of, the Schedule Property or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, then, provided the Schedule Property is not deemed a total loss, Lessee and Lessor shall cause the Net Proceeds of any insurance claim or condemnation award to be applied to the prompt replacement, repair or restoration of the Schedule Property. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to or upon direction of the Lessee. In the event of total destruction of or damage to the Schedule Property, Lessor and Lessee shall cause the Net Proceeds to be paid to Lessor for application against the Purchase Price applicable for the next succeeding Lease Payment due date plus a pro rata allocation of interest, at the rate utilized to establish the Lease Payments, from the due date of the immediately preceding Lease Payment with respect to which the Lease Payment due on such date has been paid until the date of the payment.

If the Net Proceeds are insufficient to pay in full the cost of any replacement, repair, restoration or the Purchase Price of the Schedule Property, Lessee shall, as applicable, either (a) complete the work and pay any cost in excess of the amount of the Net Proceeds (Lessee agrees that, if by reason of such insufficiency of the Net Proceeds, Lessee shall incur expenses it shall not be entitled to any reimbursement therefor from Lessor nor shall Lessee be entitled to any diminution of the amounts payable under the Lease); or (b) pay to Lessor the amount by which the sum of the then applicable Purchase Price and accrued interest thereon exceeds the Net Proceeds (which shall be retained by Lessor) and, upon such payment, the Term shall terminate and title to the Schedule Property shall be conveyed by Lessor to Lessee.

Events of Default

The following shall be “events of default” under the Lease and the terms “event of default” and “default” shall mean, whenever they are used in the Lease, any one or more of the following events: (a) failure by Lessee to pay any Lease Payment or other payment required to be paid under the Lease at the time and manner specified therein; (b) failure by Lessee to observe and perform any other covenant, condition or agreement on its part to be observed or performed, under the Lease for a period of thirty (30) days after written notice to Lessee by Lessor, specifying such failure and requesting that it be remedied, unless Lessor shall agree in writing to an extension of such time prior to its expiration; (c) any certificate, statement, representation or warranty contained in the Lease or theretofore or thereafter furnished with respect thereto by or on behalf of Lessee proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or having omitted any substantial contingent or unliquidated liability or claim against Lessee; or (d) commencement by Lessee of a case or proceeding under the Federal bankruptcy laws or filing by Lessee of any petition or answer seeking reorganization, arrangement, composition, readjustment, liquidation, moratorium or similar relief under any existing or future bankruptcy, insolvency or other similar laws, the filing by Lessee of an answer admitting or not contesting the material allegations of a petition filed against Lessee in any such proceeding, or the failure to file an answer to such a petition within forty-five (45) days from the filing thereof.

Remedies

Whenever any event of default under the Lease shall have happened and be continuing, Lessor shall have the right, at its sole option without any further demand or notice, to take one or any combination of the following remedial steps:

(a) By written notice to the defaulting Schedule Lessee, declare an amount equal to the Purchase Price applicable to the immediately preceding Lease Payment due date with respect to which the Lease Payment due on such date has been paid, as set forth in the Lease Schedule, immediately due and payable. This optional remedy may be exercised by Lessor, in its sole discretion, against the defaulting Schedule Lessee, provided that the defaulting Schedule Lessee may at its option either return the Schedule Property to or upon direction of the Lessor pay the applicable Purchase Price therefor;

(b) With or without terminating the Lease, retake possession of the Schedule Property and lease, or sublease it, or any portion thereof, for the account of the defaulting Schedule Lessee, holding such Schedule Lessee liable for (i) all payments due up to the effective date of such selling, leasing, or subleasing; and (ii) the difference, if any, between the sales price, rental and other amounts paid pursuant to such sale, lease or sublease, and all amounts payable by such Schedule Lessee under the Lease, including the Purchase Price applicable to the immediately preceding Lease Payment due date with respect to which the Lease Payment due on such date has been paid, provided that so long as such Schedule Lessee has returned the Schedule Property in accordance with the terms hereof, in no event shall Schedule Lessee's monetary liability under the Lease exceed the aggregate amount of unpaid Lease Payments due in the Fiscal Year of Lessee in which the default occurs;

(c) Require the defaulting Schedule Lessee to surrender possession of the Schedule Property to Lessor; or

(d) Take whatever other action at law or in equity may appear necessary or desirable to collect the payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant under the Lease.

In addition, the defaulting Schedule Lessee will remain liable for all legal fees and other costs and expenses, including court costs, incurred by Lessor with respect to the enforcement of any of the remedies listed above or any other remedy available to Lessor.

No remedy conferred upon or reserved to Lessor under the Lease is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power occurring upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

The security for the Bonds under the Indenture does not include a mortgage or lien on or security interest in any real or tangible personal property of the Schedule Lessees. The Schedule Property consists of special purpose facilities located on the campuses of the Schedule Lessees and the design and location of such facilities will limit the abilities of the Lessor or the State Regents to relet any of the Schedule Property in the event of the termination of the Lease by any Schedule Lessee. See "RISK FACTORS—Limited Enforcement Rights and Security for the Bonds" herein.

Amendment of Lease

The Lease may be amended only by written agreement of Lessor and Lessee.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Trust Indenture and the Supplemental Trust Indentures. Reference is hereby made to the actual documents for complete recitals of their respective terms.

Funds and Accounts

The Indenture establishes the Proceeds Fund, the Bond Fund, the Project Fund, the Redemption Fund, the Rebate Fund and the Administrative Account for each series of Bonds issued thereunder.

All proceeds received by the Trustee from the sale of a Series of Bonds, together with any other moneys contributed by either the Authority or the Lessee as of the Closing, shall be deposited upon receipt to the Proceeds Fund established for such Series.

A Closing Statement shall be delivered to the Trustee at the Closing. Such Closing Statement shall be executed by an Authorized Officer of the Authority showing: (i) the Dated Date of the Series; (ii) the amount of the proceeds of the sale of such Series of Bonds; (iii) the amounts to be disbursed for the payment of Costs for such Series; and (iv) the amounts to be deposited to the various Funds established for such Series.

The interest and income received upon investment of any fund (other than the Rebate Fund) established under the Indenture shall be applied to pay administrative expenses of the Trustee and the Authority. Interest and income received upon investment of the Rebate Fund shall be deposited to such Fund.

Proceeds Fund. All proceeds received by the Trustee from the sale of a Series of Bonds, together with any other moneys contributed by either the Authority or the Lessee as of the Closing, shall be deposited upon receipt to the Proceeds Fund established for such Series.

Bond Fund. On each Payment Date, the Trustee shall disburse the scheduled Payments to the Registered Owners (but solely from and to the extent of moneys on deposit in the Funds established under the Indenture). If the amounts on deposit in the Bond Fund are insufficient, the Trustee shall apply the moneys on hand therein first to the payment of interest payable on such Payment Date with respect to all Bonds of such Series, pro rata if necessary, and second to the payment of principal payable on such Payment Date with respect to all Bonds of such Series, pro rata if necessary.

Project Fund. The Trustee shall deposit to the Project Fund from the proceeds of the sale of the Bonds of a Series the amount specified for such deposit in the Closing Statement the Project Fund Deposit. A separate account shall be established in the Project Fund identified to each Schedule Lessee into which shall be deposited the pro rata amount of the proceeds of the Bonds identified to each Schedule Lessee for the purchase of that Schedule Lessee's Schedule Property after payment of the costs of issuance of the Bonds. Disbursements shall be made from an account in the Project Fund only for the purpose of acquiring that Schedule Lessee's Schedule Property, in accordance with the following procedure. Neither the Authority nor the Trustee shall have any obligation to deposit any moneys to the Project Fund Deposit, except (i) investment earnings to the extent required by the Indenture, and (ii) amounts made available

therefor by the Lessee. Disbursements shall be made by the Trustee from the Project Fund from time to time, to pay Costs, upon receipt of either the Closing Statement or a Disbursement Request. In making any disbursement from the Project Fund, the Trustee shall be fully protected in acting upon such Disbursement Request and shall not be required to verify or take any other further action respecting the application of the disbursement made therefor. After the Trustee makes the final payment of the Costs, the Trustee shall transfer any amounts remaining in each account in the Project Fund to the Redemption Fund. No amount shall be withdrawn from or paid out of the Project Fund except as provided in the Indenture.

Redemption Fund. On each date established for the redemption of Bonds, the Trustee shall transfer to the Redemption Fund for the Series being redeemed an amount equal to the redemption price of Bonds being redeemed, for payment to the Registered Owners of the Bonds in accordance with the terms of the Indenture.

Rebate Fund. Upon receipt of written notice from an Authorized Officer of either the Lessee or the Authority, the Trustee shall establish a Rebate Fund and shall make deposits and disbursements from the Rebate Fund in accordance with such written instructions. The Trustee shall invest the Rebate Fund pursuant to said written instructions and shall deposit income from such investments immediately upon receipt thereof in the appropriate account of the Rebate Fund.

Moneys To Be Held in Trust

All moneys received by the Trustee under the Indenture for deposit in any Fund established thereunder (except moneys required to be deposited to the Rebate Fund) shall at all times be trust funds, held for the benefit and security of the Registered Owners of the Series of Bonds for which such funds have been established in accordance with the provisions hereof. The Funds and other parts of the Trust Estate assigned for the security of a particular Series of Bonds shall be held and applied solely for the benefit of such Series, and shall not constitute security for or applied to the payment of any other Series.

Investment of Funds

The Trustee shall invest moneys held in the Funds established under the Indenture only in Eligible Investments for the particular fund or account in which such moneys are held, and pursuant to Investment Instructions. All investments made pursuant to the Indenture shall mature or be subject to redemption at not less than the principal amount thereof or the amortized cost of acquisition, whichever is lower, and all deposits in time accounts shall be subject to withdrawal without penalty not later than such dates and in such amounts required to make payments with respect to the Bonds of the related Series on the Payment Dates. The interest and income received upon such investments and any interest paid by the Trustee or any other depository of any Fund established under the Indenture, and any profit (net of losses) resulting from the sale of securities, shall be added or charged to such Fund.

In computing the assets of any Fund or Account, investments and accrued interest thereon shall be deemed a part thereof. Such investments shall be valued at their amortized cost, except for United States Treasury Obligations - State and Local Government Series, which shall be valued at their principal amount.

Defeasance

If the Authority shall pay or cause to be paid or there shall otherwise be paid, to the Registered Owners of all Bonds the principal or redemption price, if applicable, and interest due or to become due thereon, at the time and in the manner stipulated therein and in the Indenture, then the assignment and pledge of the Trust Estate under the Indenture and all covenants, agreements and other obligations of the Authority to the Registered Owners 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 or Lessee and shall execute and deliver to Lessee all monies or securities held pursuant to the Indenture which are not required for the payment of principal or redemption price, if applicable, or of interest on the Bonds. If the Authority or Lessee shall pay or cause to be paid, or there shall otherwise be paid to the Registered Owners of all Outstanding Bonds or a particular series 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 Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under the Indenture, and all covenants, agreements and obligations of the Authority and Lessee to the Registered Owners shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds or interest installments for the payment or redemption of which monies or Eligible Investments, which may include projected investment earnings, shall have been set aside and shall be held in trust by the Trustee (through deposit by the Authority or Lessee of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the above paragraph. All Outstanding Bonds shall prior to maturity or redemption date thereof be deemed to have been paid if (a) in case any of said Bonds are to be redeemed or paid on any date at or prior to their maturity, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to give proper notice to the Registered Owners of the redemption of such Bonds on said date; (b) there shall be sufficient monies, or subcategory (a) of Government Securities (“government obligations”) the principal of and interest on which when due will provide monies, which together with the monies, if any, deposited with the Trustee at the same time, and earnings thereon shall be sufficient to pay when due the principal or redemption price of and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be; and (c) in the event said 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 (if the Bonds are going to be redeemed prior to maturity) notice of redemption that the deposit required by (b) above has been made with the Trustee and that said Bonds are deemed to have been paid and stating such maturity or redemption date upon which monies are to be available for the payment of the principal or redemption of said Bonds. Neither the government obligations nor monies deposited with the Trustee nor principal or interest payments on any such government obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or redemption price, if applicable, of and interest on said Bonds unless a full cash defeasance is contemplated whereupon such escrowed monies or investment earnings may be used to effect the refunding program; provided that any cash received from such principal or interest payments on such government obligations deposited with the Trustee, if not then needed for such purpose, shall to the extent practicable, be reinvested in government obligations maturing at times and in amounts sufficient to pay when due the principal or redemption price, if applicable, of any interest due and to become due on said Bonds on and prior to such redemption or maturity date thereof, as the case may be.

Unclaimed Money To Be Returned

In the event that, within five years after the maturity or redemption date of any Bond, or interest claim appurtenant thereto, any amount deposited or left with the Trustee with respect to such Bond, or interest claim shall not have been claimed by the Registered Owner thereof entitled thereto, the Trustee shall, upon demand, pay over to the Lessee the amount not so claimed; and the Trustee shall thereupon be relieved from all responsibility from such amount to the registered Owner of such Bond, or interest claim, and in the event of such payment to the Lessee, the Registered Owner of such Bond, or interest claim shall have recourse only to the Lessee for an amount equivalent to the amount paid over to the Lessee with respect to such Bond or interest claim, without interest.

Events of Default and Remedies

If (a) the Term of the Lease set forth in any Lease Schedule is terminated pursuant to the terms thereof due to a failure of the State Legislature to appropriate funds to the State Regents for allocation to a Schedule Lessee sufficient to pay the Lease Payments due thereunder when due during the next ensuing fiscal period; or (b) the Lease or any Lease Schedule shall be terminated, or all Lease Payments or all the Schedule Lease Payments with respect to any Lease Schedule shall be declared to be immediately due and payable by the Trustee (acting on the advice of counsel, at the direction of Registered Owners, or otherwise) following the occurrence of an Event of Default under the Lease, then the Trustee, by giving not less than fifteen (15) nor more than thirty (30) days' written notice in the manner set forth in Article V of the Indenture for the giving of notice of redemption, shall immediately accelerate the maturity of the Bonds with respect to which such termination of a Lease Schedule has occurred.

Following an acceleration pursuant to the Indenture, the Trustee may, and upon request of the Registered Owners of at least fifty-one percent (51%) in aggregate principal amount of Bonds Outstanding shall, exercise any and all rights and remedies available to the Lessor under the Lease, including the taking of whatever action is reasonably required or necessary to obtain possession of the Schedule Property with respect to which such acceleration has occurred and, if possession is so obtained, to lease such Schedule Property for the remaining Term of the Lease. The proceeds of any such lease shall be deposited in the Redemption Fund for redemption of all or a part of the Bonds. If the maturities of all Bonds have been accelerated, the Trustee shall upon the giving of notice of such acceleration transfer all moneys held in the funds and accounts established for such Bonds under the Indenture (other than the Rebate fund) to the Redemption Fund for redemption of all or a part of the Bonds.

As of the date established for acceleration of the maturities of all or a part of Bonds, and periodically (but at least semi-annually) thereafter, the Trustee shall apply all moneys on deposit in the Redemption Fund for such Bonds to pay the following items in the following order of priority: **first**, for the payment of all fees, expenses and costs incurred by the Trustee in connection with the performance of any of its obligations under the Indenture; **second**, distributed ratably to the Registered Owners of all or a portion of the Outstanding Bonds, without discrimination or preference of principal over interest, interest over principal, or any Bond over any other Bond (unless a partial redemption of Bonds related to one or more defaulted Lease Schedules) for the payment of all or the designated portion of principal and interest for such Series past due as of the date of acceleration; **third**, to the extent of available moneys, distributed ratably without regard to Maturity Dates for payment of Outstanding principal amounts of such Bonds; and **fourth**, to be disbursed pro rata to the Schedule Lessees.

Upon the happening and during the continuance of an Event of Default with respect to the Lease, the Trustee in its discretion may, and upon written request of the Registered Owners of at least fifty-one percent (51%) in aggregate principal amount of the Bonds Outstanding, and upon receipt of indemnity and advice of Counsel to its satisfaction, shall, proceed to protect and enforce its rights and the rights of the Registered Owners under the laws of the State or under the Indenture by the exercise of any one or more of the remedies provided for in the Lease. In case any proceeding taken by the Trustee on account of any Event of Default under the Lease shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then in every case the Lessee, the Trustee and the Registered Owners shall be restored to their former positions and rights under the Indenture and under the Lease, and all rights, remedies and powers of the Trustee shall continue as though no such proceedings had been taken. The Registered Owners of at least fifty-one percent (51%) in aggregate principal amount of the Bonds Outstanding shall have the right, by an instrument in writing executed and delivered to the Trustee, after furnishing indemnity satisfactory to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Indenture; provided that any such direction shall not be contrary to law or the provisions of the Indenture and that the Trustee shall have the right to decline to

follow any such direction which, in the opinion of the Trustee or its counsel, would be unjustly prejudicial to the rights thereunder of the Registered Owners of such Bonds not parties to such direction.

No Registered Owner of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for execution of any trust thereunder, or for any other remedy thereunder, unless such Registered Owner previously shall have given to the Trustee written notice of an Event of Default, and unless the Registered Owners of at least fifty-one percent (51%) of the aggregate principal amount of the Bonds Outstanding shall have made written request to the Trustee, after the right to exercise such powers or rights of action shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its or their names, and unless also there shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy thereunder, it being understood and intended that no one or more Registered Owners of any Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture, or to enforce any right thereunder, except in the manner therein provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner therein provided and for the ratable benefit (subject to all of the terms, conditions and provisions of the Indenture) of all Registered Owners.

The security for the Bonds under the Indenture does not include a mortgage or lien on or security interest in any real or tangible personal property of the Schedule Lessees. The Schedule Property consists of special purpose facilities located on the campuses of the Schedule Lessees and the design and location of such facilities will limit the abilities of the Lessor or the State Regents to relet any of the Schedule Property in the event of the termination of the Lease by any Schedule Lessee. See "RISK FACTORS—Limited Enforcement Rights and Security for the Bonds" herein.

Obligations and Liabilities of Trustee

The Trustee accepts and agrees to execute the trusts created under the Indenture, but only upon the terms set forth therein. The Trustee shall perform only such duties as are specifically set forth in the Indenture and no implied covenants or obligations shall be read into the Indenture against the Trustee. The Trustee shall be paid reasonable compensation by the Authority for all services to be rendered by it under the Indenture. The Trustee shall be reimbursed by the Authority from time to time for all of its reasonable expenses and charges and those of its attorneys, agents and employees incurred in and about the administration and execution of the trusts and the performance of its powers and duties under the Indenture.

The Trustee shall be under no duty or obligation to: (a) indemnify any Person against losses suffered from any authorized investment of any of the moneys on deposit with it under the Indenture, it being responsible only for the safekeeping of the securities in which said moneys reinvested and the collection of interest thereon; (b) take any action in respect of any Event of Default under the Lease (other than a default by the Lessee in the payment of Lease Payments, in which event the Trustee shall take such action as may be recommended by its counsel or otherwise) or toward the execution or enforcement of any of the trusts thereby created, or institute, appear in or defend any suit or other proceeding in connection therewith, unless requested in writing to do so by Registered Owners of at least fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding and unless furnished, from time to time as often as it may require, with security and indemnity satisfactory to it; or (c) effect or renew any policy of insurance if the Lessee fails to effect or renew such insurance in accordance with the terms of the Lease.

Supplemental Indentures

The Trustee and the Authority may, from time to time, and at any time, enter into a Supplemental Indenture: (a) for any purpose not inconsistent with the terms of the Indenture or to cure any ambiguity or formal defect or omission in the Indenture or in any supplemental Indenture which may be defective or inconsistent with any other provision contained therein, or to make such other provisions in regard to matters or questions arising under the Indenture which shall not be inconsistent with the provisions of the Indenture and which, in the opinion of the Trustee, shall not adversely affect the interests of the Registered Owners; or (b) to grant to and confer upon Registered Owners, or the Trustee, for the benefit of the Registered Owners, any additional rights, remedies, powers, authority or security that may be lawfully granted to or conferred upon the Registered Owners or the Trustee.

Without the consent of the parties thereto and of all of the Registered Owners of all Bonds Outstanding, no modification or amendment to the Indenture shall be made which would: (i) alter the payment amounts or the Payment Dates with respect to a Series of Bonds or the redemption provisions thereof, (ii) modify the terms of payment or the right to enforce payment of a Series of Bonds, or (iii) reduce the percentage of consenting Registered Owners set forth in the Indenture. Modification of the provisions governing the administration of funds under the Indenture which do not impair the rights reserved above shall not be deemed to constitute a modification of terms of payment.

Subject to the above limitations, the Indenture may be modified or amended from time to time and at any time with the written consent of the Trustee, the Authority and the Registered Owners of at least fifty-one percent (51%) in principal aggregate amount of Bonds Outstanding. Modifications and amendments made with consent shall be made by a Supplemental Indenture which shall be executed by the Trustee upon receipt of evidence satisfactory to the Trustee of the consent thereto of the Authority and the Registered Owners of the requisite principal amount of Bonds Outstanding if any; provided, however, if such Supplemental Indenture shall adversely affect the Trustee's own rights, duties or immunities under the Indenture, the Trustee may, but shall not be obligated to, enter into such supplemental indenture. It shall not be necessary for the consent of the Registered Owners to approve the particular form of any proposed supplemental indenture but only the substance thereof.

RISK FACTORS

The Series 2024B/C Bonds and any additional series of Bonds issued under the Indenture on a parity therewith will be payable solely from the Trust Estate held by the Trustee under the Indenture consisting primarily of amounts paid by Lessee under the Lease including the Lease Payments and other moneys received and held by the Authority, as Lessor, under the Lease and from amounts received from the lease or sublease of the Schedule Property after termination of the Lease following an Event of Default or Event of Nonappropriation by Lessee. See "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE—Lease Payments" and "APPROPRIATION OF ANNUAL LEASE PAYMENTS."

Neither the Lease, nor the Lessee's obligation to make Lease Payments thereunder, nor the Series 2024B/C Bonds, are a general obligation of the Lessee or the Authority, and neither the full faith and credit of the Lessee nor the Authority is pledged thereto. The Series 2024B/C Bonds are payable solely from certain payments made by the Lessee and certain moneys held by the Trustee under the Indenture. Such payments by the Lessee are payable from and secured by moneys to be appropriated to the Lessee each year, but appropriations are not required to be made for such purpose. If moneys are not appropriated, the Lease or that particular Lease Schedule may be terminated at the end of the preceding fiscal period and the Schedule Lessee is not required to make the Lease Payments coming due after such termination. The Series 2024B/C Bonds are not an

obligation of the State of Oklahoma and neither the faith and credit nor the taxing power of the State of Oklahoma is pledged to the payment thereof.

Nonappropriation

The Series 2024B/C Bonds and any additional series of Bonds issued under the Indenture on a parity therewith will be payable solely from amounts paid by Lessee under the Lease. The payments under the Lease are payable from moneys budgeted and appropriated by the Legislature and allocated by the State Regents to the Schedule Lessees. See “APPROPRIATION OF ANNUAL LEASE PAYMENTS,” and “THE OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION” herein. In the event that sufficient funds are not appropriated for the payment of Lease Payments during the next succeeding Fiscal Year, a Schedule Lessee may terminate its obligations under the Lease, the Lease will be terminated at the end of the preceding Fiscal Year and the Lessee will not be required to pay the Lease Payments coming due after such termination. See “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE—Nonappropriation.”

Limited Enforcement Rights and Security for the Bonds

The remedies available to the Trustee and the owners of the Series 2024B/C Bonds and any additional series of Bonds upon an event of default under the Indenture are limited. The various legal opinions delivered concurrently with the delivery of the Series 2024B/C Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

The security for the Bonds under the Indenture does not include a mortgage or lien on or security interest in any real or tangible personal property of the Schedule Lessees. The Schedule Property consists of special purpose facilities located on the campuses of the Schedule Lessees and the design and location of such facilities will limit the abilities of the Lessor or the State Regents to relet any of the Schedule Property in the event of the termination of the Lease by any Schedule Lessee.

Cybersecurity

Like all higher education institutions, the Lessee relies on electronic systems and technologies to conduct its operations in support of its finances, its research and educational activities and its medical treatment activities. In the past several years, a number of entities have sought to gain unauthorized access to electronic systems of various organizations for the purpose of misappropriating assets or personal, operational, financial or other sensitive information, or causing operational disruption. These attempts, which are increasing, include highly sophisticated efforts to electronically circumvent security measures as well as more traditional intelligence gathering aimed at obtaining information necessary to gain access.

The Lessee is committed to deterring attacks on its electronic systems and responding to such attacks to minimize their impact on operations. However, no assurances can be given that the Lessee’s security measures will be able to prevent cyber-attacks on its electronic systems, and no assurances can be given that any cyber-attacks, if successful, will not have a material adverse effect on the operations or financial condition of the Lessee.

Pandemics

The State cannot predict (i) the likelihood or frequency of future pandemics; (ii) the future likelihood or duration of business closings, public health orders, regulations and legislation related to future pandemics; and (iii) what effect a future pandemic will have on global, national and local economies. The

potential effect of a future pandemic on the State or its General Revenue Fund is unknown but could have a material adverse effect on the State's finances. Consequently, a future pandemic could have a negative effect on the ability of the State Legislature to make sufficient appropriations to the Agency in future fiscal years to make rental payments under the Agreement.

McGirt v. Oklahoma

On July 9, 2020, the U.S. Supreme Court announced its decision in the case of *McGirt v. Oklahoma* (“*McGirt*”) 591 U.S. ---, 140 S. Ct. 2452, 207 L.eEd.2d 985 (2020). The Court held that for purposes of the Major Crimes Act, land reserved for the Muscogee (Creek) Nation, within the State of Oklahoma, remains a reservation for the Creek Nation. The holding of the U.S. Supreme Court is limited to the application of criminal law within the boundaries of the Creek Nation reservation, which includes portions of Creek, Hughes, Okfuskee, Okmulgee, Mayes, McIntosh, Muskogee, Rogers, Seminole, Tulsa, and Wagoner Counties. Consistent with the U.S. Supreme Court’s holding in *McGirt*, the Oklahoma Court of Criminal Appeals (“OCCA”) has recognized the reservations of several other tribes, including reservations of the Cherokee Nation, Chickasaw Nation, Choctaw Nation, Miami Tribe, Ottawa Tribe, Peoria Tribe, Quapaw Nation, Seminole Nation, and Wyandotte Nation.

Several lawsuits have been filed that challenge the ability of the State of Oklahoma to assess state income taxes against tribal citizens. One case brought in federal court, *Meashintubby v. Paulk*, has been dismissed for lack of subject matter jurisdiction. See Order Granting Mot. Dismiss, Jan. 30, 2023, 22-cv-059-KEW (E.D. Okla. 2022) (holding Tax Injunction Act deprives the district court of subject matter jurisdiction so long as the state courts offer a “plain, speedy and efficient remedy”) (citation omitted). Another case, *Stroble v. Oklahoma Tax Commission*, is an appeal by a tax protestant that is currently before the Oklahoma Supreme Court. See Case No. TC-120806 (filed Oct. 28, 2022). *Stroble* is awaiting final disposition; it has been fully briefed and oral argument was held on January 17, 2024.

While the *McGirt* decision may have implications broader than the narrow holding of the Court, it is not possible to know the extent of those implications at this time. A 2020 report from the Oklahoma Tax Commission (“OTC”) indicates the *McGirt* decision could reduce the amount of individual income tax and sales and use taxes collected by the State; the extent of the reduction is unknown at this time.

The Oklahoma Tax Commission report can be found at the following hyperlink: <https://oklahoma.gov/content/dam/ok/en/tax/documents/resources/reports/other/McGirt%20vs%20OK%20-%20Potential%20Impact%20Report.pdf>

The University continues to work closely with State officials to monitor the application of the decision and any related litigation that may affect the State or the University.

Uncertainty of Remedies

In the event of a default by Lessee or a failure to budget and have available sufficient funds to make Lease Payments under the Lease, it is possible that Lessee would seek and obtain, on the grounds that Lessee could not properly function without the Schedule Property, injunctive relief restraining Lessor or the Owners from reletting the Schedule Property or otherwise enforcing their rights under the Lease. There is little or no precedent in this area. Therefore, no prediction can be made as to the extent to which such equitable relief might be available to Lessee or the circumstances in which such equitable relief may be granted.

In the event that the Schedule Property is relet, there can be no assurance that the Schedule Property can be leased or subleased for a net amount equal to the costs associated therewith and the then outstanding

aggregate principal amount of the Series 2024B/C Bonds and accrued interest on the Series 2024B/C Bonds to the date of redemption.

CERTAIN TAX MATTERS RESPECTING THE SERIES 2024B/C BONDS

Opinion of Bond Counsel and Special Tax Counsel

In the opinion of The Public Finance Law Group PLLC, Bond Counsel to the Authority, and Hawkins Delafield & Wood LLP, Special Tax Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2024B/C Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”); and (ii) interest on the Series 2024B/C Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Series 2024B/C Bonds is included in calculating the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

In rendering their opinions, Bond Counsel and Special Tax Counsel have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority, the Lessees and others in connection with the Series 2024B/C Bonds, and Bond Counsel and Special Tax Counsel have assumed compliance by the Authority and the Lessees with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2024B/C Bonds from gross income under Section 103 of the Code. In rendering its opinion, Bond Counsel has relied on the opinion of Special Tax Counsel.

Bond Counsel and Special Tax Counsel express no opinion as to any other Federal, state or local tax consequences arising with respect to the Series 2024B/C Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel and Special Tax Counsel render their opinions under existing statutes and court decisions as of the issue date, and assume no obligation to update, revise or supplement their opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel and Special Tax Counsel express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel and Special Tax Counsel express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series 2024B/C Bonds.

The opinion to be rendered by Bond Counsel on the date of delivery of the Series 2024B/C Bonds is expected to be in substantially the form included in Appendix F hereto.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2024B/C Bonds in order that interest on the Series 2024B/C Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2024B/C Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Series 2024B/C Bonds to become included in gross income for Federal income

tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Authority and the Lessees have covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2024B/C Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Series 2024B/C Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Series 2024B/C Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Series 2024B/C Bonds.

Prospective owners of the Series 2024B/C Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Series 2024B/C Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Series 2024B/C Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity means the first price at which a substantial amount of the Series 2024B/C Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of the Series 2024B/C Bonds is expected to be the initial public offering price set forth on the inside cover page of the Official Statement. Bond Counsel and Special Tax Counsel to the Authority are of the opinion that, for any Series 2024B/C Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Series 2024B/C Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Series 2024B/C Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Series 2024B/C Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series 2024B/C Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Series 2024B/C Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Oklahoma Income Taxation

In the opinion of The Public Finance Law Group PLLC, Bond Counsel to the Authority, interest on the Series 2024B/C Bonds is exempt from income taxation by the State of Oklahoma.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest (including OID) paid on tax-exempt obligations, including the Series 2024B/C Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2024B/C Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2024B/C Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Series 2024B/C Bonds

under Federal or state law or otherwise prevent beneficial owners of the Series 2024B/C Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series 2024B/C Bonds.

Prospective purchasers of the Series 2024B/C Bonds should consult their own tax advisors regarding the foregoing matters.

LITIGATION

In the opinion of The Public Finance Law Group PLLC, counsel to the Authority, there is no litigation of any nature now pending or, to the knowledge of the Authority, threatened, restraining or enjoining the execution and delivery of the Indenture or the Lease, or the issuance, sale, execution or delivery of the Series 2024B/C Bonds, or in any way contesting or affecting the validity of such documents or the Series 2024B/C Bonds or any proceedings of the Authority taken with respect thereto. In the opinion of general counsel to the State Regents, there is no litigation of any nature now pending or, to the knowledge of the State Regents, threatened, restraining or enjoining the execution and delivery of the Lease, or the issuance, sale, execution or delivery of the Series 2024B/C Bonds, or in any way contesting or affecting the validity of such documents or the Series 2024B/C Bonds or any proceedings of the State Regents or the governing boards of the Schedule Lessees taken with respect thereto.

LEGAL MATTERS

All legal matters related to the authorization, issuance and delivery of the Series 2024B/C Bonds are subject to the approval of The Public Finance Law Group PLLC, as Bond Counsel. The approving opinion of Bond Counsel to be delivered in connection with the issuance and delivery of the Series 2024B/C Bonds is expected to be substantially in the form appearing in Appendix F hereto. Certain legal matters will be passed upon by Hawkins Delafield & Wood LLP, Special Tax Counsel. Certain legal matters will be passed upon for the State Regents and the Schedule Lessees by their respective general counsels, for the Authority by The Public Finance Law Group PLLC, and for the Underwriters by their counsel, Kutak Rock LLP.

ONGOING DISCLOSURE

The Authority will enter into a Continuing Disclosure Agreement dated as of October 1, 2024, with the Office of Management and Enterprise Services (“OMES”), the State Regents, and the Trustee (the “Continuing Disclosure Agreement”) to provide certain periodic information and notices of certain events in accordance with and to provide notice to the Municipal Securities Rulemaking Board (“MSRB”) of certain events, pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, § 240.15c2-12) (the “Rule”) for the benefit of the holders and beneficial owners of the Series 2024B/C Bonds. The Underwriters’ obligations to accept and pay for the Series 2024B/C Bonds is conditioned upon delivery to the Underwriters or their agents of a certified copy of the Continuing Disclosure Agreement. The proposed form of the Continuing Disclosure Agreement is attached hereto as Appendix G.

The State’s Annual Comprehensive Financial Reports (“ACFRs”) are filed by OMES on behalf of the Authority and various other State agencies in accordance with the provisions of the several continuing disclosure undertakings relating to bond issues subject to the requirements of the Rule. Recent continuing disclosure undertakings provide for filing of annual financial information not later than 190 days after the end of each Fiscal Year, i.e., January 6, but several continuing disclosure undertakings for existing bond issues provided for filings no later than 180 days after the end of each Fiscal Year, i.e., December 27, and

others provided for filings no later than December 31. On December 27, 2019, OMES filed a Notice of Delayed Filing for its ACFR for Fiscal Year 2019 and subsequently filed same with the MSRB on December 29, 2019. On December 22, 2020, OMES filed a Notice of Delayed Filing for its ACFR for Fiscal Year 2020 and subsequently filed same with the MSRB on January 29, 2021. On December 21, 2021, OMES filed a Notice of Delayed Filing for its ACFR for Fiscal Year 2021 and subsequently filed same with the MSRB on January 26, 2022. On December 21, 2022, OMES filed a Notice of Delayed Filing for its ACFR for Fiscal Year 2022 and subsequently filed an amended Notice of Delayed Filing with the MSRB on April 27, 2023. The ACFR for Fiscal Year 2022 was posted to EMMA on August 31, 2023. On December 27, 2023, OMES filed a Notice of Delayed Filing for its ACFR for Fiscal Year 2023 and subsequently filed an amended Notice of Delayed Filing with the MSRB on May 16, 2024. The ACFR for Fiscal Year 2023 was posted to EMMA on September 9, 2024. See “FINANCIAL STATEMENTS” herein for additional information on the delay in completion of the State’s ACFR for the Fiscal Year ending June 30, 2023. OMES will continue to work with the State Auditor and Inspector to provide for release and posting of future ACFRs in accordance with the provisions of the various continuing disclosure agreements and the Continuing Disclosure Agreement.

FINANCIAL STATEMENTS

Excerpts from the State of Oklahoma Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023, are included in Appendix B hereto. Completion of the State’s ACFR for the Fiscal Year ending June 30, 2023 were delayed due to turnover of senior staff and associated hiring and training of new personnel, as well as untimely reporting from the Oklahoma State Department of Education and continued implementation challenges associated with the GASB 87 standard. The ACFR was posted to the EMMA website maintained by the MSRB on September 9, 2024. See “ONGOING DISCLOSURE” herein for information on the Notice of Delayed Filing for the State’s ACFR for Fiscal Year 2023 that was filed with the MSRB.

Certain unaudited financial results of the State of Oklahoma for the Fiscal Year ending 2024 and the first two months of the Fiscal Year ending June 30, 2025, are included in Appendix C hereto.

UNDERWRITING

BOK Financial Securities, Inc. and Raymond James & Associates, Inc. (the “Underwriters”), have agreed to purchase the Series 2024B Bonds for reoffering to the public. The Series 2024B Bonds are being offered by the Underwriters at an aggregate purchase price equal to \$ _____ (representing the principal amount thereof less an underwriting discount of \$ _____ plus [net] original issue premium of \$ _____). The Series 2024C Bonds are being offered by the Underwriters at an aggregate purchase price equal to \$ _____ (representing the principal amount thereof less an underwriting discount of \$ _____ plus [net] original issue premium of \$ _____). The Underwriters will purchase all of the Series 2024B/C Bonds if any are purchased. The obligation of the Underwriters to accept delivery of the Series 2024B/C Bonds is subject to various conditions contained in the Bond Purchase Agreement.

The Underwriters intend to offer the Series 2024B/C Bonds to the public initially at the offering prices set forth on the inside cover of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriters may offer and sell the Series 2024B/C Bonds to certain dealers (including dealers depositing Series 2024B/C Bonds into investment trusts) and others at prices lower than the offering prices set forth on the inside cover of this Official Statement.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The

Underwriters and their affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Authority or the State, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority or the State.

The Underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

RATINGS

Moody's Investors Service ("Moody's"), and S&P Global Ratings ("S&P"), have assigned ratings of "Aa2" and "AA-", respectively, to the Series 2024B/C Bonds. Such ratings reflect only the views of such organizations at the time such ratings are given, and the Authority and the Underwriters make no representation as to the appropriateness of such ratings. An explanation of the significance of such ratings may be obtained only from such rating agencies. The Authority furnished such ratings agencies with certain information and materials relating to the Series 2024B/C Bonds that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing such rating, circumstances so warrant. Neither the Underwriters nor the Authority has undertaken any responsibility to bring to the attention of the owners of the Series 2024B/C Bonds any proposed revision or withdrawal of a rating of the Series 2024B/C Bonds or to oppose any such proposed revision or withdrawal. Any such revision or withdrawal of such a rating could have an adverse effect on the market price and marketability of the Series 2024B/C Bonds.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

This Official Statement is not to be construed as a contract or agreement between Lessee and the Owners. This Official Statement is submitted only in connection with the sale of the Series 2024B/C Bonds and may not be reproduced or used in whole or in part for any other purpose. The Authority and the State Regents have duly authorized this Official Statement.

**THE OKLAHOMA DEVELOPMENT
FINANCE AUTHORITY**

By: _____
Michael D. Davis, President

Approved:

**OKLAHOMA STATE REGENTS FOR
HIGHER EDUCATION**

By: _____
Allison Garrett, Chancellor

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SCHEDULE I

DESCRIPTION OF REFUNDED BONDS

Proceeds of the Series 2024B Bonds will be used for the purpose of current refunding the Series 2014A Bonds described below and proceeds of the Series 2024C Bonds will be used for the purpose of current refunding the Series 2014B Bonds described below:

Series 2014A Bonds

\$33,267,000* in Outstanding aggregate principal amount of the Authority's Master Real Property Lease Revenue Bonds, Series 2014A, of the maturities, in the principal amounts, bearing interest at the rates and to be redeemed on the redemption date and at the redemption price (plus interest accrued thereon to the maturity or redemption date thereof, as applicable) as set forth below:

<u>Maturity</u> <u>June 1</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Redemption</u> <u>Date</u>	<u>Redemption</u> <u>Price</u>
2025	\$ 1,440,000	3.125%	10/17/2024	100%
2025	361,000	5.000	10/17/2024	100
2026	1,863,000	3.250	10/17/2024	100
2027	1,921,000	3.375	10/17/2024	100
2028	1,987,000	5.500	10/17/2024	100
2033	11,140,000	4.000	10/17/2024	100
2038	6,510,000	4.250	10/17/2024	100
2043	<u>8,045,000</u>	4.375	10/17/2024	100
	<u>\$33,267,000</u>			

Series 2014B Bonds

\$8,220,000* in Outstanding aggregate principal amount of the Authority's Master Real Property Lease Revenue Bonds, Series 2014B, of the maturities, in the principal amounts, bearing interest at the rates and to be redeemed on the redemption date and at the redemption price (plus interest accrued thereon to the maturity or redemption date thereof, as applicable) as set forth below:

<u>Maturity</u> <u>December 1</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Redemption</u> <u>Date</u>	<u>Redemption</u> <u>Price</u>
2025	\$ 795,000	3.000%	12/01/2024	100%
2026	820,000	3.250	12/01/2024	100
2027	845,000	3.250	12/01/2024	100
2028	875,000	3.375	12/01/2024	100
2033	<u>4,885,000</u>	4.000	12/01/2024	100
	<u>\$8,220,000</u>			

*Preliminary, subject to change.

APPENDIX A

CERTAIN LIMITED INFORMATION REGARDING THE SCHEDULE LESSEES

As described in the Official Statement, particularly the captions thereof entitled “THE OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION” and “APPROPRIATION OF ANNUAL LEASE PAYMENTS,” payment of the Lease Payments will be made by the State Regents on behalf of the Schedule Lessees from moneys allocated by the State Regents to such Schedule Lessees from annual appropriations made by the State Legislature to the State Regents. Accordingly, only very limited information regarding the Schedule Lessees is included in this Appendix A. More detailed information concerning a particular Schedule Lessee may be obtained from the State Regents by contacting Ms. Sheri Mauck, Interim Vice Chancellor for Budget and Finance, 655 Research Parkway, Suite 200, Oklahoma City, Oklahoma 73104.

Murray State College

Murray State College is a public community college offering associate degree and certification programs at two locations in southeast Oklahoma. Murray State College’s main campus is located in Tishomingo, Oklahoma.

Student enrollment totals (full-time equivalent) for the Fall semesters for the most recent five years are as follows: 2023 enrollment – 1,430; 2022 enrollment – 1,367; 2021 enrollment – 1,394; 2020 enrollment —1,364; 2019 enrollment – 1,439.

The educational and general primary budget allocations made by the State Regents to Murray State College for fiscal years ending June 30, 2021, through June 30, 2025, are as follows:

Fiscal Year Ending June 30	State Appropriated Funds Allocated	Revolving Funds	Total Primary Budget
2021 [†]	\$4,406,970	\$10,619,990	\$15,026,960
2022 ^{††}	5,221,393	14,552,259	19,773,652
2023 ^{†††}	5,540,186	11,167,895	16,708,081
2024 ^{††††}	6,268,840	11,710,206	17,979,046
2025	6,364,832	13,480,718	19,845,550

[†] One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act is budgeted for FY2021 in the amount of \$55.9 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in March 2020 in response to the COVID-19 pandemic.

^{††} One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act is budgeted for FY2022 in the amount of \$341.3 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in December 2020 in response to the COVID-19 pandemic.

^{†††} One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) is budgeted for FY2023 in the amount of \$134.7 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in December 2020 and March 2021 in response to the COVID-19 pandemic.

^{††††} One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) is budgeted for FY2024 in the amount of \$73.1 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in December 2020 and March 2021 in response to the COVID-19 pandemic.

University of Central Oklahoma

University of Central Oklahoma offers 119 undergraduate and 81 graduate programs to more than 12,000 students from its main campus in Edmond, Oklahoma, and facilities throughout the Oklahoma City metropolitan area.

Student enrollment totals (full time equivalent) for the Fall semesters for the most recent five years are as follows: 2023 enrollment – 9,727; 2022 enrollment – 10,348; 2021 enrollment – 11,965; 2020 enrollment – 11,967; 2019 enrollment – 12,321.

The educational and general primary budget allocations made by the State Regents to University of Central Oklahoma for fiscal years ending June 30, 2021, through June 30, 2025, are as follows:

Fiscal Year Ending June 30	State Appropriated Funds Allocated	Revolving Funds	Total Primary Budget
2021 [†]	\$40,289,543	\$129,258,400	\$174,549,462
2022 ^{††}	42,029,560	150,668,946	192,698,506
2023 ^{†††}	44,276,108	130,836,444	175,112,552
2024 ^{††††}	51,390,828	125,926,385	177,317,213
2025	52,183,918	125,241,050	177,424,968

Northeastern State University

Northeastern State University is a four-year university located in Tahlequah, Oklahoma.

Student enrollment totals (full time equivalent) for the Fall semesters for the most recent five years are as follows: 2023 enrollment – 5,422; 2022 enrollment – 5,675; 2021 enrollment – 5,937; 2020 enrollment – 6,116; 2019 enrollment – 6,396.

The educational and general primary budget allocations made by the State Regents to Northeastern State University for fiscal years ending June 30, 2021, through June 30, 2025, are as follows:

[†] One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act is budgeted for FY2021 in the amount of \$55.9 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in March 2020 in response to the COVID-19 pandemic.

^{††} One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act is budgeted for FY2022 in the amount of \$341.3 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in December 2020 in response to the COVID-19 pandemic.

^{†††} One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) is budgeted for FY2023 in the amount of \$134.7 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in December 2020 and March 2021 in response to the COVID-19 pandemic.

^{††††} One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) is budgeted for FY2024 in the amount of \$73.1 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in December 2020 and March 2021 in response to the COVID-19 pandemic.

Fiscal Year Ending June 30	State Appropriated Funds Allocated	Revolving Funds	Total Primary Budget
2021 [†]	\$27,548,632	\$59,376,368	\$ 86,925,000
2022 ^{††}	28,303,973	83,629,571	111,933,544
2023 ^{†††}	29,303,008	69,764,742	99,067,750
2024 ^{††††}	32,892,558	60,492,442	93,385,000
2025	33,400,865	59,159,135	92,560,000

Tulsa Community College

Tulsa Community College is a two-year college with four campus locations in Tulsa, Oklahoma.

Student enrollment totals (full time equivalent) for the Fall semesters for the most recent five years are as follows: 2023 enrollment – 8,721; 2022 enrollment – 8,838; 2021 enrollment – 9,447; 2020 enrollment – 9,808; 2019 enrollment – 9,848.

The educational and general primary budget allocations made by the State Regents to Tulsa Community College for fiscal years ending June 30, 2021, through June 30, 2025, are as follows:

Fiscal Year Ending June 30	State Appropriated Funds Allocated	Revolving Funds	Total Primary Budget
2021 [†]	\$27,890,623	\$ 94,746,887	\$122,637,510
2022 ^{††}	28,894,790	110,088,563	138,983,353
2023 ^{†††}	31,010,700	122,076,142	153,086,842
2024 ^{††††}	37,419,995	94,776,725	132,196,720
2025	37,992,665	97,795,107	135,787,772

Oklahoma Panhandle State College

Oklahoma Panhandle State University is a four-year college with located in Goodwell, Oklahoma.

Student enrollment totals (full time equivalent) for the Fall semesters for the most recent five years are as follows: 2023 enrollment – 1,085; 2022 enrollment – 1,133; 2021 enrollment – 1,138; 2020 enrollment – 1,075; 2019 enrollment – 1,064.

The educational and general primary budget allocations made by the State Regents to Oklahoma Panhandle State University for fiscal years ending June 30, 2021, through June 30, 2025, are as follows:

[†] One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act is budgeted for FY2021 in the amount of \$55.9 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in March 2020 in response to the COVID-19 pandemic.

^{††} One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act is budgeted for FY2022 in the amount of \$341.3 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in December 2020 in response to the COVID-19 pandemic.

^{†††} One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) is budgeted for FY2023 in the amount of \$134.7 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in December 2020 and March 2021 in response to the COVID-19 pandemic.

^{††††} One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) is budgeted for FY2024 in the amount of \$73.1 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in December 2020 and March 2021 in response to the COVID-19 pandemic.

Fiscal Year Ending June 30	State Appropriated Funds Allocated	Revolving Funds	Total Primary Budget
2021 [†]	\$5,414,586	\$11,688,146	\$17,102,732
2022 ^{††}	5,916,340	16,142,846	22,059,186
2023 ^{†††}	6,190,561	12,937,641	19,128,202
2024 ^{††††}	6,692,761	12,987,614	19,680,375
2025	6,795,273	12,786,503	19,581,776

[†] One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act is budgeted for FY2021 in the amount of \$55.9 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in March 2020 in response to the COVID-19 pandemic.

^{††} One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act is budgeted for FY2022 in the amount of \$341.3 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in December 2020 in response to the COVID-19 pandemic.

^{†††} One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) is budgeted for FY2023 in the amount of \$134.7 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in December 2020 and March 2021 in response to the COVID-19 pandemic.

^{††††} One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) is budgeted for FY2024 in the amount of \$73.1 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in December 2020 and March 2021 in response to the COVID-19 pandemic.

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APPENDIX B

EXCERPTS FROM THE STATE OF OKLAHOMA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**(Note: Because Appendix B was extracted
from the State's Annual Comprehensive
Financial Report, the page numbers correspond to
where the information appears in that document.)**

The entire State of Oklahoma Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023, may be found on the State of Oklahoma Office of Management and Enterprise Services web site.

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APPENDIX C

**UNAUDITED FINANCIAL RESULTS
OF THE STATE OF OKLAHOMA FOR FISCAL YEARS 2024 AND 2025**

[Attached]

State of Oklahoma

Fiscal Year 2024 - General Revenue Comparisons with Prior Year and Estimates

Twelve Months: Fiscal Year 2023 v. Fiscal Year 2024 (Through June 2024) (\$ in Millions)

	12 Months	12 Months	Summary June 2024	
	FY 2023	FY 2024	Variance from Prior Year	
	<u>Actual</u>	<u>Actual</u>	<u>\$</u>	<u>%</u>
Net Income Tax	\$3,971.1	\$3,652.9	-\$318.2	-8.0%
Gross Production	1,091.6	608.5	-483.2	-44.3
Sales Tax	2,629.2	2,610.4	-18.8	-0.7
Motor Vehicle	<u>438.8</u>	<u>517.9</u>	<u>34.1</u>	<u>7.0</u>
Subtotal: Major Taxes	<u>\$8,175.8</u>	<u>\$7,389.7</u>	<u>-\$786.1</u>	<u>-9.6%</u>
Other Sources (1)	<u>837.8</u>	<u>1,076.5</u>	<u>238.7</u>	<u>28.5</u>
TOTAL GENERAL REVENUE	<u>\$9,013.6</u>	<u>\$8,466.2</u>	<u>-\$547.2</u>	<u>-6.1%</u>
Less 1-time Receipts	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Recurring Rev. (2)	<u>\$9,013.6</u>	<u>\$8,466.2</u>	<u>-\$547.2</u>	<u>-6.1%</u>

Fiscal Year 2024: Twelve Months v. Estimate (Through June 2024) (\$ in Millions)

	12 Months	12 Months	Summary June 2024	
	FY 2024	FY 2024	Variance from OMES Estimate	
	<u>Estimate</u>	<u>Actual</u>	<u>\$</u>	<u>%</u>
Net Income Tax	\$3,669.4	\$3,652.9	-\$16.4	-0.4%
Gross Production	882.8	608.5	-274.3	-31.1
Sales Tax	2,636.5	2,610.4	-26.1	-1.0
Motor Vehicle	<u>517.4</u>	<u>517.9</u>	<u>0.5</u>	<u>0.1</u>
Subtotal: Major Taxes	<u>\$7,706.0</u>	<u>\$7,389.7</u>	<u>-\$ 316.4</u>	<u>-4.1%</u>
Other Sources (1)	<u>582.5</u>	<u>1,076.5</u>	<u>494.0</u>	<u>84.8</u>
TOTAL GENERAL REVENUE	<u>\$8,288.6</u>	<u>\$8,466.2</u>	<u>\$ 177.6</u>	<u>2.1%</u>
Less 1-time Receipts	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Recurring Rev. (2)	<u>\$8,288.6</u>	<u>\$8,466.2</u>	<u>\$ 177.6</u>	<u>2.1%</u>

(1) Other sources revenue estimated pending final accounting.

(2) Recurring revenue after subtracting one-time funds.

Details may not sum due to rounding. Source: Office of Management and Enterprise Services. Complete information regarding financial results of the State of Oklahoma can be found at <https://omes.ok.gov/>.

State of Oklahoma

Fiscal Year 2025 - General Revenue Comparisons with Prior Year

PRELIMINARY

Monthly Comparison: AUGUST Fiscal Year 2024 v. AUGUST Fiscal Year 2025
(\$ in Millions)

	<u>FY 2024</u>	<u>FY 2025</u>	<u>Summary AUGUST 2024</u>	
	August 2023	August 2024	<u>Variance from Prior Year</u>	
	<u>Actual</u>	<u>Actual</u>	<u>\$</u>	<u>%</u>
Net Income Tax	\$241.7	\$234.3	-\$7.5	-3.1%
Gross Production	40.6	22.3	-18.4	-45.2
Sales Tax	218.0	218.9	1.0	0.4
Use Tax	<u>41.7</u>	<u>44.3</u>	<u>2.6</u>	<u>6.3</u>
Subtotal: Major Taxes	<u>542.0</u>	<u>519.8</u>	<u>-22.2</u>	<u>-4.1</u>
Other Sources (1)	<u>67.1</u>	<u>83.2</u>	<u>16.1</u>	<u>24.0%</u>
TOTAL GENERAL REVENUE	\$609.1	\$603.0	\$ -6.1	-1.0%
Less 1-time Receipts	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Recurring Rev. (2)	<u>\$609.1</u>	<u>\$603.0</u>	<u>\$ -6.1</u>	<u>-1.0%</u>

PRELIMINARY

Two Months Year to Date: Fiscal Year 2024 v. Fiscal Year 2025
(Through August 2025)
(\$ in Millions)

	<u>2 Months</u>	<u>2 Months</u>	<u>Summary August 2025</u>	
	FY 2024	FY 2025	<u>Variance from Prior Year</u>	
	<u>Actual</u>	<u>Actual</u>	<u>\$</u>	<u>%</u>
Net Income Tax	\$ 517.9	\$ 537.3	\$19.5	3.8%
Gross Production	66.7	43.1	-23.6	-35.4
Sales Tax	443.7	435.3	8.4	-1.9
Use Tax	<u>81.9</u>	<u>87.0</u>	<u>5.1</u>	<u>6.2</u>
Subtotal: Major Taxes	<u>\$1,110.1</u>	<u>\$1,102.7</u>	<u>-\$7.4</u>	<u>-0.7%</u>
Other Sources (1)	<u>102.0</u>	<u>120.3</u>	<u>18.3</u>	<u>17.9</u>
TOTAL GENERAL REVENUE	\$1,212.1	\$1,223.0	\$10.9	0.9%
Less 1-time Receipts	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Recurring Rev. (2)	<u>\$1,212.1</u>	<u>\$1,223.0</u>	<u>\$10.9</u>	<u>0.9%</u>

(1) Other sources revenue estimated pending final accounting.

(2) Recurring revenue after subtracting one-time funds.

Details may not sum due to rounding.

Source: Office of Management and Enterprise Services

State of Oklahoma

Fiscal Year 2025 -General Revenue Comparisons with Estimate

PRELIMINARY

**Monthly Comparison: August 2024 v. Estimate
(\$ in Millions)**

	August 2024	August 2024	Summary August 2024 Variance from OMES Estimate	
	<u>Estimate</u>	<u>Actual</u>	<u>\$</u>	<u>%</u>
Net Income Tax	\$240.7	\$234.3	-\$6.4	-2.7%
Gross Production	36.7	22.3	-14.4	-39.3
Sales Tax	228.2	218.9	-9.3	-4.1
Use Tax	<u>44.8</u>	<u>44.3</u>	<u>-0.4</u>	<u>-1.0</u>
Subtotal: Major Taxes	<u>\$550.3</u>	<u>\$519.8</u>	<u>-\$30.6</u>	<u>-5.6%</u>
Other Sources (1)	66.9	83.2	16.3	24.3
TOTAL GENERAL REVENUE	<u>\$617.3</u>	<u>\$603.0</u>	<u>-\$14.3</u>	<u>2.3%</u>
Less 1-time Receipts	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Recurring Rev. (2)	<u>\$617.3</u>	<u>\$603.0</u>	<u>-\$14.3</u>	<u>2.3%</u>

PRELIMINARY

**Fiscal Year 2025: Two Months Year to Date v. Estimate
(Through August 2024)
(\$ in Millions)**

	2 Months	2 Months	Summary August 2024 Variance from OMES Estimate	
	FY 2025	FY 2025	<u>\$</u>	<u>%</u>
Net Income Tax	\$ 508.8	\$ 537.3	\$28.5	5.6%
Gross Production	65.6	43.1	-22.6	-34.4
Sales Tax	460.4	435.3	-25.1	-5.5
Use Tax	<u>89.5</u>	<u>87.0</u>	<u>-2.5</u>	<u>-2.8</u>
Subtotal: Major Taxes	<u>\$1,124.3</u>	<u>\$1,102.7</u>	<u>\$-21.7</u>	<u>-1.9%</u>
Other Sources (1)	<u>102.2</u>	<u>120.3</u>	<u>18.1</u>	<u>17.7</u>
TOTAL GENERAL REVENUE	<u>\$1,226.5</u>	<u>\$1,223.0</u>	<u>-\$ 3.5</u>	<u>-0.3%</u>
Less 1-time Receipts	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Recurring Rev. (2)	<u>\$1,226.5</u>	<u>\$1,223.0</u>	<u>-\$ 3.5</u>	<u>-0.3%</u>

(1) Other sources revenue estimated pending final accounting.

(2) Recurring revenue after subtracting one-time funds.

Details may not sum due to rounding.

Source: Office of Management and Enterprise Services

APPENDIX D

**STATE GROSS AND NET TAX-BACKED DEBT
(as of December 31, 2023)**

[See attached.]

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State of Oklahoma
Outstanding Gross and Net Tax-Backed Debt
December 31, 2023

General Obligation Bonds

Oklahoma Industrial Finance Authority, Series 2001 Refunding ¹	\$	30,000,000
Gross General Obligation Bonds	\$	30,000,000

Capitol Improvement Authority Lease Revenue Bonds and Loans²

TIFIA Loan, Series 2023 ³	\$	44,649,400
State Facilities Revenue Bonds (fed. Taxable), Series 2022C (ODVA Project)		36,210,000
State Facilities Revenue Bonds (fed. Taxable), Series 2022B (National Guard Museum)		47,085,000
State Facilities Revenue Bonds (fed. Taxable), Series 2022A (Conservation Commission)		16,970,000
TIFIA Loan, Series 2021 ³		42,031,289
Endowed Chairs Funding Program, Series 2021A		149,245,000
State Facilities Revenue Bonds (fed. Taxable), Series 2020E (Tourism)		43,385,000
State Facilities Revenue Bonds, Series 2020D (DHS)		12,400,000
State Highway Capital Improvement Refunding Revenue Bonds (fed. Taxable), Series 2020C		10,895,000
State Highway Capital Improvement Revenue Bonds, Series 2020B		161,115,000
State Highway Capital Improvement Refunding Revenue Bonds, Series 2020A		40,410,000
State Facilities Revenue Bonds, Series 2019C (Capitol Repair IV)		54,135,000
State Facilities Revenue Bonds, Series 2019B (Office of Juvenile Affairs)		38,350,000
State Facilities Revenue Bonds, Series 2019A (Conservation Commission)		5,685,000
State Facilities Revenue Bonds, Series 2018D (Dept. of Corrections)		96,715,000
State Facilities Revenue Bonds, Series 2018C (Capitol Repair III)		56,890,000
State Facilities Revenue Bonds (fed. Taxable), Series 2018B (AICCM)		25,205,000
State Facilities Revenue Bonds (fed. Taxable), Series 2017C (OKPOP)		25,150,000
State Facilities Revenue Bonds, Series 2017B (Capitol Repair II)		29,840,000
State Facilities Refunding Revenue Bonds, Series 2017A		8,220,000
State Highway Capital Improvement Revenue Bonds, Series 2016		129,755,000
State Facilities Refunding Revenue Bonds, Series 2015B		13,710,000
State Facilities Revenue Bonds, Series 2015A (Capitol Repair I)		7,875,000
State Facilities Refunding Revenue Bonds, Series 2014C		56,055,000
State Facilities Refunding Revenue Bonds, Series 2014B		240,000
State Facilities Refunding Revenue Bonds, Series 2014A		150,400,000
State Facilities Refunding Revenue Bonds, Series 2013A		1,155,000
Endowed Chairs Funding and Refunding Program, Series 2010		65,135,000
State Highway Capital Improvement Revenue Bonds (fed. taxable), Series 2009B		12,450,000
Gross Capitol Improvement Authority Lease Revenue Bonds	\$	1,336,711,289

ODFA - Regents' Master Real Property Lease Program ⁴	
Series 2023B (Regents' Master Real Property Lease Program)	\$ 9,770,000
Series 2023A (Regents' Master Real Property Lease Program)	3,780,000
Series 2022B (Regents' Master Real Property Lease Program)	4,120,000
Series 2022A (Regents' Master Real Property Lease Program)	21,605,000
Series 2021B (Regents' Master Real Property Lease Program)	31,445,000
Series 2021A (Regents' Master Real Property Lease Program)	9,125,000
Series 2020D (Regents' Master Real Property Lease Program)	29,800,000
Series 2020C (Regents' Master Real Property Lease Program)	2,650,000
Series 2020B (Regents' Master Real Property Lease Program)	5,575,000
Series 2020A (Regents' Master Real Property Lease Program)	23,115,000
Series 2019B (Regents' Master Real Property Lease Program)	4,085,000
Series 2019A (Regents' Master Real Property Lease Program)	7,012,000
Series 2018A (Regents' Master Real Property Lease Program)	10,600,000
Series 2017D (Regents' Master Real Property Lease Program)	14,850,000
Series 2017C (Regents' Master Real Property Lease Program)	14,796,000
Series 2017B (Regents' Master Real Property Lease Program)	1,300,000
Series 2017A (Regents' Master Real Property Lease Program)	19,966,000
Series 2016G (Regents' Master Real Property Lease Program)	11,040,000
Series 2016F (Regents' Master Real Property Lease Program)	12,995,000
Series 2016E (Regents' Master Real Property Lease Program)	5,090,000
Series 2016D (Regents' Master Real Property Lease Program)	50,580,000
Series 2016C (Regents' Master Real Property Lease Program)	7,320,000
Series 2016B (Regents' Master Real Property Lease Program)	10,215,000
Series 2016A (Regents' Master Real Property Lease Program)	7,860,000
Series 2015D (Regents' Master Real Property Lease Program)	5,975,000
Series 2015B (Regents' Master Real Property Lease Program)	25,657,000
Series 2015A (Regents' Master Real Property Lease Program)	28,540,000
Series 2014H (Regents' Master Real Property Lease Program)	940,000
Series 2014E (Regents' Master Real Property Lease Program)	1,759,000
Series 2014D (Regents' Master Real Property Lease Program)	11,150,000
Series 2014C (Regents' Master Real Property Lease Program)	27,985,000
Series 2014B (Regents' Master Real Property Lease Program)	8,990,000
Series 2014A (Regents' Master Real Property Lease Program)	37,280,000
Series 2013B (Regents' Master Real Property Lease Program)	3,650,000
Series 2013A (Regents' Master Real Property Lease Program)	1,610,000
Gross Master Real Property Lease Program Bonds	\$ 472,230,000

ODFA - Regents' Master Equipment Lease Program ⁴

Series 2023A (Regents' Master Equipment Lease Program)	\$	3,340,000
Series 2021C (Regents' Master Equipment Lease Program)		1,685,000
Series 2021B (Regents' Master Equipment Lease Program)		400,000
Series 2021A (Regents' Master Equipment Lease Program)		1,885,000
Series 2020C (Regents' Master Equipment Lease Program)		3,130,000
Series 2020B (Regents' Master Equipment Lease Program)		370,000
Series 2020A (Regents' Master Equipment Lease Program)		2,630,000
Series 2019B (Regents' Master Equipment Lease Program)		195,000
Series 2019A (Regents' Master Equipment Lease Program)		4,370,000
Series 2018A (Regents' Master Equipment Lease Program)		890,000
Series 2017E (Regents' Master Equipment Lease Program)		620,000
Series 2017D (Regents' Master Equipment Lease Program)		520,000
Series 2017C (Regents' Master Equipment Lease Program)		1,200,000
Series 2017B (Regents' Master Equipment Lease Program)		555,000
Series 2017A (Regents' Master Equipment Lease Program)		715,000
Series 2016B (Regents' Master Equipment Lease Program)		2,205,000
Series 2016A (Regents' Master Equipment Lease Program)		855,000
Series 2015C (Regents' Master Equipment Lease Program)		90,000
Series 2015B (Regents' Master Equipment Lease Program)		4,960,000
Series 2015A (Regents' Master Equipment Lease Program)		4,425,000
Series 2014C (Regents' Master Equipment Lease Program)		230,000
Series 2014A (Regents' Master Equipment Lease Program)		730,000
Series 2013A (Regents' Master Equipment Lease Program)		89,000
Series 2011C (Regents' Master Equipment Lease Program)		90,000
Gross Master Equipment Lease Program Bonds	\$	36,179,000

ODFA Lease Purchase Obligations - Public Sales ⁵		
Series 2019A (OMES-OSF IT Project)		\$ 20,160,000
Series 2018 (Pontotoc County Refunding) - CERF		2,430,000
Series 2017 (Pittsburg County Refunding) - CERF		855,000
Series 2016 (Union City Correctional Facility Refunding) - CERF		855,000
Series 2014 (East Central University Refunding) - CERF		2,655,000
Series 2013 (Rogers State University) - CERF		1,640,000
Series 2013 (CLEET Refunding)		5,490,000
Series 2012A (LeFlore County Health Department Project) - CERF		1,210,000
Series 2011 (Tillman County Project) - CERF		1,905,000
Series 2008 (Muskogee Port Project) - CERF		394,822
Series 2003 (Muskogee Port Project) - CERF		347,368
Gross ODFA Lease Purchase Obligations - Public Sales:		\$ 37,942,190
Gross Lease Purchase Debt Privately-Placed/Competitively Sold - 9 leases ⁶		\$ 2,627,437
TOTAL GROSS TAX-BACKED DEBT		\$ 1,915,689,915
Less: Self-Supporting Bonds		
Industrial Finance Authority Bonds	\$ 30,000,000	
ODFA Series 2013 (CLEET Refunding) ⁶	5,490,000	
OCIA Series 2014A (Attorney General Project portion) ⁷	360,000	
	<u>\$ 35,850,000</u>	
Total Reductions to Tax-Backed Debt		<u>\$ (35,850,000)</u>
TOTAL NET TAX-BACKED DEBT		\$ 1,879,839,915

Notes to Tax-Supported Debt Table

- ¹ OIFA G.O. bonds are secured initially by private industrial borrowers. No taxes have ever been used to pay debt service on these bonds.
- ² With the exception of those issues listed as "Self-Supporting Bonds," security for these lease-backed bonds is provided by annual appropriations from the State Legislature.
- ³ OCIA has closed on two long-term loans with the U.S. Department of Transportation's Build America Bureau for the benefit of the Oklahoma Department of Transportation. Pursuant to 73 O.S. § 350.1, security is provided by annual appropriations from the State Legislature.
- ⁴ Secured by allocations made by the Oklahoma State Regents for Higher Education from a single appropriation. Most institutions structure these as revenue bonds and use non-tax sources as initial security (e.g. student fees). More than 90% of the Master Real Property Lease Revenue Bonds are paid from non-tax sources.
- ⁵ Secured by various sources and, in some cases, legislative appropriations. Certain ODFA issues carry a Credit Enhancement Reserve Fund ("CERF") guarantee. CERF guarantees provide that State G.O. bonds will be sold if necessary. The CERF guarantee can be for the full issue or only the debt service reserve. No G.O. bonds have ever been sold under the CERF program. A cash reserve is available to provide liquidity until G.O. bonds can be marketed. The two Muskogee Port issues, and the Woodward Industrial Authority loan are held as investments by the Oklahoma Industrial Finance Authority.
- ⁶ The CLEET obligation is secured by dedicated fines and assessments.
- ⁷ The Attorney General Projects funded through the OCIA are secured by the Attorney General's Evidence Fund.

APPENDIX E

STATE PENSION SYSTEMS AND POST-EMPLOYMENT BENEFITS

The State of Oklahoma operates seven defined benefit pension plans for state, county and municipal employees. Five of the seven, including the two largest public employee retirement systems (the Oklahoma Public Employees Retirement System “OPERS” and the Oklahoma Teachers Retirement System “OTRS”) make a monthly payment for post-employment health insurance benefits. For OPERS, this payment is equal to the lesser of the premium rate of the health insurance benefit plan (or the Medicare Insurance Supplement Premium if the retiree is Medicare eligible) or \$105. For OTRS, the payment is based on a sliding scale from \$100 to \$105, depending on the retiree’s average salary and years of service at retirement. To qualify for this payment, retirees must maintain uninterrupted enrollment in the State health insurance system.

The actuarial accrued liabilities for post-employment benefits other than pensions are currently reported in each system’s annual actuarial report.

Oklahoma Retirement Systems. The State of Oklahoma administers seven defined benefit pension plans and one defined contribution plan for employees. One of the seven defined benefit pension plans, the Retirement Plan for Full Time Employees of the Department of Wildlife Conservation, was closed to new employees on June 30, 2010; employees hired before July 1, 2010, remain in the defined benefit plan and employees hired July 1, 2010, and thereafter participate in a defined contribution plan. Effective November 1, 2015, new employees covered by the Oklahoma Public Employees Retirement System participate in a defined contribution plan.

While five boards of trustees manage these pension plans, additional oversight is provided by the Oklahoma State Pension Commission (the “Commission”), pursuant to state law. Quarterly performance reports are published by the Commission with the assistance of its pension fund management consultant, currently RVK, Inc. The Commission also publishes an annual report which includes information on total assets, total liabilities and the unfunded liabilities of the various plans.

The pension plans administered by the State are the subject of annual actuarial valuations. To access actuarial reports for specific pension plans, see the links below:

Oklahoma Teachers Retirement System:

<http://www.ok.gov/TRS/Publications/>

Oklahoma Public Employees Retirement System:

<http://www.opers.ok.gov/publications/>

Oklahoma Police Pension & Retirement System:

<https://www.opprs.ok.gov/publications>

Oklahoma Firefighters Pension & Retirement System:

http://www.ok.gov/fprs/Actuary_Report/

Oklahoma Law Enforcement Retirement System:

<https://www.olders.state.ok.us/index.php/document-forms>

Uniform Retirement System for Justices and Judges:

<http://www.opers.ok.gov/publications/>

The actuarial report for the Retirement Plan for Full Time Employees of the Department of Wildlife Conservation is not available electronically, but a written copy thereof may be obtained upon request by contacting the Assistant Director of Administration & Finance, Oklahoma Department of Wildlife Conservation, 2145 N.E. 36th Street, Oklahoma City, OK 73111, telephone: (405) 521-3851.

The pension disclosures rely on information produced by the pension plans and their independent accountants and actuaries. Actuarial assessments are forward-looking valuation estimates that reflect the judgment of the fiduciaries of the pension plans. Actuarial assessments are based upon a variety of assumptions, one or more of which may prove to be inconsistent with subsequent events or be changed in the future, and will change with the future experience of the pension plans.

The Governmental Accounting Standards Board (“GASB”) does not mandate a specific funding approach, leaving such determination to the governmental entity. The Oklahoma Legislature has enacted measures designating certain revenue or funding sources for four of the seven State pension plans rather than appropriating sums equal to the annual ARC calculation. Pursuant to Oklahoma Statutes, the four State pension plans receiving various dedicated revenues are as follows: (i) Oklahoma Teachers Retirement System receives revenues from the State’s individual income tax, corporate income tax, sales tax, use tax and lottery proceeds; (ii) Oklahoma Firefighters Pension & Retirement System receives revenues from insurance premium tax; (iii) Oklahoma Police Pension & Retirement System receives revenues from insurance premium tax and special tax credit fund; and (iv) Oklahoma Law Enforcement Retirement System receives revenues from insurance premium tax and drivers’ license tax. The Oklahoma Public Employees Retirement System, the Uniform Retirement System for Justices and Judges, and the Retirement Plan for Full Time Employees of the Department of Wildlife Conservation do not receive dedicated portions of state revenues and are funded by contributions to the respective systems made by members and their employers. Since funding of the State’s public pension plans is not directly tied to the ARC calculations, but relies predominately on an allocation of a source of revenues, the funding for a particular pension plan may, in any given year, be more or less than the ARC calculation for such plan.

Retirement benefits that are allocable to a year are a State law determination. The Oklahoma Supreme Court, in Baker v. Oklahoma Firefighters Pension and Retirement System, 718 P.2d 348 (1986), held that pension benefits become absolute and are protected by Article II, Section 15 of the Oklahoma Constitution at the point a person becomes eligible to retire and receive pension payments. In addition, the Court has recognized that certain statutorily created rights may have been afforded employees covered by certain plans prior to the right to receive benefits. See 1995 Oklahoma Attorney General’s Opinion No. 45.

A primary assumption of each plan is the investment rate of return. The table below shows the investment rate of return used by each of the seven defined benefit plans.

	Assumed Investment <u>Return Rate</u>
Oklahoma Teachers Retirement System	7.00%
Oklahoma Public Employees Retirement System	6.50%
Oklahoma Police Pension & Retirement System	7.50%
Oklahoma Firefighters Pension & Retirement System	7.50%
Oklahoma Law Enforcement Retirement System	7.50%
Retirement Plan for Full Time Employees of the Department of Wildlife Conservation	7.00%
Uniform Retirement System for Justices and Judges	6.50%

The table below presents a 10-year summary of the actuarial values of assets, actuarial accrued liabilities, unfunded actuarial accrued liabilities, and the funded ratios for the State's seven defined benefit pension plans listed above. With the exception of the funded ratio percentages, all numbers are in millions.

Summary of Assets and Liabilities of the State's Seven Defined Benefit Plans

<u>Valuation Date</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio (AVA/AAL)</u>
1-Jul-14	25,392	35,044	9,652	72.5%
1-Jul-15	27,868	36,681	8,813	76.0
1-Jul-16	29,305	38,891	9,586	75.4
1-Jul-17	31,058	39,495	8,437	78.6
1-Jul-18	32,807	40,398	7,591	81.2
1-Jul-19	34,009	41,845	7,836	81.3
1-Jul-20	35,189	45,893	10,704	76.7
1-Jul-21	37,918	46,821	8,903	81.0
1-Jul-22	39,718	47,214	10,490	82.8
1-Jul-23	41,066	49,376	8,310	83.2

The table below presents a 10-year summary of contributions (from all sources) to the State's seven defined benefit pension plans listed above. With the exception of the percentage contributed, all numbers are in millions.

Summary of Contributions to the State's Seven Defined Benefit Plans

<u>Valuation Date</u>	<u>Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
1-Jul-14	1.00	1.26	126.0%
1-Jul-15	1.15	1.27	110.4
1-Jul-16	1.17	1.24	106.0
1-Jul-17	1.14	1.30	114.0
1-Jul-18	1.11	1.37	123.4
1-Jul-19	1.16	1.51	130.2
1-Jul-20	1.30	1.80	138.5
1-Jul-21	1.21	1.78	146.5
1-Jul-22	1.21	2.05	169.4
1-Jul-23	1.27	2.17	170.9

Over the last decade, the Oklahoma Legislature adopted several pension reform measures that significantly improved the funded status of the State's pension plans. During the 2011 Legislative Session, House Bill 2132 amended existing law to require identification of funding sources for any proposed cost of living increases. Senate Bill 794, also signed during the 2011 Legislative Session, amended existing law for the Oklahoma Public Employees Retirement System to change the "normal retirement date" for an

employee becoming a member of the System on or after November 1, 2011, from such employee's 62nd birthday to his or her 65th birthday. Other notable reform measures include Senate Bill 1001 and House Bill 2321, both signed into law as part of the 2012 Legislative Session, and House Bill 2078, which was enacted by the 2013 Legislature. Additionally, on May 30, 2014, Governor Fallin signed into law House Bill 2630, which created a defined contribution retirement plan for participants in the Oklahoma Public Employees Retirement System (OPERS), effective November 1, 2015, for employees hired on or after November 1, 2015.

During 2020, there were three significant modifications to the State's pension systems. The first was the adoption of Senate Bill 3350 which granted a cost of living adjustment (COLA) to retirees in the State's seven pension systems. The COLA provided a 4% increase in benefits for retirees that have been retired for five or more years and a 2% increase for retirees that have been retired for more than two years but less than five years. Senate Bill 3350 represents the first COLA granted by the legislature since the significant reforms approved during the 2011 Legislative Session. In aggregate, the COLA increased the unfunded actuarial liability by approximately \$726 million across all seven pension systems.

The second significant change was to lower the assumed rate of return for the Oklahoma Public Employees Retirement System (OPERS) and the Oklahoma Teachers Retirement System (TRS). OPERS lowered their assumed rate of return from 7.0% to 6.5% and TRS lowered from 7.5% to 7.0%. The change in investment assumptions increased the aggregate actuarial liability of the State's pension systems by approximately \$1.8 billion.

The third significant change was to temporarily reduce the off-the-top allocations of various tax revenues to TRS, Firefighters Retirement System, and Police Pension System and Law Enforcement Retirement System. In total, House Bill 2741 reduced the allocation to TRS by approximately \$73 million and HB2742 reduced funding to the other systems by approximately \$39 million. The reduction is temporary and scheduled increase off-the-top allocations in the future.

SB102, impacting the Oklahoma Police Pension and Retirement System, was ultimately passed during the 2024 legislative session after a gubernatorial veto and a legislative override. This measure modifies the retiree benefit multiplier from 2.75% to 3.00% and increases the employee and employer contributions.

APPENDIX F

PROPOSED FORM OF OPINION OF BOND COUNSEL

*An opinion in substantially the following form will be delivered by
The Public Finance Law Group PLLC, Bond Counsel, upon delivery of the Series 2024B Bonds,
assuming no material changes in facts or law.*

October __, 2024

The Oklahoma Development Finance Authority
Oklahoma City, Oklahoma

We have examined a certified copy of the Transcript of Proceedings in connection with the issuance of \$_____ The Oklahoma Development Finance Authority Oklahoma State System of Higher Education Master Real Property Lease Revenue Refunding Bonds, Tax-Exempt Series 2024B (the “2024B Bonds”), being issued as fully registered bonds in denominations of \$1,000 each or any integral multiples thereof maturing serially on June 1 in each of the years 20__ through 20__, and term bonds maturing on June 1, 20__, and 20__, and bearing interest payable semi-annually on each June 1 and December 1, commencing June 1, 2025.

We have also examined a certified copy of the Transcript of Proceedings in connection with the issuance of \$_____ The Oklahoma Development Finance Authority Oklahoma State System of Higher Education Master Real Property Lease Revenue Refunding Bonds, Tax-Exempt Series 2024C (the “2024C Bonds” and collectively with the 2024B Bonds, the “Bonds”), being issued as fully registered bonds in denominations of \$1,000 each or any integral multiples thereof maturing serially on December 1 in each of the years 20__ through 20__, and term bonds maturing on December 1, 20__, and 20__, and bearing interest payable semi-annually on each June 1 and December 1, commencing June 1, 2025.

The Bonds have been issued by The Oklahoma Development Finance Authority (the “Authority”), a public trust created and existing for the benefit of the State of Oklahoma, pursuant to the provisions of Title 60, Oklahoma Statutes 2021, Section 176 *et seq.*, and as an instrumentality of the State of Oklahoma (the “State”) under the provisions of Title 74, Oklahoma Statutes 2021, Section 5062.1 *et seq.* (collectively the “Act”), and in accordance with a resolution adopted by the Authority (the “Bond Resolution”) and pursuant to a Trust Indenture dated as of July 1, 2024, as supplemented and amended by a Series 2024B Supplemental Trust Indenture dated as of October 1, 2024, and as further supplemented and amended by a Series 2024C Supplemental Trust Indenture dated as of October 1, 2024 (collectively, the “Indenture”), all by and between the Authority and UMB Bank, N.A., as trustee (the “Trustee”). The Bonds have been issued for the purpose of financing or refinancing the acquisition of certain improvements to real property for lease to certain educational institutions which are a part of the Oklahoma State System of Higher Education (the “Schedule Lessees”) pursuant to a Master Real Property Lease Purchase Agreement (the “Lease”) dated as of July 1, 2024, by and among the Authority and the Oklahoma State Regents for Higher Education and the Schedule Lessees. Defined terms used herein and not otherwise defined shall have the meanings given said terms in the Indenture.

The Bonds are subject to redemption prior to stated maturity, at the redemption prices, for the reasons, and in the manner set out on the face thereof, and as prescribed by the Indenture.

The Bonds are not a liability or indebtedness, general or special, of the State of Oklahoma (the “State”) or any political subdivision thereof, and neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the

Bonds. The Bonds are not general obligations of the Authority (which has no taxing power) but are limited and special revenue obligations of the Authority payable solely from: (i) the right, title and interest of the Authority in and to the Real Property, the Lease, the Lease Payments, the Deposits, and Pledged Revenues, and (ii) all funds and accounts created under the Indenture.

In preparation for rendering the opinion expressed hereinbelow, we have examined the Bond Resolution, the Indenture, and the Lease. We have also examined the law and such certified proceedings and other documents and instruments as we have deemed necessary to render this opinion.

We further advise that the Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excludable from gross income for Federal income tax purposes under Section 103 of the Code. The Tax Certificate of the Authority, which will be delivered concurrently with the delivery of the Bonds, contains provisions and procedures relating to compliance with the requirements of the Code. The Authority, in executing its Tax Certificate, has covenanted that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest on the Bonds shall not be included in gross income for Federal income tax purposes under the Code. Noncompliance by the Authority with the provisions of the Tax Certificate may require inclusion in gross income of the recipients of interest on the Bonds retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs.

We have examined (i) the Constitution and laws of the State, including the Act; (ii) the Trust Indenture, establishing and creating the Authority; (iii) certified copies of the proceedings of the Trustees of the Authority authorizing the issuance and sale of the Bonds; (iv) executed originals of the Indenture and the Lease; and (v) the executed and authenticated Bond No. R-1 with respect to the Bonds. We have also examined the Code and applicable court decisions and proofs of such other proceedings, documents and instruments as we have deemed relevant to the authorization, issuance and sale of the Bonds.

As to questions of fact material to our opinion, we have relied upon the representations of the Authority contained in the Indenture and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Authority is duly created and validly existing as a public trust with the State of Oklahoma as its beneficiary, with full power and authority to adopt the Bond Resolution and approve and execute the Lease and the Indenture and perform the agreements on its part contained therein and issue the Bonds.
2. The Bond Resolution, Indenture and Lease, together with other documents and instruments incident to the issuance of the Bonds and the application of the proceeds derived therefrom, have been duly adopted or approved by the Authority and the Bond Resolution, Indenture, and Lease constitute valid and binding obligations of the Authority, enforceable in accordance with their respective terms.
3. The Indenture creates a valid assignment of the Trust Estate (as such term is defined in the Indenture) and creates a valid lien on the funds and property pledged thereunder for the security of the Bonds.
4. The Bonds have been duly authorized, executed and delivered by the Authority and constitute valid and binding limited obligations of the Authority, payable solely from the sources provided in the Indenture.
5. Assuming that the Authority complies with the provisions and procedures set forth in the Tax Certificate of the Authority, under existing statutes and court decisions, interest on the Bonds is excludable

from the gross income of the owners thereof pursuant to Section 103 of the Code for federal income tax purposes. In addition, interest on the Bonds is not treated as a specific preference item in calculating alternative minimum tax which may be imposed 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. The opinions set forth in the preceding sentences are subject to the condition that the Authority complies with all requirements of 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. The Authority and the Schedule Lessees have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. Interest on the Bonds is exempt from State of Oklahoma income tax.

7. The Bonds are exempt from registration under the Securities Act of 1933 and the Indenture is exempt from qualification under the Trust Indenture Act of 1939.

8. The form of the Bonds and their execution are regular and proper.

We express no opinion regarding any other Federal or state or local tax consequences with respect to the Bonds. We render our opinion under existing statutes and court decisions as of the issue date. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Bonds, or under state and local tax law.

In rendering this opinion, we are advising you that the enforceability of the Lease, the Bonds, and the Indenture may be limited by laws relating to bankruptcy, reorganization, moratorium, insolvency or other laws affecting creditors' rights generally and subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). In rendering the foregoing opinions regarding Federal income tax treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate of the Authority; and (ii) continuing compliance by the Authority with the covenants set forth in such Tax Certificate as to such matters. We also have relied upon the opinion of Hawkins, Delafield & Wood LLP to the effect that the Bonds are not "private activity bonds" within the meaning of Section 141 of the Code or "arbitrage bonds" within the meaning of Section 148 of the Code. We do not undertake to advise you of matters which may come to our attention subsequent to the date hereof which may affect our legal opinions and conclusions expressed herein, and we bring to your attention the fact that our legal opinions and conclusions are an expression of professional judgment and are not a guarantee of a result.

Respectfully,

APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) dated as of October 1, 2024, is entered into by and among The Oklahoma Development Finance Authority (the “Issuer”), the Office of Management and Enterprise Services of the State of Oklahoma (“OMES”), the Oklahoma State Regents for Higher Education (the “Regents”), as Lessee, and UMB Bank, N.A., as Trustee (the “Trustee” and “Paying Agent”) with respect to the Issuer’s Oklahoma State System of Higher Education Master Real Property Lease Revenue Refunding Bonds, Tax-Exempt Series 2024B (the “Series 2024B Bonds”) and Oklahoma State System of Higher Education Master Real Property Lease Revenue Refunding Bonds, Tax-Exempt Series 2024C (the “Series 2024C Bonds” and collectively with the Series 2024B Bonds, the “Series 2024B/C Bonds”), issued pursuant to a Trust Indenture dated as of July 1, 2024, as previously supplemented, and as further supplemented by a Series 2024B Supplemental Trust Indenture and a Series 2024B Supplemental Trust Indenture, each dated as of October 1, 2024 (collectively, the “Indenture”), by and between the Issuer and the Trustee. The parties hereby agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the parties for the benefit of the Holders and Beneficial Owners of the Series 2024B/C Bonds and in order to assist each Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “Commission”). The Issuer and the Regents represent that the Issuer and the Regents, as applicable, will be the only “obligated persons” (as defined in the Rule) with respect to the Series 2024B/C Bonds at the time the Series 2024B/C Bonds are delivered to each Participating Underwriter and that no other person presently is expected to become an obligated person with respect to the Series 2024B/C Bonds at any time after the issuance of the Series 2024B/C Bonds. Exhibit A hereto sets forth the obligated person with respect to each Listed Event.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Agent*” or “*Dissemination Agent*” means an entity other than OMES or the Regents designated by the Issuer in writing and accepted by the Agent to perform all or part of the Issuer’s functions set forth herein. The Agent may or may not be the Trustee.

“*Annual Financial Information*” means the financial information or operating data with respect to the State, the Regents and the Issuer, for each fiscal year, as follows:

(a) Financial information of the type set forth in Appendix A to the Issuer’s Official Statement, relating to the Series 2024B/C Bonds including, but not limited to all quantitative enrollment information and educational and general primary budget allocations made by the Regents respecting the Schedule Lessees.

(b) Audited Financial Statements of the State, if available.

“*Audited Financial Statements*” means the annual financial statements, if any, of the State, audited by such auditor as shall then be required or permitted by State law or the Indenture. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that the State may from time to time, if required by federal or State legal requirements, modify the basis upon which its financial statements are prepared. Notice of any such modification shall be provided to the MSRB, and shall include a reference to the specific federal or State law or regulation describing such accounting basis.

“*Beneficial Owner*” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*Dissemination Agent*” shall mean any entity designated by the Issuer to act as the Dissemination Agent hereunder.

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

“*Financial Obligation*” shall mean 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 defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“*Listed Event*” shall mean any of the events listed in Exhibit A to this Disclosure Agreement.

“*Listed Event Notice*” means notice of a Listed Event in Prescribed Form.

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

“*Official Statement*” means the “final official statement,” as defined in the paragraph (f)(3) of the Rule, relating to the Series 2024B/C Bonds.

“*Participating Underwriter*” shall mean any of the original underwriters of the Series 2024B/C Bonds required to comply with the Rule in connection with offering of the Series 2024B/C Bonds.

“*Prescribed Form*” means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Listed Events with the MSRB at www.emma.msrb.org (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

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

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

Section 3. Annual Financial Information. (a) There shall be provided (i) by the Regents with respect to part (a) of the Annual Financial Information and (ii) by OMES with respect to part (b) of the Annual Financial Information, such Annual Financial Information with respect to each fiscal year of the State, commencing with the fiscal year ending June 30, 2024, not later than 190 days after the end of the Issuer’s fiscal year (presently July 1 through June 30), to the MSRB in Prescribed Form, Annual Financial Information which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Financial Information may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure

Agreement; *provided* that the Audited Financial Statements may be submitted separately from the balance of the Annual Financial Information and later than the date required above for the filing of the Annual Financial Information if they are not available by that date but within 10 business days after they become available. If the State's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) If (i) the Regents fail to provide their portion of the Annual Financial Information to the MSRB by the date required in subsection (a), or (ii) OMES fails to provide its portion of the Annual Financial Information to the MSRB by the date required in subsection (a), the Regents or OMES shall send a notice of such failure to the MSRB by a date not in excess of 10 business days after the occurrence of such failure.

(c) Although not constituting part of the Annual Financial Information, as additional information contemplated by Section 10 hereof, OMES agrees to provide to the MSRB in Prescribed Form the most recent Summary of Actuarial Reports issued by the Oklahoma State Pension Commission on an annual basis, commencing with the Summary to be issued in 2024, not later than 10 business days after such Summary becomes available.

Section 4. Audited Financial Statements. If not provided as part of the Annual Financial Information by the date required by Section 3(a) hereof, OMES shall provide Audited Financial Statements, when and if available, to the MSRB. If the Audited Financial Statements are not available by the time the Annual Financial Information is required to be filed pursuant to Section 3(a), the Annual Financial Information shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the Audited Financial Statements shall be filed in the same manner as the Annual Financial Information within 10 business days of when they become available. Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or the State or related public entities, which have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer or OMES shall clearly identify each such other document so included by reference.

Section 5. Disclosure of Listed Events. The Issuer and the Regents, as the applicable obligated person with respect to each Listed Event as set forth in Exhibit A hereto, hereby covenant that they will disseminate in a timely manner, not in excess of 10 business days after the occurrence of the event, a Listed Event Notice to the MSRB in Prescribed Form with a copy thereof provided to the Trustee. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds need not be given under this Disclosure Agreement any earlier than the notice (if any) of such redemption is given to the owners of the Series 2024B/C Bonds pursuant to the Indenture. The Issuer and the Regents are required to deliver such Listed Event Notice in the same manner as provided by Section 3(a) of this Disclosure Agreement.

Section 6. Duty To Update EMMA/MSRB. The Issuer shall determine, in the manner it deems appropriate, whether there has occurred a change in the MSRB's e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

Section 7. Termination of Reporting Obligation. The parties' obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2024B/C Bonds. If such termination occurs prior to the final maturity of the Series 2024B/C Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event Notice under Section 5.

Section 8. Dissemination Agent. The Issuer, the Regents or OMES may, from time to time, appoint or engage a Dissemination Agent to assist in carrying out their obligations under this Disclosure

Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer, the Regents or OMES pursuant to this Disclosure Agreement.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the parties may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2024B/C Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2024B/C Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Series 2024B/C Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Series 2024B/C Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer, the Regents or OMES shall describe such amendment in the next Annual Financial Information, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer, the Regents or OMES. In addition, if the amendment relates to the accounting principles to be followed in preparing Audited Financial Statements, (i) notice of such change shall be given in the same manner as for a Listed Event Notice under Section 5, and (ii) the Annual Financial Information for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer, the Regents or OMES from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Financial Information or Listed Event Notice, in addition to that which is required by this Disclosure Agreement. If the Issuer, the Regents or OMES chooses to include any information in any Annual Financial Information or Listed Event Notice in addition to that which is specifically required by this Disclosure Agreement, the Issuer, the Regents or OMES shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Financial Information or Listed Event Notice.

Section 11. Failure To Comply. In the event of a failure of the Issuer, the Regents or OMES to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Series 2024B/C Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer, the Regents or OMES to comply with their respective obligations under this Disclosure Agreement. A failure to comply under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this

Disclosure Agreement in the event of any failure of the Issuer, the Regents or OMES to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Regents, OMES, the Dissemination Agent, each Participating Underwriter and Holders and Beneficial Owners from time to time of the Series 2024B/C Bonds, and shall create no rights in any other person or entity.

Section 14. Recordkeeping. The Issuer shall maintain records of all filings of Annual Financial Information and Listed Event Notices, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 15. Past Compliance. Representation as to compliance with any previous undertakings to provide continuing disclosure intentionally omitted in this form appended to the Official Statement.

Section 16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signatures Omitted – Exhibit A on Next Page]

EXHIBIT A

EVENTS WITH RESPECT TO THE BONDS FOR WHICH LISTED EVENT NOTICES ARE REQUIRED

		Obligated Person
1.	Principal and interest payment delinquencies.	Regents
2.	Nonpayment-related defaults, if material.	Regents
3.	Unscheduled draws on debt service reserves reflecting financial difficulties.	Regents
4.	Unscheduled draws on credit enhancements reflecting financial difficulties.	Regents
5.	Substitution of credit or liquidity providers, or their failure to perform.	Regents
6.	Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.	Issuer
7.	Modifications to rights of security holders, if material, and tender offers.	Issuer
8.	Bond calls, if material.	Issuer
9.	Defeasances.	Issuer
10.	Release, substitution or sale of property securing repayment of the securities, if material.	Regents
11.	Rating changes.	Issuer
12.	Bankruptcy, insolvency, receivership or similar event of the Regents ¹ .	Regents
13.	The consummation of a merger, consolidation or acquisition involving the Regents or the sale of all or substantially all of the assets of the Regents, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.	Regents
14.	Appointment of a successor or additional trustee or the change of name of a trustee, if material.	Issuer
15.	Incurrence of a financial obligation of the Regents, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Regents, any of which affect holders of the Bonds, if material ² .	Regents
16.	Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Regents, any of which reflect financial difficulties.	Regents

¹ This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Regents in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Regents, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Regents.

² The Regents intend to comply with Listed Events numbered 15 and 16 above, and the definition of “Financial Obligation”, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885, dated August 20, 2018 (the “**2018 Release**”), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

\$30,390,000*
THE OKLAHOMA DEVELOPMENT FINANCE AUTHORITY
Oklahoma State System of Higher Education
Master Real Property Lease Revenue Refunding Bonds
Tax-Exempt Series 2024B
(Subject to Annual Appropriation)

Maturities, Amounts, Interest Rates and Yields*

\$24,030,000* Serial Series 2024B Bonds

<u>Maturity</u> <u>June 1*</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Base: 67884G</u>
2025	\$920,000			
2026	1,620,000			
2027	1,700,000			
2028	1,790,000			
2029	1,865,000			
2030	1,970,000			
2031	2,070,000			
2032	2,170,000			
2033	2,280,000			
2034	1,120,000			
2035	1,180,000			
2036	1,235,000			
2037	1,300,000			
2038	1,370,000			
2039	1,440,000			

\$6,360,000* _____% Series 2024B Term Bond due June 1, 2043 — Yield _____% Price _____% (CUSIP 67884G—_____)

CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein provided by CUSIP Global Services (“CGS”), managed on behalf of the American Bankers Association by S&P Capital IQ. This information is not intended to create a database and does not serve in any way as a substitute for services provided by CGS. CUSIP numbers have been assigned by an independent company not affiliated with the Authority or the Underwriters and are included solely for the convenience of the registered and beneficial owners of the Series 2024B Bonds. Neither the Authority nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2024B Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2024B Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2024B Bonds.

*Preliminary; subject to change.

\$7,510,000*
THE OKLAHOMA DEVELOPMENT FINANCE AUTHORITY
Oklahoma State System of Higher Education
Master Real Property Lease Revenue Refunding Bonds
Tax-Exempt Series 2024C
(Subject to Annual Appropriation)

Maturities, Amounts, Interest Rates and Yields*

\$7,510,000* Serial Series 2024C Bonds

<u>Maturity</u> <u>December 1*</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Base: 67884G</u>
2025	\$640,000	%	%	
2026	720,000			
2027	755,000			
2028	800,000			
2029	830,000			
2030	875,000			
2031	915,000			
2032	965,000			
2033	1,010,000			

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*Preliminary; subject to change.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than as contained in this Official Statement, and if given or made, any such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2024B/C Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the Authority, the State Regents and other sources which are believed to be reliable. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information and this Official Statement is not to be construed as the promise or guarantee of the Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the information or opinions set forth herein after the date of this Official Statement.

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

THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. THE COVER PAGE IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2024B/C BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THIS PRELIMINARY OFFICIAL STATEMENT IS DEEMED TO BE FINAL (EXCEPT FOR PERMITTED OMISSIONS) BY THE AUTHORITY AND THE STATE REGENTS FOR PURPOSES OF COMPLYING WITH RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

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\$37,900,000*
THE OKLAHOMA DEVELOPMENT FINANCE AUTHORITY
Oklahoma State System of Higher Education
Master Real Property Lease Revenue Refunding Bonds

\$30,390,000*
Tax-Exempt Series 2024B

\$7,510,000*
Tax-Exempt Series 2024C

(Subject to Annual Appropriation)

INTRODUCTION

This Official Statement, including the preceding pages and Appendices hereto, is provided to furnish information with respect to the offering, sale and delivery of the above-captioned series of bonds (individually, the “Series 2024B Bonds” and the “Series 2024C Bonds” and collectively, the “Series 2024B/C Bonds”). The Series 2024B/C Bonds are being issued pursuant to a Trust Indenture dated as of July 1, 2024, as previously supplemented, and as supplemented by a Series 2024B Supplemental Trust Indenture and a Series 2024C Supplemental Trust Indenture, each dated as of October 1, 2024 (collectively with any future supplements thereto, the “Indenture”), by and between The Oklahoma Development Finance Authority (the “Authority”) and UMB Bank, N.A., as trustee (the “Trustee” and “Paying Agent”).

The Series 2024B/C Bonds are special revenue obligations of the Authority payable from lease payments (the “Lease Payments”) to be made by The Oklahoma State Regents for Higher Education (the “State Regents”) acting for and on behalf of certain Oklahoma Colleges and Universities that are members of The Oklahoma State System of Higher Education (the “Schedule Lessees” and together with the State Regents, collectively referred to herein as the “Lessee”) pursuant to a Master Real Property Lease/Purchase Agreement dated as of July 1, 2024 (together with the Lease Schedules dated as of October 1, 2024, relating to the hereinafter-defined Projects, the “Lease”), by and between Lessee and the Authority, as Lessor, to finance or refinance the acquisition of or improvements to certain real property for the use and benefit of the Schedule Lessees (each a “Project”), to be leased to Lessee by the Authority pursuant to the Lease.

A portion of the proceeds of the Series 2024B/C Bonds will be used to provide lease purchase financing or refinancing of the acquisition of or improvements to the Projects for the use and benefit of the Schedule Lessees. A portion of the proceeds of the Series 2024B/C Bonds, together with certain funds contributed by the State Regents, will be used to pay costs of issuance of the Series 2024B/C Bonds. See “PLAN OF REFUNDING,” “THE PROJECTS AND THE SCHEDULE LESSEES” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The Series 2024B/C Bonds are the second and third series of Bonds issued under the Indenture; it is possible that additional series of bonds will be issued during calendar year 2024 under the Indenture on a parity therewith up to a total authorized aggregate principal amount of \$125,000,000. The Series 2024B/C Bonds will be the 61st and 62nd series of bonds to be offered in connection with the State Regents’ Master Real Property Lease Program (the “Master Real Property Lease Program”) authorized by the 2005 Oklahoma Legislature. See “THE OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION—Master Real Property Lease Bonds” herein. The Authority has also issued under separate indentures 55 series of bonds in connection with the State Regents’ Master Equipment Lease Program (the “Master Equipment Lease Program”) authorized by the 1999 Oklahoma Legislature. See “THE OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION—Master Equipment Lease Bonds” herein.

Neither the Lease, nor the Lessee’s obligation to make Lease Payments thereunder, nor the Series 2024B/C Bonds, are a general obligation of the Lessee or the Authority, and neither the full faith and credit of the Lessee nor the Authority is pledged thereto. The Series 2024B/C Bonds are

payable solely from certain payments made by the Lessee and certain moneys held by the Trustee under the Indenture. Such payments by the Lessee are payable from and secured by moneys to be appropriated to the Lessee each year, but appropriations are not required to be made for such purpose. If moneys are not appropriated, the Lease or that particular Lease Schedule may be terminated at the end of the preceding fiscal period and the Schedule Lessee is not required to make the Lease Payments coming due after such termination. The Series 2024B/C Bonds are not an obligation of the State of Oklahoma and neither the faith and credit nor the taxing power of the State of Oklahoma is pledged to the payment thereof. See “RISK FACTORS” herein.

The payments under the Lease are payable from moneys budgeted and appropriated by the Oklahoma State Legislature and allocated by the State Regents to the Schedule Lessees. See “APPROPRIATION OF ANNUAL LEASE PAYMENTS,” and “THE OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION” herein. In the event that sufficient funds are not appropriated for the payment of Lease Payments during the next succeeding Fiscal Year, a Schedule Lessee may terminate its obligations under the Lease, the Lease will be terminated at the end of the preceding Fiscal Year and the Lessee will not be required to pay the Lease Payments coming due after such termination. See “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE—Nonappropriation” and “RISK FACTORS.”

There follow brief descriptions of the Authority, the State Regents, the Schedule Lessees, the Series 2024B/C Bonds, the Lease, the Indenture and related matters. Such descriptions do not purport to be comprehensive or definitive. References to such documents are qualified in their entirety by reference to the complete texts thereof, copies of such documents being available for inspection at the offices of the Authority. Capitalized terms used in this Official Statement and not otherwise defined shall have the respective meanings given in the Lease or the Indenture.

THE OKLAHOMA DEVELOPMENT FINANCE AUTHORITY

The Oklahoma Development Finance Authority was created by a Declaration of Trust dated November 1, 1974, as amended October 9, 1975 (the “Original Declaration”), for the furtherance of public purposes and the benefit of the State of Oklahoma (the “State”) pursuant to the provisions of Title 60, Oklahoma Statutes 2021, Section 176 et seq., as amended, and Title 60, Oklahoma Statutes 2021, Section 175.1 et seq., as amended, and other applicable statutes and laws of the State. Pursuant to the provisions of Title 74, Oklahoma Statutes 2021, Section 5062.1 et seq., as amended, and other applicable statutes and laws of the State, the Original Declaration was further amended by an Amended and Restated Declaration of Trust dated February 11, 1988, which, among other things, changed the name of the Authority from The Oklahoma Development Authority to The Oklahoma Development Finance Authority. The Restated Declaration was accepted and approved by the Governor of the State on February 12, 1988. The most recent amendment to the Original Declaration occurred in 1994 under the provisions of an Amended and Restated Declaration of Trust dated July 1, 1994, which was approved by the Governor on August 5, 1994. The purpose of this amendment was to conform the membership of The Oklahoma Development Finance Authority with that of the Oklahoma Industrial Finance Authority pursuant to certain statutory changes.

Purpose and Powers

The authorized purposes of the Authority include, but are not limited to, the following: (i) to expand and establish agricultural and industrial enterprises; (ii) to provide pollution control facilities; (iii) to develop public or private energy generating, distribution or conservation facilities and sources; (iv) to provide health care facilities; (v) to provide infrastructure, waste water and capital improvement facilities; (vi) to provide educational facilities; (vii) to provide recreational facilities; and (viii) to provide for

short-term advance funding and the purchase of the obligations of political subdivisions throughout the State.

The Authority has all powers necessary or appropriate to carry out and effectuate its purposes, including, without limitation: (i) to make and execute contracts and all other instruments necessary or convenient for the performance of its duties and the exercise of its powers and functions; (ii) to borrow money and to issue bonds to provide financing for the purpose and projects of the Authority and to provide for the security and services of payments therefor; (iii) to provide financing assistance by making of, entering into or providing for guarantees leases, insurance, financing credits, loans, letters of credit, financing assistance payments, grants or other financial aid for the purposes and projects provided; and (iv) to lend money or otherwise extend credit to any person and exercise all powers of a lender or creditor; and to collect fees and charges in connection with its loans, commitments and servicing, including but not limited to, reimbursement of costs of financing as the Authority determines to be reasonable and approves.

Board of Directors

The Authority is governed by a Board of Directors consisting of seven (7) persons, appointed by the Governor for overlapping terms, with the advice and consent of the State Senate. One member is the Director of the Oklahoma Department of Commerce, who serves ex officio, but who is a voting member of the Board of Directors. One person is selected from each of the six Congressional Districts of the State as they existed in 1959, at least five of whom are required to have had at least fifteen years' experience in banking, mortgage loans or financial management, and the remaining member must have demonstrated outstanding ability in business or industry. The members annually elect a Chairman, Vice Chairman, and Secretary from among the membership of the Board of Directors.

The day-to-day management of the Authority is vested in the President appointed by the Board of Directors. Mr. Michael D. Davis serves as President of the Authority. The President employs such officers and employees as designated by the Board of Directors and directs and supervises the administrative affairs and general assignments of the Authority. The current address and telephone number of The Oklahoma Development Finance Authority are 9220 N. Kelley Avenue, Oklahoma City, Oklahoma 73131, (405) 842-1145.

THE OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION

General

The Oklahoma State Regents for Higher Education, established by Article XIII-A of the Oklahoma Constitution, constitute a coordinating board of control for all state higher education institutions supported in whole or in part by direct legislative appropriations. Among other specific powers, the State Regents prescribe standards of higher education applicable to each institution, recommend to the State Legislature the budget allocations to each institution, allocate funds to each institution from appropriations made by the State Legislature and transfer from one institution to another any property belonging to such institution when no longer needed by it and when needed by another institution to accomplish its functions.

The following state higher education institutions are designated by statute (Title 70 Okla. Stat. § 3201) as members of The Oklahoma State System of Higher Education:

University of Oklahoma; Oklahoma State University; Langston University; Oklahoma Panhandle State University; Murray State College; Connors State College; Cameron University; Eastern Oklahoma State College; Northeastern Oklahoma Agricultural and Mechanical College; University of Central

Oklahoma; East Central University; Northeastern State University; Northwestern Oklahoma State University; Southeastern Oklahoma State University; Southwestern Oklahoma State University; University of Science and Arts of Oklahoma; Rogers State University; Carl Albert State College; Redlands Community College; Northern Oklahoma College; Oklahoma City Community College; Rose State College; Seminole State College; Tulsa Community College; and Western Oklahoma State College.

Master Real Property Lease Bonds

The Series 2024B/C Bonds are the second and third series of Bonds to be issued under the Indenture and are being issued on a parity with the Authority’s Outstanding Bonds more particularly described as follows:

<u>Series</u>	<u>Dated Date</u>	<u>Number of Participating Institutions</u>	<u>Final Scheduled Maturity</u>	<u>Original Principal Amount</u>	<u>Principal Amount Outstanding December 2024</u>
2024A	07/02/24	4	06/01/49	\$28,345,000	\$28,345,000

At the request of the State Regents, the Authority has authorized the issuance of up to \$125,000,000 of Series 2024 Master Real Property Lease Revenue Bonds that could be issued and delivered in calendar year 2024.

Master Real Property Lease Program

The State Regents’ Master Real Property Lease Program was authorized by the 2005 Oklahoma Legislature to establish a master lease program to finance the acquisition of or improvements to real property as may be required by or useful to institutions and entities within The Oklahoma State System of Higher Education in order to achieve cost saving efficiencies. Title 70, Oklahoma Statutes 2021, Section 3206.6a authorizes leases under the State Regents’ Master Real Property Lease Program to have terms for the useful life of the real property or improvements to be acquired thereunder but no more than 30 years. Under separate trust indentures and various supplemental trust indentures thereto, the Authority has issued and outstanding \$472,230,000 of bonds under the State Regents’ Master Real Property Lease Program as of December 31, 2023. See Appendix D “State Gross and Net Tax Backed Debt” as of December 31, 2023, for information regarding the bonds outstanding under the Master Real Property Lease Program.

Revenue bonds under the Master Real Property Lease Program have been and will be issued under separate trust indentures and will not be issued on a parity with the Series 2024B/C Bonds and will be payable by the Authority from lease payments made by the State Regents and the participating institutions and entities under separate master lease agreements; however, such lease payments also will be secured by moneys budgeted and appropriated by the Oklahoma Legislature and allocated by the State Regents to such participating institutions and entities. See Appendix D “State Gross and Net Tax-Backed Debt” as of December 31, 2023, for information regarding the bonds outstanding under the Master Real Property Lease Program issued under separate trust indentures and supplemental trust indentures thereto.

Master Equipment Lease Program

The State Regents’ Master Equipment Lease Program was authorized by the 1999 Oklahoma Legislature. Title 70, Oklahoma Statutes 2021, Section 3206.6, as amended, authorizes the State Regents to establish a master lease program to finance the acquisition of items of personal property as may be required by or useful to institutions and entities within The Oklahoma State System of Higher Education in order to achieve cost saving efficiencies. The funds used by the State Regents for such purposes are

available for lease transactions having a minimum value of \$50,000 and a maximum value of \$10,000,000 (increased from \$5,000,000 by the 2002 Oklahoma Legislature). Leases thereunder are to have terms for the useful life of the personal property to be acquired thereunder but no more than 20 years (increased from 10 years by the 2002 Oklahoma Legislature).

The State Regents are authorized by statute to reduce the allocation of funds which could otherwise be made to an institution within The Oklahoma State System of Higher Education in order to make payments for leases under the State Regents' Master Lease Program financing Equipment.

Under separate trust indentures and various supplemental trust indentures thereto, the Authority has issued and outstanding \$36,179,000 of bonds under the State Regents' Master Equipment Lease Program as of December 31, 2023. Such bonds are not secured on a parity with the Series 2024B/C Bonds and are payable by the Authority from lease payments made by the State Regents and the participating institutions and entities under separate master equipment lease agreements; however, such lease payments also will be secured by moneys budgeted and appropriated by the Oklahoma Legislature and allocated by the State Regents to such participating institutions and entities. See Appendix D "State Gross and Net Tax-Backed Debt" as of December 31, 2023, for information regarding the bonds outstanding under the Master Equipment Lease Program issued under separate trust indentures and supplemental trust indentures thereto.

APPROPRIATION OF ANNUAL LEASE PAYMENTS

Pursuant to Article XIII-A of the Oklahoma Constitution, the State Regents annually are required to recommend to the State Legislature the budget allocations to be made to each institution within The Oklahoma State System of Higher Education and the appropriations made by the State Legislature for all such institutions are required to be made in one consolidated form without reference to any particular institution and the State Regents are authorized to allocate to each such institution an amount sufficient to meet its needs and functions for the entire fiscal year. See Appendix A hereto for a description of educational and general primary budget allocations for fiscal years ending June 30, 2021 through 2025 made by the State Regents to the institutions that will receive lease purchase financing from the Series 2024B/C Bonds.

The Fiscal Year for Oklahoma State government entities is a period of 12 consecutive months beginning on July 1 of each year and ending on June 30 of the following year. The following is a general discussion of the budget process of Oklahoma State Government:

General. The State of Oklahoma is constitutionally provided with two houses of the State Legislature and a Governor. The Senate and House of Representatives begin a Legislative session on the first Monday of February which must end by the last Friday of May each year. The State Constitution mandates a balanced budget. In general, the Legislature has a formal role in the formation of budget request instructions and in the compilation of budget requests from agencies. Although the Legislature's focus has been changed from objects of expenditure to program spending, the Legislature has implemented performance measurement procedures to improve oversight and allocation decisions. The Governor possesses "line item veto" powers.

Agency Budget Requests. The budget process begins in June each year when the Director of the Office of Management and Enterprise Services ("OMES") and the Joint Legislative Committee on Budget and Program Oversight ("JLCBPO") issue instructions for annual budget requests for the subsequent fiscal year. These instructions specify the form, manner and detail in which an agency must submit its annual budget.

Agency Budget Request Development. Once they have received their instructions, State agencies begin preparation of their budget requests for submission to the Director of OMES and the JLCBPO. The development of budget requests varies substantially from agency to agency and is far more complex with large agencies than small ones. All budget requests include a brief narrative describing the purpose of the agency, its programs, funding, number of employees and the changes it wants for the upcoming year. The request must include justifications for any proposed program changes and proposed sources of funding for any expansion. Not all agency funding comes from appropriations. Many state agencies receive federal funds or earmarked revenues from fees, permits or taxes or both. Such agencies' budgets must include estimates of federal or earmarked funds along with any request for appropriation. Budget requests must be submitted by October 1st. Budget requests are initially reviewed by analysts in the Division of the Budget and the House and Senate Fiscal Staffs. The head of the Division of the Budget, the Director of OMES and the Governor conduct subsequent review to develop the Governor's recommendation.

Governor's Recommended Annual Budget. After review of the budget proposals for technical accuracy, justification and evaluation, the Governor develops a comprehensive budget for the State. In addition to the Governor's budget recommendations, this comprehensive recommendation includes any statutory changes needed to accomplish policy or appropriation changes that are part of the budget plan.

The Revenue Certification Process. A fundamental element in the Governor's Recommended Budget is the State Board of Equalization's certification of funds available for appropriation by the Legislature. The Constitution requires the Board to meet prior to each legislative session to determine the total amount the Legislature can appropriate. The Constitution requires the Board to estimate the income of each fund and certify an amount equal to 95% of the estimate for appropriation from each fund. The remaining 5% is to be held unappropriated. This process applies only to anticipated revenues. Cash on hand may be appropriated in its entirety with some restrictions. The Board may meet one additional time to reevaluate its estimate. The initial certification plays a key role in the Governor's budget planning. Because of the requirement for a balanced budget, and more specific statutory requirements, the Governor's recommendations must be within the allowed appropriations total or the Governor must propose revenue increases to balance the proposed budget.

Legislative Enactment of the Budget. State law requires that immediately after the beginning of each year's regular session of the Legislature, the Governor submits to the presiding officer of each house printed copies of the proposed budget as well as drafts of the legislation needed to implement the budget recommendations. The Constitution requires that all revenue-raising measures be introduced in the House of Representatives. After appropriation bills are introduced, the presiding legislative officers refer them to the appropriations committees of the two houses which normally assign them to subcommittees for more detailed consideration. After final deliberations, a report is filed and drafted into an appropriations bill for each house. Appropriations bills may be amended on the floor and become part of the "engrossed" bill which is transmitted to the opposite house for consideration. The second house may agree to the "engrossed" bill or may propose changes, which then must be agreed to by the first house. If no agreement is reached, a joint committee is selected and differences resolved. Bills, once passed by both houses in final form, are then forwarded to the Governor for signature.

Governor's Signature. The Governor's signature completes the enactment of an appropriations bill. The Governor has constitutional power to line-item veto provisions.

Administration of the State Budget. The distribution of funds, the regulation of expenditure and the accounting controls related to the state budget are the responsibility of OMES with formal involvement of the Legislature through its JLCBPO for transfers of money requested by agencies. The state agency begins the process by submitting a "budget work program" which is a detailed plan of expenditure of all funds available to the agency. Following approval, the agency formally requests allotment of funds made

available to it. Allotments are requested and granted quarterly. In the case of the State Regents, the budgets for the member institutions are approved on an annual basis and member institutions submit revised budgets for approval by the State Regents on an as-needed basis.

Budget Allocations for Fiscal Years June 30, 2021, through June 30, 2025. See Appendix A hereto for a description of the budget allocations for the Fiscal Years ended June 30, 2021 through June 30, 2025 to the member institutions that will receive lease purchase financing from the Series 2024B/C Bonds.

Fiscal Year 2023 Results. On May 20, 2022, the State Legislature adopted the general appropriation bill, Senate Bill 1040, for Fiscal Year 2023. The total expenditure authority available for the legislature to appropriate in Fiscal Year 2023 was \$11.87 billion. However, the total authorized expenditures for Fiscal Year 2023 totaled \$10.95 billion, which was \$922.87 million below the amount legally authorized for expenditure.

Total General Revenue Fund collections for fiscal year 2023 were \$9.0 billion, which was \$1.6 billion, or 21.2%, above the estimate, and \$493.7 million, or 5.8%, above prior year collections for the same period.

The State's fiscal position remained exceptionally strong, with over \$5.0 billion in reserve funds and unspent cash. This includes approximately \$1.3 billion in the state's Constitutional Reserve Fund, roughly \$400 million in the Revenue Stabilization Fund, over \$2.0 billion in unspent revenues from fiscal years 2021 through 2023, and nearly \$1.0 billion combined in the Education Reform Revolving Fund and the FMAP Rate Preservation Fund.

Excerpts from the State of Oklahoma Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023 ("ACFR"), are included in Appendix B hereto. Completion of the ACFR was delayed due to turnover of senior staff and associated hiring and training of new personnel, as well as untimely reporting from the Oklahoma State Department of Education and continued implementation challenges associated with the GASB 87 standard. The ACFR was posted to the Electronic Municipal Market Access ("EMMA") website maintained by the Municipal Securities Rulemaking Board on September 9, 2024.

Fiscal Year 2024 Results. On May 26, 2023, the State Legislature adopted the general appropriation bill, House Bill 1004X, for Fiscal Year 2024. The total expenditure authority available for the legislature to appropriate in Fiscal Year 2024 was \$13.26 billion; however, the total authorized expenditures for Fiscal Year 2024 totaled \$12.59 billion, which was \$666 million below the amount legally authorized for expenditure. As part of the Fiscal Year 2024 budget, the Legislature committed approximately \$5.65 billion to education and \$3.25 billion to health and human services.

Several measures modifying revenue streams to the General Revenue Fund were enacted by the Legislature and signed into law by the Governor. These modifications are expected to result in decreased revenue to the General Revenue Fund in an amount totaling \$190.01 million, as certified by the Board of Equalization at their meeting on June 19, 2023, and include a decrease of \$134.13 million in individual income tax revenue and a decrease of \$55.87 million in franchise taxes.

State General Revenue Fund collections for Fiscal Year 2024 were \$8.5 billion, which is \$177.7 million, or 2.1%, above the estimate for the year and \$547.2 million, or 6.1%, below the all-time high record collections of the previous year. In addition, Fiscal Year 2024 registered \$262.2 million and \$91.3 million in deposits to the Revenue Stabilization Fund and Constitutional Reserve (Rainy Day) Fund, respectively. The combined balance in both funds is slightly above \$2 billion.

See Appendix C hereto for a summary of certain unaudited financial results of the State of Oklahoma for the Fiscal Year ending June 30, 2024. Complete information regarding financial results of the State of Oklahoma can be found at <https://omes.ok.gov/>.

Fiscal Year 2025 Results to Date. On May 30, 2024, the State Legislature adopted the general appropriation bill, Senate Bill 1125, for Fiscal Year 2025. The \$12.47 billion budget is relatively flat compared to Fiscal Year 2024 and includes a commitment of approximately \$5.6 billion to education and \$3.18 billion to health and human services. Additionally, the budget includes several one-time investments in the state's capital needs. Senate Bill 1399 authorized the creation of a \$350 million capital assets management fund deferred maintenance needs at public colleges, state parks, and other agencies. Additionally, the state contributed an additional \$177 million to the Legacy Capital Financing Fund ("LCFF") authorized during the 2023 legislative session, bringing the LCFF investment to \$777 million.

The budget for Fiscal Year 2025 also incorporates the effects of House Bill 1955, which was signed into law on February 28, 2024, eliminating the state sales tax on groceries. This measure is expected to reduce revenues by an estimated \$308 million in Fiscal Year 2025.

General Revenue Fund collections in August totaled \$603 million, which is \$14.3 million, or 2.3%, below the monthly estimate. This is \$6.1 million, or 1%, below collections in August 2023. Total General Revenue Fund collections for the first two months of Fiscal Year 2025 are \$1.2 billion, which is \$3.5 million, or 0.3%, below the estimate and \$10.9 million, or 0.9%, above prior year collections for the same period.

See Appendix C hereto for a summary of certain unaudited financial results of the State of Oklahoma for the first two months of Fiscal Year ending June 30, 2025. Complete information regarding financial results of the State of Oklahoma can be found at <https://omes.ok.gov/>.

State Gross and Net Tax-Backed Debt. See "State Gross and Net Tax-Backed Debt" as of December 31, 2023, in Appendix D hereto.

State Pension Systems. See "State Pension Systems and Post-Employment Benefits" in Appendix E hereto.

PLAN OF REFUNDING*

A portion of the proceeds of the Series 2024B Bonds, together with certain other available funds, will be transferred to an escrow account held by the bond trustee and used to redeem on October 17, 2024, \$33,267,000 in Outstanding principal amount of the Series 2014A Bonds maturing June 1, 2025 – 2028, inclusive, June 1, 2033, June 1, 2038 and June 1, 2043 (the "Refunded Series 2014A Bonds").

A portion of the proceeds of the Series 2024C Bonds, together with certain other available funds, will be transferred to an escrow account held by the bond trustee and used to redeem on December 1, 2024, \$8,220,000 in Outstanding principal amount of the Series 2014B Bonds maturing December 1, 2025 – 2028, inclusive, and December 1, 2033 (the "Refunded Series 2014B Bonds" and together with the Refunded Series 2014A Bonds, the "Refunded Bonds").

The Refunded Bonds were issued by the Authority to finance or refinance certain improvements for University of Central Oklahoma, Murray State College, Northeastern State University, Oklahoma Panhandle State University and Tulsa Community College.

See Appendix A hereto for certain limited general information relating to the member institution Schedule Lessees.

THE PROJECTS AND THE SCHEDULE LESSEES*

A portion of the proceeds of the Series 2024B/C Bonds will be used to provide lease purchase financing and refinancing of the lease purchase financing originally provided with proceeds of the Refunded Bonds, for the following institutions within The Oklahoma State System of Higher Education. Proceeds of the Series 2024B/C Bonds, together with certain other funds contributed by the State Regents, also will be used to pay costs of issuance of the Series 2024B/C Bonds.

Murray State College

Project: Refunding \$4,605,000* in Outstanding principal amount of the Series 2014A Bonds that provided financing for a science and agriculture building.

Lease Term: Commencing as of October 1, 2024 and ending May 31, 2043.

Northeastern State University

Project: Refunding \$8,135,000* in Outstanding principal amount of the Series 2014A Bonds and \$5,885,000* in Outstanding principal amount of the Series 2014B Bonds that provided financing for existing housing renovations and construction of new student housing.

Lease Term: Individual Lease Schedules with terms commencing as of October 1, 2024 and ending:
May 31, 2033 (\$8,135,000*); and
November 30, 2033 (\$5,885,000*).

Oklahoma Panhandle State University

Project: Refunding \$2,335,000* in Outstanding principal amount of the Series 2014B Bonds that provided financing for acquisition of student housing.

Lease Term: Commencing as of October 1, 2024, and ending November 30, 2033.

Tulsa Community College

Project: Refunding \$1,627,000* in Outstanding principal amount of the Series 2014A Bonds that provided financing for hangar renovation.

Lease Term: Commencing as of October 1, 2024, and ending May 31, 2033.

*Preliminary, subject to change.

University of Central Oklahoma

Project: Refunding \$18,900,000* in Outstanding principal amount of the Series 2014A Bonds that provided financing for a student housing complex.

Lease Term: Commencing as of October 1, 2024 and ending May 31, 2043.

See Appendix A hereto for certain limited general information relating to the member institution Schedule Lessees.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated uses of the proceeds of the Series 2024B/C Bonds and other available funds.

	Series 2024B Bonds	Series 2024C Bonds	Total
Sources of Funds			
Principal Amount	\$	\$	\$
Original Issue Premium/(Discount)			
Other Available Funds			
<i>Total Sources of Funds</i>	\$	\$	\$
Uses of Funds			
Deposit for Redemption of Refunded Bonds ¹	\$	\$	\$
Costs of Issuance including Underwriters’			
Discount and Contingency ²			
<i>Total Uses of Funds</i>	\$	\$	\$

¹ The amounts deposited will be (a) applied to pay the redemption price of the Refunded Series 2014A Bonds on October 17, 2024 and (b) transferred to an escrow account held by the bond trustee for the Refunded Bonds and pay the redemption price of the Refunded Series 2014B Bonds on December 1, 2024. See “THE PROJECTS AND THE SCHEDULE LESSEES” herein for amounts provided for the Schedule Lessees from the proceeds of the Series 2024B/C Bonds for the financing or refinancing of their projects.

² Includes all costs of issuance (including Underwriters’ discount of \$_____ with respect to the Series 2024B Bonds and \$_____ with respect to the Series 2024C Bonds), the payment of all of which is contingent upon the issuance of the Series 2024B/C Bonds.

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DEBT SERVICE REQUIREMENTS FOR THE SERIES 2024B/C BONDS

The following table sets forth the annual amounts required to pay scheduled principal and interest on the Series 2024A Bonds and the Series 2024B/C Bonds during each fiscal year ending June 30. Columns in such table may not sum due to rounding.

**Debt Service Requirements
(Bonds issued under July 1, 2024 Trust Indenture, as previously supplemented and
as supplemented by the Series 2024B Supplemental Trust Indenture and the Series 2024C
Supplemental Trust Indenture, each dated as of October 1, 2024)**

Period Ending June 30	Debt Service on Outstanding Bonds ¹	Series 2024B Principal	Series 2024B Interest	Series 2024C Principal	Series 2024C Interest	Total Debt Service
2025	\$ 1,866,022.16					
2026	2,038,775.00					
2027	2,040,025.00					
2028	2,039,275.00					
2029	2,036,525.00					
2030	2,036,775.00					
2031	2,039,775.00					
2032	2,040,275.00					
2033	2,043,275.00					
2034	2,038,525.00					
2035	2,036,275.00					
2036	2,031,275.00					
2037	2,038,525.00					
2038	2,037,275.00					
2039	2,037,775.00					
2040	2,034,775.00					
2041	2,038,575.00					
2042	2,039,775.00					
2043	2,038,375.00					
2044	1,919,375.00					
2045	967,375.00					
2046	969,787.50					
2047	970,756.26					
2048	970,281.26					
2049	<u>968,362.50</u>					
Total	<u>\$45,317,809.68</u>	\$	\$			\$

¹ Scheduled annual principal and interest requirements on the Authority’s Series 2023A Bonds.

SECURITY FOR THE SERIES 2024B/C BONDS

The Series 2024B/C Bonds are the second and third series of Bonds issued under the Indenture; it is possible that additional series of bonds may be issued during calendar year 2024 under the Indenture on a parity therewith up to a total authorized aggregate principal amount of \$125,000,000. The Series 2024B/C Bonds will be the 61st and 62nd series of bonds to be offered in connection with the State Regents’ Master Real Property Lease Program (the “Master Real Property Lease Program”) authorized by the 2005 Oklahoma Legislature. The Series 2024B/C Bonds will be payable solely from the Trust Estate consisting primarily of the Lease Payments and other moneys received and held by the Trustee under the Indenture.

See “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE—Lease Payments” and “APPROPRIATION OF ANNUAL LEASE PAYMENTS.”

The State Regents are authorized by statute to reduce the allocation of funds which could otherwise be made to an institution within The Oklahoma State System of Higher Education in order to make payments for leases under the Master Real Property Lease Program.

Neither the Lease, nor the Lessee’s obligation to make Lease Payments thereunder, nor the Series 2024B/C Bonds, are a general obligation of the Lessee or the Authority, and neither the full faith and credit of the Lessee nor the Authority is pledged thereto. The Series 2024B/C Bonds are payable solely from certain payments made by the Lessee and certain moneys held by the Trustee under the Indenture. Such payments by the Lessee are payable from and secured by moneys to be appropriated to the Lessee each year, but appropriations are not required to be made for such purpose. If moneys are not appropriated, the Lease or that particular Lease Schedule may be terminated at the end of the preceding fiscal period and the Schedule Lessee is not required to make the Lease Payments coming due after such termination. The Series 2024B/C Bonds are not an obligation of the State of Oklahoma and neither the faith and credit nor the taxing power of the State of Oklahoma is pledged to the payment thereof. See “RISK FACTORS” herein.

For a discussion of the risks associated with an Event of Default or an Event of Nonappropriation, see “RISK FACTORS.” The security for the Bonds under the Indenture does not include a mortgage or lien on or security interest in any real or tangible personal property of the Schedule Lessees including the Schedule Property. See “RISK FACTORS—Limited Enforcement Rights and Security for the Bonds” herein.

THE SERIES 2024B/C BONDS

Description of the Series 2024B/C Bonds

The aggregate principal amount of the Series 2024B/C Bonds shall be as set forth on the cover page hereof and the Series 2024B/C Bonds shall mature on the dates and in the amounts, with interest thereon at the rates, set forth on the inside cover pages hereof. See “SECURITY FOR THE SERIES 2024B/C BONDS” herein.

The Series 2024B/C Bonds shall be executed and delivered in fully registered form in denominations of \$1,000 or integral multiples thereof not exceeding the aggregate principal amount stated to mature on any given date. The Series 2024B/C Bonds shall be dated the date of their delivery and the Owners of the Series 2024B/C Bonds shall be entitled to receive interest therefrom payable to the persons in whose names the Series 2024B/C Bonds are registered on the Record Date therefor, the 15th day, whether or not such day is a Business Day, of the calendar month preceding such Interest Payment Date. The first Interest Payment Date shall be June 1, 2025. The payment of principal of and interest on the Series 2024B/C Bonds shall be made in lawful money of the United States of America. DTC shall act as Depository for the Series 2024B/C Bonds. So long as DTC is acting as Depository, the principal of and interest on the Series 2024B/C Bonds shall be payable as directed by the Depository.

Book-Entry-Only System

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

DTC will act as securities depository for the Series 2024B/C Bonds. The Series 2024B/C Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2024B/C Bond certificate will be issued for each series and maturity of the Series 2024B/C Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC at the office of the Trustee on behalf of DTC utilizing the DTC FAST system of registration.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2024B/C Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024B/C Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2024B/C Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2024B/C Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2024B/C Bonds, except in the event that use of the book-entry system for the Series 2024B/C Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024B/C Bonds deposited by Direct Participants with DTC (or the Trustee on behalf of DTC utilizing the DTC FAST system of registration) are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2024B/C Bonds with DTC (or the Trustee on behalf of DTC utilizing the DTC FAST system of registration) and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024B/C Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024B/C Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all the Series 2024B/C Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2024B/C Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2024B/C Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Series 2024B/C Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Paying Agent or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments on the Series 2024B/C Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2024B/C Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2024B/C Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2024B/C Bond certificates will be printed and delivered to DTC.

The Authority, Bond Counsel, the Trustee and the Underwriters cannot and do not give any assurances that the DTC Participants will distribute to the Beneficial Owners of the Series 2024B/C Bonds: (i) payments of principal of or interest on the Series 2024B/C Bonds; (ii) certificates representing an ownership interest or other confirmation of Beneficial Ownership interests in the Series 2024B/C Bonds; or (iii) redemption or other notices sent to DTC or its nominee, as the Registered Owners of the Series 2024B/C Bonds; or that they will do so on a timely basis or that DTC or its participants will serve and act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

None of the Authority, Bond Counsel, the Trustee or the Underwriters will have any responsibility or obligation to such DTC Participants (Direct or Indirect) or the persons for whom they act as nominees with respect to: (i) the Series 2024B/C Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by any DTC Participant of any amount due to any Beneficial Owner in respect of the principal amount of or interest on the Series 2024B/C Bonds; (iv) the delivery by any DTC Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Indenture to be given to Registered Owners; (v) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2024B/C Bonds; or (vi) any consent given or other action taken by DTC as Registered Owner.

In reading this Official Statement, it should be understood that while the Series 2024B/C Bonds are in the Book Entry system, references in other sections of this Official Statement to Registered Owner should be read to include the Beneficial Owners of the Series 2024B/C Bonds, but: (i) all rights of ownership must be exercised through DTC and the Book Entry system; and (ii) notices that are to be given to Registered Owners by the Authority or the Trustee will be given only to DTC.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event that any Bond is mutilated, lost, stolen or destroyed, a new Bond may be executed on behalf of the Trustee, of like date, maturity and denomination as that mutilated, lost, stolen or destroyed, provided that the Trustee shall have received indemnity from the Owner of the Bond satisfactory to it and provided further, in case of any mutilated Bond, that such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, that there shall be first furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee. In the event that any such Bond shall have matured, instead of executing and delivering a duplicate Bond, the Trustee may pay the same without surrender thereof. The Trustee may charge the Owner of the Bond with its reasonable fees and expenses in this connection.

Redemption Provisions

Optional Redemption

(a) *Series 2024B Bonds.* The Series 2024B Bonds maturing on and after June 1, 2035*, are subject to redemption, at the option of the Authority, prior to maturity, in whole or in part, at any time on or after June 1, 2034*, at the redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date.

(b) *Series 2024C Bonds.* The Series 2024C Bonds are not subject to optional redemption prior to maturity.

Scheduled Mandatory Sinking Fund Redemption of Series 2024B Bonds. The Series 2024B Bonds maturing on June 1, 2043* are subject to mandatory redemption prior to maturity, in part by lot, on June 1 of each of the years and in the principal amount set forth below at a redemption price of 100% of the principal amount of such Bonds, plus interest accrued to the date fixed for redemption.

*Preliminary, subject to change.

June 1, 2043*
2024B Term Bond

<u>June 1</u>	<u>Principal Amount</u>
2040	\$1,515,000
2041	1,570,000
2042	1,630,000
2043 ¹	1,695,000

¹ Stated Maturity.

Extraordinary Redemption. Prior to the first optional redemption date, the Series 2024B/C Bonds are subject to redemption prior to maturity at the option of the Authority, in whole or in part, on any interest payment date, upon the occurrence of an Extraordinary Event, at a redemption price equal to the greater of: (i) 100% of the principal amount of the Series 2024B/C Bonds to redeemed; and (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2024B/C Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2024B/C Bonds are to be redeemed, discounted to the date on which the Series 2024B/C Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate; plus, in each case, accrued interest on the Series 2024B/C Bonds to be redeemed to the redemption date (collectively, the “Extraordinary Redemption Price”).

For purposes of the exercise of an Extraordinary Redemption, an “Extraordinary Event” will have occurred if any Series 2024B/C Schedule Lessee exercises its rights under the Master Lease to pay, or cause to be paid on its behalf, the outstanding amount of all remaining Series 2024B/C Lease Payments securing the applicable Series 2024B/C Lease Schedules, plus the applicable Extraordinary Redemption Price. “Treasury Rate” means, with respect to any redemption date for a particular Series 2024B/C Bond, the yield to maturity as of such redemption date of the United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two (2) business days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the stated maturity date of the Series 2024B/C Bonds to be redeemed; provided, however, that if the period from the redemption date to the stated maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Any such Extraordinary Redemption shall be made in such amounts and from such maturities, and by lot within a maturity, as shall coincide with the schedule of principal payments originally designed with respect to such Lease and such Schedule Lessee.

Partial Redemption. Notwithstanding an Extraordinary Redemption, if less than all of the Series 2024B/C Bonds are to be redeemed, the Series 2024B/C Bonds shall be redeemed only in integral multiples of \$1,000. The Trustee is to treat any Bond of a denomination greater than \$1,000 as representing that number of separate Bonds each of the denomination of \$1,000 as can be obtained by dividing the actual principal amount of such Bond by \$1,000. Upon surrender of any Bond for redemption in part, the Trustee is to execute and deliver to the Owner thereof, at no expense of the Owner, a new Bond or Bonds of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Bonds so surrendered.

*Preliminary, subject to change.

Notice of Redemption. Whenever Series 2024B/C Bonds are to be redeemed, or when directed to do so by the Authority, the Trustee is required to, not less than 30 and not more than 60 days prior to the redemption date, mail notice of redemption to all Owners of all Bonds to be redeemed at their registered addresses, by first-class mail, postage prepaid. Any notice of redemption is to (a) be given in the name of the Authority, (b) identify the Bonds to be redeemed, (c) specify the redemption date and the redemption price, and (d) state that on the redemption date the Bonds called for redemption will be payable at the principal corporate trust office of Paying Agent and that from that date interest will cease to accrue. The Trustee may use “CUSIP” numbers in notices of redemption as a convenience to Owners of the Bonds, provided that any such notice is required to state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of redemption and that reliance may be placed only on the identification numbers containing the prefix established under the Indenture.

CERTAIN DEFINITIONS

In addition to terms hereinabove defined, the following are certain definitions used under the captions “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE” and “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

“*Authorized Officer*” shall mean, with respect to the Lessee, the Person signing the Lessee’s General or Closing Certificate or any other Person designated by the Lessee, in writing, to act for or on behalf of the Lessee in connection with the Lease; and with respect to the Authority the Chairman, Vice Chairman or President of the Authority shall also mean any person designated by any such officer, in writing, to the Trustee to deal with matters governed by the Indenture or the Lease.

“*Bonds*” shall mean the Series 2024B Bonds, the Series 2024C Bonds and any additional bonds issued under the Indenture on a parity therewith.

“*Collateralized Deposits*” shall mean certificates of deposit, time deposits or other similar banking arrangements issued by a bank (including the Trustee or any banking corporation or association affiliated therewith), trust company or savings and loan association the deposits in which are insured by the FDIC which also are fully secured and collateralized by Government Securities held by (i) the Trustee, (ii) a Federal Reserve Bank, or (iii) a bank which is a member of the FDIC and which has a combined capital, surplus and undivided profits of not less than \$25,000,000, and such collateral securities have a fair market value at all times equal to at least 100% of the amount of the deposit in excess of the amount not insured by the FDIC.

“*Cost*” or “*Costs*” shall mean:

- (a) with respect to the Projects, the cost thereof as specified in the Lease;
- (b) in connection with the issuance of the Bonds, all expenses which are properly chargeable thereto, including, without limiting the generality of the foregoing:
 - (i) legal, accounting and other professional and advisory fees and the fees and expenses of the Trustee; and
 - (ii) the fees of the Authority, underwriting discounts, printing and engraving, insurance premiums and other expenses of financing; and
- (c) in the case of the redeeming of Bonds, advertising and other expenses related to the such redemption.

Whenever Costs are to be paid, such payment may be made by way of reimbursement to the Lessee or others who have paid the same.

“*Eligible Investments*” shall mean and include any of the following securities:

- (a) Government Securities;
- (b) Insured Deposits;
- (c) Collateralized Deposits;
- (d) Money Market funds rated in the highest short-term rating category by at least two nationally recognized rating agencies; and
- (e) Securities acquired and deposits made pursuant to the Investment Agreement.

“*Financing Documents*” shall mean the Bonds, the Lease, the Indenture, all Supplemental Indentures and all other documents, certificates, writings and representations delivered in connection therewith.

“*Fiscal Year*” means the Fiscal Year of the State Regents and each Schedule Lessee, July 1 through June 30 of each year.

“*Funds*” shall mean the Proceeds Fund, the Bond Fund, the Project Fund, the Redemption Fund, the Rebate Fund and the Administrative Account, and any accounts or subaccount thereof to be established for the Bonds.

“*Government Securities*” shall mean (a) direct and general obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America; and (b) obligations of the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, the Federal Farm Credit Bank and the Federal Home Loan Bank and its district banks.

“*Indenture*” shall mean the Trust Indenture dated as of July 1, 2024, as previously supplemented, and as supplemented by a Series 2024B Supplemental Trust Indenture dated as of October 1, 2024 and a Series 2024C Supplemental Trust Indenture dated as of October 1, 2024, each by and between the Authority and the Trustee, as the same may be further amended or supplemented from time to time.

“*Insured Deposits*” shall mean and include negotiable or non-negotiable certificates of deposit, time deposits or other similar banking arrangements, used by any bank, trust company or savings and loan association (including the Trustee and any banking corporation or association affiliated with the Trustee); provided that such certificates, deposits, or arrangements are fully insured (including interest accruing thereon to maturity) by the FDIC.

“*Lease*” shall mean the Master Real Property Lease/Purchase Agreement dated as of July 1, 2024, executed by the Authority, as Lessor, and the State Regents together with the Lease Schedules dated as of October 1, 2024, attached thereto executed by the Schedule Lessees.

“*Lease Payments*” means the basic payments payable by each Schedule Lessee pursuant to the provisions of the Lease as set out on its Lease Schedule during the Term. Lease Payments shall be payable

on behalf of each Schedule Lessee by the State Regents from such Schedule Lessee's appropriations to the Trustee for the account of the Lessor in the amounts and at the times during the Term set forth in the Lease.

"Lease Schedule(s)" shall mean the Lease Schedule(s) executed by the Schedule Lessee(s).

"Lessee" shall mean, collectively, the State Regents and each of the Schedule Lessees.

"Lessor" shall mean the Authority as Lessor under the Lease.

"Maturity Date" shall mean, with respect to each Bond, the date on which the final payment including interest thereon and the principal amount is scheduled to be paid.

"Net Proceeds" means the amount remaining from gross proceeds of any insurance claim or condemnation award after deducting all expenses (including attorneys' fees) incurred in connection with such claim or award.

"Outstanding" in connection with the Bonds shall mean, as of the time in question, all Bonds authenticated and delivered under the Indenture, except:

(a) Bonds theretofore canceled or required to be canceled thereunder;

(b) Bonds for which the payment or redemption of which the necessary amount shall have been or shall concurrently be deposited with the Trustee and be available for payment thereof or for which provision for payment shall have been made; provided that, if such Bonds are being redeemed prior to maturity, the required notice of redemption shall have been given or provisions satisfactory to the Trustee shall have been made therefor; and

(c) Bonds in substitution for which other Bonds have been authenticated and delivered.

In determining whether the Registered Owners of a requisite aggregate principal amount of Bonds Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions hereof, unless all Bonds Outstanding are so held, Bonds which are held by or on behalf of the Lessee or any person controlling, controlled by or under common control with the Lessee shall be disregarded for the purpose of any such determination.

"Owner" or *"Registered Owner"* shall mean the person in whose name any Bond is registered on the bond register maintained by the Trustee as Registrar.

"Payment Date" shall mean each date on which payment of principal or interest on any Bonds is to be made pursuant to the Indenture.

"Pledged Revenues" shall mean:

(a) any and all sums which may be deposited in any Funds or accounts established under the Indenture (other than the Rebate Fund), which shall include Lease Payments, interest earnings on the Funds (other than the Rebate Fund), and all amounts received by the Trustee from the sale or leasing of the Real Property (other than fees and expenses of the Trustee associated therewith);

(b) all other amounts received by the Trustee from or on behalf of the Lessee for deposit into any Fund (other than amounts, if any, that are deposited into any Fund and are to be used for the payment of fees and expenses of parties pursuant to the Indenture), and the proceeds received by the Trustee of any insurance coverages on and condemnation awards in respect of any portions of the Real Property, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the Lessee; and

(c) all Eligible Investments acquired with the foregoing.

“*Proceeds Fund*” shall mean the fund so designated which is established for the proceeds received from the sale of the Bonds.

“*Project Fund*” shall mean the fund so designated which is established for the payment of the costs of the Projects.

“*Purchase Price*” shall mean the amount which each Schedule Lessee can pay to Lessor to acquire the Schedule Property outright on a Lease Payment due date, as set forth on the Lease Schedule executed by such Schedule Lessee and applicable to such Schedule Property.

“*Rebate Fund*” shall mean the account so designated which may be established for a Series by the Trustee pursuant to the Indenture.

“*Schedule Property*” shall mean the Real Property (the real estate and existing improvements thereon described in a Lease Schedule) together with the Projects.

“*Series*” or “*Series of Bonds*” shall mean a series of bonds issued pursuant to the Indenture, including the Series 2024B Bonds and the Series 2024C Bonds.

“*Term*” shall mean with respect to each Schedule Lessee the term of its Lease.

“*Trust Estate*” shall mean the Lease, the Lease Payments and the Pledged Revenues and any interest the Lessor might have in the Real Property and the Projects.

SUMMARY OF CERTAIN PROVISIONS OF THE LEASE

The following is a summary of certain provisions of the Master Real Property Lease/Purchase Agreement. Reference is hereby made to the actual Lease for a complete recital of its terms.

Lease Term

The Lease shall be effective immediately upon execution by the Lessor and the State Regents, but shall become effective with respect to a Schedule Lessee as of the date of execution of a Lease Schedule and shall remain in effect until all Lease Payments have been paid, but with respect to each Schedule Lessee, when there has been paid on behalf of such Schedule Lessee all of its specific Lease Payments and other amounts due thereunder, subject to the right of such Schedule Lessee to give a notice of termination under clause (a) of the next paragraph; provided that should a Schedule Lessee pay all the Lease Payments due on its Lease Schedule or pay the Purchase Price of the Schedule Property to the Lessor then the Term of this Lease, as it relates solely to that Schedule Lessee, shall terminate.

The Term will terminate upon the earliest of any of the following events: (a) as to a particular Schedule Lessee the State Regents shall have received a notice to discontinue Lease Payments under the Lease on behalf of such Schedule Lessee by May 1 of a year effective for the next ensuing Fiscal Year; (b) as to a particular Schedule Lessee the nonappropriation of funds and termination of the Lease as to that Schedule Lessee by May 1 of a year effective for the next ensuing Fiscal Year; (c) as to a particular Schedule Lessee, the exercise by such Schedule Lessee of the option to purchase the Schedule Property under the provisions of the Lease; (d) a default by any Schedule Lessee and Lessor's election to terminate the Lease; or (e) as to a particular Schedule Lessee, the payment by such Schedule Lessee of all Lease Payments and all other sums required to be paid by such Schedule Lessee under the Lease.

Nonappropriation

Oklahoma law (Title 74, Oklahoma Statutes 2021, Section 85.4(J)) requires that each lease purchase contract having a state agency as lessee must contain a nonappropriation clause with the following or substantially similar language: "Lessee shall have the right to terminate this lease, in whole but not in part, at the end of any fiscal year of lessee, if the Legislature fails to allocate sufficient funds to lessee for the rental payments required under this lease."

In the event that during any Fiscal Year sufficient funds are not appropriated for the payment of all Lease Payments and payments of all necessary insurance and maintenance on the Schedule Property which may be required to be paid during the next succeeding Fiscal Year, then such Schedule Lessee may terminate its obligations under the Lease as of the end of the then current Fiscal Year and shall not be obligated to pay the Lease Payments beyond such Fiscal Year. Each Schedule Lessee agrees to give the State Regents and the Lessor written notice of such termination at least sixty (60) days prior to the end of the then current Fiscal Year or, if nonappropriation has not occurred by that date, immediately upon nonappropriation. If the Lease is terminated, each Schedule Lessee agrees to surrender possession, use and occupancy of the Schedule Property.

Lease Payments

Each Schedule Lessee, pursuant to the provisions of the Lease, authorizes the payment by the State Regents, and the State Regents agree on behalf of such Schedule Lessee to pay Lease Payments as set out on its Lease Schedule exclusively from legally available legislative appropriations to the Trustee for the account of the Lessor in the amounts and on the dates set forth in each applicable Lease Schedule. This authorization is continuing from one Fiscal Year to the next Fiscal Year unless written notice is given on or before May 1 by a Schedule Lessee to the State Regents to discontinue such Lease Payments on behalf of such Schedule Lessee effective on the ensuing Fiscal Year; provided a Schedule Lessee may not discontinue Lease Payments on any Lease Schedule without discontinuing Lease Payments on all Lease Schedules relating to such Schedule Lessee.

As set forth on each Lease Schedule, a portion of each Lease Payment is paid as, and represents payment of, interest and the balance is paid as, and represents payment of, principal.

The obligation of Lessee to make payment of the Lease Payments required under the Lease and to perform and observe the other covenants and agreements contained therein shall be absolute and unconditional in all events except as expressly provided under the Lease. Notwithstanding any dispute between Lessee and Lessor, any seller of or contractor with respect to any improvements to the Real Property or any other person, Lessee shall pay all Lease Payments when due and shall not withhold any Lease Payments or assert any right of set-off or counterclaim against its obligation to make any payments under the Lease. Lessee's obligation to make Lease Payments shall not be abated through accident or unforeseen circumstances.

Option To Purchase

At the request of Lessee, Lessor's interest in the Schedule Property will be transferred, conveyed and assigned permanently to Lessee and the Lease shall terminate: (a) at the end of the Term, upon payment in full of all Lease Payments due thereunder and all other sums required to be paid thereunder; or (b) on any Lease Payment due date, upon payment by Lessee of the Lease Payment due on such date, the then applicable Purchase Price as set forth in the Lease Schedule and all other sums required to be paid thereunder.

Thereupon, Lessor shall deliver to Lessee any documentation necessary to convey its full remaining right, title and interest to the Schedule Property to Lessee free and clear of all liens and encumbrances created by or arising through Lessor, with special warranty and warranty of further assurances but without other warranties.

Assignments

The Lease, Lessor's interest in the Schedule Property and right of Lessor to receive payments under the Lease may be assigned and reassigned in whole or in part to one or more assignees or subassignees by Lessor at any time without the necessity of obtaining the consent of Lessee. However, no assignment or reassignment of any of Lessor's right, title or interest in the Lease or the Schedule Property shall be effective unless and until Lessee shall have received a notice of assignment. Upon receipt of the notice described above, Lessee agrees to make all payments to the assignee designated in the assignment, and shall, if so requested, acknowledge the assignment in writing, but such acknowledgment shall in no way be deemed necessary to make the assignment effective. Lessee agrees to establish and maintain a book-entry record of ownership of the Lease. Lessee agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements which may be reasonably requested by Lessor or its assignee to protect their interests in the Schedule Property and in the Lease.

The Lease and the interest of Lessee in the Schedule Property may not be sold, leased, pledged, assigned or otherwise encumbered by Lessee for any reason without the express prior written consent of Lessor.

Certain Representations, Warranties and Covenants of Lessee

Each Schedule Lessee by the execution of its Lease Schedule represents, covenants and warrants to Lessor as follows: (a) it is an educational institution which is a member of The Oklahoma State System of Higher Education and is an agency of the State within the meaning of Section 103(c) of the Internal Revenue Code of 1986, as amended (the "Code"), and will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as such; (b) it is authorized under the Constitution and laws of the State to enter into the Lease and the transactions contemplated thereby and to perform all of its obligations thereunder; (c) the execution and delivery of its Lease Schedule by or on its behalf have been duly authorized by all necessary action of the governing body of such Schedule Lessee, and it has obtained such other approvals and consents as are necessary to consummate the Lease and it further represents, covenants and warrants that all requirements have been met and procedures have been followed in order to ensure the enforceability of the Lease with respect to such Schedule Lessee; (d) it has complied with such public bidding requirements as may be applicable to the Lease and the acquisition or construction of its Projects thereunder; (e) it shall cause to be executed and delivered to Lessor an opinion of its counsel and an incumbency certificate in form and substance satisfactory to Lessor; and (f) it has an immediate need for, and expects to make immediate use of all of the Project identified on its Lease Schedule, which need is not temporary or expected to diminish during the Term of the Lease.

The Schedule Property

Lease and Leaseback; Enjoyment; Inspection. Each Schedule Lessee leases its Schedule Property to the Lessor and the Lessor leases, demises and lets unto the State Regents and the Schedule Lessee, and the State Regents and the Schedule Lessee take and lease the Schedule Property from the Lessor.

So long as a Schedule Lessee is not in default under the Lease, as to claims of Lessor or persons claiming under Lessor, Lessor covenants that such Schedule Lessee shall peaceably and quietly have, hold, possess, use, and enjoy its Schedule Property, without suit, trouble or hindrance from Lessor, subject to the terms and provisions of such Lease. Lessor shall have the right at all reasonable times during business hours to enter into and upon the property of any Schedule Lessee for the purpose of inspecting any of the Schedule Property.

Use of Schedule Property. The Schedule Property shall be used by the Lessee as necessary to carry on the functions of the Lessee, and the Lessee hereby represents that the payments for such use and/or occupancy will constitute a necessary expense of carrying on the public functions of the Lessee.

Maintenance of Schedule Property by Lessee. Lessee agrees that at all times during the Term, Lessee shall be responsible for all maintenance and repair of the Schedule Property and will, at its own cost and expense, preserve and keep the Schedule Property in good repair, working order and condition. Lessee will from time to time make or cause to be made all necessary and proper repairs and replacements. Lessor shall have no responsibility in any of these matters or for the making of improvements or additions to the Schedule Property.

Insurance. Lessee shall cause casualty, public liability and property damage insurance to be carried and maintained with respect to the Schedule Property to protect Lessor from liability in all events. All insurance proceeds from casualty losses shall be payable as provided in the Lease. Lessee shall, at Lessor's request, furnish to Lessor certificates evidencing such coverage throughout the Term. As an alternative, Lessee may self-insure the Schedule Property as set out by the Risk Management Division of the Department of Central Services.

All insurance policies required pursuant to the Lease shall be so written or endorsed as to make losses, if any, payable to Lessee and Lessor, or its assignees, as their respective interests may appear, shall name Lessor and its assignees as additional insured, and shall be in form and amount and with insurance companies reasonably satisfactory to Lessor. Provided, however, in no event shall the limits of loss be less than the then applicable Purchase Price of the Schedule Property. Each insurer shall agree, by endorsement upon the policy or policies issued by it or by independent instrument furnished to Lessor, that (a) it will give Lessor thirty (30) days' prior written notice of the effect date of any material alteration or cancellation of such policy; and (b) insurance as to the interest of any named additional insured or loss payee other than Lessee shall not be invalidated by any actions, inactions, breach of warranty or conditions or negligence of with respect to such policy or policies. The Net Proceeds of the insurance required by the Lease shall be applied as described under "Damage to or Destruction of Schedule Property" below.

In the event Lessee shall fail to maintain the full insurance coverage required by the Lease or shall fail to keep the Schedule Property in good repair and operating condition, Lessor may (but shall be under no obligation to) purchase the required policies of insurance and pay the premiums therefor or may make such repairs or replacements as are necessary and provide for payment thereof, and all amounts so advanced by Lessor shall be payable on the next succeeding Lease Payment due date together with interest thereon from the date of advance by Lessor at the rate of 10% per annum (or, if such rate is in excess of the maximum rate permitted by law, the maximum rate permitted by law).

Liens. Lessee shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, security interest, encumbrance or claim on or with respect to the Schedule Property or any interest therein.

Damage to or Destruction of Schedule Property

If prior to the termination of the Term (a) the Schedule Property or any portion thereof is destroyed (in whole or in part) or damaged by fire or other casualty or (b) title to, or the temporary use of, the Schedule Property or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, then, provided the Schedule Property is not deemed a total loss, Lessee and Lessor shall cause the Net Proceeds of any insurance claim or condemnation award to be applied to the prompt replacement, repair or restoration of the Schedule Property. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to or upon direction of the Lessee. In the event of total destruction of or damage to the Schedule Property, Lessor and Lessee shall cause the Net Proceeds to be paid to Lessor for application against the Purchase Price applicable for the next succeeding Lease Payment due date plus a pro rata allocation of interest, at the rate utilized to establish the Lease Payments, from the due date of the immediately preceding Lease Payment with respect to which the Lease Payment due on such date has been paid until the date of the payment.

If the Net Proceeds are insufficient to pay in full the cost of any replacement, repair, restoration or the Purchase Price of the Schedule Property, Lessee shall, as applicable, either (a) complete the work and pay any cost in excess of the amount of the Net Proceeds (Lessee agrees that, if by reason of such insufficiency of the Net Proceeds, Lessee shall incur expenses it shall not be entitled to any reimbursement therefor from Lessor nor shall Lessee be entitled to any diminution of the amounts payable under the Lease); or (b) pay to Lessor the amount by which the sum of the then applicable Purchase Price and accrued interest thereon exceeds the Net Proceeds (which shall be retained by Lessor) and, upon such payment, the Term shall terminate and title to the Schedule Property shall be conveyed by Lessor to Lessee.

Events of Default

The following shall be “events of default” under the Lease and the terms “event of default” and “default” shall mean, whenever they are used in the Lease, any one or more of the following events: (a) failure by Lessee to pay any Lease Payment or other payment required to be paid under the Lease at the time and manner specified therein; (b) failure by Lessee to observe and perform any other covenant, condition or agreement on its part to be observed or performed, under the Lease for a period of thirty (30) days after written notice to Lessee by Lessor, specifying such failure and requesting that it be remedied, unless Lessor shall agree in writing to an extension of such time prior to its expiration; (c) any certificate, statement, representation or warranty contained in the Lease or theretofore or thereafter furnished with respect thereto by or on behalf of Lessee proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or having omitted any substantial contingent or unliquidated liability or claim against Lessee; or (d) commencement by Lessee of a case or proceeding under the Federal bankruptcy laws or filing by Lessee of any petition or answer seeking reorganization, arrangement, composition, readjustment, liquidation, moratorium or similar relief under any existing or future bankruptcy, insolvency or other similar laws, the filing by Lessee of an answer admitting or not contesting the material allegations of a petition filed against Lessee in any such proceeding, or the failure to file an answer to such a petition within forty-five (45) days from the filing thereof.

Remedies

Whenever any event of default under the Lease shall have happened and be continuing, Lessor shall have the right, at its sole option without any further demand or notice, to take one or any combination of the following remedial steps:

(a) By written notice to the defaulting Schedule Lessee, declare an amount equal to the Purchase Price applicable to the immediately preceding Lease Payment due date with respect to which the Lease Payment due on such date has been paid, as set forth in the Lease Schedule, immediately due and payable. This optional remedy may be exercised by Lessor, in its sole discretion, against the defaulting Schedule Lessee, provided that the defaulting Schedule Lessee may at its option either return the Schedule Property to or upon direction of the Lessor pay the applicable Purchase Price therefor;

(b) With or without terminating the Lease, retake possession of the Schedule Property and lease, or sublease it, or any portion thereof, for the account of the defaulting Schedule Lessee, holding such Schedule Lessee liable for (i) all payments due up to the effective date of such selling, leasing, or subleasing; and (ii) the difference, if any, between the sales price, rental and other amounts paid pursuant to such sale, lease or sublease, and all amounts payable by such Schedule Lessee under the Lease, including the Purchase Price applicable to the immediately preceding Lease Payment due date with respect to which the Lease Payment due on such date has been paid, provided that so long as such Schedule Lessee has returned the Schedule Property in accordance with the terms hereof, in no event shall Schedule Lessee's monetary liability under the Lease exceed the aggregate amount of unpaid Lease Payments due in the Fiscal Year of Lessee in which the default occurs;

(c) Require the defaulting Schedule Lessee to surrender possession of the Schedule Property to Lessor; or

(d) Take whatever other action at law or in equity may appear necessary or desirable to collect the payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant under the Lease.

In addition, the defaulting Schedule Lessee will remain liable for all legal fees and other costs and expenses, including court costs, incurred by Lessor with respect to the enforcement of any of the remedies listed above or any other remedy available to Lessor.

No remedy conferred upon or reserved to Lessor under the Lease is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power occurring upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

The security for the Bonds under the Indenture does not include a mortgage or lien on or security interest in any real or tangible personal property of the Schedule Lessees. The Schedule Property consists of special purpose facilities located on the campuses of the Schedule Lessees and the design and location of such facilities will limit the abilities of the Lessor or the State Regents to relet any of the Schedule Property in the event of the termination of the Lease by any Schedule Lessee. See "RISK FACTORS—Limited Enforcement Rights and Security for the Bonds" herein.

Amendment of Lease

The Lease may be amended only by written agreement of Lessor and Lessee.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Trust Indenture and the Supplemental Trust Indentures. Reference is hereby made to the actual documents for complete recitals of their respective terms.

Funds and Accounts

The Indenture establishes the Proceeds Fund, the Bond Fund, the Project Fund, the Redemption Fund, the Rebate Fund and the Administrative Account for each series of Bonds issued thereunder.

All proceeds received by the Trustee from the sale of a Series of Bonds, together with any other moneys contributed by either the Authority or the Lessee as of the Closing, shall be deposited upon receipt to the Proceeds Fund established for such Series.

A Closing Statement shall be delivered to the Trustee at the Closing. Such Closing Statement shall be executed by an Authorized Officer of the Authority showing: (i) the Dated Date of the Series; (ii) the amount of the proceeds of the sale of such Series of Bonds; (iii) the amounts to be disbursed for the payment of Costs for such Series; and (iv) the amounts to be deposited to the various Funds established for such Series.

The interest and income received upon investment of any fund (other than the Rebate Fund) established under the Indenture shall be applied to pay administrative expenses of the Trustee and the Authority. Interest and income received upon investment of the Rebate Fund shall be deposited to such Fund.

Proceeds Fund. All proceeds received by the Trustee from the sale of a Series of Bonds, together with any other moneys contributed by either the Authority or the Lessee as of the Closing, shall be deposited upon receipt to the Proceeds Fund established for such Series.

Bond Fund. On each Payment Date, the Trustee shall disburse the scheduled Payments to the Registered Owners (but solely from and to the extent of moneys on deposit in the Funds established under the Indenture). If the amounts on deposit in the Bond Fund are insufficient, the Trustee shall apply the moneys on hand therein first to the payment of interest payable on such Payment Date with respect to all Bonds of such Series, pro rata if necessary, and second to the payment of principal payable on such Payment Date with respect to all Bonds of such Series, pro rata if necessary.

Project Fund. The Trustee shall deposit to the Project Fund from the proceeds of the sale of the Bonds of a Series the amount specified for such deposit in the Closing Statement the Project Fund Deposit. A separate account shall be established in the Project Fund identified to each Schedule Lessee into which shall be deposited the pro rata amount of the proceeds of the Bonds identified to each Schedule Lessee for the purchase of that Schedule Lessee's Schedule Property after payment of the costs of issuance of the Bonds. Disbursements shall be made from an account in the Project Fund only for the purpose of acquiring that Schedule Lessee's Schedule Property, in accordance with the following procedure. Neither the Authority nor the Trustee shall have any obligation to deposit any moneys to the Project Fund Deposit, except (i) investment earnings to the extent required by the Indenture, and (ii) amounts made available

therefor by the Lessee. Disbursements shall be made by the Trustee from the Project Fund from time to time, to pay Costs, upon receipt of either the Closing Statement or a Disbursement Request. In making any disbursement from the Project Fund, the Trustee shall be fully protected in acting upon such Disbursement Request and shall not be required to verify or take any other further action respecting the application of the disbursement made therefor. After the Trustee makes the final payment of the Costs, the Trustee shall transfer any amounts remaining in each account in the Project Fund to the Redemption Fund. No amount shall be withdrawn from or paid out of the Project Fund except as provided in the Indenture.

Redemption Fund. On each date established for the redemption of Bonds, the Trustee shall transfer to the Redemption Fund for the Series being redeemed an amount equal to the redemption price of Bonds being redeemed, for payment to the Registered Owners of the Bonds in accordance with the terms of the Indenture.

Rebate Fund. Upon receipt of written notice from an Authorized Officer of either the Lessee or the Authority, the Trustee shall establish a Rebate Fund and shall make deposits and disbursements from the Rebate Fund in accordance with such written instructions. The Trustee shall invest the Rebate Fund pursuant to said written instructions and shall deposit income from such investments immediately upon receipt thereof in the appropriate account of the Rebate Fund.

Moneys To Be Held in Trust

All moneys received by the Trustee under the Indenture for deposit in any Fund established thereunder (except moneys required to be deposited to the Rebate Fund) shall at all times be trust funds, held for the benefit and security of the Registered Owners of the Series of Bonds for which such funds have been established in accordance with the provisions hereof. The Funds and other parts of the Trust Estate assigned for the security of a particular Series of Bonds shall be held and applied solely for the benefit of such Series, and shall not constitute security for or applied to the payment of any other Series.

Investment of Funds

The Trustee shall invest moneys held in the Funds established under the Indenture only in Eligible Investments for the particular fund or account in which such moneys are held, and pursuant to Investment Instructions. All investments made pursuant to the Indenture shall mature or be subject to redemption at not less than the principal amount thereof or the amortized cost of acquisition, whichever is lower, and all deposits in time accounts shall be subject to withdrawal without penalty not later than such dates and in such amounts required to make payments with respect to the Bonds of the related Series on the Payment Dates. The interest and income received upon such investments and any interest paid by the Trustee or any other depository of any Fund established under the Indenture, and any profit (net of losses) resulting from the sale of securities, shall be added or charged to such Fund.

In computing the assets of any Fund or Account, investments and accrued interest thereon shall be deemed a part thereof. Such investments shall be valued at their amortized cost, except for United States Treasury Obligations - State and Local Government Series, which shall be valued at their principal amount.

Defeasance

If the Authority shall pay or cause to be paid or there shall otherwise be paid, to the Registered Owners of all Bonds the principal or redemption price, if applicable, and interest due or to become due thereon, at the time and in the manner stipulated therein and in the Indenture, then the assignment and pledge of the Trust Estate under the Indenture and all covenants, agreements and other obligations of the Authority to the Registered Owners 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 or Lessee and shall execute and deliver to Lessee all monies or securities held pursuant to the Indenture which are not required for the payment of principal or redemption price, if applicable, or of interest on the Bonds. If the Authority or Lessee shall pay or cause to be paid, or there shall otherwise be paid to the Registered Owners of all Outstanding Bonds or a particular series 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 Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under the Indenture, and all covenants, agreements and obligations of the Authority and Lessee to the Registered Owners shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds or interest installments for the payment or redemption of which monies or Eligible Investments, which may include projected investment earnings, shall have been set aside and shall be held in trust by the Trustee (through deposit by the Authority or Lessee of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the above paragraph. All Outstanding Bonds shall prior to maturity or redemption date thereof be deemed to have been paid if (a) in case any of said Bonds are to be redeemed or paid on any date at or prior to their maturity, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to give proper notice to the Registered Owners of the redemption of such Bonds on said date; (b) there shall be sufficient monies, or subcategory (a) of Government Securities (“government obligations”) the principal of and interest on which when due will provide monies, which together with the monies, if any, deposited with the Trustee at the same time, and earnings thereon shall be sufficient to pay when due the principal or redemption price of and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be; and (c) in the event said 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 (if the Bonds are going to be redeemed prior to maturity) notice of redemption that the deposit required by (b) above has been made with the Trustee and that said Bonds are deemed to have been paid and stating such maturity or redemption date upon which monies are to be available for the payment of the principal or redemption of said Bonds. Neither the government obligations nor monies deposited with the Trustee nor principal or interest payments on any such government obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or redemption price, if applicable, of and interest on said Bonds unless a full cash defeasance is contemplated whereupon such escrowed monies or investment earnings may be used to effect the refunding program; provided that any cash received from such principal or interest payments on such government obligations deposited with the Trustee, if not then needed for such purpose, shall to the extent practicable, be reinvested in government obligations maturing at times and in amounts sufficient to pay when due the principal or redemption price, if applicable, of any interest due and to become due on said Bonds on and prior to such redemption or maturity date thereof, as the case may be.

Unclaimed Money To Be Returned

In the event that, within five years after the maturity or redemption date of any Bond, or interest claim appurtenant thereto, any amount deposited or left with the Trustee with respect to such Bond, or interest claim shall not have been claimed by the Registered Owner thereof entitled thereto, the Trustee shall, upon demand, pay over to the Lessee the amount not so claimed; and the Trustee shall thereupon be relieved from all responsibility from such amount to the registered Owner of such Bond, or interest claim, and in the event of such payment to the Lessee, the Registered Owner of such Bond, or interest claim shall have recourse only to the Lessee for an amount equivalent to the amount paid over to the Lessee with respect to such Bond or interest claim, without interest.

Events of Default and Remedies

If (a) the Term of the Lease set forth in any Lease Schedule is terminated pursuant to the terms thereof due to a failure of the State Legislature to appropriate funds to the State Regents for allocation to a Schedule Lessee sufficient to pay the Lease Payments due thereunder when due during the next ensuing fiscal period; or (b) the Lease or any Lease Schedule shall be terminated, or all Lease Payments or all the Schedule Lease Payments with respect to any Lease Schedule shall be declared to be immediately due and payable by the Trustee (acting on the advice of counsel, at the direction of Registered Owners, or otherwise) following the occurrence of an Event of Default under the Lease, then the Trustee, by giving not less than fifteen (15) nor more than thirty (30) days' written notice in the manner set forth in Article V of the Indenture for the giving of notice of redemption, shall immediately accelerate the maturity of the Bonds with respect to which such termination of a Lease Schedule has occurred.

Following an acceleration pursuant to the Indenture, the Trustee may, and upon request of the Registered Owners of at least fifty-one percent (51%) in aggregate principal amount of Bonds Outstanding shall, exercise any and all rights and remedies available to the Lessor under the Lease, including the taking of whatever action is reasonably required or necessary to obtain possession of the Schedule Property with respect to which such acceleration has occurred and, if possession is so obtained, to lease such Schedule Property for the remaining Term of the Lease. The proceeds of any such lease shall be deposited in the Redemption Fund for redemption of all or a part of the Bonds. If the maturities of all Bonds have been accelerated, the Trustee shall upon the giving of notice of such acceleration transfer all moneys held in the funds and accounts established for such Bonds under the Indenture (other than the Rebate fund) to the Redemption Fund for redemption of all or a part of the Bonds.

As of the date established for acceleration of the maturities of all or a part of Bonds, and periodically (but at least semi-annually) thereafter, the Trustee shall apply all moneys on deposit in the Redemption Fund for such Bonds to pay the following items in the following order of priority: **first**, for the payment of all fees, expenses and costs incurred by the Trustee in connection with the performance of any of its obligations under the Indenture; **second**, distributed ratably to the Registered Owners of all or a portion of the Outstanding Bonds, without discrimination or preference of principal over interest, interest over principal, or any Bond over any other Bond (unless a partial redemption of Bonds related to one or more defaulted Lease Schedules) for the payment of all or the designated portion of principal and interest for such Series past due as of the date of acceleration; **third**, to the extent of available moneys, distributed ratably without regard to Maturity Dates for payment of Outstanding principal amounts of such Bonds; and **fourth**, to be disbursed pro rata to the Schedule Lessees.

Upon the happening and during the continuance of an Event of Default with respect to the Lease, the Trustee in its discretion may, and upon written request of the Registered Owners of at least fifty-one percent (51%) in aggregate principal amount of the Bonds Outstanding, and upon receipt of indemnity and advice of Counsel to its satisfaction, shall, proceed to protect and enforce its rights and the rights of the Registered Owners under the laws of the State or under the Indenture by the exercise of any one or more of the remedies provided for in the Lease. In case any proceeding taken by the Trustee on account of any Event of Default under the Lease shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then in every case the Lessee, the Trustee and the Registered Owners shall be restored to their former positions and rights under the Indenture and under the Lease, and all rights, remedies and powers of the Trustee shall continue as though no such proceedings had been taken. The Registered Owners of at least fifty-one percent (51%) in aggregate principal amount of the Bonds Outstanding shall have the right, by an instrument in writing executed and delivered to the Trustee, after furnishing indemnity satisfactory to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Indenture; provided that any such direction shall not be contrary to law or the provisions of the Indenture and that the Trustee shall have the right to decline to

follow any such direction which, in the opinion of the Trustee or its counsel, would be unjustly prejudicial to the rights thereunder of the Registered Owners of such Bonds not parties to such direction.

No Registered Owner of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for execution of any trust thereunder, or for any other remedy thereunder, unless such Registered Owner previously shall have given to the Trustee written notice of an Event of Default, and unless the Registered Owners of at least fifty-one percent (51%) of the aggregate principal amount of the Bonds Outstanding shall have made written request to the Trustee, after the right to exercise such powers or rights of action shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its or their names, and unless also there shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy thereunder, it being understood and intended that no one or more Registered Owners of any Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture, or to enforce any right thereunder, except in the manner therein provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner therein provided and for the ratable benefit (subject to all of the terms, conditions and provisions of the Indenture) of all Registered Owners.

The security for the Bonds under the Indenture does not include a mortgage or lien on or security interest in any real or tangible personal property of the Schedule Lessees. The Schedule Property consists of special purpose facilities located on the campuses of the Schedule Lessees and the design and location of such facilities will limit the abilities of the Lessor or the State Regents to relet any of the Schedule Property in the event of the termination of the Lease by any Schedule Lessee. See "RISK FACTORS—Limited Enforcement Rights and Security for the Bonds" herein.

Obligations and Liabilities of Trustee

The Trustee accepts and agrees to execute the trusts created under the Indenture, but only upon the terms set forth therein. The Trustee shall perform only such duties as are specifically set forth in the Indenture and no implied covenants or obligations shall be read into the Indenture against the Trustee. The Trustee shall be paid reasonable compensation by the Authority for all services to be rendered by it under the Indenture. The Trustee shall be reimbursed by the Authority from time to time for all of its reasonable expenses and charges and those of its attorneys, agents and employees incurred in and about the administration and execution of the trusts and the performance of its powers and duties under the Indenture.

The Trustee shall be under no duty or obligation to: (a) indemnify any Person against losses suffered from any authorized investment of any of the moneys on deposit with it under the Indenture, it being responsible only for the safekeeping of the securities in which said moneys reinvested and the collection of interest thereon; (b) take any action in respect of any Event of Default under the Lease (other than a default by the Lessee in the payment of Lease Payments, in which event the Trustee shall take such action as may be recommended by its counsel or otherwise) or toward the execution or enforcement of any of the trusts thereby created, or institute, appear in or defend any suit or other proceeding in connection therewith, unless requested in writing to do so by Registered Owners of at least fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding and unless furnished, from time to time as often as it may require, with security and indemnity satisfactory to it; or (c) effect or renew any policy of insurance if the Lessee fails to effect or renew such insurance in accordance with the terms of the Lease.

Supplemental Indentures

The Trustee and the Authority may, from time to time, and at any time, enter into a Supplemental Indenture: (a) for any purpose not inconsistent with the terms of the Indenture or to cure any ambiguity or formal defect or omission in the Indenture or in any supplemental Indenture which may be defective or inconsistent with any other provision contained therein, or to make such other provisions in regard to matters or questions arising under the Indenture which shall not be inconsistent with the provisions of the Indenture and which, in the opinion of the Trustee, shall not adversely affect the interests of the Registered Owners; or (b) to grant to and confer upon Registered Owners, or the Trustee, for the benefit of the Registered Owners, any additional rights, remedies, powers, authority or security that may be lawfully granted to or conferred upon the Registered Owners or the Trustee.

Without the consent of the parties thereto and of all of the Registered Owners of all Bonds Outstanding, no modification or amendment to the Indenture shall be made which would: (i) alter the payment amounts or the Payment Dates with respect to a Series of Bonds or the redemption provisions thereof, (ii) modify the terms of payment or the right to enforce payment of a Series of Bonds, or (iii) reduce the percentage of consenting Registered Owners set forth in the Indenture. Modification of the provisions governing the administration of funds under the Indenture which do not impair the rights reserved above shall not be deemed to constitute a modification of terms of payment.

Subject to the above limitations, the Indenture may be modified or amended from time to time and at any time with the written consent of the Trustee, the Authority and the Registered Owners of at least fifty-one percent (51%) in principal aggregate amount of Bonds Outstanding. Modifications and amendments made with consent shall be made by a Supplemental Indenture which shall be executed by the Trustee upon receipt of evidence satisfactory to the Trustee of the consent thereto of the Authority and the Registered Owners of the requisite principal amount of Bonds Outstanding if any; provided, however, if such Supplemental Indenture shall adversely affect the Trustee's own rights, duties or immunities under the Indenture, the Trustee may, but shall not be obligated to, enter into such supplemental indenture. It shall not be necessary for the consent of the Registered Owners to approve the particular form of any proposed supplemental indenture but only the substance thereof.

RISK FACTORS

The Series 2024B/C Bonds and any additional series of Bonds issued under the Indenture on a parity therewith will be payable solely from the Trust Estate held by the Trustee under the Indenture consisting primarily of amounts paid by Lessee under the Lease including the Lease Payments and other moneys received and held by the Authority, as Lessor, under the Lease and from amounts received from the lease or sublease of the Schedule Property after termination of the Lease following an Event of Default or Event of Nonappropriation by Lessee. See "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE—Lease Payments" and "APPROPRIATION OF ANNUAL LEASE PAYMENTS."

Neither the Lease, nor the Lessee's obligation to make Lease Payments thereunder, nor the Series 2024B/C Bonds, are a general obligation of the Lessee or the Authority, and neither the full faith and credit of the Lessee nor the Authority is pledged thereto. The Series 2024B/C Bonds are payable solely from certain payments made by the Lessee and certain moneys held by the Trustee under the Indenture. Such payments by the Lessee are payable from and secured by moneys to be appropriated to the Lessee each year, but appropriations are not required to be made for such purpose. If moneys are not appropriated, the Lease or that particular Lease Schedule may be terminated at the end of the preceding fiscal period and the Schedule Lessee is not required to make the Lease Payments coming due after such termination. The Series 2024B/C Bonds are not an

obligation of the State of Oklahoma and neither the faith and credit nor the taxing power of the State of Oklahoma is pledged to the payment thereof.

Nonappropriation

The Series 2024B/C Bonds and any additional series of Bonds issued under the Indenture on a parity therewith will be payable solely from amounts paid by Lessee under the Lease. The payments under the Lease are payable from moneys budgeted and appropriated by the Legislature and allocated by the State Regents to the Schedule Lessees. See “APPROPRIATION OF ANNUAL LEASE PAYMENTS,” and “THE OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION” herein. In the event that sufficient funds are not appropriated for the payment of Lease Payments during the next succeeding Fiscal Year, a Schedule Lessee may terminate its obligations under the Lease, the Lease will be terminated at the end of the preceding Fiscal Year and the Lessee will not be required to pay the Lease Payments coming due after such termination. See “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE—Nonappropriation.”

Limited Enforcement Rights and Security for the Bonds

The remedies available to the Trustee and the owners of the Series 2024B/C Bonds and any additional series of Bonds upon an event of default under the Indenture are limited. The various legal opinions delivered concurrently with the delivery of the Series 2024B/C Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

The security for the Bonds under the Indenture does not include a mortgage or lien on or security interest in any real or tangible personal property of the Schedule Lessees. The Schedule Property consists of special purpose facilities located on the campuses of the Schedule Lessees and the design and location of such facilities will limit the abilities of the Lessor or the State Regents to relet any of the Schedule Property in the event of the termination of the Lease by any Schedule Lessee.

Cybersecurity

Like all higher education institutions, the Lessee relies on electronic systems and technologies to conduct its operations in support of its finances, its research and educational activities and its medical treatment activities. In the past several years, a number of entities have sought to gain unauthorized access to electronic systems of various organizations for the purpose of misappropriating assets or personal, operational, financial or other sensitive information, or causing operational disruption. These attempts, which are increasing, include highly sophisticated efforts to electronically circumvent security measures as well as more traditional intelligence gathering aimed at obtaining information necessary to gain access.

The Lessee is committed to deterring attacks on its electronic systems and responding to such attacks to minimize their impact on operations. However, no assurances can be given that the Lessee’s security measures will be able to prevent cyber-attacks on its electronic systems, and no assurances can be given that any cyber-attacks, if successful, will not have a material adverse effect on the operations or financial condition of the Lessee.

Pandemics

The State cannot predict (i) the likelihood or frequency of future pandemics; (ii) the future likelihood or duration of business closings, public health orders, regulations and legislation related to future pandemics; and (iii) what effect a future pandemic will have on global, national and local economies. The

potential effect of a future pandemic on the State or its General Revenue Fund is unknown but could have a material adverse effect on the State's finances. Consequently, a future pandemic could have a negative effect on the ability of the State Legislature to make sufficient appropriations to the Agency in future fiscal years to make rental payments under the Agreement.

McGirt v. Oklahoma

On July 9, 2020, the U.S. Supreme Court announced its decision in the case of *McGirt v. Oklahoma* (“*McGirt*”) 591 U.S. ---, 140 S. Ct. 2452, 207 L.eEd.2d 985 (2020). The Court held that for purposes of the Major Crimes Act, land reserved for the Muscogee (Creek) Nation, within the State of Oklahoma, remains a reservation for the Creek Nation. The holding of the U.S. Supreme Court is limited to the application of criminal law within the boundaries of the Creek Nation reservation, which includes portions of Creek, Hughes, Okfuskee, Okmulgee, Mayes, McIntosh, Muskogee, Rogers, Seminole, Tulsa, and Wagoner Counties. Consistent with the U.S. Supreme Court’s holding in *McGirt*, the Oklahoma Court of Criminal Appeals (“OCCA”) has recognized the reservations of several other tribes, including reservations of the Cherokee Nation, Chickasaw Nation, Choctaw Nation, Miami Tribe, Ottawa Tribe, Peoria Tribe, Quapaw Nation, Seminole Nation, and Wyandotte Nation.

Several lawsuits have been filed that challenge the ability of the State of Oklahoma to assess state income taxes against tribal citizens. One case brought in federal court, *Meashintubby v. Paulk*, has been dismissed for lack of subject matter jurisdiction. See Order Granting Mot. Dismiss, Jan. 30, 2023, 22-cv-059-KEW (E.D. Okla. 2022) (holding Tax Injunction Act deprives the district court of subject matter jurisdiction so long as the state courts offer a “plain, speedy and efficient remedy”) (citation omitted). Another case, *Stroble v. Oklahoma Tax Commission*, is an appeal by a tax protestant that is currently before the Oklahoma Supreme Court. See Case No. TC-120806 (filed Oct. 28, 2022). *Stroble* is awaiting final disposition; it has been fully briefed and oral argument was held on January 17, 2024.

While the *McGirt* decision may have implications broader than the narrow holding of the Court, it is not possible to know the extent of those implications at this time. A 2020 report from the Oklahoma Tax Commission (“OTC”) indicates the *McGirt* decision could reduce the amount of individual income tax and sales and use taxes collected by the State; the extent of the reduction is unknown at this time.

The Oklahoma Tax Commission report can be found at the following hyperlink: <https://oklahoma.gov/content/dam/ok/en/tax/documents/resources/reports/other/McGirt%20vs%20OK%20-%20Potential%20Impact%20Report.pdf>

The University continues to work closely with State officials to monitor the application of the decision and any related litigation that may affect the State or the University.

Uncertainty of Remedies

In the event of a default by Lessee or a failure to budget and have available sufficient funds to make Lease Payments under the Lease, it is possible that Lessee would seek and obtain, on the grounds that Lessee could not properly function without the Schedule Property, injunctive relief restraining Lessor or the Owners from reletting the Schedule Property or otherwise enforcing their rights under the Lease. There is little or no precedent in this area. Therefore, no prediction can be made as to the extent to which such equitable relief might be available to Lessee or the circumstances in which such equitable relief may be granted.

In the event that the Schedule Property is relet, there can be no assurance that the Schedule Property can be leased or subleased for a net amount equal to the costs associated therewith and the then outstanding

aggregate principal amount of the Series 2024B/C Bonds and accrued interest on the Series 2024B/C Bonds to the date of redemption.

CERTAIN TAX MATTERS RESPECTING THE SERIES 2024B/C BONDS

Opinion of Bond Counsel and Special Tax Counsel

In the opinion of The Public Finance Law Group PLLC, Bond Counsel to the Authority, and Hawkins Delafield & Wood LLP, Special Tax Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2024B/C Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”); and (ii) interest on the Series 2024B/C Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Series 2024B/C Bonds is included in calculating the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

In rendering their opinions, Bond Counsel and Special Tax Counsel have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority, the Lessees and others in connection with the Series 2024B/C Bonds, and Bond Counsel and Special Tax Counsel have assumed compliance by the Authority and the Lessees with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2024B/C Bonds from gross income under Section 103 of the Code. In rendering its opinion, Bond Counsel has relied on the opinion of Special Tax Counsel.

Bond Counsel and Special Tax Counsel express no opinion as to any other Federal, state or local tax consequences arising with respect to the Series 2024B/C Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel and Special Tax Counsel render their opinions under existing statutes and court decisions as of the issue date, and assume no obligation to update, revise or supplement their opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel and Special Tax Counsel express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel and Special Tax Counsel express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series 2024B/C Bonds.

The opinion to be rendered by Bond Counsel on the date of delivery of the Series 2024B/C Bonds is expected to be in substantially the form included in Appendix F hereto.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2024B/C Bonds in order that interest on the Series 2024B/C Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2024B/C Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Series 2024B/C Bonds to become included in gross income for Federal income

tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Authority and the Lessees have covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2024B/C Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Series 2024B/C Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Series 2024B/C Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Series 2024B/C Bonds.

Prospective owners of the Series 2024B/C Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Series 2024B/C Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Series 2024B/C Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity means the first price at which a substantial amount of the Series 2024B/C Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of the Series 2024B/C Bonds is expected to be the initial public offering price set forth on the inside cover page of the Official Statement. Bond Counsel and Special Tax Counsel to the Authority are of the opinion that, for any Series 2024B/C Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Series 2024B/C Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Series 2024B/C Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Series 2024B/C Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series 2024B/C Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Series 2024B/C Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Oklahoma Income Taxation

In the opinion of The Public Finance Law Group PLLC, Bond Counsel to the Authority, interest on the Series 2024B/C Bonds is exempt from income taxation by the State of Oklahoma.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest (including OID) paid on tax-exempt obligations, including the Series 2024B/C Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2024B/C Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2024B/C Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Series 2024B/C Bonds

under Federal or state law or otherwise prevent beneficial owners of the Series 2024B/C Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series 2024B/C Bonds.

Prospective purchasers of the Series 2024B/C Bonds should consult their own tax advisors regarding the foregoing matters.

LITIGATION

In the opinion of The Public Finance Law Group PLLC, counsel to the Authority, there is no litigation of any nature now pending or, to the knowledge of the Authority, threatened, restraining or enjoining the execution and delivery of the Indenture or the Lease, or the issuance, sale, execution or delivery of the Series 2024B/C Bonds, or in any way contesting or affecting the validity of such documents or the Series 2024B/C Bonds or any proceedings of the Authority taken with respect thereto. In the opinion of general counsel to the State Regents, there is no litigation of any nature now pending or, to the knowledge of the State Regents, threatened, restraining or enjoining the execution and delivery of the Lease, or the issuance, sale, execution or delivery of the Series 2024B/C Bonds, or in any way contesting or affecting the validity of such documents or the Series 2024B/C Bonds or any proceedings of the State Regents or the governing boards of the Schedule Lessees taken with respect thereto.

LEGAL MATTERS

All legal matters related to the authorization, issuance and delivery of the Series 2024B/C Bonds are subject to the approval of The Public Finance Law Group PLLC, as Bond Counsel. The approving opinion of Bond Counsel to be delivered in connection with the issuance and delivery of the Series 2024B/C Bonds is expected to be substantially in the form appearing in Appendix F hereto. Certain legal matters will be passed upon by Hawkins Delafield & Wood LLP, Special Tax Counsel. Certain legal matters will be passed upon for the State Regents and the Schedule Lessees by their respective general counsels, for the Authority by The Public Finance Law Group PLLC, and for the Underwriters by their counsel, Kutak Rock LLP.

ONGOING DISCLOSURE

The Authority will enter into a Continuing Disclosure Agreement dated as of October 1, 2024, with the Office of Management and Enterprise Services (“OMES”), the State Regents, and the Trustee (the “Continuing Disclosure Agreement”) to provide certain periodic information and notices of certain events in accordance with and to provide notice to the Municipal Securities Rulemaking Board (“MSRB”) of certain events, pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, § 240.15c2-12) (the “Rule”) for the benefit of the holders and beneficial owners of the Series 2024B/C Bonds. The Underwriters’ obligations to accept and pay for the Series 2024B/C Bonds is conditioned upon delivery to the Underwriters or their agents of a certified copy of the Continuing Disclosure Agreement. The proposed form of the Continuing Disclosure Agreement is attached hereto as Appendix G.

The State’s Annual Comprehensive Financial Reports (“ACFRs”) are filed by OMES on behalf of the Authority and various other State agencies in accordance with the provisions of the several continuing disclosure undertakings relating to bond issues subject to the requirements of the Rule. Recent continuing disclosure undertakings provide for filing of annual financial information not later than 190 days after the end of each Fiscal Year, i.e., January 6, but several continuing disclosure undertakings for existing bond issues provided for filings no later than 180 days after the end of each Fiscal Year, i.e., December 27, and

others provided for filings no later than December 31. On December 27, 2019, OMES filed a Notice of Delayed Filing for its ACFR for Fiscal Year 2019 and subsequently filed same with the MSRB on December 29, 2019. On December 22, 2020, OMES filed a Notice of Delayed Filing for its ACFR for Fiscal Year 2020 and subsequently filed same with the MSRB on January 29, 2021. On December 21, 2021, OMES filed a Notice of Delayed Filing for its ACFR for Fiscal Year 2021 and subsequently filed same with the MSRB on January 26, 2022. On December 21, 2022, OMES filed a Notice of Delayed Filing for its ACFR for Fiscal Year 2022 and subsequently filed an amended Notice of Delayed Filing with the MSRB on April 27, 2023. The ACFR for Fiscal Year 2022 was posted to EMMA on August 31, 2023. On December 27, 2023, OMES filed a Notice of Delayed Filing for its ACFR for Fiscal Year 2023 and subsequently filed an amended Notice of Delayed Filing with the MSRB on May 16, 2024. The ACFR for Fiscal Year 2023 was posted to EMMA on September 9, 2024. See “FINANCIAL STATEMENTS” herein for additional information on the delay in completion of the State’s ACFR for the Fiscal Year ending June 30, 2023. OMES will continue to work with the State Auditor and Inspector to provide for release and posting of future ACFRs in accordance with the provisions of the various continuing disclosure agreements and the Continuing Disclosure Agreement.

FINANCIAL STATEMENTS

Excerpts from the State of Oklahoma Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023, are included in Appendix B hereto. Completion of the State’s ACFR for the Fiscal Year ending June 30, 2023 were delayed due to turnover of senior staff and associated hiring and training of new personnel, as well as untimely reporting from the Oklahoma State Department of Education and continued implementation challenges associated with the GASB 87 standard. The ACFR was posted to the EMMA website maintained by the MSRB on September 9, 2024. See “ONGOING DISCLOSURE” herein for information on the Notice of Delayed Filing for the State’s ACFR for Fiscal Year 2023 that was filed with the MSRB.

Certain unaudited financial results of the State of Oklahoma for the Fiscal Year ending 2024 and the first two months of the Fiscal Year ending June 30, 2025, are included in Appendix C hereto.

UNDERWRITING

BOK Financial Securities, Inc. and Raymond James & Associates, Inc. (the “Underwriters”), have agreed to purchase the Series 2024B Bonds for reoffering to the public. The Series 2024B Bonds are being offered by the Underwriters at an aggregate purchase price equal to \$ _____ (representing the principal amount thereof less an underwriting discount of \$ _____ plus [net] original issue premium of \$ _____). The Series 2024C Bonds are being offered by the Underwriters at an aggregate purchase price equal to \$ _____ (representing the principal amount thereof less an underwriting discount of \$ _____ plus [net] original issue premium of \$ _____). The Underwriters will purchase all of the Series 2024B/C Bonds if any are purchased. The obligation of the Underwriters to accept delivery of the Series 2024B/C Bonds is subject to various conditions contained in the Bond Purchase Agreement.

The Underwriters intend to offer the Series 2024B/C Bonds to the public initially at the offering prices set forth on the inside cover of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriters may offer and sell the Series 2024B/C Bonds to certain dealers (including dealers depositing Series 2024B/C Bonds into investment trusts) and others at prices lower than the offering prices set forth on the inside cover of this Official Statement.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The

Underwriters and their affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Authority or the State, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority or the State.

The Underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

RATINGS

Moody's Investors Service ("Moody's"), and S&P Global Ratings ("S&P"), have assigned ratings of "Aa2" and "AA-", respectively, to the Series 2024B/C Bonds. Such ratings reflect only the views of such organizations at the time such ratings are given, and the Authority and the Underwriters make no representation as to the appropriateness of such ratings. An explanation of the significance of such ratings may be obtained only from such rating agencies. The Authority furnished such ratings agencies with certain information and materials relating to the Series 2024B/C Bonds that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing such rating, circumstances so warrant. Neither the Underwriters nor the Authority has undertaken any responsibility to bring to the attention of the owners of the Series 2024B/C Bonds any proposed revision or withdrawal of a rating of the Series 2024B/C Bonds or to oppose any such proposed revision or withdrawal. Any such revision or withdrawal of such a rating could have an adverse effect on the market price and marketability of the Series 2024B/C Bonds.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

This Official Statement is not to be construed as a contract or agreement between Lessee and the Owners. This Official Statement is submitted only in connection with the sale of the Series 2024B/C Bonds and may not be reproduced or used in whole or in part for any other purpose. The Authority and the State Regents have duly authorized this Official Statement.

**THE OKLAHOMA DEVELOPMENT
FINANCE AUTHORITY**

By: _____
Michael D. Davis, President

Approved:

**OKLAHOMA STATE REGENTS FOR
HIGHER EDUCATION**

By: _____
Allison Garrett, Chancellor

SCHEDULE I

DESCRIPTION OF REFUNDED BONDS

Proceeds of the Series 2024B Bonds will be used for the purpose of current refunding the Series 2014A Bonds described below and proceeds of the Series 2024C Bonds will be used for the purpose of current refunding the Series 2014B Bonds described below:

Series 2014A Bonds

\$33,267,000* in Outstanding aggregate principal amount of the Authority's Master Real Property Lease Revenue Bonds, Series 2014A, of the maturities, in the principal amounts, bearing interest at the rates and to be redeemed on the redemption date and at the redemption price (plus interest accrued thereon to the maturity or redemption date thereof, as applicable) as set forth below:

<u>Maturity</u> <u>June 1</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Redemption</u> <u>Date</u>	<u>Redemption</u> <u>Price</u>
2025	\$ 1,440,000	3.125%	10/17/2024	100%
2025	361,000	5.000	10/17/2024	100
2026	1,863,000	3.250	10/17/2024	100
2027	1,921,000	3.375	10/17/2024	100
2028	1,987,000	5.500	10/17/2024	100
2033	11,140,000	4.000	10/17/2024	100
2038	6,510,000	4.250	10/17/2024	100
2043	<u>8,045,000</u>	4.375	10/17/2024	100
	<u>\$33,267,000</u>			

Series 2014B Bonds

\$8,220,000* in Outstanding aggregate principal amount of the Authority's Master Real Property Lease Revenue Bonds, Series 2014B, of the maturities, in the principal amounts, bearing interest at the rates and to be redeemed on the redemption date and at the redemption price (plus interest accrued thereon to the maturity or redemption date thereof, as applicable) as set forth below:

<u>Maturity</u> <u>December 1</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Redemption</u> <u>Date</u>	<u>Redemption</u> <u>Price</u>
2025	\$ 795,000	3.000%	12/01/2024	100%
2026	820,000	3.250	12/01/2024	100
2027	845,000	3.250	12/01/2024	100
2028	875,000	3.375	12/01/2024	100
2033	<u>4,885,000</u>	4.000	12/01/2024	100
	<u>\$8,220,000</u>			

*Preliminary, subject to change.

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APPENDIX A

CERTAIN LIMITED INFORMATION REGARDING THE SCHEDULE LESSEES

As described in the Official Statement, particularly the captions thereof entitled “THE OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION” and “APPROPRIATION OF ANNUAL LEASE PAYMENTS,” payment of the Lease Payments will be made by the State Regents on behalf of the Schedule Lessees from moneys allocated by the State Regents to such Schedule Lessees from annual appropriations made by the State Legislature to the State Regents. Accordingly, only very limited information regarding the Schedule Lessees is included in this Appendix A. More detailed information concerning a particular Schedule Lessee may be obtained from the State Regents by contacting Ms. Sheri Mauck, Interim Vice Chancellor for Budget and Finance, 655 Research Parkway, Suite 200, Oklahoma City, Oklahoma 73104.

Murray State College

Murray State College is a public community college offering associate degree and certification programs at two locations in southeast Oklahoma. Murray State College’s main campus is located in Tishomingo, Oklahoma.

Student enrollment totals (full-time equivalent) for the Fall semesters for the most recent five years are as follows: 2023 enrollment – 1,430; 2022 enrollment – 1,367; 2021 enrollment – 1,394; 2020 enrollment —1,364; 2019 enrollment – 1,439.

The educational and general primary budget allocations made by the State Regents to Murray State College for fiscal years ending June 30, 2021, through June 30, 2025, are as follows:

Fiscal Year Ending June 30	State Appropriated Funds Allocated	Revolving Funds	Total Primary Budget
2021 [†]	\$4,406,970	\$10,619,990	\$15,026,960
2022 ^{††}	5,221,393	14,552,259	19,773,652
2023 ^{†††}	5,540,186	11,167,895	16,708,081
2024 ^{††††}	6,268,840	11,710,206	17,979,046
2025	6,364,832	13,480,718	19,845,550

[†] One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act is budgeted for FY2021 in the amount of \$55.9 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in March 2020 in response to the COVID-19 pandemic.

^{††} One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act is budgeted for FY2022 in the amount of \$341.3 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in December 2020 in response to the COVID-19 pandemic.

^{†††} One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) is budgeted for FY2023 in the amount of \$134.7 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in December 2020 and March 2021 in response to the COVID-19 pandemic.

^{††††} One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) is budgeted for FY2024 in the amount of \$73.1 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in December 2020 and March 2021 in response to the COVID-19 pandemic.

University of Central Oklahoma

University of Central Oklahoma offers 119 undergraduate and 81 graduate programs to more than 12,000 students from its main campus in Edmond, Oklahoma, and facilities throughout the Oklahoma City metropolitan area.

Student enrollment totals (full time equivalent) for the Fall semesters for the most recent five years are as follows: 2023 enrollment – 9,727; 2022 enrollment – 10,348; 2021 enrollment – 11,965; 2020 enrollment – 11,967; 2019 enrollment – 12,321.

The educational and general primary budget allocations made by the State Regents to University of Central Oklahoma for fiscal years ending June 30, 2021, through June 30, 2025, are as follows:

Fiscal Year Ending June 30	State Appropriated Funds Allocated	Revolving Funds	Total Primary Budget
2021 [†]	\$40,289,543	\$129,258,400	\$174,549,462
2022 ^{††}	42,029,560	150,668,946	192,698,506
2023 ^{†††}	44,276,108	130,836,444	175,112,552
2024 ^{††††}	51,390,828	125,926,385	177,317,213
2025	52,183,918	125,241,050	177,424,968

Northeastern State University

Northeastern State University is a four-year university located in Tahlequah, Oklahoma.

Student enrollment totals (full time equivalent) for the Fall semesters for the most recent five years are as follows: 2023 enrollment – 5,422; 2022 enrollment – 5,675; 2021 enrollment – 5,937; 2020 enrollment – 6,116; 2019 enrollment – 6,396.

The educational and general primary budget allocations made by the State Regents to Northeastern State University for fiscal years ending June 30, 2021, through June 30, 2025, are as follows:

[†] One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act is budgeted for FY2021 in the amount of \$55.9 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in March 2020 in response to the COVID-19 pandemic.

^{††} One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act is budgeted for FY2022 in the amount of \$341.3 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in December 2020 in response to the COVID-19 pandemic.

^{†††} One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) is budgeted for FY2023 in the amount of \$134.7 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in December 2020 and March 2021 in response to the COVID-19 pandemic.

^{††††} One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) is budgeted for FY2024 in the amount of \$73.1 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in December 2020 and March 2021 in response to the COVID-19 pandemic.

Fiscal Year Ending June 30	State Appropriated Funds Allocated	Revolving Funds	Total Primary Budget
2021 [†]	\$27,548,632	\$59,376,368	\$ 86,925,000
2022 ^{††}	28,303,973	83,629,571	111,933,544
2023 ^{†††}	29,303,008	69,764,742	99,067,750
2024 ^{††††}	32,892,558	60,492,442	93,385,000
2025	33,400,865	59,159,135	92,560,000

Tulsa Community College

Tulsa Community College is a two-year college with four campus locations in Tulsa, Oklahoma.

Student enrollment totals (full time equivalent) for the Fall semesters for the most recent five years are as follows: 2023 enrollment – 8,721; 2022 enrollment – 8,838; 2021 enrollment – 9,447; 2020 enrollment – 9,808; 2019 enrollment – 9,848.

The educational and general primary budget allocations made by the State Regents to Tulsa Community College for fiscal years ending June 30, 2021, through June 30, 2025, are as follows:

Fiscal Year Ending June 30	State Appropriated Funds Allocated	Revolving Funds	Total Primary Budget
2021 [†]	\$27,890,623	\$ 94,746,887	\$122,637,510
2022 ^{††}	28,894,790	110,088,563	138,983,353
2023 ^{†††}	31,010,700	122,076,142	153,086,842
2024 ^{††††}	37,419,995	94,776,725	132,196,720
2025	37,992,665	97,795,107	135,787,772

Oklahoma Panhandle State College

Oklahoma Panhandle State University is a four-year college with located in Goodwell, Oklahoma.

Student enrollment totals (full time equivalent) for the Fall semesters for the most recent five years are as follows: 2023 enrollment – 1,085; 2022 enrollment – 1,133; 2021 enrollment – 1,138; 2020 enrollment – 1,075; 2019 enrollment – 1,064.

The educational and general primary budget allocations made by the State Regents to Oklahoma Panhandle State University for fiscal years ending June 30, 2021, through June 30, 2025, are as follows:

[†] One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act is budgeted for FY2021 in the amount of \$55.9 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in March 2020 in response to the COVID-19 pandemic.

^{††} One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act is budgeted for FY2022 in the amount of \$341.3 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in December 2020 in response to the COVID-19 pandemic.

^{†††} One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) is budgeted for FY2023 in the amount of \$134.7 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in December 2020 and March 2021 in response to the COVID-19 pandemic.

^{††††} One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) is budgeted for FY2024 in the amount of \$73.1 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in December 2020 and March 2021 in response to the COVID-19 pandemic.

Fiscal Year Ending June 30	State Appropriated Funds Allocated	Revolving Funds	Total Primary Budget
2021 [†]	\$5,414,586	\$11,688,146	\$17,102,732
2022 ^{††}	5,916,340	16,142,846	22,059,186
2023 ^{†††}	6,190,561	12,937,641	19,128,202
2024 ^{††††}	6,692,761	12,987,614	19,680,375
2025	6,795,273	12,786,503	19,581,776

[†] One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act is budgeted for FY2021 in the amount of \$55.9 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in March 2020 in response to the COVID-19 pandemic.

^{††} One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act is budgeted for FY2022 in the amount of \$341.3 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in December 2020 in response to the COVID-19 pandemic.

^{†††} One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) is budgeted for FY2023 in the amount of \$134.7 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in December 2020 and March 2021 in response to the COVID-19 pandemic.

^{††††} One-time funding provided through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) is budgeted for FY2024 in the amount of \$73.1 million for the state system institutions within the Oklahoma State System of Higher Education. This funding was provided as a part of the federal stimulus legislative package Congress passed in December 2020 and March 2021 in response to the COVID-19 pandemic.

APPENDIX B

EXCERPTS FROM THE STATE OF OKLAHOMA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**(Note: Because Appendix B was extracted
from the State's Annual Comprehensive
Financial Report, the page numbers correspond to
where the information appears in that document.)**

The entire State of Oklahoma Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023, may be found on the State of Oklahoma Office of Management and Enterprise Services web site.

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OKLAHOMA 2023

**Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2023**

J. Kevin Stitt
Governor

Prepared by

Office of Management and Enterprise Services

Rick Rose, Executive Director OMES
John P. Laws, Secretary of Budget, State Chief Financial Officer
Felicia Clark, State Comptroller



INDEPENDENT AUDITOR'S REPORT

TO THE GOVERNOR AND MEMBERS OF THE LEGISLATURE OF THE STATE OF OKLAHOMA

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the State of Oklahoma's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Oklahoma, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit:

- the financial statements of the Water Resources Board, the Employees Group Insurance Division of the Office of Management and Enterprise Services, and the Lottery Commission, which in the aggregate represent eighty percent of the assets, fifty-eight percent of the net position, and seventy-eight percent of the revenues of the proprietary funds;
- the financial statements of the Oklahoma Municipal Power Authority, Oklahoma Housing Finance Agency, Grand River Dam Authority, Oklahoma Turnpike Authority, University of Oklahoma, University of Oklahoma – Foundation, Oklahoma State University, Oklahoma State University – Foundation, Regents for Higher Education, and University of Oklahoma – Health Sciences Center, which in the aggregate represent eighty-two percent of the assets, eighty-three percent of the net position, and seventy-eight percent of the revenues for the aggregate discretely presented component units;
- the financial statements of the Commissioners of the Land Office, the Department of Wildlife Lifetime Licenses, and the Tobacco Settlement Endowment permanent funds, which in the aggregate represent one hundred percent of the assets, one hundred percent of the fund balance, and one hundred percent of the revenues of the permanent funds;
- the financial statements of the Oklahoma Teachers Retirement System, the Oklahoma Public Employees Retirement System, and the Oklahoma Firefighters Pension and Retirement System, which in the aggregate represent eighty-nine percent of the assets, eighty-eight percent of the net position, and fifty percent of the additions of the aggregate remaining fund information.
- the financial statements of the Department of Commerce which in the aggregate represent one percent of the assets, two percent of the fund balance, and zero percent of the revenues of the general fund.

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the aforementioned entities, are based solely on the reports

of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. 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 State of Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As discussed in Note 1, the Multiple Injury Trust Fund (MITF) had a net deficit or negative net position of approximately \$388,813,000 at December 31, 2022, primarily due to court awards exceeding the apportionment of special tax revenue collected.

As discussed in Note 1, effective July 2022, the State of Oklahoma adopted the provisions of GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and GASB Statement No. 99, *Omnibus 2022 (paragraphs 11-25)*.

Our opinions are not modified with respect to these matters.

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 State of Oklahoma's ability to continue as a going concern for twelve 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 audit 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 State of Oklahoma'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 State of Oklahoma'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, Budgetary Comparison Schedule-Budget to Actual (Non-GAAP Budgetary Basis) General Fund, the Notes to Required Supplementary Information-Budgetary Reporting, the Pension Data Required by GASB 68, and the OPEB Data required by GASB 75, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Oklahoma's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the reports of the other auditors, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work

performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will also issue our report dated September 4, 2024, on our consideration of the State of Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report will be issued under separate cover. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Oklahoma's internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

September 4, 2024

State of Oklahoma
Government-Wide Statement of Net Position
June 30, 2023
(expressed in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Current Assets				
Cash/Cash Equivalents	\$ 15,163,166	\$ 1,111,217	\$ 16,274,383	\$ 2,371,464
Investments	89,599	243,914	333,513	1,877,489
Securities Lending Investments	1,205,397	-	1,205,397	-
Accounts Receivable	187,088	126,492	313,580	896,870
Interest and Investment Revenue Receivable	57,376	23,764	81,140	16,190
Federal Grants Receivable	1,400,118	1,293	1,401,411	7,492
Taxes Receivable	878,861	122,262	1,001,123	-
Leases Receivable	19,972	-	19,972	-
Leases Receivable - Component Units	34,990	-	34,990	-
Notes Receivable	-	109,867	109,867	24,999
Other Receivables	45,799	46	45,845	50,110
Internal Balances	6	(6)	-	6
Receivable from External Parties	55	-	55	13
Due from Component Units	2,619	61	2,680	1,109
Due from Primary Government	(36)	36	-	56,672
Inventory	89,190	-	89,190	92,978
Prepaid Items	1,209	-	1,209	21,807
Other Current Assets	6,132	41,547	47,679	90,366
Total Current Assets	\$ 19,181,541	\$ 1,780,493	\$ 20,962,034	\$ 5,507,565
Noncurrent Assets				
Cash/Cash Equivalents, Restricted	\$ 90,043	\$ 129,319	\$ 219,362	\$ 899,271
Short Term Investments, Restricted	4,371,444	-	4,371,444	3,377,353
Long Term Investments	-	2,608	2,608	1,865,752
Long Term Investments, Restricted	-	39,450	39,450	-
Leases Receivable	83,758	-	83,758	-
Leases Receivables - Component Units	368,589	-	368,589	14,715
Long Term Notes Receivable, Net	-	2,102,974	2,102,974	120,773
Net Pension Asset	5,350	-	5,350	4,386
Net Other Postemployment Benefit Asset	69,116	131	69,247	18,231
Long Term Due from Comp Units	54,668	-	54,668	-
Capital Assets - Net	12,038,326	3,330	12,041,656	8,801,181
Capital Assets - Land	2,138,917	-	2,138,917	572,738
Capital Assets - Construction in Progress	234,502	-	234,502	1,366,415
Other Noncurrent Assets	10,924	4,832	15,756	473,412
Other Noncurrent Assets - Restricted	38,052	-	38,052	36
Total Noncurrent Assets	\$ 19,503,689	\$ 2,282,644	\$ 21,786,333	\$ 17,514,263
Total Assets	\$ 38,685,230	\$ 4,063,137	\$ 42,748,367	\$ 23,021,828
Deferred Outflows				
Deferred Outflows from Pensions	\$ 1,047,392	\$ 2,443	\$ 1,049,835	\$ 544,114
GASB 87 Outflow	-	1,169	1,169	-
Deferred Outflows from OPEB	65,434	104	65,538	39,496
Lease Restructuring	-	-	-	20,673
Advance Refunding of Bonds	-	-	-	110,126
Defeasance of Bonds	-	-	-	142
Accumulated Decrease in Fair Value of Derivatives	-	-	-	5,354
Deferred Outflows from Asset Retirement Obligations	-	-	-	331
Total Deferred Outflows	\$ 1,112,826	\$ 3,716	\$ 1,116,542	\$ 720,236

The Notes to the Financial Statements are an integral part of this statement.

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Liabilities				
Current Liabilities				
Accounts Payable and Accrued Liabilities	\$ 2,196,432	\$ 154,299	\$ 2,350,731	\$ 459,115
Unearned Revenue	369,182	-	369,182	333,916
Payable Under Securities Lending Agreements	1,205,397	-	1,205,397	-
Claims and Judgements	13,402	-	13,402	57,698
Interest Payable	30,278	138,329	168,607	72,658
Compensated Absences	95,271	415	95,686	82,675
Tax Refunds Payable	467,534	-	467,534	-
Due to Others	300,532	-	300,532	-
Revenue Bonds, net	134,375	62,155	196,530	235,368
Payable to External Parties	100,996	1,744	102,740	626
Due to Component Units	57,646	-	57,646	1,109
Due to Primary Government	-	-	-	2,343
Right to Use Leases	39,926	-	39,926	74,629
Right to Use Leases - Primary Government	-	-	-	34,990
Notes Payable	4,188	-	4,188	55,591
Other Current Liabilities	1,291,855	39,255	1,331,110	585,249
Total Current Liabilities	\$ 6,307,014	\$ 396,197	\$ 6,703,211	\$ 1,995,967
Noncurrent Liabilities				
Claims and Judgements	\$ 117,199	\$ -	\$ 117,199	\$ 367,566
Due to Primary Government	-	-	-	55,005
Right to Use Leases	87,374	-	87,374	568,110
Right to Use Leases-Primary Government	-	-	-	368,590
Compensated Absences	100,874	147	101,021	57,564
Net Pension Liability	913,723	2,861	916,584	1,768,957
Notes Payable	146,459	-	146,459	231,106
General Obligation Bonds	-	-	-	30,000
Revenue Bonds (including Premiums)	1,404,062	1,738,535	3,142,597	5,181,763
Net Other Postemployment Benefit Liability	141,504	441	141,945	310,872
Other Noncurrent Liabilities	-	9,497	9,497	73,704
Total Noncurrent Liabilities	\$ 2,911,195	\$ 1,751,481	\$ 4,662,676	\$ 9,013,237
Total Liabilities	\$ 9,218,209	\$ 2,147,678	\$ 11,365,887	\$ 11,009,204
Deferred Inflows				
Restructured Debt	\$ -	\$ 17,494	\$ 17,494	\$ 7,522
Deferred Lease Inflow	128,692	138	128,830	-
Service Concession Arrangements	-	-	-	126,206
Accumulated Increase in Fair Value	-	-	-	842
Deferred Inflows from Pensions	45,577	93	45,670	242,468
Deferred Inflows from OPEB	51,035	82	51,117	76,207
Deferred Regulation Inflows	-	-	-	147,375
Total Deferred Inflows	\$ 225,304	\$ 17,807	\$ 243,111	\$ 600,620
Net Position				
Net Investment in Capital Assets	\$ 13,114,537	\$ 3,330	\$ 13,117,867	\$ 4,760,516
Restricted for:				
Federal Programs	1,078,018	-	1,078,018	-
Debt Service	769,153	394,778	1,163,931	334,319
Lottery Benefits	-	15,463	15,463	-
Educational Systems	2,662,359	-	2,662,359	-
Post Employment Benefits	-	131	131	-
Stabilization	955,538	-	955,538	-
Preservation of Wildlife	102,824	-	102,824	-
Unemployment Benefits	-	800,871	800,871	-
Tobacco Cessation and Public Health				
Nonexpendable	1,467,114	-	1,467,114	1,347,633
Expendable	276,493	-	276,493	4,269,599
Unrestricted	9,928,507	686,795	10,615,302	1,420,173
Total Net Position	\$ 30,354,543	\$ 1,901,368	\$ 32,255,911	\$ 12,132,240

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Government-Wide Statement of Activities
For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Primary Government		Total	
				Governmental Activities	Business-Type Activities		
Primary Government							
Governmental Activities:							
Education - General	\$ 5,115,681	\$ 477,470	\$ 1,267,594	\$ (3,370,617)		\$ (3,370,617)	
Education - Payment to Higher Education	887,775	-	-	(887,775)		(887,775)	
Government Administration	3,002,248	807,297	457,744	(1,737,207)		(1,737,207)	
Health Services	10,220,499	859,881	7,981,429	(1,379,189)		(1,379,189)	
Legal and Judiciary	273,555	87,698	41,915	(143,942)		(143,942)	
Museums	19,224	4,099	1,227	(13,898)		(13,898)	
Natural Resources	684,680	227,904	71,246	(385,530)		(385,530)	
Public Safety and Defense	1,042,289	152,966	186,763	(702,560)		(702,560)	
Regulatory Services	305,862	170,730	8,738	(126,394)		(126,394)	
Social Services	4,450,381	74,926	3,516,979	(858,476)		(858,476)	
Transportation	1,330,596	79,271	966,332	(284,993)		(284,993)	
Interest on Long Term Debt	66,350	-	-	(66,350)		(66,350)	
Total Governmental Activities	\$ 27,399,140	\$ 2,942,242	\$ 14,499,967	\$ (9,956,931)		\$ (9,956,931)	
Business-Type Activities:							
Employment Security Commission	\$ 345,423	\$ 378,475	\$ 59,223		\$ 92,275	\$ 92,275	
Office of Management and Enterprise Services	1,155,852	1,056,202	-		(99,650)	(99,650)	
Oklahoma Lottery Commission	286,885	381,153	-		94,268	94,268	
Water Resources Board	54,020	113,204	4,433		63,617	63,617	
Total Business-Type Activities	\$ 1,842,180	\$ 1,929,034	\$ 63,656		\$ 150,510	\$ 150,510	
Total Primary Government	\$ 29,241,320	\$ 4,871,276	\$ 14,563,623	\$ (9,956,931)	\$ 150,510	\$ (9,806,421)	
Component Units:							
Oklahoma Student Loan Authority	\$ 36,492	\$ 36,670	\$ -				\$ 178
Oklahoma Housing Finance Agency	177,319	(12,713)	154,779				(35,253)
Oklahoma Turnpike Authority	316,407	356,495	-				40,088
Grand River Dam Authority	598,174	663,325	-				65,151
Oklahoma Municipal Power Authority	224,912	225,153	-				241
Higher Education	5,218,312	2,975,928	2,004,348				(238,036)
Nonmajor Component Units	816,498	652,451	79,059				(84,988)
Total Component Units	\$ 7,388,114	\$ 4,897,309	\$ 2,238,186				\$ (252,619)
General Revenues							
Taxes:							
Income Taxes - Individual				\$ 4,175,461	\$ -	\$ 4,175,461	\$ -
Sales Tax				3,747,724	-	3,747,724	-
Gross Production Taxes				1,567,777	-	1,567,777	-
Income Taxes - Corporate				771,747	-	771,747	-
Motor Vehicle Taxes				931,918	-	931,918	-
Fuel Taxes				572,351	-	572,351	-
Tobacco Taxes				436,531	-	436,531	-
Other Business Taxes				376,634	-	376,634	-
Insurance Taxes				409,605	-	409,605	-
Beverage Taxes				178,160	-	178,160	-
Other Taxes				228,551	-	228,551	-
Payments from Primary Government				-	-	-	1,080,299
Investment Earnings				247,852	-	247,852	-
Contributions to Permanent Funds				56,600	-	56,600	-
Transfers				87,377	(87,377)	-	-
Total General Revenues and Transfers				\$ 13,788,288	\$ (87,377)	\$ 13,700,911	\$ 1,080,299
Change in Net Position				\$ 3,831,357	\$ 63,133	\$ 3,894,490	\$ 827,680
Net Position - Beginning of Year (as restated)				26,523,186	1,838,235	28,361,421	11,304,560
Net Position - End of Year				\$ 30,354,543	\$ 1,901,368	\$ 32,255,911	\$ 12,132,240

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Balance Sheet
Governmental Funds
June 30, 2023
(expressed in thousands)

	General	Permanent Funds			Total Governmental Funds
		Commissioners of the Land Office	Department of Wildlife Lifetime Licenses	Tobacco Settlement Endowment Trust	
Assets					
Assets					
Cash/Cash Equivalents	\$ 15,094,514	\$ 97,891	\$ 9,091	\$ 51,712	\$ 15,253,208
Investments	89,599	2,575,745	93,573	1,702,126	4,461,043
Security Lending Investments	1,047,255	-	-	158,142	1,205,397
Accounts Receivable	187,088	-	-	-	187,088
Interest and Investment Revenue Receivable	57,376	14,963	-	4,309	76,648
Federal Grants Receivable	1,400,118	-	-	-	1,400,118
Taxes Receivable	878,861	-	-	-	878,861
Leases Receivable	31,141	72,588	-	-	103,729
Leases Receivable - Component Units	403,579	-	-	-	403,579
Other Receivables	45,799	15,869	-	2,911	64,579
Due from Other Funds	304	4,825	153	-	5,282
Due from Fiduciary Funds	55	-	-	-	55
Due from Component Units	2,619	-	-	-	2,619
Due From Component Units - Noncurrent	54,668	-	-	-	54,668
Inventory	89,190	-	-	-	89,190
Prepaid Items	1,209	-	-	-	1,209
Other Assets	16,438	611	7	-	17,056
Total Assets	\$ 19,399,813	\$ 2,782,492	\$ 102,824	\$ 1,919,200	\$ 24,204,329
Liabilities					
Accounts Payable and Accrued Liabilities	\$ 2,159,537	\$ 22,104	\$ -	\$ 14,812	\$ 2,196,453
Unearned Revenue	1,660,761	276	-	-	1,661,037
Payable Under Securities Lending Agreements	1,047,255	-	-	158,142	1,205,397
Tax Refunds Payable	467,534	-	-	-	467,534
Due to Other Funds	5,014	-	-	298	5,312
Due to Fiduciary Funds	100,996	-	-	-	100,996
Due to Component Units	55,305	-	-	2,341	57,646
Due to Others	300,532	-	-	-	300,532
Total Liabilities	\$ 5,796,934	\$ 22,380	\$ -	\$ 175,593	\$ 5,994,907
Deferred Inflows					
Deferred Lease Inflows	\$ 30,939	\$ 97,753	\$ -	\$ -	\$ 128,692
Unavailable Revenue	490,018	-	-	-	490,018
Total Deferred Inflows	\$ 520,957	\$ 97,753	\$ -	\$ -	\$ 618,710
Fund Balances					
Nonspendable	\$ 90,399	\$ 2,584,276	\$ 102,824	\$ 1,467,114	\$ 4,244,613
Restricted	2,802,709	-	-	-	2,802,709
Committed	9,870,301	78,083	-	66,703	10,015,087
Assigned	-	-	-	209,790	209,790
Unassigned	318,513	-	-	-	318,513
Total Fund Balances	\$ 13,081,922	\$ 2,662,359	\$ 102,824	\$ 1,743,607	\$ 17,590,712

The Notes to the Financial Statements are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Total Fund Balance - Governmental Funds \$ 17,590,712

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$	2,138,917	
Buildings and Improvements		1,958,580	
Equipment		848,121	
Infrastructure		24,344,690	
Construction in Progress		234,502	
Accumulated Depreciation		<u>(15,113,065)</u>	
			14,411,745

Some of the state's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are considered to be unearned.

490,018

The state's portion of pension accruals determined by the actuarial calculations of the pension systems created by statute:

Net Pension Asset	\$	5,350	
Deferred Pension Plan Outflows		1,047,392	
Net Pension Liability		(913,723)	
Deferred Pension Plan Inflows		<u>(45,577)</u>	
			93,442

The state's portion of the net other postemployment benefit accruals as determined by the actuarial calculations of the pension systems created by statute:

Net Other Postemployment Benefit Asset	\$	69,116	
Deferred Other Postemployment Benefit Outflows		65,434	
Net Other Postemployment Benefit Liability		(141,504)	
Deferred Other Postemployment Benefit Inflows		<u>(51,035)</u>	
			(57,989)

Timing differences caused by the component units with alternative year end dates resulted in differences in due to/from other funds.

23

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Notes Payable	\$	(150,647)	
Revenue Bonds		(1,422,839)	
Capital Leases and Certificates of Participation		(127,300)	
Bond Issue Premiums		(115,598)	
Accrued Interest on Bonds		(30,278)	
Compensated Absences		(196,145)	
Claims and Judgments		<u>(130,601)</u>	
			(2,173,408)

Net Position of Governmental Activities

\$ 30,354,543

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	General	Permanent Funds			Total Governmental Funds
		Commissioners of the Land Office	Department of Wildlife Lifetime Licenses	Tobacco Settlement Endowment	
Revenues					
Taxes					
Income Taxes - Individual	\$ 4,152,409	\$ -	\$ -	\$ -	\$ 4,152,409
Sales Tax	3,751,893	-	-	-	3,751,893
Gross Production Tax	1,539,531	-	-	-	1,539,531
Income Taxes - Corporate	740,097	-	-	-	740,097
Motor Vehicle Taxes	957,647	-	-	-	957,647
Fuel Taxes	572,343	-	-	-	572,343
Tobacco Taxes	436,511	-	-	-	436,511
Other Business Taxes	376,087	-	-	-	376,087
Insurance Taxes	409,553	-	-	-	409,553
Beverage Taxes	177,729	-	-	-	177,729
Other Taxes	228,555	-	-	-	228,555
Licenses, Permits and Fees	1,054,570	-	3,035	-	1,057,605
Interest and Investment Revenue	310,079	233,647	-	185,186	728,912
Federal Revenue	14,988,395	-	-	-	14,988,395
Sales and Services	260,923	-	-	-	260,923
Other Grants and Reimbursements	386,814	-	-	-	386,814
Fines and Penalties	95,064	-	-	-	95,064
Other	103,900	2,737	-	56,600	163,237
Total Revenues	\$ 30,542,100	\$ 236,384	\$ 3,035	\$ 241,786	\$ 31,023,305
Expenditures					
Education	\$ 5,844,930	\$ 151,216	\$ -	\$ -	\$ 5,996,146
Government Administration	3,088,201	-	-	72,932	3,161,133
Health Services	10,213,534	-	-	-	10,213,534
Legal and Judiciary	265,408	-	-	-	265,408
Museums	17,636	-	-	-	17,636
Natural Resources	659,816	-	-	-	659,816
Public Safety and Defense	998,353	-	-	-	998,353
Regulatory Services	301,531	-	-	-	301,531
Social Services	4,445,814	-	-	-	4,445,814
Transportation	504,706	-	-	-	504,706
Capital Outlay	1,528,083	-	-	32	1,528,115
Debt Service					
Principal Retirement	185,451	-	-	-	185,451
Interest	67,731	-	-	-	67,731
Total Expenditures	\$ 28,121,194	\$ 151,216	\$ -	\$ 72,964	\$ 28,345,374
Revenues in Excess of (Less Than) Expenditures	\$ 2,420,906	\$ 85,168	\$ 3,035	\$ 168,822	\$ 2,677,931
Other Financing Sources (Uses)					
Transfers In	\$ 102,043	\$ 5,680	\$ -	\$ -	\$ 107,723
Transfers Out	(7,230)	(12,765)	-	-	(19,995)
Capital Leases	96,804	-	-	-	96,804
Note Proceeds	44,649	-	-	-	44,649
Sale of Capital Assets	11,307	-	-	-	11,307
Total Other Financing Sources (Uses)	\$ 247,573	\$ (7,085)	\$ -	\$ -	\$ 240,488
Net Change in Fund Balances	\$ 2,668,479	\$ 78,083	\$ 3,035	\$ 168,822	\$ 2,918,419
Fund Balances - Beginning of Year (as restated)	10,413,443	2,584,276	99,789	1,574,785	14,672,293
Fund Balances - End of Year	\$ 13,081,922	\$ 2,662,359	\$ 102,824	\$ 1,743,607	\$ 17,590,712

The Notes to the Financial Statements are an integral part of this statement.

Reconciliation of the Governmental Funds Schedule of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities

Net Change in Fund Balances - Total Governmental Funds \$ 2,918,419

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statements of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$1,389,220) exceeded depreciation (\$720,503) in the current period.

668,717

In the statement of activities, only the gain on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.

(37,016)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

121,913

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which bond proceeds (\$0) and note proceeds (\$44,649) exceeded payments (\$123,548).

78,899

The amount by which the actuarial calculated accruals from pension plans changed compared to the prior fiscal year:

Decrease in net pension asset	\$ (1,077,102)
Increase in deferred outflows from pension plans	700,097
Increase in net pension liability	(838,298)
Decrease in deferred inflows from pension plans	1,290,518
	75,215

75,215

The amount by which the actuarial calculated accruals for other postemployment benefits changed compared to the prior fiscal year:

Increase in net other postemployment benefits asset	\$ (34,930)
Increase in deferred outflows from other postemployment benefits	19,665
Decrease in net other postemployment benefits liability	15,604
Decrease in deferred inflows from other postemployment benefits	19,831
	20,170

20,170

For assets acquired as capital leases, the amount financed is reported in the governmental funds as a source of financing. However, capital leases are long-term liabilities in the statement of net position. This is the amount by which the payment of principal (\$61,754) exceeded the addition of new capital leases (\$96,804).

(35,050)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Accretion of bond premiums	\$ 13,250
Decrease in entity-wide interest payable	1,381
Increase in compensated absences	(6,318)
Timing difference of due from/to other funds	28
Decrease in claims and judgments payable	11,749
	20,090

20,090

Change in Net Position of Governmental Activities

\$ 3,831,357

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Statement of Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	Business-Type Activities - Enterprise Funds				Total
	Employment Security Commission	Water Resources Board	Office of Management and Enterprise Services	Lottery Commission	
Assets					
Current Assets					
Cash/Cash Equivalents	\$ 678,491	\$ 277,137	\$ 97,121	\$ 58,468	\$ 1,111,217
Investments	-	-	243,914	-	243,914
Accounts Receivable	226	-	111,120	15,146	126,492
Interest and Investment Revenue Receivable	2,553	15,167	6,044	-	23,764
Federal Grants Receivable	-	1,293	-	-	1,293
Taxes Receivable	122,262	-	-	-	122,262
Notes Receivable	-	109,867	-	-	109,867
Other Receivables	-	46	-	-	46
Due from Component Units	61	-	-	-	61
Due from Other Funds	3	-	33	-	36
Other Current Assets	-	7	41,540	-	41,547
Total Current Assets	\$ 803,596	\$ 403,517	\$ 499,772	\$ 73,614	\$ 1,780,499
Noncurrent Assets					
Cash/Cash Equivalents, Restricted	\$ -	\$ 129,319	\$ -	\$ -	\$ 129,319
Long Term Investments	-	2,608	-	-	2,608
Long Term Investments, Restricted	-	39,450	-	-	39,450
Long Term Notes Receivable	-	2,102,974	-	-	2,102,974
Net Other Postemployment Benefits	-	-	131	-	131
Capital Assets, Net	-	412	2,822	96	3,330
Other Noncurrent Assets	-	-	-	4,832	4,832
Total Noncurrent Assets	\$ -	\$ 2,274,763	\$ 2,953	\$ 4,928	\$ 2,282,644
Total Assets	\$ 803,596	\$ 2,678,280	\$ 502,725	\$ 78,542	\$ 4,063,143
Deferred Outflows of Resources					
Deferred Other Postemployment Benefits	\$ -	\$ -	\$ 104	\$ -	\$ 104
GASB 87 Outflow	-	-	-	1,169	1,169
Deferred Pension Plan Outflows	-	-	2,443	-	2,443
Total Deferred Outflows	\$ -	\$ -	\$ 2,547	\$ 1,169	\$ 3,716
Liabilities					
Current Liabilities					
Accounts Payable and Accrued Liabilities	\$ 1,660	\$ 288	\$ 91,282	\$ 61,069	\$ 154,299
Interest Payable	-	15,597	122,732	-	138,329
Compensated Absences	-	146	-	269	415
Revenue Bonds, net	-	62,155	-	-	62,155
Due to Fiduciary Funds	-	-	-	1,744	1,744
Due to Other Funds	-	-	-	6	6
Other Current Liabilities	1,065	1,724	36,466	-	39,255
Total Current Liabilities	\$ 2,725	\$ 79,910	\$ 250,480	\$ 63,088	\$ 396,203
Noncurrent Liabilities					
Revenue Bonds (including Premiums)	\$ -	\$ 1,738,535	\$ -	\$ -	\$ 1,738,535
Net Pension Liability	-	-	2,020	841	2,861
Compensated Absences	-	62	-	85	147
Other Postemployment Benefits	-	-	441	-	441
Other Noncurrent Liabilities	-	-	9,497	-	9,497
Total Noncurrent Liabilities	\$ -	\$ 1,738,597	\$ 11,958	\$ 926	\$ 1,751,481
Total Liabilities	\$ 2,725	\$ 1,818,507	\$ 262,438	\$ 64,014	\$ 2,147,684
Deferred Inflows of Resources					
Deferred Inflows from Pensions	\$ -	\$ -	\$ 93	\$ -	\$ 93
Deferred Lease Inflow	-	-	-	138	138
Deferred Inflows from OPEB	-	-	82	-	82
Refinancing of Debt	-	17,494	-	-	17,494
Total Deferred Inflows	\$ -	\$ 17,494	\$ 175	\$ 138	\$ 17,807
Net Position					
Invested in Capital Assets	\$ -	\$ 412	\$ 2,822	\$ 96	\$ 3,330
Restricted for:					
Debt Service	-	394,778	-	-	394,778
Lottery Benefits	-	-	-	15,463	15,463
Post Employment Benefits	-	-	131	-	131
Unemployment Benefits	800,871	-	-	-	800,871
Unrestricted	-	447,089	239,706	-	686,795
Total Net Position	\$ 800,871	\$ 842,279	\$ 242,659	\$ 15,559	\$ 1,901,368

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	Business-Type Activities - Enterprise Funds				Total
	Employment Security Commission	Water Resources Board	Office of Management and Enterprise Services	Lottery Commission	
Operating Revenues					
Sales and Services	\$ 364,615	\$ -	\$ 1,116,007	\$ 379,827	\$ 1,860,449
Federal Revenue	59,223	4,433	-	-	63,656
Interest and Investment Revenue	-	54,128	-	-	54,128
Other	(191)	-	(16,287)	503	(15,975)
Total Operating Revenues	\$ 423,647	\$ 58,561	\$ 1,099,720	\$ 380,330	\$ 1,962,258
Operating Expenses					
Facilities Operations and Maintenance	\$ -	\$ -	\$ -	\$ 590	\$ 590
Administration and General	6,578	7,159	52,531	7,646	73,914
Prizes, Commissions and Other	-	-	-	278,584	278,584
Interest	-	46,653	-	-	46,653
Depreciation	-	208	509	66	783
Benefit Payments and Refunds	338,845	-	1,102,812	-	1,441,657
Total Operating Expenses	\$ 345,423	\$ 54,020	\$ 1,155,852	\$ 286,886	\$ 1,842,181
Operating Income (Loss)	\$ 78,224	\$ 4,541	\$ (56,132)	\$ 93,444	\$ 120,077
Nonoperating Revenues (Expense)					
Interest and Investment Revenue	\$ 8,081	\$ 5,407	\$ (43,518)	\$ 824	\$ (29,206)
Other Nonoperating Revenues	5,970	(12)	-	-	5,958
Nonoperating Federal Grants	-	53,681	-	-	53,681
Total Nonoperating Revenues (Expense)	\$ 14,051	\$ 59,076	\$ (43,518)	\$ 824	\$ 30,433
Income (Loss) Before Transfers	\$ 92,275	\$ 63,617	\$ (99,650)	94,268	\$ 150,510
Transfers In	-	1,551	-	-	1,551
Transfers Out	-	(592)	-	(88,336)	(88,928)
Change in Net Position	\$ 92,275	\$ 64,576	\$ (99,650)	\$ 5,932	\$ 63,133
Total Net Position - Beginning of Year	708,596	777,703	342,309	9,627	1,838,235
Total Net Position - Ending	\$ 800,871	\$ 842,279	\$ 242,659	\$ 15,559	\$ 1,901,368

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	Business-Type Activities - Enterprise Funds				
	Employment	Water	Office of Management and	Lottery	Total
	Security Commission	Resources Board	Enterprise Services	Commission	
Cash Flows from Operating Activities					
Receipts from Customers and Users	\$ 340,838	\$ -	\$ 1,379,675	\$ 354,409	\$ 2,074,922
Receipts from Federal Grants	59,233	3,949	-	-	63,182
Payments of Benefits	(346,863)	-	(1,350,320)	-	(1,697,183)
Payments to Suppliers	-	(2,838)	(56,592)	(24,438)	(83,868)
Payments to Employees	-	(2,423)	(9,545)	(3,461)	(15,429)
Payments to Prize Winners	-	-	-	(228,448)	(228,448)
Payments to fund deposit with Multi-State Lottery	-	-	-	(50)	(50)
Payments of Operating Interest Expense	-	(50,156)	-	-	(50,156)
Collections of Interest on Loans to Governmental Units	-	52,957	-	-	52,957
Net Cash Provided (Used) by Operating Activities	\$ 53,208	\$ 1,489	\$ (36,782)	\$ 98,012	\$ 115,927
Cash Flows from Noncapital Financing Activities					
Federal Grants and Other Contributions	\$ 6,152	\$ 431,469	\$ -	\$ -	\$ 437,621
Transfers In	-	1,550	-	-	1,550
Transfers Out	-	(591)	-	(78,491)	(79,082)
Nonoperating expenses	-	-	-	-	-
Principal Paid on Bonds and Notes Payable	-	(53,104)	-	-	(53,104)
Net Cash Provided (Used) by Noncapital Financing Activities	\$ 6,152	\$ 379,324	\$ -	\$ (78,491)	\$ 306,985
Cash Flows from Capital and Related Financing Activities					
Payments for Acquisition of Capital Assets	\$ -	\$ -	\$ (1,779)	\$ (1)	\$ (1,780)
Net Cash Used by Capital and Related Financing Activities	\$ -	\$ -	\$ (1,779)	\$ (1)	\$ (1,780)
Cash Flows from Investing Activities					
Interest and Investment Revenue	\$ 6,922	\$ 5,016	\$ 5,174	\$ 824	\$ 17,936
Proceeds from Sale and Maturity of Investments	-	5,540	246,817	-	252,357
Payments to Purchase Investments	-	(722)	(204,166)	-	(204,888)
Collections of Principal on Loans to Governmental Units	-	104,360	-	-	104,360
Payments to Issue Notes Receivable	-	(348,862)	-	-	(348,862)
Net Cash Provided by Investing Activities	\$ 6,922	\$ (234,668)	\$ 47,825	\$ 824	\$ (179,097)
Net Increase in Cash/Cash Equivalents	\$ 66,282	\$ 146,145	\$ 9,264	\$ 20,344	\$ 242,035
Cash/Cash Equivalents - Beginning of Year	612,208	260,311	87,857	38,124	998,500
Cash/Cash Equivalents - End of Year	\$ 678,490	\$ 406,456	\$ 97,121	\$ 58,468	\$ 1,240,535
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities					
Operating Income (Loss)	\$ 78,224	\$ 4,541	\$ (56,132)	\$ 93,446	\$ 120,079
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation Expense	-	207	509	66	782
Amortization (Accretion) and Other Noncash Expenses	-	(5,081)	-	-	(5,081)
Decrease (Increase) in Assets					
Accounts Receivable	(23,586)	-	16,543	(1,799)	(8,842)
Federal Receivable	10	-	-	-	10
Interest and Investment Receivable	-	(1,418)	-	-	(1,418)
Deposit with Multi-State Lottery	-	-	-	(50)	(50)
Other Receivables	-	-	(5,303)	1,395	(3,908)
Increase (Decrease) in Liabilities					
Accounts Payable and Accrued Liabilities	(1,440)	(63)	13,142	818	12,457
Interest Payable	-	3,278	-	-	3,278
Prizes Payable	-	-	-	5,624	5,624
Compensated Absences	-	(43)	-	-	(43)
Due to other funds	-	-	-	83	83
Unavailable Revenue	-	-	-	-	-
Other Current Liabilities	-	68	(5,541)	(1,571)	(7,044)
Net Cash Provided (Used) by Operating Activities	\$ 53,208	\$ 1,489	\$ (36,782)	\$ 98,012	\$ 115,927

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Statement of Fiduciary Net Position
Fiduciary Funds and Similar Component Units
June 30, 2023
(expressed in thousands)

	Pension Trust Funds	Custodial Funds
Assets		
Cash/Cash Equivalents	\$ 929,069	\$ 478,275
Investments, at fair value		
Equity Securities	23,997,342	-
Governmental Securities	4,617,526	-
Debt Securities	4,958,784	-
Other Investments	5,832,193	-
Securities Lending Investments	1,168,334	-
Taxes Receivable	-	184,121
Accounts Receivable	-	5,256
Interest and Investment Revenue Receivable	123,431	-
Employer Contributions Receivable	53,301	-
Employee Contributions Receivable	35,378	-
Other Receivables	19,614	-
Due from Broker	845,548	-
Due from Primary Government	102,740	-
Due from Component Units	626	-
Inventory	-	11,598
Capital Assets, Net	4,754	-
Other Assets	709	-
Total Assets	\$ 42,689,349	\$ 679,250
Liabilities		
Accounts Payable	\$ 322,423	\$ 974
Securities Lending Payable	1,168,334	-
Tax Refunds Payable	-	4,209
Due to Brokers	1,411,606	-
Due to Other Funds	55	-
Due to Component Units	13	-
Due to Others	-	662,411
Unearned Revenue	-	11,656
Benefits in the Process of Payment	4,448	-
Other Liabilities	5,049	-
Total Liabilities	\$ 2,911,928	\$ 679,250
Net Position		
Net Position Restricted for Pensions	\$ 39,777,421	

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Statement of Changes in Fiduciary Net Position
Fiduciary Funds and Similar Component Units
For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	<u>Pension Trust Funds</u>	<u>Custodial Funds</u>
Additions		
Contributions		
Employer Contributions	\$ 952,404	\$ -
Employee Contributions	517,361	-
Other Contributions	699,414	-
Total Contributions	<u>\$ 2,169,179</u>	<u>\$ -</u>
Investment Income		
Net Appreciation in Fair Value of Investments	\$ 2,437,828	\$ -
Interest and Investment Revenue	783,582	22,580
Total Investment Earnings	<u>\$ 3,221,410</u>	<u>\$ 22,580</u>
Less Investment Expenses	128,734	19,478
Net Investment Earnings	<u>\$ 3,092,676</u>	<u>\$ 3,102</u>
Taxes Collected for Other Governments	\$ -	\$ 3,967,841
Collections for Beneficiaries	-	395,808
Federal Grants	-	30
Other Collections	-	40,113
Total Additions	<u>\$ 5,261,855</u>	<u>\$ 4,406,894</u>
Deductions		
Administrative and General Expenses	\$ 20,005	\$ -
Benefit Payments and Refunds	3,067,498	394,661
Taxes Disbursed to Other Governments	-	3,996,029
Other Expenditures	-	16,204
Total Deductions	<u>\$ 3,087,503</u>	<u>\$ 4,406,894</u>
Net Increase/(Decrease)	\$ 2,174,352	\$ -
Net Position Reserved for Employees' Pension Benefits		
Beginning of Year	<u>\$ 37,603,069</u>	
End of Year	<u>\$ 39,777,421</u>	

The Notes to the Financial Statements are an integral part of this statement.

Description of Major Component Units

The State of Oklahoma has six major component units which are described below:

OKLAHOMA STUDENT LOAN AUTHORITY

525 Central Park Drive, Suite 600, Oklahoma City, Oklahoma 73105
<https://public.osla.org>

The Authority provides loans to qualified persons at participating educational institutions through the issuance of tax-exempt revenue bonds or other debt obligations.

OKLAHOMA HOUSING FINANCE AGENCY

P.O. Box 26720, Oklahoma City, Oklahoma 73126
<https://www.ok.gov/ohfa>

The Agency is authorized to issue revenue bonds and notes in order to provide funds to promote the development of adequate residential housing and other economic development for the benefit of the State of Oklahoma.

OKLAHOMA TURNPIKE AUTHORITY

3500 N. Martin Luther King Avenue, Oklahoma City, Oklahoma 73111
<https://www.pikepass.com>

The Authority is authorized to construct, maintain, repair, and operate turnpike projects at locations authorized by the legislature and approved by the Department of Transportation. The Authority receives revenues from turnpike tolls and a percentage of the turnpike concessions sales. The Authority issues revenue bonds to finance the cost of turnpike projects.

GRAND RIVER DAM AUTHORITY

P.O. Box 669, Chouteau, Oklahoma 74337
<https://www.grda.com>

The Authority controls the waters of the Grand River system to generate waterpower into electric energy and to promote irrigation, conservation and development of natural resources. The Authority produces and distributes electrical power for sale to customers primarily located in northeastern Oklahoma.

OKLAHOMA MUNICIPAL POWER AUTHORITY

P.O. Box 1960, Edmond, Oklahoma 73083
<http://ompa.com>

The Authority provides a means for the municipal electric systems in the state to jointly plan, finance, acquire, and operate electrical power supply facilities necessary to meet the electrical energy requirements of their consumers. The Authority also sells electric power to its member municipalities.

HIGHER EDUCATION

Higher education is primarily comprised of colleges and universities which are members of the Oklahoma State System of Higher Education. The system includes the following colleges and universities:

COMPREHENSIVE UNIVERSITIES

The University of Oklahoma
Oklahoma State University

OTHER FOUR-YEAR UNIVERSITIES

University of Central Oklahoma
East Central University
Northeastern State University
Northwestern Oklahoma State University
Southeastern Oklahoma State University
Southwestern Oklahoma State University
Cameron University
Langston University
Oklahoma Panhandle State University
Rogers State University
University of Science and Arts of Oklahoma

TWO-YEAR COLLEGES

Carl Albert State College
Connors State College
Eastern Oklahoma State College
Redlands Community College
Murray State College
Northeastern Oklahoma A & M College
Northern Oklahoma College
Oklahoma City Community College
Rose State College
Seminole State College
Tulsa Community College
Western Oklahoma State College

Each institution which is a member of the Oklahoma State System of Higher Education (the system) is governed by a Board of Regents. The Boards of Regents consist of five to ten members appointed by the governor, with the advice and consent of the Senate. The colleges and universities are funded through state appropriations, tuition, federal grants, and private donations and grants. Also included in the higher education component unit are the following entities:

Oklahoma State Regents for Higher Education serves as the coordinating board of control for the system.

Regional University System of Oklahoma Regents has legislative powers and duties to manage, supervise, and control operation of the six regional state universities which are the University of Central Oklahoma, East Central University, Northeastern State University, Northwestern Oklahoma State University, Southeastern Oklahoma State University, and Southwestern Oklahoma State University.

University Center at Ponca City was established to make higher education available to those persons who might otherwise not be able to attend an institution of higher learning in northern Oklahoma. Students enrolled in the program earn credit applicable toward academic degrees and certificates at participating institutions in the system.

Rose State College Technical Area Education District, South Oklahoma City Area School District, and Tulsa Community College Area School District #18 were created to provide secondary vocational, technical, and adult education programs for persons within their defined geographical boundaries.

State of Oklahoma
Combining Statements of Net Position
Major Component Units
June 30, 2023
(expressed in thousands)

	Oklahoma Student Loan Authority	Oklahoma Housing Finance Agency	Oklahoma Turnpike Authority	Grand River Dam Authority	Oklahoma Municipal Power Authority	Higher Education Component Unit	Nonmajor Component Units Total	All Component Units Total
Assets								
Current Assets								
Cash/Cash Equivalents - Unrestricted	\$ 60	\$ 115,846	\$ 232,710	\$ 74,607	\$ 5,752	\$ 1,724,289	\$ 218,200	\$ 2,371,464
Investments	32,560	686	11,491	31,039	7,655	1,623,890	170,168	1,877,489
Accounts Receivable	-	27	18,119	52,856	17,520	766,657	41,691	896,870
Interest and Investment Revenue Receivable	5,359	996	966	2,172	621	5,925	151	16,190
Federal Grants Receivable	-	1,255	-	-	-	6,237	-	7,492
Notes Receivable	20,311	-	-	-	285	3,793	610	24,999
Other Receivables	-	842	768	-	4,517	42,288	1,695	50,110
Due from Fiduciary Funds	-	-	-	-	-	13	-	13
Due from Component Units	-	-	-	-	-	529	580	1,109
Due from Primary Government	-	-	2,177	2,283	-	36,372	15,846	56,678
Inventory	-	-	10,959	60,762	1,828	19,429	-	92,978
Prepaid Items	-	626	1,434	5,807	-	11,945	1,995	21,807
Other Current Assets	-	-	-	44,080	1,784	40,092	4,410	90,366
Total Current Assets	\$ 58,290	\$ 120,278	\$ 278,624	\$ 273,606	\$ 39,962	\$ 4,281,459	\$ 455,346	\$ 5,507,565
Noncurrent Assets								
Cash/Cash Equivalents - Restricted	\$ -	\$ 9,228	\$ 155,159	\$ 8,265	\$ 50,251	\$ 676,180	\$ 188	\$ 899,271
Investments - Restricted	4,159	245,486	214,542	198,298	58,247	2,656,621	-	3,377,353
Long Term Investments Unrestricted	-	52,688	-	125,227	-	1,666,843	20,994	1,865,752
Leases Receivables - Component Units	-	3,992	10,723	-	-	-	-	14,715
Net Pension Asset	-	4,271	-	-	-	115	-	4,386
Net Other Postemployment Benefit Asset	-	437	1,077	-	-	16,616	101	18,231
Long Term Notes Receivable, Net Unrestricted	92,603	-	-	-	458	20,443	7,269	120,773
Capital Assets Depreciable, Net	1,502	3,238	1,311,261	1,151,962	376,772	5,643,033	313,413	8,801,181
Land	-	550	289,466	39,593	-	225,919	17,210	572,738
Construction in Progress	-	9,921	989,093	59,780	1,687	282,124	23,810	1,366,415
Other Noncurrent Assets Unrestricted	816	-	-	59,586	187,819	161,213	63,978	473,412
Restricted	-	-	-	-	-	-	36	36
Total Noncurrent Assets	\$ 99,080	\$ 329,811	\$ 2,971,321	\$ 1,642,711	\$ 675,234	\$ 11,349,107	\$ 446,999	\$ 17,514,263
Total Assets	\$ 157,370	\$ 450,089	\$ 3,249,945	\$ 1,916,317	\$ 715,196	\$ 15,630,566	\$ 902,345	\$ 23,021,828
Deferred Outflow of Resources								
Deferred Outflows from Pensions	\$ 3,961	\$ 1,143	\$ 11,701	\$ 24,558	\$ 3,209	\$ 496,575	\$ 2,967	\$ 544,114
Deferred Outflows from OPEB	-	93	633	2,370	-	36,400	-	39,496
Lease Restructuring	-	-	-	-	-	20,673	-	20,673
Advance Refunding of Bonds	1,219	-	45,548	21,655	23,713	17,991	-	110,126
Defeasance of Bonds	-	-	-	-	-	142	-	142
Accumulated Decrease in Fair Value of Derivatives	-	-	-	4,027	1,327	-	-	5,354
Asset Retirement Obligations	-	-	-	-	-	331	-	331
Total Deferred Outflows	\$ 5,180	\$ 1,236	\$ 57,882	\$ 52,610	\$ 28,249	\$ 572,112	\$ 2,967	\$ 720,236

The Notes to the Financial Statements are an integral part of this statement.

	Oklahoma Student Loan Authority	Oklahoma Housing Finance Agency	Oklahoma Turnpike Authority	Grand River Dam Authority	Oklahoma Municipal Power Authority	Higher Education Component Unit	Nonmajor Component Units Total	All Component Units Total
Liabilities								
Current Liabilities								
Accounts Payable and Accrued Liabilities	\$ 5,496	\$ 3,615	\$ 63,712	\$ 49,918	\$ 24,764	\$ 285,477	\$ 26,133	\$ 459,115
Unearned Revenue	-	81,060	47,183	-	-	157,587	48,086	333,916
Claims and Judgements	-	-	-	-	-	2,199	55,499	57,698
Interest Payable	72	614	35,715	3,341	11,226	21,421	269	72,658
Compensated Absences	-	993	621	3,579	-	76,954	528	82,675
Revenue Bonds	-	5,163	67,250	43,080	26,025	93,850	-	235,368
Due to Fiduciary Funds	-	-	-	557	69	-	-	626
Due to Other Component Units	-	-	3	180	-	580	346	1,109
Due to Primary Government	1	18	-	86	-	2,210	28	2,343
Right to Use Leases	-	-	676	-	186	72,716	1,051	74,629
Right to Use Leases - Primary Government	-	-	-	-	-	34,990	-	34,990
Notes Payable	-	-	50,000	-	3,787	1,804	-	55,591
Other Current Liabilities	-	-	218	-	1,249	572,563	11,219	585,249
Total Current Liabilities	\$ 5,569	\$ 91,463	\$ 265,378	\$ 100,741	\$ 67,306	\$ 1,322,351	\$ 143,159	\$ 1,995,967
Noncurrent Liabilities								
Claims and Judgements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,294	\$ 366,272	\$ 367,566
Due to Primary Government	-	-	55,005	-	-	-	-	55,005
Right to Use Leases	-	-	1,331	-	7,600	555,340	3,839	568,110
Right to Use Leases-Primary Government	-	-	-	-	-	368,590	-	368,590
Compensated Absences	-	-	2,296	2,011	-	53,060	197	57,564
Net Pension Liability	10,612	-	9,676	21,296	2,744	1,722,374	2,255	1,768,957
Notes Payable	76,185	-	120,116	-	19,223	15,582	-	231,106
General Obligation Bonds	-	-	-	-	-	-	30,000	30,000
Net Other Postemployment Benefit Liability	-	-	1,780	18,445	-	290,487	160	310,872
Unamortized Premium (Discount) on refunding	-	7,213	125,196	66,947	30,834	101,948	-	332,138
Revenue Bonds	-	184,882	1,586,640	779,865	529,858	1,765,380	3,000	4,849,625
Other Noncurrent Liabilities	328	-	-	9,988	78	63,300	10	73,704
Total Noncurrent Liabilities	\$ 87,125	\$ 192,095	\$ 1,902,040	\$ 898,552	\$ 590,337	\$ 4,937,355	\$ 405,733	\$ 9,013,237
Total Liabilities	\$ 92,694	\$ 283,558	\$ 2,167,418	\$ 999,293	\$ 657,643	\$ 6,259,706	\$ 548,892	\$ 11,009,204
Deferred Inflow of Resources								
Accumulated Increase in Fair Value	\$ -	\$ 842	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 842
Service Concession Arrangements	-	-	10,880	-	27,100	88,226	-	126,206
Deferred pension plan inflows	284	4,938	469	2,111	126	234,363	177	242,468
Deferred OPEB plan inflows	-	275	1,508	2,305	-	72,119	-	76,207
Restructured Debt	-	-	-	-	-	7,522	-	7,522
Deferred Regulation inflows	-	-	9,529	121,301	16,539	-	6	147,375
Total Deferred Inflows	\$ 284	\$ 6,055	\$ 22,386	\$ 125,717	\$ 43,765	\$ 402,230	\$ 183	\$ 600,620
Net Position								
Net Investment in Capital Assets	\$ 1,502	\$ 13,709	\$ 713,590	\$ 345,268	\$ (18,543)	\$ 3,355,834	\$ 349,156	\$ 4,760,516
Restricted for:								
Debt Service	-	57,683	154,456	25,130	26,483	70,567	-	334,319
Other Special Purpose								
Nonexpendable	-	-	-	-	-	1,347,633	-	1,347,633
Expendable	13,057	422	29,068	60,276	-	4,133,608	33,168	4,269,599
Unrestricted	55,013	89,898	220,909	413,243	34,097	633,100	(26,087)	1,420,173
Total Net Position	\$ 69,572	\$ 161,712	\$ 1,118,023	\$ 843,917	\$ 42,037	\$ 9,540,742	\$ 356,237	\$ 12,132,240

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Combining Statement of Activities
Major Component Units
For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	Program Revenues			Net (Expense) Revenue	General Revenue		Change in Net Position	Net Position Beginning of Year	Net Position End of Year
	Expenses	Charges for Services	Operating Grants and Contributions		Payments from Primary Government				
Component Units:									
Oklahoma Student Loan Authority	\$ 36,492	\$ 36,670	\$ -	\$ 178	\$ -	\$ 178	\$ 69,394	\$ 69,572	
Housing Finance Agency	177,319	(12,713)	154,779	(35,253)	-	(35,253)	196,965	161,712	
Oklahoma Turnpike Authority	316,407	356,495	-	40,088	-	40,088	1,077,935	1,118,023	
Grand River Dam Authority	598,174	663,325	-	65,151	-	65,151	778,766	843,917	
Oklahoma Municipal Power Authority	224,912	225,153	-	241	-	241	41,796	42,037	
Higher Education Component Unit	5,218,312	2,975,928	2,004,348	(238,036)	887,775	649,739	8,891,003	9,540,742	
Nonmajor Component Units	816,498	652,451	79,059	(84,988)	192,524	107,536	248,701	356,237	
Total Component Units	<u>\$ 7,388,114</u>	<u>\$ 4,897,309</u>	<u>\$ 2,238,186</u>	<u>\$ (252,619)</u>	<u>\$ 1,080,299</u>	<u>\$ 827,680</u>	<u>\$ 11,304,560</u>	<u>\$ 12,132,240</u>	

The Notes to the Financial Statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the State of Oklahoma (the state) are prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

GASB Statement number 91, *Conduit Debt Obligations*, is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations and related note disclosures.

The state was required to implement this standard for the fiscal year ending June 30, 2023.

GASB Statement number 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements and provides guidance for accounting and financial reporting for availability payment arrangements.

The state was required to implement this standard for the fiscal year ending June 30, 2023.

GASB Statement number 96, *Subscription-Based Information Technology Arrangements*, defines a subscription-based information technology arrangement (SBITA), establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability, provides capitalization criteria for outlays other than subscription payments and requires note disclosure regarding a SBITA.

The state was required to implement this standard for the fiscal year ending June 30, 2023.

GASB Statement number 99, *Omnibus 2022*, enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing requirements related to leases, public-private and public-public partnerships, and SBITAs.

The state was required to implement this standard for the fiscal year ending June 30, 2023.

New Accounting Statements Issued Not Yet Adopted:

GASB Statement number 99, *Omnibus 2022*, addresses requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement number 53.

GASB Statement number 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement number 101, *Compensated Absences*, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

GASB Statement number 102, *Certain Risk Disclosures*, establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints which limit the ability to acquire resources or control spending.

The accompanying financial statements present the financial position of the state and the various funds and fund types, results of operations of the state and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2023, and for the year then ended. The financial statements include the various agencies, boards, commissions, public trusts, authorities, and other organizational units governed by the Oklahoma state legislature and/or Constitutional officers of the State of Oklahoma.

A. Reporting Entity

The state has considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the state are such that exclusion would cause the state's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the state to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the state. Local school districts (the state's support of the public education system is reported in the general fund) and other local authorities of various kinds that may meet only one of the criteria for inclusion in this report have not been included. Local district attorney offices receive some state support through the general fund. Funds held by the district attorney offices at the county level are outside of the state's general fund and have not been included in the financial statements. Separately issued independent audit reports for district attorney offices are available through the State Auditor and Inspector, 2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105.

As required by GAAP, these financial statements present the State of Oklahoma, the primary government, and its component units.

Discretely Presented Component Units

Component units are entities which are legally separate from the state, but are financially accountable to the state, or whose relationships with the state are such that exclusion would cause the state's financial statements to be misleading or incomplete. Separately issued independent audit reports may be obtained from the Office of Management and Enterprise Services, 2401 N. Lincoln Blvd., Suite 212, Oklahoma City, Oklahoma 73105. The audit reports may also be obtained from the respective component units at the addresses presented on the description page of the fund financial statements section for the major component units, and the description page in the combining financial statement section of this report for the non-major component units.

The component units' column of the Government-Wide Financial Statements includes the financial data of the following entities:

MAJOR COMPONENT UNITS

Oklahoma Student Loan Authority provides loan funds to qualified persons at participating educational institutions through the issuance of tax-exempt revenue bonds or other debt obligations. The authority is composed of five members appointed by the governor, with the advice and consent of the Senate. The state can impose its will on the authority by its ability to veto or modify the authority's decisions. The authority was audited by other independent auditors for the year ended June 30, 2023, and their report, dated January 12, 2024, and has been previously issued under separate cover.

Oklahoma Housing Finance Agency is authorized to issue revenue bonds and notes in order to provide funds to promote the development of residential housing and other economic development for the benefit of citizens. In addition, the agency administers Section 8 housing assistance payments programs for the U.S. Department of Housing and Urban Development. The board of trustees consists of five members appointed by the governor. A resident board member is also appointed by the governor. The state can impose its will on the agency by its ability to veto or modify the agency's decisions. The agency was audited by other independent auditors for the year ended September 30, 2022, and their report, dated January 24, 2023, and has been previously issued under separate cover.

Oklahoma Turnpike Authority constructs, maintains, repairs, and operates turnpike projects at locations authorized by the legislature and approved by the state Department of Transportation. The authority receives its revenues from turnpike tolls and a percentage of turnpike concession sales. The authority issues revenue bonds to finance turnpike projects. The authority consists of the governor and six members appointed by the governor, with the advice and consent of the Senate. The state can impose its will on the authority by its ability to veto or modify the authority's decisions. The authority was audited by other independent auditors for the year ended December 31, 2022, and their report, dated March 31, 2023, and has been previously issued under separate cover.

Grand River Dam Authority controls the waters of the Grand River system to develop and generate waterpower and electric energy, and to promote irrigation, conservation, and development of natural resources. The authority produces and distributes electrical power for sale to customers primarily located in northeastern Oklahoma. The customers consist of rural electric cooperatives, municipalities, industries, and off-system sales. The seven-member board of directors consists of the general manager of the Oklahoma Association of Electric Cooperatives, the executive director of the Municipal Electric Systems of Oklahoma, and appointees by the governor, the Speaker of the House of Representatives, and the president pro tempore of the Senate. The state can impose its will on the authority by its ability to veto or modify the authority's decisions. The authority was audited by other independent auditors for the year ended December 31, 2022, and their report, dated March 31, 2023, and has been previously issued under separate cover.

Oklahoma Municipal Power Authority provides a means for the municipal electric systems in the state to jointly plan, finance, acquire, and operate electrical power supply facilities. Facilities are financed through the issuance of revenue bonds, which are approved by the state's Bond Oversight Commission. Exclusion of the component unit would cause the state's financial statements to be misleading or incomplete. The authority was audited by other independent auditors for the year ended December 31, 2022, and their report, dated March 31, 2023, and has been previously issued under separate cover.

Higher Education Component Unit - This component unit is primarily comprised of the 25 colleges and universities that are members of the Oklahoma State System of Higher Education (the system). All the colleges and universities have foundations that receive and hold economic resources for the benefit of their associated entity. These foundations are component units of their respective college or university and are included as part of the higher education component unit. Separately issued independent audit reports for each college, university, foundation, or other included entity may be obtained from the Office of Management and Enterprise Services, 2401 N. Lincoln Blvd., Suite 212, Oklahoma City, Oklahoma 73105. Each institution in the system is governed by a board of regents. The boards of regents consist of five to ten members appointed by the governor, with the advice and consent of the Senate. The state can impose its will on each institution by its ability to modify and approve their budget. The colleges and universities are funded through state appropriations, tuition, federal grants, and private donations and grants.

Also included in the Higher Education Component Unit are the following entities:

- **Oklahoma State Regents for Higher Education** serves as the coordinating board of control for the system. The board of regents for higher education consists of nine members appointed by the governor, with the advice and consent of the Senate. The state can impose its will on the state regents for higher education by its ability to modify and approve their budget.
- **Regional University System of Oklahoma** has legislative powers and duties to manage, supervise, and control operation of the six regional state universities which are the University of Central Oklahoma, East Central University, Northeastern State University, Northwestern Oklahoma State University, Southeastern Oklahoma State University, and Southwestern Oklahoma State University. The board consists of the State Superintendent of Public Instruction and eight members appointed by the governor, with the advice and consent of the Senate. The state can impose its will on the board of regents by its ability to modify and approve their budget. Each of the six regional state universities has one or more foundations that are component units of their respective university and are included in the higher education component unit.
- **Rose State College Technical Area Education District, South Oklahoma City Area School District, and Tulsa Community College Area School District #18** were created to provide postsecondary vocations, technical, and adult education programs for person within their defined geographical boundaries.

The primary source of operating fund is ad valorem taxes assessed against real property located in their districts. The districts are component units of Rose State College, Oklahoma City Community College, and Tulsa Community College, respectively.

- **University Center at Ponca City** was established to make educational program resources in the Oklahoma State System of Higher Education available to the citizens in northern Oklahoma and the Ponca City community. The center is administered by a board of trustees consisting of nine members appointed by the governor with the advice and consent of the Senate. The state can impose its will on the Center by its ability to modify and approve their budget.

NON-MAJOR COMPONENT UNITS

Oklahoma Educational Television Authority (OETA) was created to make educational television services available to all Oklahoma citizens on a coordinated statewide basis. The board of directors is comprised of thirteen members, seven of which are appointed by the governor, with the advice and consent of the Senate. A financial benefit/burden relationship exists between the state and OETA. OETA also has a non-profit foundation, “Friends of OETA”, that was established to receive private donations and contributions for the benefit of OETA. This foundation qualifies as a component unit of OETA and is combined with OETA. OETA was audited by other independent auditors for the year ended June 30, 2023, and their report, dated November 17, 2023, was previously issued under separate cover.

Oklahoma Industrial Finance Authority assists with the state's industrial development by making loans to authorized industrial development agencies or trusts and new or expanding industries within Oklahoma. These loans are secured by first or second mortgages on real estate and equipment. The authority's loans are financed by issuance of general obligation bonds. The board of directors is comprised of seven members appointed by the governor, with the advice and consent of the Senate. In addition, the state treasurer is included as an ex officio, non-voting member of the board of directors. The state can impose its will on the authority by its ability to veto or modify the authority's decisions. The authority was audited by other independent auditors for the year ended June 30, 2023, and their report, dated October 10, 2023, and has been previously issued under separate cover.

Multiple Injury Trust Fund provides benefits to a worker with a pre-existing disability who suffers a second on-the-job injury. The state can impose its will on the fund by its ability to remove management (appointees) at will. The fund was audited by other independent auditors for the period ended December 31, 2022, and their report, dated April 26, 2023, and has been previously issued under separate cover.

University Hospitals Authority consists of The University Hospital and Children's Hospital of Oklahoma, and their related clinics and other services. The authority is affiliated with the University of Oklahoma Health Sciences Center whose medical school residents and staff provide patient care, in-service education, and certain administrative duties for the benefit of the authority. The authority is governed by a six-member board consisting of appointees of the governor, Speaker of the House of Representatives, and the president pro tempore of the Senate, and officials from the state Medicaid program, the University of Oklahoma Health Sciences Center, and the authority. A financial benefit/burden relationship exists between the state and the authority. The authority was audited by other independent auditors for the year ended June 30, 2023, and their report, dated October 27, 2023, and has been previously issued under separate cover.

Oklahoma Development Finance Authority provides financing for both public and private entities in the state. The authority obtains funds through the issuance of bonds and notes. Private entities qualifying for financing are generally agricultural, civic, educational, health care, industrial, or manufacturing enterprises. Financing is also provided to governmental agencies and instrumentalities of the state. The governing board, appointed by the governor, with the advice and consent of the Senate, is comprised of seven members: one person selected from each of the six congressional districts of the state as they existed in 1960 and the director of the Department of Commerce. The state can impose its will on the authority by its ability to veto or modify the authority's decisions. The authority was audited by other independent auditors for the year ended June 30, 2023, and their report, dated October 19, 2023, and has been previously issued under separate cover.

Oklahoma Capital Investment Board assists the state with industrial development by mobilizing equity and near-equity capital making investments for the potential creation of jobs and growth that will diversify and stabilize the economy. The board of directors is comprised of five members appointed by the governor, with the advice and consent of the Senate. The state can impose its will on the board by its ability to veto or modify the board's decisions. The board, in order to mobilize investments, owns the Oklahoma Capital Formation Company LLC (OCFC), a formerly independent corporation. During fiscal year 2006, the board purchased 100% of the ownership of the OCFC. In fiscal year 2007, OCFC changed its corporate structure and name from a corporation to an Oklahoma limited liability company. Operations of the OCFC are included in the financial results of the board. The board was audited by other independent auditors for the year ended June 30, 2023, and their report, dated September 14, 2023, and has been previously issued under separate cover.

Oklahoma State University Medical Authority is affiliated with the Oklahoma State University Center for Health Sciences to provide funding, teaching, and training for graduate medical students. It also serves as a site for conducting medical research by faculty and providing patient care. The board is governed by seven members which consists of the following: a member appointed by the governor, with the advice and consent of the Senate, a member appointed by the president pro tempore of the Senate, a member appointed by the Speaker of the House of Representatives, the chief executive officer of the Oklahoma Health Care Authority, or his or her designee, the president of the Oklahoma State University Center for Health Sciences, chief executive officer of the Oklahoma State University Medical Authority and an appointee of the president of Oklahoma State University. A financial benefit/burden exists between the authority and the state. The authority was audited by other independent auditors for the year ended June 30, 2023, and their report, dated October 27, 2023, and has been issued under separate cover. In October 2013, Oklahoma State University Medical Trust, Oklahoma State University Medical Center Trust, and the authority entered into a Tripartite Agreement and Plan of Merger. Under the terms of the merger agreement the Oklahoma State University Medical Center Trust merged with the Oklahoma State University Medical Trust. Oklahoma State University Medical Trust, the surviving entity, is deemed to be a component unit of the authority due to the common governance.

FIDUCIARY COMPONENT UNITS

Six public employee retirement systems administer pension funds for the state and its political subdivisions. The six public employee retirement systems are subject to state legislative and executive controls and the administrative expenses are subject to legislative budget controls. These legally separate component units, while meeting the definition of a component unit, are presented in the fund financial statements along with other primary government fiduciary funds of the state. They have been omitted from the Government-Wide Financial Statements.

Separately issued independent audit reports are available even though they are excluded from the Government-Wide Financial Statements. They may be obtained from the Office of Management and Enterprise Services, 2401 N. Lincoln Blvd., Suite 212, Oklahoma City, Oklahoma 73105, or the respective fiduciary component units at the addresses presented on the description page of the Combining Financial Statement section of this report.

Oklahoma Firefighters Pension and Retirement System provides retirement benefits for municipal firefighters. The system is administered by a board comprised of thirteen members: The president of the Professional Firefighters of Oklahoma (or designee), the president of the Oklahoma State Retired Firefighters Association (or designee), the State Insurance Commissioner (or designee), and the director of the Office of Management and Enterprise Services (or designee), the five members of the board of trustees of the Oklahoma Firefighters Association, and appointees by the Speaker of the House of Representatives, the president pro tempore of the Senate, and the president of the Oklahoma Municipal League. The system was audited by other independent auditors for the year ended June 30, 2023, and their report, dated October 19, 2023, and has been previously issued under separate cover.

Oklahoma Law Enforcement Retirement System provides retirement benefits for qualified law enforcement officers. The system is administered by a board comprised of thirteen members: The Commissioner of Public Safety (or designee), the Director of the Office of Management and Enterprise Services (or designee), members of the Department of Public Safety, the Oklahoma State Bureau of Investigation, the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, and the Alcoholic

Beverage Laws Enforcement Commission, and appointees by the governor, the Speaker of the House of Representatives, and the president pro tempore of the Senate. The system was audited by other independent auditors for the year ended June 30, 2023, and their report, dated October 16, 2023, and has been previously issued under separate cover.

Oklahoma Public Employees Retirement System administers the Oklahoma Public Employee Retirement Plan which provides retirement benefits for state, county, and local employees. The board is comprised of fourteen members: the State Insurance Commissioner (or designee), and the Director of the Office of Management and Enterprise Services (or designee), a member of the Oklahoma Corporation Commission (or designee) selected by the Oklahoma Corporation Commission, the director of Human Capital Management of the Office of Management and Enterprise Services, a member of the Oklahoma Tax Commission selected by the Tax Commission, the State Treasurer (or designee), three appointees by the governor, one member appointed by the Supreme Court, two members appointed by the Speaker of the House of Representatives, and two members appointed by the president pro tempore of the Senate. The system was audited by other independent auditors for the year ended June 30, 2023, and their report, dated October 9, 2023, and has been previously issued under separate cover.

Uniform Retirement System for Justices and Judges is administered by the Oklahoma Public Employee Retirement System and provides retirement benefits for justices and judges. The board of trustees is comprised of fourteen members: the State Insurance Commissioner (or designee), and the director of the Office of Management and Enterprise Services (or designee), a member of the Oklahoma Corporation Commission (or designee) selected by the Oklahoma Corporation Commission, the director of Human Capital Management of the Office of Management and Enterprise Services, a member of the Oklahoma Tax Commission selected by the Oklahoma Tax Commission, the State Treasurer (or designee), three appointees by the governor, one member appointed by the Supreme Court, two members appointed by the Speaker of the House of Representatives, and two members appointed by the president pro tempore of the Senate. The system was audited by other independent auditors for the year ended June 30, 2023, and their report, dated October 9, 2023, and has been previously issued under separate cover.

Oklahoma Police Pension and Retirement System provides retirement benefits for police officers employed by participating municipalities. The system is administered by a board comprised of thirteen members: seven members elected from the seven board districts, the State Insurance Commissioner (or designee) and the director of the Office of Management and Enterprise Services (or designee), and appointees by the governor, the Speaker of the House of Representatives, the president pro tempore of the Senate, and the president of the Oklahoma Municipal League. The system was audited by other independent auditors for the year ended June 30, 2023, and their report, dated September 15, 2023, and has been previously issued under separate cover.

Teachers' Retirement System of Oklahoma provides retirement allowances and benefits for qualified persons employed by state-supported educational institutions. The system is administered by a board consisting of fifteen members: State Superintendent of Public Instruction (or designee), director of the Office of Management and Enterprise Services (or designee), director of the Oklahoma Department of Career and Technology Education (or designee), State Treasurer (or designee), two appointed by the governor with Senate approval, four appointed by the governor, two appointed by the president pro tempore of the Senate, two appointed by the speaker of the House of Representatives and one retired educators representative. The system was audited by other independent auditors for the year ended June 30, 2023, and their report, dated October 20, 2023, and has been previously issued under separate cover.

Related Organizations and Related Parties

Organizations, for which a primary government is accountable because the state appoints a voting majority of the board, but is not financially accountable, are considered to be related organizations. The Oklahoma Ordnance Works Authority is a related organization of the state. The state appoints a voting majority of the Trustees of the Oklahoma Ordnance Works Authority but has no further accountability.

B. Government-Wide and Fund Financial Statements

The Government-Wide Financial Statements (the Statement of Net Position and the Statement of Activities) report information for all the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these Government-Wide Financial Statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, segment, or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenues rather than as program revenues. The state does not allocate general government (indirect) expenses to other functions.

Net position is restricted when constraints placed on it is either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the state's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the Government-Wide Financial Statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements – The Government-Wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Interfund services provided and used are not eliminated in the process of consolidation.

Governmental Fund Financial Statements – The Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the state considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end. Principal revenue sources considered susceptible to accrual include federal grants, interest on investments, sales and income taxes, and lease payments receivable. Some revenue items that are considered measurable and available to finance operations during the year from an accounting perspective are not available for expenditure due to the state's present appropriation system. These revenues have been accrued in accordance with GAAP since they have been earned and are expected to be collected within 60 days of the end of the period. Other revenues are considered measurable and available only when cash is received by the state.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include:

- Employees' vested annual leave is recorded as an expenditure as it is utilized. Unused reimbursable leave following an employee's resignation or retirement that is unpaid at year end is recognized as an expenditure and a liability of the fund.
- Interest on general long-term obligations is recognized when paid.
- Executory purchase orders and contracts are recorded as a commitment of fund balance.
- Debt service expenditures and claims and judgments are recorded only when payment is due.

Proprietary Funds, Fiduciary Funds and Similar Component Units, and Component Unit Financial Statements – The financial statements of the proprietary funds, fiduciary funds and similar component units, and component units are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the Government-Wide Financial Statements described above.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenues of the state's enterprise funds are requisitioned from the Oklahoma Unemployment Insurance Trust Fund held by the U.S. Treasury for payment of unemployment benefits, monthly premiums for self-funded insurance benefits provided to statutorily defined state employees by the Employees Group Insurance Department, interest revenue charges for loans made to local entities by the Oklahoma Water Resources Board, and the sale of lottery tickets and related chance games by the Lottery Commission. The Oklahoma Water Resources Board reports federal grants as both operating and nonoperating, depending on the types of grants received.

D. Fund Accounting

The financial activities of the state are recorded in individual funds, each of which is deemed to be a separate accounting entity. The state uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The financial activities of the state that are reported in the accompanying financial statements have been classified into the following major governmental and proprietary funds. In addition, a description of the fiduciary and component units follows:

1. Governmental Funds

General Fund - This fund accounts for all activities of the state not specifically required to be accounted for in other funds. Included are transactions for services such as education, general government, health services, legal and judiciary, museums, natural resources, public safety and defense, regulatory services, social services, and transportation. Debt service transactions and related cash balances are reported in the general fund with balances held to service imminent debt activity presented as a component of restricted fund balance.

Commissioners of the Land Office Permanent Fund – This fund accounts for the land and cash granted to the state by the United States Congress for the use and benefit of educational systems in Oklahoma. This fund's assets are held by the state and only the income derived from the principal may be expended for designated operations. The principal must be preserved intact, and all net position for the fund is considered nonexpendable.

Department of Wildlife Conservation Permanent Fund – This fund accounts for monies held in trust for the improvement and preservation of wildlife. The monies have been accumulated from the sale of lifetime hunting and fishing licenses. This fund's assets are held by the state and only the income derived from the principal may be expended for designated operations. The principal must be preserved intact, and all net position for the fund is considered nonexpendable.

Tobacco Settlement Endowment Permanent Fund – This fund accounts for certain monies transferred from the general fund that were received in settlement of claims by the state against tobacco manufacturers. The earnings from these monies are to be utilized for research, education, prevention and treatment of tobacco related diseases and certain other health programs. The principal must be preserved intact.

2. Proprietary Funds

These funds account for those activities for which the intent of management is to recover, primarily through user charges, the cost of providing goods or services to the general public, or where sound financial management dictates that periodic determinations of results of operations are appropriate.

Employees Group Insurance Division of the Office of Management and Enterprise Services provides group health, life, dental, disability and other benefits to active state employees and local government employees, as well as varying coverages for active education employees and certain participants of the state's retirement systems, survivors, and persons covered by the Consolidated Omnibus Reconciliation Act of 1985. Coverages are funded by monthly premiums paid by employers and employees.

Employment Security Commission Enterprise Fund - This fund accounts for the deposit of monies requisitioned from the Unemployment Insurance Trust Fund held by the U.S. Treasury for payment of unemployment benefits and administrative costs.

Oklahoma Water Resources Board Enterprise Fund - This fund is comprised of Oklahoma Water Resources Board and the Department of Environmental Quality bond issues and revolving loan programs. These programs make loans to local government units for the acquisition, development, and utilization of storage and control facilities for water and sewage systems.

Oklahoma Lottery Commission Enterprise Fund – This fund operates the state-wide lottery program and related chance games, seeking to generate additional revenues for the benefit of the state's educational system.

3. Fiduciary Funds and Similar Component Units

The state presents as fiduciary funds those activities that account for assets held in a trustee capacity or as an agent for individuals, private organizations, or other governmental units.

Pension (and Other Employee Benefit) Trust Funds - These funds account for the transactions, assets, liabilities, and net position of the Wildlife Conservation Retirement Plan in the primary government, and six public employee retirement systems that meet the definition of a component unit of the state.

Custodial Funds - These funds account for the assets held, primarily taxes collected, for distribution by the state as an agent for other governmental units, other organizations or individuals.

4. Component Units

These entities are legally separate from the state but are considered part of the reporting entity. These funds meet the definition of both a component unit and that of an enterprise fund as previously described. The six public employee retirement systems meet the definition of a component unit but are presented with the other fiduciary funds of the state.

5. Financial Statement Reporting Periods

The accompanying financial statements of the state are presented as of June 30, 2023, and for the year then ended, except for the following funds and entities which were audited by other independent auditors.

Multiple Injury Trust Fund	12-31-22
Employees Group Insurance Department	12-31-22
Oklahoma Turnpike Authority	12-31-22
Grand River Dam Authority	12-31-22
Oklahoma Municipal Power Authority	12-31-22
Oklahoma Housing Finance Agency	09-30-22

E. Budgeting and Budgetary Control

The state's annual budget is prepared on the cash basis utilizing encumbrance accounting. Encumbrances represent executed but unperformed purchase orders. In the accompanying financial statements, encumbrances are recorded as expenditures for budgetary purposes if expected to be presented for payment by November 15 following the end of the fiscal year and as a component of either restricted or committed fund balance for GAAP purposes. Since the budgetary basis differs from GAAP, budget and actual amounts in the accompanying Required Supplementary Information – Budgetary Schedules are presented on the budgetary basis. A reconciliation of revenues in excess of (less than) expenditures and other financing sources (uses) on a budgetary basis on June 30, 2023, to revenues in excess of (less than) expenditures and other financing sources (uses) presented in conformity with GAAP is set forth in the Notes to Required Supplementary Information.

The governor prepares and submits to the legislature at the beginning of each annual legislative session a balanced budget based on budget requests prepared by the various state agencies. The general fund is the only fund for which an annual budget is legally adopted. Budgeted expenditures cannot exceed the amount available for appropriation as certified by the Oklahoma State Board of Equalization. The legislature may modify the governor's proposed budget as it deems necessary and legally enacts an annual state budget through the passage of appropriation bills. The governor has the power to approve or veto each line-item appropriation.

The legal level of budgetary control is maintained at the line-item level (i.e., general operations, duties, etc.) identified in the appropriation acts. Budgets may be modified subject to statutory limits on transfers. The Director of the Office of Management and Enterprise Services can approve transfers of up to 25% between line items. The Contingency Review Board (a three-member board comprised of the governor, the president pro tempore of the Senate, and the Speaker of the House of Representatives) can approve transfers between line items of up to 40%. All transfers are subject to review by the Joint Legislative Committee on Budget and Program Oversight to determine if the transfer tends to effectuate or subvert the intention and objectives of the legislature.

Current policy allows agencies to use unexpended monies for one-time purchases or non-recurring expenditures in the next fiscal year. This policy provides an incentive for agency managers to distribute resources efficiently; however, it is subject to annual approval by the legislature. Unexpended balances not carried forward to the new fiscal year by November 15 may: 1) lapse to unrestricted balances and be available for future appropriation, 2) lapse to restricted balances and be available for future appropriations restricted for specific purposes as defined by statute, or 3) be non-fiscal, and may be spent from one to thirty months from the date of appropriation.

If revenue collections from appropriated funding sources are not sufficient to cover appropriations from the general revenue fund, the Director of the Office of Management and Enterprise Services is required to reduce the budget by the amount of such deficiency as verified by the Oklahoma State Board of Equalization. Any other changes to the budget must be approved by the legislature. All fiscal year 2023 appropriated line items were within their authorized spending level.

F. Cash and Cash Equivalents

The state uses a pooled cash concept in maintaining its bank accounts. All cash is pooled for operating and investment purposes and each fund has relative equity in the pooled amount. For reporting purposes, cash and related time deposits have been allocated to each fund based on its equity in the pooled amount. Interest earned on investments is allocated to the general fund except for those investments made specifically for the proprietary fund type, fiduciary fund type, proprietary component units, and higher education component unit, for each of which investment revenue is allocated to the investing fund.

The State Treasurer requires that financial institutions deposit collateral securities to secure the deposits of the state in each such institution. The State Treasurer also promulgates all rules and regulations regarding the amount of collateral securities that must be pledged to secure public deposits.

The Oklahoma Employment Security Commission Trust Fund is maintained to account for the collection of unemployment contributions from employers and the payment of unemployment benefits to eligible claimants. As required by federal law,

all resources not necessary for current benefit payments are placed on deposit with the U.S. Treasury. Interest from these resources is retained in the fund.

For purposes of reporting cash flows, cash equivalents are defined as short-term, highly liquid investments with a maturity of three months or less that are readily convertible to cash.

G. Investments

Investments, which may be restricted by law or legal instruments, are under control of either the State Treasurer or other administrative bodies as determined by law.

Generally accepted accounting principles establish a fair value hierarchy for the determination and measurement of fair value. This hierarchy is based on the type of valuation inputs needed to measure the fair value of an asset. The hierarchy generally is as follows:

1. Level 1 – Unadjusted quoted prices in active markets for identical assets
2. Level 2 – Quoted prices for similar assets, or inputs that are observable or other forms of market corroborated inputs.
3. Level 3 – Pricing based on best available information, including primarily unobservable inputs and assumptions market participants would use in pricing the asset.

H. Receivables

Accounts receivable in all funds report amounts that have arisen in the ordinary course of business and are stated net of allowances for uncollectible amounts.

Governmental fund type receivables consist primarily of amounts due from the federal government. Interest and investment revenue receivable in all funds consist of revenues due on each investment. Taxes receivable in governmental funds represent taxes subject to accrual, primarily income taxes and sales taxes. Lease payments receivable in the general fund consists primarily of capital lease payments due for equipment and railroad lines owned by the Department of Transportation. Collectability of these lease payments is reasonably assured and no allowance for uncollectible amounts has been established.

Taxes receivable in enterprise funds represents unemployment taxes due at year end, net of an allowance for uncollectible amounts. The uncollectible amounts are based on collection experience and a review of the status of existing receivables.

I. Inter/Intrafund Transactions

Interfund Transactions - The state has two types of interfund transactions:

- Services rendered transactions are accounted for as revenues and expenditures or expenses in the funds involved.
- Operating appropriations/subsidies are accounted for as transfers in the funds involved.

Intrafund Transactions - Intrafund transfers, as a result of contracts among departments and/or agencies within the same fund, are considered expenditures by the contractor and revenues by the contracted for budgetary purposes. The Required Supplementary Information – Budgetary Schedules includes these transactions. However, as a general rule recorded intrafund revenues and expenditures have been eliminated in the GAAP-basis Government-Wide Financial Statements. A portion of motor fuel excise taxes collected on fuels consumed on the state's turnpikes is made available to the Oklahoma Turnpike Authority (OTA) from the Oklahoma Tax Commission. These taxes are apportioned to OTA monthly to fund debt service, but only to the extent amounts are not otherwise available to OTA. If the motor fuel excise taxes apportioned to OTA are not needed in the month of apportionment, the taxes are transferred to the Department of Transportation (DOT). Before these monthly transfers were mandated, a balance owed to DOT had accumulated and at year end this balance is presented as a noncurrent due to other funds on the financial statements of OTA.

J. Inventories and Prepaid Expenses

Inventories of materials and supplies are determined both by physical counts and through perpetual inventory systems. Generally, inventories are valued at cost and predominantly on either the first-in first-out or weighted average basis. Inventories of federal surplus properties are valued at a percentage of federal acquisition cost. General fund inventories are recorded as expenditures when consumed rather than when purchased by recording adjustments to the inventory account on the balance sheet. The general fund inventories on hand at year-end are reflected as a component of nonspendable fund balance on the balance sheet.

Higher education component unit inventories are stated at the lower of cost or market, with cost being determined on either the first-in first-out or average cost basis.

Prepaid expenses are recorded using the “purchases method,” meaning that they are initially recorded as expenditures. At fiscal year-end, significant amounts of prepaid expenditures are shown as a component of nonspendable fund balance, indicating they do not constitute available expendable resources.

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (which are normally immovable and of value only to the state, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns in the Government-Wide Financial Statements. Capital assets are defined by the state as assets which have a cost of \$25,000 or more at the date of acquisition and have an expected useful life of five or more years. Purchased and constructed capital assets are valued at historical cost or estimated historical cost. Capital assets received in a service concession arrangement are reported at acquisition value, rather than fair value. Donated capital assets are recorded at their acquisition value, rather than fair value.

The estimates of historical costs of buildings and other improvements were based on appraised value, as of August 4, 1994, indexed to the date of acquisition. Infrastructure constructed prior to July 1, 2000, was recorded at estimated historical cost. The estimated historical cost for years 1916-2000 was based on capital outlay expenditures reported by DOT and the Federal Highway Administration, less an amount estimated for the historical cost of the acquisition of land for right-of-way. The costs of normal maintenance and repairs that do not add to the asset's value or materially extend an asset's useful life are not capitalized. Interest incurred during construction of capital facilities is not capitalized.

Capital assets utilized in the governmental funds are recorded as expenditures in the Governmental Fund Financial Statements. Depreciation expense is recorded in the Government-Wide Financial Statements, as well as the proprietary funds and component unit's financial statements.

Capital assets of the primary government and the component units are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress. Generally, estimated useful lives are as follows:

Machinery and Equipment	3 - 20 years
Buildings and Other Improvements	7 - 60 years
Infrastructure	30 years

Collections and works of art are not included in capital assets of the primary government on the Government-Wide Statement of Net Position. GASB Statement number 34 does not require capitalization of collections if they meet all of the following criteria: held for public exhibition, education, or research in furtherance of service, rather than financial gain; protected, kept unencumbered, cared for, and preserved; and subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections. The state elected not to capitalize collections and works of art since they meet all the above conditions.

L. Other Assets

Included in other assets (noncurrent for component units) are costs to be recovered from future revenues. Certain items included in the operating costs of Grand River Dam Authority, an unregulated enterprise, are recovered through rates set by the Board of Directors. Recognition of these costs, primarily depreciation on debt funded capital assets, amortization of debt discount and expense, and amortization of losses on advance refunding of long-term debt, is deferred to the extent that such costs will be included in rates charged in future years. The Oklahoma Municipal Power Authority enters into power sales contracts with participating municipalities that provide for billings to those municipalities for output and services of the projects. Revenues from these contracts provide for payment of current operating and maintenance expenses (excluding depreciation and amortization), as well as payment of scheduled debt principal and interest, and deposits into certain funds as prescribed in the bond resolutions. For financial reporting purposes, Oklahoma Municipal Power Authority currently recognizes depreciation of assets financed by bond principal and amortization expense. The difference between current operating expenses and the amounts currently billed under the terms of the power sales contracts are delayed to future periods in which these amounts will be recovered through revenues.

M. Unearned/Unavailable Revenue

Unearned revenues at the fund level arise when potential revenue does not meet the available criterion for recognition in the current period. Unearned revenues also arise when resources are received by the state before it has a legal claim to them. Also included in unearned revenue at both levels are the undistributed food commodity inventories. In subsequent periods, when the revenue recognition criterion is met, or when the state has a legal claim to the resources, the liability for unearned revenue is removed from the combined statement of net position or statement of fund balance, and revenue is recognized.

During fiscal year 2023, the state received \$183,000 from the federal government's Coronavirus Relief Fund to distribute for coronavirus relief efforts. At the end of the prior fiscal year, \$30,239,000 remained in undisbursed funds. Disbursements of \$30,422,000 were made to cities, counties, and state agencies for qualified expenses.

The state also received \$52,138,000 in Emergency Rental Assistance Program funds from the federal government in fiscal year 2023. At the end of the prior fiscal year, \$49,852,000 remained in undisbursed funds. Disbursements of \$101,990,000 were used to assist eligible households having difficulty with timely rent and utility payments due to the coronavirus pandemic.

The state additionally received \$935,209,000 in Coronavirus State and Local Fiscal Recovery Funds from the federal government during fiscal year 2023. At the end of the prior fiscal year, \$931,126,000 remained in undisbursed funds. Disbursements of \$294,244,000 were transferred to respond to the COVID-19 public health emergency or its negative economic impacts. The remaining \$1,572,091,000 in undisbursed funds are classified as unearned revenue.

Medical, public health, economic support and other related expenses incurred and reasonably necessary in respect to this national health emergency are eligible for reimbursement.

Available revenue is defined as due (or past due) on June 30 and collected within 60 days thereafter to pay obligations due on June 30. Revenue that is not collected within 60 days of the fiscal year end is classified as unavailable and recorded as a deferred inflow on the statement of fund balance.

N. Compensated Absences

Employees earn annual vacation leave at the average rate of 10 hours per month for the first 5 years of service, 12 hours per month for service of 5 to 10 years, 13.33 hours per month for service of 10 to 20 years, and 16.67 hours per month for over 20 years of service. Unused annual leave may be accumulated to a maximum of 240 hours for employees with less than 5 years of continuous service or 480 hours for employees with 5 years or more of continuous service. All accrued annual leave is payable upon termination, resignation, retirement, or death. The Governmental Fund Financial Statements record expenditures when employees are paid for leave. The Government-Wide Financial Statements present the cost of accumulated vacation leave as a liability. The liability is valued based on current rate of pay. There is no liability for unpaid accumulated sick leave since the state does not have a policy to pay this amount when employees separate from service.

O. Risk Management

The Risk Management Division of the Office of Management and Enterprise Services is responsible for the acquisition and administration of all insurance purchased by the state, or administration of any self-insurance plans and programs adopted

for use by the state or for certain organizations and bodies outside of state government, at the sole expense of such organizations and bodies.

The Risk Management Division is authorized to settle claims of the state and oversee the dispensation and/or settlement of claims against a state political subdivision. In no event shall self-insurance coverage exceed the limitations on the maximum dollar amount of liability specified by the Oklahoma Governmental Tort Claims Act. The Risk Management Department oversees the collection of liability claims owed to the state incurred as the result of a loss through the wrongful or negligent act of a private person or other entity.

The Risk Management Division is also charged with the responsibility to immediately notify the Attorney General of any claims against the state presented to Risk Management.

P. Federal Grants

In addition to monetary transactions, federal grants also include non-monetary transactions for surplus inventory, supplemental nutrition, food, and other commodities. Surplus inventory is valued at a percentage of government acquisition cost. Supplemental nutrition is valued at the benefit value. Commodities are valued at their federally reported value in the general fund.

Q. Long-Term Obligations

Premiums, Discounts, and Issuance Costs – In the Government-Wide Financial Statements, long-term debt and other long-term obligations are presented in the columns for governmental and business-type activities. The same is presented in the Proprietary Fund Financial Statements. Bond and note premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt. Bonds and notes payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported in the period incurred.

In the Governmental Fund Financial Statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures in the period incurred.

Arbitrage Rebate Liability – The enterprise funds and component units account for any arbitrage rebate payable as a liability of the fund.

R. Governmental Fund – Fund Balance

The Governmental Fund Financial Statements present fund balance at the aggregate level of detail within the categories defined by GASB Statement number 54, Fund Balance Reporting and Governmental Fund Type Definitions. Refer to Note 12 for further discussion.

S. Deficit Fund Balance – Multiple Injury Trust Fund

The Multiple Injury Trust Fund (MITF), a component unit, continues to operate in a deficit situation. MITF had total net liabilities (negative net position) of \$388,813,000 on December 31, 2022. Legislation was passed in May 2000 providing new funding for MITF through an assessment on gross premiums on workers compensation policies written by insurance carriers and an assessment on disability awards paid by self-insured employers, and further limits future awards against MITF to claimants that timely filed injury claims that occurred before June 1, 2000, against their employer. These claimants have no time limitation for filing against MITF. No new claims related to injuries subsequent to June 1, 2000, can be filed. Funding is to continue until the Workers' Compensation Commission certifies that there are sufficient funds to satisfy all outstanding obligations of MITF.

T. Pollution Remediation Obligations

During the fiscal year ended June 30, 2023, two agencies incurred expenses of \$390,000 for pollution obligations related to hazardous material on highways and asbestos removal, where clean-up is generally required to comply with federal regulations. This type of remediation is generally a control obligation performed as part of current operations during road construction or building renovation. There was also a liability incurred of \$4,004,000 which is included in accounts payable on the Government-Wide Financial Statements.

Pollution remediation obligation is determined by the agency responsible for performing the remediation. These estimates are subject to revision because of price increases or reductions, changes in technology, or changes in applicable laws or regulations. There are currently no expectations of cost recoveries from ongoing projects.

Note 2. Deposits and Investments

The State Treasurer maintains two investment portfolios. The treasurer's portfolio is used to manage the investments of all state monies that are under the control of the treasurer where earnings accrue to the general fund of the state. The State Agency Portfolio is used for the investment of a limited number of state agencies specifically authorized by statute to direct the activities of certain funds and accounts where the earnings accrue to those funds and accounts. Ancillary to the treasurer's portfolio is an internal investment pool, OK INVEST, for all state funds and agencies that are considered part of the State of Oklahoma. All cash balances held through the State Treasurer for the primary government, component units and fiduciary funds earn a return through the OK INVEST pool program.

In accordance with statutes, the State Treasurer's investment policy allows for investments in the following categories:

United States Treasury bills, notes and bonds	Collateralized or insured certificates of deposit
United States government agency securities	Negotiable certificates of deposit
Investment grade obligations of state and local governments	Prime commercial paper
Short-term bond funds	Repurchase agreements
Foreign bonds	Money market funds

The State Treasurer's investment policy attempts to reduce portfolio risk through diversification by security, institution, and maturity. Except for U.S. Treasury securities, no more than 50% of the state's total funds available for investment will be invested in a single security or with a single financial institution. In addition, the treasurer's investments will not have an average maturity greater than 4 years unless otherwise specifically designated by the treasurer. The following table outlines the State Treasurer's diversification limits designed to control various types of risk:

State Treasurer Investment Policy Diversification Limits

Investment Type	Percentage of Total Invested	Percentage of Total by Issuer	Maturity Limit	Rating
Treasuries	No Limit	No Limit	10 Years	Aaa, AAA
U.S. Government Agency Securities	50%	35%	10 Years	Aaa, AAA
U.S. Government Agency Mortgage Backed Securities	45%	No Limit	7 Years	Aaa, AAA
Collateralized or Insured Certificates of Deposit	7.5%	\$50 Million	365 Days	Not Rated
Negotiable Certificates of Deposit	7.5%	2.5%	180 Days	A-1 & P-1
Commercial Paper	3%	2.5%	180 Days	A-1 & P-1
State and Local Government Obligations	10%	5%	30 Years	Securities must not be less than investment grade at purchase
Repurchase and Tri-party Repurchase Agreements	10%	5%	14 Days	A-1 minimum rating or equivalent
Money Market Mutual Funds	30%	10%	(I)	AAAm
Foreign Bonds	2.5%	Must be listed as an industrialized country by the International Monetary Fund	4 Years	A-/A3 or better

(I) SEC registered 2(A) - Weighted average maturity can't exceed 60 days

The primary government's three permanent funds, Commissioners of the Land Office, Department of Wildlife Lifetime Licenses, and the Tobacco Settlement Endowment all have investment goals and horizons that differ from the State Treasurer. Accordingly, the investment policies for the permanent funds allow for broader classes of investments as well as extended dates of maturity.

The Employment Security Commission, Water Resources Board, Office of Management and Enterprise Services-Employees Group Insurance Division and Lottery Commission are the four business-type activities within the primary government. These agencies generally have investment policies that correlate to the operations and services that they perform. The Employment Security Commission generally will not invest outside of U.S. government securities and typically maintains deposit balances only. The Water Resources Board, Employees Group Insurance Division and Lottery Commission all operate with longer investment horizons, and as part of normal operations, will attempt to match maturities of investments with the approaching maturity of liabilities.

Due to the nature of the internal investment pool, ownership of investments cannot be assigned to individual funds, including the pension trust funds and component units. The investment pool also holds securities purchased with cash collateral from securities lending, which are not assigned to individual funds. For these reasons, total investments will not agree to the financial statements for the primary government. The following table details the investments held by the primary government on June 30, 2023 (expressed in thousands):

Investments – Primary Government

Investment Type	Government Administration	Permanent Funds	Business-Type Activities	Total Primary Government
POOLED INVESTMENTS				
U.S. Agency & Treasury	\$ 13,102,768	\$ 12,019	\$ -	\$ 13,114,787
Money Market Mutual Funds	1,203,108	11,928	-	1,215,036
Securities Lending Collateral Pool	1,047,255	158,142	-	1,205,397
Mutual Funds	-	54,976	-	54,976
Certificates of Deposit & Commercial Paper	41,224	-	-	41,224
State & Muni Bond Issues	30,000	1,316	-	31,316
Foreign Corporate Bonds	46,948	-	-	46,948
NON-POOLED INVESTMENTS				
U.S. Agency & Treasury	304	475,233	143,290	618,827
Domestic Corporate Bonds	-	935,767	40,916	976,683
Foreign Corporate Bonds	-	275,746	-	275,746
Domestic Equities	81,114	1,353,150	138,935	1,573,199
Foreign Equities	-	503,636	-	503,636
Other	-	747,673	92,150	839,823
Money Market Mutual Funds	3	-	-	3
Totals	\$ 15,552,724	\$ 4,529,586	\$ 415,291	\$ 20,497,601

The primary government categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The primary government uses the market approach for valuation purposes. The following table details the fair value of investments held by the primary government on June 30, 2023 (expressed in thousands):

	Primary Government Fair Value Measurements at Reporting Date Using			
	Amounts Measured At Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments Measured by Fair Value				
Debt Securities				
U.S. Treasury, Agency & Municipal Securities	\$ 13,764,930	\$ 8,292,683	\$ 5,472,247	-
Certificates of Deposit & Commercial Paper	41,224	41,224	-	-
U.S. Corporate Debt	976,683	-	975,988	695
Foreign Corporate Bonds	322,694	-	275,746	46,948
Equity Securities				
U.S. Domestic Equities	1,353,462	1,235,977	56	117,429
Foreign Equities	266,245	266,245	-	-
Mutual Funds	54,976	54,976	-	-
Other	550,525	193,634	212,394	144,497
Total Investments Measured at Fair Value	<u>\$ 17,330,739</u>			
Investments Measured at Amortized Cost	<u>\$ 1,215,039</u>			
Investments Measured at Net Asset Value	<u>\$ 746,426</u>			

Fiduciary Funds and Similar Component Units

The fiduciary funds of the state have investment goals that vary significantly from the primary government. Due to the long-term nature of these funds, investment options are broader, and maturities can be longer than that of the primary government. These funds generally have investment policies allowing for investments in stocks, bonds, fixed income securities and other investment securities including commingled, mutual and index funds. Generally, policies allow for a portion of investments to be held in securities of foreign companies and countries. Policies also allow for portions of the total portfolio to be held in derivative instrument and derivative-like instrument investments such as U.S. Treasury STRIPS (Separate Trading of Registered Interest and Principal of Securities), collateralized mortgage obligations, convertible securities, and variable rate instruments.

The fiduciary funds categorize fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The valuation techniques vary based upon investment type and involve a certain degree of expert judgment. The following table details the fair value of investments held by the fiduciary funds on June 30, 2023 (expressed in thousands):

	Pension Trust Funds Fair Value Measurements at Reporting Date Using			
	Amounts Measured At Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments Measured by Fair Value				
Debt Securities				
U.S. Treasury, Agency & Municipal Securities	\$ 4,205,192	\$ 58,288	\$ 4,069,047	\$ 77,857
U.S. Corporate Debt	3,829,149	-	3,665,220	163,929
Foreign Corporate Bonds	1,129,635	203,115	723,906	202,614
Equity Securities				
U.S. Domestic Equities	17,219,174	14,992,760	2,220,776	5,638
Foreign Equities	2,079,230	1,285,698	793,532	-
Other	1,486,460	11,458	-	1,475,002
Total Investments Measured at Fair Value	<u>\$ 29,948,840</u>			
Investments Measured at Net Asset Value	<u>\$ 9,457,005</u>			

Component Units

The component units of the state have varied investment goals based on the demands of their specific enterprise, and commonly have investment policies that allow for broader asset classes and longer maturities than that of the primary government. Various finance authorities invest in attempt to match targeted returns to the maturity of liabilities. The higher education component unit is comprised of numerous foundations that invest to maximize gains for the institutions that they support. These foundations may also hold assets of different classes as part of donor restrictions and covenants. The component units categorize fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The valuation techniques vary based upon investment type and involve a certain degree of expert judgment. The following table details the fair value of investments held by component units on June 30, 2023 (expressed in thousands):

	Component Units Fair Value Measurements at Reporting Date Using			
	Amounts Measured At Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments Measured by Fair Value				
Debt Securities				
U.S. Treasury, Agency & Municipal Securities	\$ 1,224,157	\$ 759,688	\$ 464,469	\$ -
U.S. Corporate Debt	836,475	768,306	68,169	-
Foreign Corporate Bonds	52,714	6,043	46,671	-
Equity Securities				
U.S. Domestic Equities	848,002	662,314	56,022	129,666
Foreign Equities	99,578	99,578	-	-
Other	626,746	54,541	237,827	334,378
Total Investments Measured at Fair Value	\$ 3,687,672			
Investments Measured at Amortized Cost	\$ 450,145			
Investments Measured at Net Asset Value	\$ 2,982,777			

A. Custodial Credit Risk

Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the state will not be able to recover the value of its investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, not registered in the name of the state, or held by the counterparty or its trust department but not in the state's name.

Primary Government

The State Treasurer requires that financial institutions deposit collateral securities to secure the deposits of the state in each such institution. The dollar amount of collateral securities to be pledged for the security of public deposits is established by rules promulgated by the State Treasurer. In accordance with the Office of State Treasurer's policies, the collateral securities to be pledged by financial institutions through the Office of the State Treasurer are pledged at market value and must be at 110% of value to collateralize the amount on deposit, less any federal insurance coverage. All investments held by the State Treasurer are insured, registered, or held in the name of the State Treasurer.

As of June 30, 2023, the primary government's bank balances of deposits are fully insured or collateralized with securities held by an agent of the state in the state's name. In addition to these deposits, the state has approximately \$608,163,000 on deposit with the U.S. government. These funds represent unemployment insurance taxes collected from Oklahoma employers that are held by the U.S. Treasury. The book value of deposits does not materially differ from the bank balance.

Fiduciary Funds and Similar Component Units

The pension trust funds, fiduciary component units of the state, have investment policies that do not specifically address custodial credit risk of deposits and investments. However, each pension trust fund utilizes multiple investment managers and limits cash and short-term investments to no more than 5% of each investment manager's portfolio. On June 30, 2023, the pension trust funds had deposits and cash equivalents of \$929,069,000 of which \$52,621,000 were uninsured and uncollateralized.

Component Units

Generally, the component units of the state have investment policies that do not specifically address or limit custodial credit risk of deposits and investments. All component units typically follow the diversification and securitization of deposit policies defined by the State Treasurer to minimize custodial credit risk.

B. Credit Risk

Fixed-income securities are subject to credit risk. Credit quality rating is one method of assessing the debt instrument issuer's ability to meet its obligation. The state, its fiduciary funds and component units utilize the credit quality ratings issued by Moody's, Standard and Poor's (S&P), or Fitch in determining the risk associated with its fixed-income investments. Obligations of the U.S. government or those explicitly guaranteed by the U.S. government are not considered to have credit risk. Certain debt instruments are commingled investments that do not have an applicable credit risk rating. These investments are presented as not rated in the accompanying tables.

Primary Government

As outlined in an earlier table, the State Treasurer seeks to hold investments with a rating of A or higher as rated by Moody's. Generally, the permanent funds and the business-type activities seek to maintain the same or higher rating. The Water Resources Board, which has a high concentration of investments with one issuer, requires that issuer to maintain an average credit rating of AA or higher. Should this issuer's rating fall below AA, it is required to collateralize the guaranteed investments sufficient to maintain an AA rating on the contracts. On June 30, 2023, the primary government had the following investments subject to credit risk (expressed in thousands):

Credit Risk - Primary Government					
Investment Rating Moody's/S&P/Fitch	U.S. Treasury, Agency and Municipal Securities	International Government Securities	U.S. Corporate Debt Instruments	International Debt Instruments	Total
Aaa/AAA/AAA	\$ 12,411,881	\$ 1,259	\$ 38,676	\$ -	\$ 12,451,816
Aa/AA/AA	2,544,130	102	13,824	205	2,558,261
A/A/A	6,950	554	89,727	25,312	122,543
Baa/BBB/BBB	1,426	3,043	274,777	110,962	390,208
Ba/BB/BB	-	1,356	165,778	64,175	231,309
B/B/B	-	109	145,698	49,082	194,889
Caa/CCC/CCC	-	300	6,144	3,419	9,863
Ca/CC/CC	-	203	396	-	599
C/C/C	-	-	139	-	139
Not Rated/Not Applicable	15,578	563	241,528	62,050	319,719
Total	\$ 14,979,965	\$ 7,489	\$ 976,687	\$ 315,205	\$ 16,279,346

Fiduciary Funds and Similar Component Units

The pension trust funds typically hold a significant portion of assets in the form of debt instruments. Each pension trust fund has an investment policy governing their credit risk exposure. Generally, at the time of purchase, investments in domestic fixed-income investments must carry the highest rating either Aaa, (Moody's) or AAA, (S&P, Fitch) as determined by the national rating organizations. International debt instruments must be Baa or BBB at the time of purchase. Overall, each investment policy generally requires that an average credit quality rating of A or higher be maintained for total debt instrument holdings. On June 30, 2023, the pension trust funds had the following credit risk exposure (expressed in thousands):

Credit Risk - Pension Trust Funds						
Investment Rating Moody's/S&P/Fitch	U.S. Treasury, Agency and Municipal Securities	International Government Securities	U.S. Corporate Debt Instruments	International Debt Instruments	Total	
Aaa/AAA/AAA	\$ 3,499,015	\$ 5,797	\$ 403,329	\$ -	\$ 3,908,141	
Aa/AA/AA	16,891	371	89,848	61,976	169,086	
A/A/A	7,152	1,342	585,602	64,335	658,431	
Baa/BBB/BBB	69,131	31,359	1,374,222	610	1,475,322	
Ba/BB/BB	28,426	23,412	783,517	-	835,355	
B/B/B	13,521	1,261	85,796	538,978	639,556	
Caa/CCC/CCC	-	-	23,450	55,578	79,028	
Ca/CC/CC	-	-	1,641	-	1,641	
D/D/D	-	-	26	-	26	
Not Rated/Not Applicable	963,753	102,321	481,718	261,932	1,809,724	
Total	\$ 4,597,889	\$ 165,863	\$ 3,829,149	\$ 983,409	\$ 9,576,310	

Component Units

The component units usually hold a significant portion of their respective portfolios in debt instruments. Each component unit has an investment policy governing credit risk. As a general rule, the component units have more liberal investment policies than the primary government that allow for greater levels of credit risk regarding debt securities. Foundations within the higher education component unit also hold a significant portion of their total debt portfolio as either bond funds or money market mutual funds. These debt instruments are generally pooled or commingled investments and are not subject to credit risk disclosures. Investments in U.S. government securities are not subject to credit risk. On June 30, 2023, the component units had the following credit risk exposure (expressed in thousands):

Credit Risk - Component Units						
Investment Rating Moody's/S&P/Fitch	U.S. Treasury, Agency and Municipal Securities	International Government Securities	U.S. Corporate Debt Instruments	International Debt Instruments	Total	
Aaa/AAA/AAA	\$ 1,231,114	\$ -	\$ 314,721	\$ -	\$ 1,545,835	
Aa/AA/AA	926	-	-	-	926	
Not Rated/Not Applicable	-	-	971,899	70,161	1,042,060	
Total	\$ 1,232,040	\$ -	\$ 1,286,620	\$ 70,161	\$ 2,588,821	

C. Concentration of Credit Risk

Primary Government

The State Treasurer's investment policy seeks to mitigate concentration of credit risk through targeted diversification limits as outlined earlier in this note. With the exception of U.S. Treasury securities, no more than 50% of the state's total funds available for investment will be invested in a single security type or with a single financial institution. The Water Resources Board, a business-type activity of the primary government, has no policy limiting amounts that may be invested in one issuer.

D. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or deposit. Duration is a measure of a debt instrument's exposure to fair value changes arising from changes in interest rates based on the present value of future cash flows, weighted for those cash flows as a percentage of the investment's full price. Modified

duration estimates the sensitivity of a bond's price to interest rate changes. The state, its fiduciary funds, and component units use either duration, modified duration or weighted average years outstanding as the standard measures for assessing interest rate risk. Generally, the longer the duration or years outstanding, the greater sensitivity an investment has to interest rate risk.

Primary Government

As outlined in a previous table, the State Treasurer follows an investment policy seeking to keep the average maturity for its entire portfolio to less than four years. The permanent funds and the business-type activities of the primary government do not have the same liquidity demands as the treasurer, and as a matter of policy are not as restrictive regarding maturities. On June 30, 2023, the primary government had the following investments with maturities (expressed in thousands):

Interest Rate Risk - Primary Government					
	U.S. Treasury, Agency and Municipal Securities	International Government Instruments	U.S. Corporate Debt Instruments	International Debt Instruments	Total
Weighted Average Years to Maturity					
Less than 1 year Weighted Average to Maturity	\$ 1,264,621	\$ -	\$ 451	\$ 46,948	\$ 1,312,020
1 - 5 years	13,345,154	-	190,004	268,257	13,803,415
6 - 10 years	147,899	7,489	785,442	-	940,830
10 or more years	50,952	-	787	-	51,739
No Maturity or Not Applicable	171,339	-	3	-	171,342
Total	<u>\$ 14,979,965</u>	<u>\$ 7,489</u>	<u>\$ 976,687</u>	<u>\$ 315,205</u>	<u>\$ 16,279,346</u>

Fiduciary Funds and Similar Component Units

The pension trust funds generally do not have a formal investment policy on interest rate risk. However, interest rate risk is generally controlled through diversification of portfolio management styles. Each pension trust fund reviews the performance of each investment manager, and monitors the interest rate risk as part of the performance assessment. On June 30, 2023, the pension trust funds had the following exposure to interest rate risk (expressed in thousands):

Interest Rate Risk - Pension Trust Funds					
	U.S. Treasury, Agency and Municipal Securities	International Government Securities	U.S. Corporate Debt Instruments	International Debt Instruments	Total
Weighted Average Years to Maturity					
Less than 1 year Weighted Average to Maturity	\$ 14,733	\$ 1,275	\$ 28,133	\$ -	\$ 44,141
1 - 5 years	106,981	126,450	2,776,773	657,873	3,668,077
6 - 10 years	3,284,990	19,027	730,502	64,945	4,099,464
10 or more years	1,159,551	19,111	228,507	3,618	1,410,787
No Maturity or Not Applicable	31,634	-	65,234	256,973	353,841
Total	<u>\$ 4,597,889</u>	<u>\$ 165,863</u>	<u>\$ 3,829,149</u>	<u>\$ 983,409</u>	<u>\$ 9,576,310</u>

Component Units

The state's component units typically have board approved investment policies designed to manage exposure to fair value losses that arise from interest rate risk. The policies of the various component units can differ significantly since each investment policy is designed to match the portfolio objectives for that component unit. A substantial portion of the component units' holdings in debt instruments is in money market mutual funds and bond mutual funds with demand maturities which are presented below as not having an applicable maturity. On June 30, 2023, the component units had the following interest rate risk exposure (expressed in thousands):

Interest Rate Risk - Component Units					
	U.S. Treasury, Agency and Municipal Securities	International Government Securities	U.S. Corporate Debt Instruments	International Debt Instruments	Total
Weighted Average Years to Maturity					
Less than 1 year Weighted Average to Maturity	\$ 139,762	\$ -	\$ 97,362	\$ -	\$ 237,124
1 - 5 years	673,692	-	77,779	-	751,471
6 - 10 years	90,944	-	65,016	-	155,960
10 or more years	18,425	-	25,804	-	44,229
No Maturity or Not Applicable	309,217	-	1,020,659	70,161	1,400,037
Total	<u>\$ 1,232,040</u>	<u>\$ -</u>	<u>\$ 1,286,620</u>	<u>\$ 70,161</u>	<u>\$ 2,588,821</u>

E. Foreign Currency Risk

Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value of a deposit or investment. The state, its fiduciary funds and component units typically make investments in foreign securities to achieve an additional level of diversification within the various portfolios under management. Foreign currencies held as cash and cash equivalents are usually held to limit losses in foreign investments due to fluctuations in currency values.

Primary Government

The general government is not invested in securities that are exposed to foreign currency risk; however, the permanent funds have policies that will typically allow a portion of the total portfolio to be invested in international securities in an effort to improve diversification and total returns. The business-type activity's investing policies do not specifically address foreign investments, and they will typically not hold any international securities. On June 30, 2023, the primary government had the following foreign currency risk (expressed in thousands):

Foreign Currency Risk - Primary Government

Currency	Equities	Debt Instruments	Cash and Equivalents	Total
Argentine peso	\$ -	\$ 351	\$ -	\$ 351
Australian dollar	-	-	53	53
Bermudian dollar	3,164	2,619	-	5,783
Brazilian real	4,041	416	41	4,498
British pound sterling	49,784	7,043	137	56,964
Canadian dollar	3,535	9,174	47	12,756
Cayman dollar	8,738	2,832	-	11,570
CFA franc bceao	-	159	-	159
Colombian peso	-	129	5	134
Danish krone	11,710	-	-	11,710
Dominican peso	-	178	-	178
Egyptian pound	-	109	-	109
Emirati dirham	-	187	-	187
Euro	85,225	15,108	711	101,044
Hong Kong dollar	7,114	-	-	7,114
Indian rupee	6,355	-	-	6,355
Indonesian rupiah	-	1,101	8	1,109
International	-	1,470	-	1,470
Japanese yen	33,591	-	-	33,591
Jersey pound	4,178	323	-	4,501
Liberian dollar	73	477	-	550
Mexican nuevo peso	-	2,513	71	2,584
Nigerian naira	-	142	-	142
Panamanian balboa	-	1,094	-	1,094
Peruvian nuevo sol	-	416	-	416
Polish zloty	-	554	17	571
Romanian Leu	-	100	-	100
Russian ruble	-	525	-	525
South African rand	-	705	2	707
South Korean won	8,804	-	-	8,804
Swedish krona	4,752	162	-	4,914
Swiss franc	25,762	-	-	25,762
Thai baht	9,668	-	-	9,668
West African Rand	-	93	-	93
Totals	\$ 266,494	\$ 47,980	\$ 1,092	\$ 315,566

Fiduciary Funds and Similar Component Units

The pension and other employee benefit trust funds generally have investment policies regarding limits on the amount of foreign securities that can be held within their respective portfolios. The trust funds have a significantly longer time frame for achieving their investment goals, and investments in foreign securities offer an additional level of diversification, as well as provide the opportunity for increased returns. Typically, holdings in foreign currencies are used to limit losses on foreign securities due to currency fluctuations. The trust funds had the following foreign currency risk on June 30, 2023 (expressed in thousands):

Foreign Currency Risk - Pension Trust Funds

Currency	Equities	Debt Instruments	Cash and Equivalents	Total
Argentine peso	\$ -	\$ -	\$ 18	\$ 18
Australian dollar	128,277	(3,706)	561	125,132
Brazilian real	45,247	(222)	416	45,441
British pound sterling	592,594	18,352	1,647	612,593
Canadian dollar	204,244	6,448	880	211,572
Chinese yuan	18,148	-	421	18,569
Columbia peso	1,638	-	-	1,638
Danish krone	68,663	6,039	197	74,899
Emirati dirham	8,968	-	104	9,072
Euro	1,128,399	39,778	1,884	1,170,061
Hong Kong dollar	236,603	(10,723)	1,874	227,754
Hungarian forint	1,185	-	70	1,255
Indonesian rupiah	16,959	3,618	312	20,889
Japanese yen	600,495	13,586	3,352	617,433
Malaysian ringgit	23,177	-	348	23,525
Mexican peso	21,772	3,152	160	25,084
New Israeli shekel	3,538	1,380	-	4,918
New Taiwan dollar	151,866	(108)	59	151,817
New Turkish lira	-	-	382	382
New Zealand dollar	2,940	-	74	3,014
Norwegian krone	6,604	1,584	200	8,388
Philippines peso	17,145	-	83	17,228
Polish zloty	14,166	(7,800)	156	6,522
Qatari rial	9,942	-	199	10,141
Singapore dollar	50,446	(10,652)	158	39,952
South African rand	25,749	(3,642)	357	22,464
South Korean won	145,404	(59)	571	145,916
Swedish krona	86,154	5,861	367	92,382
Swiss franc	198,208	13,256	213	211,677
Thai baht	25,644	-	176	25,820
Turkish lira	15,044	(8,111)	100	7,033
Totals	\$ 3,856,495	\$ 65,073	\$ 15,441	\$ 3,937,009

Securities Lending Definition

In a securities lending transaction, securities are loaned to approved brokers through a securities lending agreement with a simultaneous agreement to return collateral for the same security in the future.

Securities Lending Activity - Primary Government

Oklahoma State Statute Title 62, Section 90, authorizes the Office of the State Treasurer to participate in securities lending transactions. All securities held by Northern Trust, as trustee or custodian, may be lent in the securities lending program unless specifically excluded by the Office of the State Treasurer.

During the fiscal year ended June 30, 2023, securities lending agents lent primarily U.S. government securities. Cash and U.S. government securities were provided as collateral for the securities lent. Generally, collateral must equal at least 100% of the fair value of the securities loaned. As of June 30, 2023, there were no securities on loan. The collateral balance of \$1,047,000 represents cash collateral that is invested in U.S. government securities and is included as an asset on the balance sheet with an offsetting liability for the return of collateral.

As of June 30, 2023, there was no credit risk exposure to borrowers because the amounts the primary government owes the borrowers exceed the amounts the borrowers owe the primary government. Contracts with securities lending agents require them to indemnify the lender if the borrower fails to return the securities or otherwise fails to pay the lender for income while the securities are on loan. There were no losses on security lending transactions, or recoveries from prior period losses, that resulted from the default of a borrower or the lending agent. Because these transactions are terminable at will, their duration generally did not match the duration of the investments made with cash collateral.

The Tobacco Settlement Endowment Trust Fund, a permanent fund, participates in securities lending as defined by its investment policy. During the year, the Tobacco Trust lent U.S. government securities, corporate debt, and domestic and foreign equities. Collateral was provided as cash for securities lent. Collateral must equal at least 102% of the market value of securities lent unless the principal market for the collateral is outside the United States, in which case a margin of 105% must be maintained. On June 30, 2023, the fair value of securities on loan was \$153,853,000. The collateral for securities lent had a market value of \$158,142,000. The investment made with cash collateral had an average maturity of one day and did not match the duration of the security on loan since the loans are terminable at will. There was no credit risk to borrowers.

Securities Lending Activity - Fiduciary Funds and Similar Component Units

The six public employees retirement systems participate in securities lending transactions as provided by their respective investment policies. During the fiscal year ended June 30, 2023, securities lending agents lent primarily U.S. government securities, equity securities, and debt securities. Cash, U.S. government securities, and letters of credit were provided as collateral for the securities lent. Generally, collateral must be provided in the amount of 102% of the fair value of the securities loaned. In certain instances collateral must be provided in the amount of 105% when the principal trading market for the loaned securities is outside the United States. At June 30, 2023, the carrying amount and fair value of securities on loan was approximately \$1,722,609,000. The underlying collateral for these securities had a fair value of approximately \$1,771,329,000. Collateral of securities and letters of credit represented approximately \$602,997,000 of total collateral. These securities and letters of credit cannot be sold or pledged unless the borrower defaults, therefore, the collateral and related liability is not presented on the balance sheet. The remaining collateral represents cash collateral that is invested in short-term investment pools and is included as an asset on the balance sheet with an offsetting liability for the return of the collateral.

As of June 30, 2023, there was no credit risk exposure to borrowers because the amounts the fiduciary funds owe the borrowers exceed the amounts the borrowers owe the fiduciary funds. Contracts with securities lending agents require them to indemnify the lender if the borrower fails to return the securities or otherwise fails to pay the lender for income while the securities are on loan. There were no losses on security lending transactions, or recoveries from prior period losses, resulting from the default of a borrower or the lending agent. Investment policies do not require the maturities of investments made with cash collateral to match the maturities of securities lent; however, investment policies may establish minimum levels of liquidity to minimize the interest rate risk associated with not matching the maturity of the investments with the loans. Generally, their duration did not match the duration of the investments made with cash collateral.

Derivative Instrument Definition

Derivative instruments are often complex financial arrangements used to manage specific risks or to act as investments. Derivative instruments can act as hedges to manage cash flow more effectively or act as investments thereby increasing or decreasing exposure to certain types of investments.

Derivative Instruments - Primary Government

Certain state agencies utilize derivative instruments as tools to manage domestic, international, and fixed income investments efficiently and effectively within their respective portfolios. Investments for the Tobacco Settlement Endowment Trust Fund are reported at fair value based on the cash flows from interest and principal payments. The notional

amount, financial statement classification and fair value balance of derivative instruments outstanding on June 30, 2023, and the change in fair value of such derivative instruments for the year then ended are as follows (expressed in thousands):

Permanent Fund	Derivative Instrument	Notional Amount	Fair Value		Change in Fair Value	
			Classification	Amount	Classification	Amount
Tobacco Settlement Trust	Foreign Currency Forward Contracts	\$ 1,758	Net Receivable	\$ (116)	Investment Income	\$ (696)

Derivative Instrument Investments - Fiduciary Funds and Similar Component Units

The state's public employee retirement systems utilize derivative instrument investments as tools to manage domestic, international, and fixed income investments efficiently and effectively within their respective portfolios. The notional amount, financial statement classification and fair value balance of derivative instruments outstanding on June 30, 2023, and the change in fair value of such derivative instruments for the year then ended are as follows (expressed in thousands):

Pension System	Derivative Instrument	Notional Amount	Fair Value		Change in Fair Value	
			Classification	Amount	Classification	Amount
Teachers' Retirement System (TRS)	Foreign Currency Forward Contracts	\$ 815,787	Investment	\$ 815,211	Investment Income	\$ (576)

The foreign currency forward contracts for the TRS subject the system to foreign currency risk because the investments are denominated in foreign currencies. The fair values of foreign currency forward contracts for TRS are estimated based on the present value of their estimated cash flows.

Derivative Instruments - Component Units

The component units of the state have varied investment goals based on the demands of their specific operations and commonly have investment policies allowing for greater investment diversity and risk. Certain component units and foundations with the higher education component unit will utilize derivative instruments on occasion to secure specific returns matched to maturing liabilities to mitigate overall portfolio risk.

Note 3. Accounts Receivable

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables with allowances for uncollectible accounts as of June 30, 2023, including the applicable allowances for uncollectible accounts, are presented below (expressed in thousands):

	General Fund		Proprietary Fund		Component Units	
	Accounts Receivable	Accounts Receivable	Taxes Receivable	Accounts Receivable	Notes Receivable	
Gross Receivables	\$ 294,243	\$ 129,162	\$ 201,046	\$ 1,174,427	\$ 149,145	
Less:						
Allowance for Uncollectibles	(107,155)	(2,670)	(78,784)	(277,557)	(3,373)	
Net Receivables	\$ 187,088	\$ 126,492	\$ 122,262	\$ 896,870	\$ 145,772	

Note 4. Interfund Accounts and Transfers

A. Due from Other Funds/Due to Other Funds

A summary of interfund obligations as of June 30, 2023, is shown below (expressed in thousands):

	Due From Other Funds					Due To Other Funds				
	General Fund	Permanent Funds	Enterprise Funds	Due From Fiduciary Funds	Due From Other Component Units	General Fund	Permanent Funds	Enterprise Funds	Due To Fiduciary Funds	Due To Component Units
Governmental Funds										
General Fund	\$ -	\$ 298	\$ 6	\$ 55	\$ 57,287	\$ -	\$ 4,978	\$ 36	\$ 100,996	\$ 55,305
Commissioners of the Land Office Permanent Fund	4,825	-	-	-	-	-	-	-	-	-
Dept of Wildlife Conservation Permanent Fund	153	-	-	-	-	-	-	-	-	-
Tobacco Settlement Permanent Fund	-	-	-	-	-	298	-	-	-	2,341
Total Governmental Funds	\$ 4,978	\$ 298	\$ 6	\$ 55	\$ 57,287	\$ 298	\$ 4,978	\$ 36	\$ 100,996	\$ 57,646
Enterprise Funds										
Office of Management and Enterprise Services	\$ 33	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Oklahoma Employment Security Commission	\$ 3	\$ -	\$ -	\$ -	\$ 61	\$ -	\$ -	\$ -	\$ -	\$ -
Oklahoma Lottery Commission	-	-	-	-	-	6	-	-	1,744	-
Total Enterprise Funds	\$ 36	\$ -	\$ -	\$ -	\$ 61	\$ 6	\$ -	\$ -	\$ 1,744	\$ -
Fiduciary Funds										
Pension Trust Funds:										
Firefighters Pension and Retirement System	\$ 22,088	\$ -	\$ -	\$ -	\$ -	\$ 4	\$ -	\$ -	\$ -	\$ -
Oklahoma Law Enforcement Retirement System	4,100	-	-	-	-	2	-	-	-	-
Oklahoma Public Employees Retirement System	12,760	-	-	-	626	20	-	-	-	-
Oklahoma Police Pension and Retirement	8,590	-	-	-	-	4	-	-	-	-
Teachers' Retirement System of Oklahoma	53,458	-	1,744	-	-	25	-	-	-	13
Total Fiduciary Funds	\$ 100,996	\$ -	\$ 1,744	\$ -	\$ 626	\$ 55	\$ -	\$ -	\$ -	\$ 13
Due From Primary Government										
Due To Primary Government										
	General Fund	Permanent Funds	Enterprise Funds	Due From Fiduciary Funds	Due From Other Component Units	General Fund	Permanent Funds	Enterprise Funds	Due To Fiduciary Funds	Due To Other Component Units
Major Component Units:										
Oklahoma Student Loan Authority	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -
Oklahoma Housing Finance Agency	-	-	-	-	-	18	-	-	-	-
Oklahoma Turnpike Authority	2,177	-	-	-	-	55,005	-	-	-	3
Grand River Dam Authority	2,283	-	-	-	-	86	-	-	557	180
Oklahoma Municipal Power Authority	-	-	-	-	-	-	-	-	69	-
Higher Education	34,025	2,341	6	13	529	2,149	-	61	-	580
Nonmajor Component Units:										
Oklahoma Education Television Authority	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6	\$ -	\$ -	\$ -	\$ -
Oklahoma Industrial Finance Agency	-	-	-	-	-	3	-	-	-	-
Multiple Injury Trust Fund	12,113	-	-	-	-	18	-	-	-	-
University Hospitals Authority	3,718	-	-	-	365	-	-	-	-	346
Oklahoma Development Finance Authority	15	-	-	-	215	1	-	-	-	-
Total Component Units	\$ 54,331	\$ 2,341	\$ 6	\$ 13	\$ 1,109	\$ 57,287	\$ -	\$ 61	\$ 626	\$ 1,109

A reconciliation of interfund receivables and interfund payables on June 30, 2023, follows. Timing differences occur between agencies with a June 30 year end and the component units with years ending September 30 or December 31.

Total Due from Other Funds:		Total Due to Other Funds:	
Wildlife Lifetime Licenses	\$ 153	Tobacco Settlement Endowment	\$ 298
Commissioners of the Land Royalties	4,825	Wildlife Lifetime Licenses	153
Tobacco Settlement Endowment	298	Commissioners of the Land Royalties	4,825
Fiduciary Funds	100,996	Enterprise Funds	42
Component Unit Funds	54,331	Fiduciary Funds	102,740
Due From Permanent Funds		Component Unit Funds	57,652
Component Units	2,341	Due to Fiduciary Funds	
Due from Proprietary Funds		General Fund	55
General Fund	36	Component Unit Funds	13
Due from Enterprise Funds		Due to Component Units	
General Fund	6	General Fund	57,287
Fiduciary Funds	1,744	Enterprise Funds	61
Component Units	6	Fiduciary Funds	626
Due from Fiduciary Funds		Component Unit Funds	1,109
General Fund	55	Total Interfund Payables per	
Component Units	13	Financial Statements	\$ 224,861
Due from Component Units			
General Fund	57,287	Timing Differences: Component Units	
Enterprise Funds	61	Fiscal Year Ending December 31, 2022	(974)
Fiduciary Funds	626	Total Interfund Payables	\$ 223,887
Other Component Unit Funds	1,109		
Total Interfund Receivables per			
Financial Statements	\$ 223,887		

The general fund due from other funds includes \$54,668,000 from Oklahoma Turnpike Authority as of December 31, 2022, for a portion of motor fuel excise taxes collected on fuels consumed on turnpikes. The balance accumulates and is payable when certain Oklahoma Turnpike Authority revenue bonds payable have been paid in full. The Wildlife Lifetime Licenses Permanent Fund is due \$153,000 from the general fund for legislative mandated transfer of earnings on certain funds. The Commissioners of the Land Office Permanent Fund is due \$4,825,000 from the general fund for royalty payments held in escrow.

Remaining interfund balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded, and payment between funds are made.

B. Right-to-Use Leases

The higher education component unit has entered into right-to-use lease agreements with the general fund's Oklahoma Capital Improvement Authority to lease various facilities, equipment, and improvements. The lease outstanding balances are \$403,579,000 as of June 30, 2023.

C. Interfund Transfers

A summary of interfund transfers for the fiscal year ended June 30, 2023, follows (expressed in thousands):

Transfers From (Out)	Transfers To (In)	For (Purpose)	Amount
Governmental Funds:			
General Fund	Oklahoma Water Resources Board	Payment for administrative costs	\$ 1,551
		Total transfers out of the General Fund	<u>\$ 1,551</u>
Proprietary Funds:			
Oklahoma Water Resources Board	General Fund	Restricted investment revenue	\$ 592
Oklahoma Lottery Commission	General Fund	Transfer for expendable earnings	88,336
		Total transfers in to the General Fund	<u>\$ 88,928</u>
		Net transfers In/Out - General Fund	<u>\$ 87,377</u>

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows (expressed in thousands):

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, nondepreciable				
Land	\$ 2,069,822	\$ 75,741	\$ (7,348)	\$ 2,138,215
Construction in progress	252,208	76,205	(93,911)	234,502
Right to Use Assets: Land	\$ 1,815	\$ -	\$ (1,113)	\$ 702
Total capital assets, nondepreciable	<u>\$ 2,323,845</u>	<u>\$ 151,946</u>	<u>\$ (102,372)</u>	<u>\$ 2,373,419</u>
Capital assets, depreciable:				
Buildings and improvements	\$ 1,797,026	\$ 69,265	\$ (9,759)	\$ 1,856,532
Equipment	704,970	56,083	(23,508)	737,545
Infrastructure	23,238,683	1,114,491	(8,487)	24,344,687
Right to use lease assets:				
Buildings and improvements	99,617	15,133	(12,702)	102,048
Equipment	35,382	11,974	(1,019)	46,337
Infrastructure	3	-	-	3
Intangible lease assets	-	64,239	-	64,239
Total capital assets, depreciable	<u>\$ 25,875,681</u>	<u>\$ 1,331,185</u>	<u>\$ (55,475)</u>	<u>\$ 27,151,391</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (906,470)	\$ (25,344)	\$ 426	\$ (931,388)
Equipment	(506,446)	(47,387)	18,941	(534,892)
Infrastructure	(12,961,538)	(587,878)	4,577	(13,544,839)
Right to use lease assets:				
Buildings and improvements	\$ (29,031)	\$ (24,578)	\$ 2,641	\$ (50,968)
Equipment	(15,997)	(12,918)	335	(28,580)
Intangible lease assets	-	(22,398)	-	(22,398)
Total accumulated depreciation	<u>\$ (14,419,482)</u>	<u>\$ (720,503)</u>	<u>\$ 26,920</u>	<u>\$ (15,113,065)</u>
Total capital assets, depreciable, net	<u>\$ 11,456,199</u>	<u>\$ 610,682</u>	<u>\$ (28,555)</u>	<u>\$ 12,038,326</u>
Governmental activities capital assets, net	<u><u>\$ 13,780,044</u></u>	<u><u>\$ 762,628</u></u>	<u><u>\$ (130,927)</u></u>	<u><u>\$ 14,411,745</u></u>
Business-type activities:				
Capital assets, depreciable:				
Equipment	\$ 8,687	\$ 1,779	\$ 38	\$ 10,428
Total capital assets, depreciable	<u>\$ 8,687</u>	<u>\$ 1,779</u>	<u>\$ 38</u>	<u>\$ 10,428</u>
Less accumulated depreciation for:				
Equipment	\$ (6,353)	\$ (783)	\$ (38)	\$ (7,098)
Total accumulated depreciation	<u>\$ (6,353)</u>	<u>\$ (783)</u>	<u>\$ (38)</u>	<u>\$ (7,098)</u>
Business-type activities capital assets, net	<u><u>\$ 2,334</u></u>	<u><u>\$ 996</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,330</u></u>

Current period depreciation expense was charged to functions of the primary government as follows (expressed in thousands):

Government Activities:	
Education	\$ 1,330
General government	43,299
Health services	15,596
Legal and judiciary	1,854
Museums	160
Natural resources	13,929
Public safety and defense	32,295
Regulatory services	1,298
Social services	10,122
Transportation	<u>600,620</u>
Total depreciation expense - Governmental Activities	<u>\$ 720,503</u>
Business-type Activities:	
Government administration	\$ 575
Natural resources	<u>208</u>
Total depreciation expense - Business-type Activities	<u>\$ 783</u>

Component Units

Capital asset activity for the year ended June 30, 2023, (December 31, 2022, or September 30, 2022, for those entities identified in Item D of Note 1) was as follows (expressed in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 577,243	\$ 11,386	\$ (15,891)	\$ 572,738
Construction in progress	1,162,344	626,892	(422,820)	1,366,416
Total capital assets, not being depreciated	<u>\$ 1,739,587</u>	<u>\$ 638,278</u>	<u>\$ (438,711)</u>	<u>\$ 1,939,154</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	\$ 11,961,001	\$ 260,634	\$ (95,979)	\$ 12,125,656
Equipment	1,782,589	121,011	(77,094)	1,826,506
Infrastructure	3,428,170	252,238	(116)	3,680,292
Right to use lease assets -Land & Buildings	36,262	9,913	(1,818)	44,357
Right to use lease assets -Equipment	27,023	11,504	(6,090)	32,437
Intangible Assets	-	100,959	(1,202)	99,757
Total capital assets, being depreciated	<u>\$ 17,235,045</u>	<u>\$ 756,259</u>	<u>\$ (182,299)</u>	<u>\$ 17,809,005</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	\$ (5,026,420)	\$ (311,505)	\$ 73,173	\$ (5,264,752)
Equipment	(1,369,763)	(94,872)	66,874	(1,397,761)
Infrastructure	(2,177,425)	(110,099)	26	(2,287,498)
Right to use lease assets -Land & Buildings	(7,261)	(6,330)	1,763	(11,828)
Right to use lease assets -Equipment	(10,605)	(9,364)	5,609	(14,360)
Intangible Assets	-	(32,829)	1,202	(31,627)
Total accumulated depreciation/amortization	<u>\$ (8,591,473)</u>	<u>\$ (564,999)</u>	<u>\$ 148,647</u>	<u>\$ (9,007,825)</u>
Total capital assets, being deprec./amort.,net	<u>\$ 8,643,572</u>	<u>\$ 191,260</u>	<u>\$ (33,652)</u>	<u>\$ 8,801,180</u>

Note 6. Risk Management and Insurance

It is the policy of the state to cover the risk of losses to which it may be exposed through risk management activities. In general, the state is self-insured for health care claims (except for employee participation in certain health maintenance organizations), workers' compensation, and second injury workers' compensation. The state is also self-insured against tort and auto liability and property losses, with commercial insurance policies for losses that fall outside of coverage limits or are in excess of the self-insured retention.

Coverage for health care claims and workers' compensation is provided by two entities of the state. The Employees Group Insurance Division (EGID), a division of the Office of Management and Enterprise Services (OMES), manages a legal trust which provides group health, life, dental, and disability benefits to the state's employees and certain other eligible participants. Effective January 1, 2015, the Risk Management Division (RMD), part of Capital Assets Management, a division of OMES, was authorized to handle Workers' Compensation for all state agencies when House Bill 2009 was signed into law during 2014. RMD Consolidated Workers' Compensation Program began operating on July 1, 2015.

Coverage for second injury workers' compensation is provided by a discretely presented component unit. The Multiple Injury Trust Fund (MITF) was created to encourage the hiring of individuals with a pre-existing disability and to protect those employers from liability for the pre-existing disability. MITF records a liability for outstanding court awards only as those amounts are awarded by the Workers' Compensation Court of Existing Claims for permanent total disability awards. There is no provision for incurred but not reported claims or claims pending Workers' Compensation Court of Existing Claims determination. Claims and Judgments which were due and owing on December 31, 2022, have been charged to operations for the year ended December 31, 2022. At year end, the MITF loss liability exceeded net position. MITF was indebted to claimants for court awarded judgments. Only those judgments currently payable in arrears bear interest. The rate, set by the state, is the Treasury bill rate plus 4% to be updated annually.

Coverage for liability and property losses is provided by RMD. RMD administers a self-insurance program to protect the state, its agencies, colleges, and universities against tort and auto liability claims. Coverage and limits under this program correspond directly with the Oklahoma Governmental Tort Claims Act. RMD purchases commercial liability insurance for losses that fall outside of the Oklahoma Governmental Tort Claims Act. RMD also provides a property insurance program for all agencies, colleges, and universities through a combination of a high self-insured retention and commercial insurance policies in excess of the self-insured retention. Coverage limits are \$1 billion for each occurrence subject to coverage terms and conditions. Commercial insurance is purchased to protect the state's fine arts and physical damage to its automobiles. Additionally, RMD purchases a government crime policy, i.e., employee dishonesty policy.

The amount of settlements from commercial insurance did not exceed insurance coverage in any of the past three fiscal years.

Except for MITF, estimates relating to incurred but not reported claims, as well as other probable and estimable losses are included in accrued liabilities for each fund. None of the funds have included non-incremental claims adjustment expense as part of accrued liabilities. Because actual claims liabilities are impacted by complex factors including inflation, changes in legal doctrines, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, and other economic and social factors.

The general fund self-insurance loss liability for RMD represents an estimate of amounts to be paid from economic financial resources.

The following table presents the changes in claims liability balances (both current and noncurrent) during the current fiscal year ended June 30, 2023, (December 31, 2022, for EGID and MITF) and the prior fiscal year, (expressed in thousands):

	Beginning Balance	Plus: Current Year Claims and Changes in Estimates	Less: Claim Payments	Ending Balance	Noncurrent Liability	Current Liability
Current Fiscal Year						
General Fund -						
Office of Management and Enterprise Services (RMD)	\$ 142,350	\$ 1,654	\$ (13,402)	\$ 130,601	\$ 117,199	\$ 13,402
Proprietary Fund -						
Office of Management and Enterprise Services (EGID)	\$ 120,884	\$ 1,087,666	\$ (1,076,320)	\$ 132,230	\$ 9,497	\$ 122,733
Component Unit - *						
Multiple Injury Trust Fund	\$ 457,495	\$ 18,216	\$ (53,940)	\$ 421,771	\$ 366,273	\$ 55,498

* The higher education component unit's claims and judgments (\$1,294 – noncurrent) are for accrued liabilities not related to risk management.

	Beginning Balance	Plus: Current Year Claims and Changes in Estimates	Less: Claim Payments	Ending Balance	Noncurrent Liability	Current Liability
Prior Fiscal Year						
General Fund -						
Office of Management and Enterprise Services (RMD)	\$ 95,012	\$ 70,637	\$ (23,299)	\$ 142,350	\$ 119,051	\$ 23,299
Proprietary Fund -						
Office of Management and Enterprise Services (EGID)	\$ 134,946	\$ 1,048,801	\$ (1,062,863)	\$ 120,884	\$ 10,374	\$ 110,510
Component Unit -						
Multiple Injury Trust Fund	\$ 475,784	\$ 31,530	\$ (49,819)	\$ 457,495	\$ 406,950	\$ 50,545

Public Entity Risk Pool – Employees Group Insurance Division

The state operates Employees Group Insurance Division (EGID), a public entity risk pool.

A. Description of Plan

EGID provides group health, dental, life, and disability benefits to active state employees and local government employees, as well as varying coverages for active education employees and certain participants of the state's retirement systems, survivors, and persons covered by the Consolidated Omnibus Budget Reconciliation Act of 1985. Disability coverage is available only to active state employees. EGID is self-insured and provides participants with the option of electing coverage from certain health maintenance organizations. Premium rates for the various groups are established separately.

The coverages are funded by monthly premiums paid by individuals, the state, local governments, educational employers, and retirement systems. A participant may extend coverage to dependents for an additional monthly premium based on the coverage requested. EGID collects and remits premiums for those who are covered by health maintenance organizations.

All state agencies are required to participate in EGID. Eligible local governments may elect to participate in EGID (296 local governments actually participate). Any education entity or local government which elects to withdraw from EGID may do so with 30 days written notice and must withdraw both its active and inactive participants.

A summary of available coverages and eligible groups, along with the number of health care participants follows:

	State Employee	Local Government Employee	Education Employee	Teachers' Retirement System	OPERS	COBRA
Health	X	X	X	X	X	X
Dental	X	X	X	X	X	X
Life	X	X	X	X	X	
Disability	X					
Medicare Supplement		X		X	X	X
Health Care Participants:						
Primary	25,000	8,000	58,000	-----	33,000	-----
Dependents			-----	62,000	-----	-----

B. Unpaid Claims Liabilities

EGID establishes policy and contract claim reserves based on the estimated ultimate cost of settling claims that have been reported but not settled, and of claims that have been incurred but not yet reported. Disability reserves are also established based on the estimated ultimate cost of settling claims of participants currently receiving benefits and for disability claims incurred but not yet reported to EGID.

The reserves are determined using EGID's historical benefit payment experience. The length of time for which costs must be estimated depends on the coverages involved. Although such estimates are EGID's best estimates of the incurred claims to be paid, due to the complex nature of the factors involved in the calculation, the actual results may be more or less than the estimate. The claim liabilities are recomputed on a periodic basis using actuarial and statistical techniques which consider the effects of general economic conditions, such as inflation, and other factors of past experience, such as changes in participant counts. Adjustments to claim liabilities are recorded in the periods in which they are made. Premium deficiency reserves are required to be recorded when the anticipated costs of settling claims for the following fiscal year are in excess of the anticipated premium receipts for the following year. Anticipated investment income is considered in determining whether a premium deficiency exists.

C. Reconciliation of Claims Liabilities

The schedule below presents the changes in policy and contract claim reserves and disability reserves for the three types of coverages: health and dental, life, and disability (expressed in thousands):

	Health and Dental	Life	Disability	Total
	Fiscal Year 12/31/2022	Fiscal Year 12/31/2022	Fiscal Year 12/31/2022	Fiscal Year 12/31/2022
Reserves at beginning of period	\$ 91,839	\$ 21,851	\$ 7,194	\$ 120,884
Incurred claims:				
Provision for insured events of current period	\$ 1,049,356	\$ 38,586	\$ 2,731	\$ 1,090,673
Changes in provisions for insured events of prior periods	(3,910)	2,327	(1,424)	(3,007)
Total incurred claims	\$ 1,045,446	\$ 40,913	\$ 1,307	\$ 1,087,666
Payments:				
Claims attributable to insured events of current period	\$ 945,729	\$ 32,926	\$ 574	\$ 979,229
Claims attributable to insured events of prior periods	86,192	9,113	1,786	97,091
Total payments	\$ 1,031,921	\$ 42,039	\$ 2,360	\$ 1,076,320
Reserves at end of period	\$ 105,364	\$ 20,725	\$ 6,141	\$ 132,230

D. Revenue and Claims Development Information

The separately issued audited financial statements for EGID include Required Supplementary Information regarding revenue and claims development.

Note 7. Tax Abatements

The State of Oklahoma provides tax abatements under seven programs: Historic Rehabilitation tax credits, Quality Jobs programs (Quality Jobs, Small Employer and 21st Century), Remote Quality Jobs program, Oklahoma Film Enhancement rebates, Filmed in Oklahoma rebates, Quality Events Program, Small Business Incubators, and New Products Development Income Tax Exemptions. Tribal compacts with Native American tribes also provide abatements to cigarette tax collections.

The Historic Rehabilitation Tax Credits Program established by the legislature (68 Oklahoma Statute (O.S.) § 2357.41) promotes the rehabilitation of historic structures of every period. These credits can be claimed at any time after the relevant local governmental body responsible for doing so issues a certificate of occupancy or other document that is a precondition for the applicable use of the building or structure. During the fiscal year ended June 30, 2023, estimated tax credits in the amount of \$60,000,000 were approved for three projects. Historic Rehabilitation tax credits used to reduce tax liability in 2022 was \$8,300,000. An additional \$92,277,000 in estimated tax credits was approved in fiscal year 2023 for 17 projects which were applied for or approved in prior fiscal years.

Three quality jobs programs are administered by the Oklahoma Department of Commerce (ODOC) for which the state provides incentive payments that are paid from income tax collections:

The Oklahoma Quality Jobs Program was established by the legislature (68 O.S. § 3601) to provide an incentive for companies to expand or relocate jobs to Oklahoma. Companies meeting certain statutory requirements can receive a rebate up to 5% of new taxable payroll for up to 10 years. The requirements include creating jobs within a qualifying industry as noted by the North American Industry Classification System description; paying wages on the newly created jobs equal to the average county wage or state threshold wage, whichever is lower; achieving \$2,500,000 in new annual taxable payroll within three years; and offering basic health insurance to employees within 180 days of employment. Companies can receive up to a 6% rebate if at least 10% of new payroll is comprised of qualified military veterans.

Under certain circumstances, some program requirements may be amended or waived.

A company that participates in the Oklahoma Quality Jobs Program but fails to maintain a business presence in the state of Oklahoma within three years of start date must repay all program benefits they received and may not re-apply for the program for one year following dismissal.

The Small Employer Quality Jobs Program (68 O.S. § 3901) was established to provide appropriate incentives to support the creation of quality jobs, particularly for small businesses, in basic industries in the state. Companies applying for the Small Employer program must have 500 employees or less at the time of application to the program. Rebates under the program are received for up to seven years. Program requirements include creating a minimum number of new jobs based on the population of the community where the company is located; having 35% out-of-state sales for the first two years and subsequently 60% out-of-state sales; paying the newly created jobs at 110% of the average county wage; and offering basic health insurance within 180 days of employment (the employee must not pay more than 50% of the premium). Benefits are not payable until the company attains both the minimum number of new jobs and the required average wage.

The 21st Century Quality Jobs Program (68 O.S. §§ 3911-3920) was established to provide appropriate incentives to attract growth industries and sectors to Oklahoma in the 21st century through a policy of rewarding businesses with a highly skilled, knowledge-based workforce. The program allows a net benefit rate of up to 10% of payroll for up to ten years and requires at least ten full-time jobs at an annual average wage of the lesser of \$112,110 (the state wage, which is indexed every year) or 300% of the county's average wage. Out-of-state sales for the company must be at least 50% for most participants. The program targets industries, such as knowledge-based service industries, including professional, scientific, and technical services; music, film and performing arts; and specialty hospitals.

During the fiscal year ended June 30, 2023, 90 companies received payments totaling \$50,140,000 as part of Quality Jobs Programs.

The Remote Quality Jobs program was established by the Legislature (68 O.S. §§ 4501-4510) to provide appropriate incentives to attract growth industries that employ remote workers to Oklahoma. The program allows organizations that focus on attracting remote workers by direct marketing, visits and tours by potential remote workers, and monetary payments to remote workers who move to Oklahoma, to receive a rebate of up to 5% of payroll for up to two and one-half years. The remote worker must be already working remotely in the state they were originally located and cannot be employed by an entity participating in another version of the Quality Jobs Program. Other requirements are an annual gross payroll threshold and full-time equivalent employees must work an average of 30 or more hours per week in the new direct jobs equal to or in excess of 80% of the total number of new direct jobs. The program is administered by ODOC and the Oklahoma Tax Commission (OTC). During the fiscal year ended June 30, 2023, no payments were issued for the Remote Quality Jobs Programs.

To increase the attractiveness of Oklahoma as a location for the film industry, the Oklahoma Film Enhancement rebate was established by the legislature (68 O.S. §§ 3621-3626). A rebate, of up to 37% of documented expenditures made in Oklahoma directly attributable to the production of film, television production, or television commercials, may be paid to the production company. The Oklahoma Film and Music Commission and OTC administer the program. During the fiscal year ended June 30, 2023, 12 film companies received rebates funded from individual income tax amounting to \$9,543,000.

The Filmed in Oklahoma Act of 2021 (68 O.S. §§ 3631-3641) was enacted to further attract the film industry to the state. This incentive rebate program was created for certain film projects and eligible television series projects filmed or produced in Oklahoma and meet the requirements of the act. A base incentive of up to 20% of qualified production expenditures is available. Further incentives include an additional 2% - 7.5% for certain eligible production expenditures. The ODOC and OTC administer this program. During the fiscal year ended June 30, 2023, 12 film companies received rebates of \$7,338,000 funded from individual income tax.

The Quality Events Incentive (68 O.S. §§ 4301-4311) was designed to promote certain quality events that have a significant positive economic impact. A quality event is a new event of a meeting of a nationally recognized organization, a new or existing event that is a national, international or world championship, or a new or existing event that is managed or produced by an Oklahoma based national or international organization. The host community must submit a resolution and information pertaining to the event (geographic area, length of time for revenue capture, expenses, event history, and economic impact) to OTC within 30 days of the date on which the host community adopts the ordinance or resolution. OTC will then approve or disapprove the impact study. Oklahoma Tourism and Recreation Department and ODOC provide assistance and information, as requested, by OTC to approve or disapprove an economic impact study.

During the fiscal year ended June 30, 2023, three events were certified by the Quality Events Incentive Program, and \$575,000 in sales tax was abated.

A business incubator is a facility in which small businesses may rent space and where management provides business development services, such as financial consulting and marketing assistance. The Small Business Incubators program offers tax exemptions for tenants (74 O.S. § 5078) of business incubators that register with ODOC.

Tenants are exempt from state tax liability on income earned as a result of activities conducted as an occupant in a certified incubator for up to ten years from the occupancy date in an incubator site in accordance with rules of OTC. The exemption remains in effect after the date the tenant is no longer an occupant in an incubator, but not to exceed a total of ten years.

Business incubator tenants tax exemptions totaled \$3,903,000 for tax year 2021.

Under the New Products Development Income Tax Exemption (74 O.S. § 5064.7), royalties earned by an inventor from a product developed and manufactured in the State of Oklahoma shall be exempt from state income tax for a period of seven years from the first year in which such royalty is received as long as the manufacturer remains in the state. In addition, such manufacturer may exclude from Oklahoma taxable income, or in the case of an individual, the Oklahoma adjusted gross income, 65% of the cost of depreciable property purchased and utilized directly in manufacturing the product. To qualify for the incentives, the product shall be patented or have a patent pending pursuant to federal law and shall be registered with Oklahoma Center for the Advancement of Science and Technology.

The New Products Development Income Tax Exemptions abated totaled \$2,298,000 for tax year 2021.

Nineteen Native American tribes, governed within the state’s borders, collect cigarette taxes on behalf of the state through compact agreements. Only a portion of the taxes are remitted to the state, with the tribe retaining the remainder as defined by the compact agreement. During the fiscal year ending June 30, 2023, the amount of tax retained by tribes was 50% resulting in \$52,283,000 of tax abatements.

Information relevant to disclosure of those programs for the fiscal year ended June 30, 2023, is:

Tax Abatement Program	Amount of Taxes Abated (in thousands)
Historic Rehabilitation Tax Credits Used	\$ 8,300
Quality Jobs Programs	50,140
Remote Quality Jobs Program	-
Oklahoma Film Enhancement Rebate	9,543
Filmed in Oklahoma Rebate	7,338
Quality Events Program	575
Business Incubator Tax Exemptions	3,903
New Products Development Tax Exemptions	2,298
Cigarette Tax Tribal Compacts	52,283

Note 8. Lessor Agreements

Primary Government

State entities lease various real property, equipment, and building space to non-state entities or component units under long-term right-to-use lease agreements. Leases expire at various dates through 2073 and may provide renewal options. During the current fiscal year, \$24,307,000 was recognized in lease revenue and \$1,482,000 in interest revenue. Lease agreements with component units recognized \$33,220,000 in lease revenue and \$13,598,000 in interest revenue. No significant variable payments, residual value guarantees, or lease termination penalties are included in the lease agreements.

The following schedule represents minimum lease payments receivable for right-to-use leases for each of the five succeeding fiscal years (expressed in thousands):

	2024	2025	2026	2027	2028	Thereafter	Total
Right-to-Use Leases	\$ 21,507	\$ 18,181	\$ 13,943	\$ 8,984	\$ 4,702	\$ 46,928	\$ 114,245
Right-to-Use Leases-Component Unit	36,059	50,846	50,847	50,849	50,865	263,699	503,165
	\$ 57,566	\$ 69,027	\$ 64,790	\$ 59,833	\$ 55,567	\$ 310,627	\$ 617,410
Less: Interest	17,371	15,665	13,796	11,922	10,094	41,253	110,101
Total Principal	<u>\$ 40,195</u>	<u>\$ 53,362</u>	<u>\$ 50,994</u>	<u>\$ 47,911</u>	<u>\$ 45,473</u>	<u>\$ 269,374</u>	<u>\$ 507,309</u>

Component Units

The Oklahoma Educational Television Authority leases excess capacity on various channels to a wireless communications provider. The leases will expire in February 2047. The Oklahoma Development Finance Authority leases a portion of its office space with a private company. The lease is in effect through February 2024. The Oklahoma Turnpike Authority (OTA) enters various non-cancelable contracts with concessionaires to provide patron services on the state’s turnpike system. Concession revenue is received by OTA under non-cancelable contracts which includes minimum rentals plus contingent rentals based on sales volume. Antenna space is also leased by OTA under non-cancelable contracts with a 20-year term.

The Oklahoma Municipal Power Authority (OMPA) executed a power purchase agreement with FPL Energy Oklahoma Wind, LLC (FPLE Oklahoma), for the development of a wind generation facility in northwestern Oklahoma. Under the agreement, FPLE Oklahoma was responsible for acquiring, constructing, and installing the wind project. OMPA issued

taxable limited obligation notes which were payable solely from lease payments made by FPLE Oklahoma. OMPA used the proceeds of the notes to finance the acquisition of the wind project and has leased the wind project to FPLE Oklahoma under a long-term capital lease agreement for an amount sufficient to pay the debt service on the notes. The power purchase agreement has a term of approximately 25 years and power is sold on a take and pay basis. FPLE Oklahoma retains the operational risk related to the wind project.

The following schedule presents minimum future leases receivable from these contracts (expressed in thousands):

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>Thereafter</u>	<u>Total</u>
Oklahoma Educational Television Authority	\$ 215	\$ 215	\$ 215	\$ 215	\$ 215	\$ 3,989	\$ 5,064
Oklahoma Development Finance Authority	6		-	-	-	-	6
Oklahoma Turnpike Authority	1,325	1,337	1,350	1,384	1,391	8,649	15,436
Oklahoma Municipal Power Authority	<u>4,517</u>	<u>4,517</u>	<u>4,517</u>	<u>4,517</u>	<u>4,516</u>	<u>4,516</u>	<u>27,100</u>
Total	<u>\$ 6,063</u>	<u>\$ 6,069</u>	<u>\$ 6,082</u>	<u>\$ 6,116</u>	<u>\$ 6,122</u>	<u>\$ 17,154</u>	<u>\$ 47,606</u>

Higher education institutions have entered into various agreements for land and building space leases. Leases expire between 2026 and 2108 and interest rates vary between 0.06% and 2.4%. Leases receivable outstanding balance for higher education institutions was \$85,379,000 as of June 30, 2023.

Note 9. Long-Term Obligations as Related to Governmental Activities

Long-term obligations as of June 30, 2023, and changes for the fiscal year then ended (expressed in thousands):

	Issue Date	Interest Rates	Maturity Through	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds Payable from Lease Rentals:								
OCIA Series 2009B	2010	5.04%-5.34%	2025	\$ 36,125	\$ -	\$ 11,640	\$ 24,485	\$ 12,035
OCIA Series 2010, Refunding/Revenue	2011	1.77%-5.61%	2031	79,820	-	7,160	72,660	7,525
OCIA Series 2013A	2013	2.00%-4.00%	2025	4,605	-	2,105	2,500	1,345
OCIA Series 2014A	2014	2.00%-5.00%	2031	188,260	-	18,470	169,790	19,390
OCIA Series 2014B	2015	2.00%-5.00%	2025	690	-	220	470	230
OCIA Series 2014C	2015	2.00%-5.00%	2035	63,745	-	3,770	59,975	3,920
OCIA Series 2015A	2015	2.00%-5.00%	2025	11,555	-	3,680	7,875	3,845
OCIA Series 2015B	2016	3.00%-5.00%	2027	21,815	-	3,965	17,850	4,140
OCIA Series 2016 DOT	2017	2.00%-5.00%	2035	146,830	-	8,335	138,495	8,740
OCIA Series 2017A, Refunding/Revenue	2017	2.00%-4.00%	2030	13,170	-	2,440	10,730	2,510
OCIA Series 2017B	2017	2.00%-5.00%	2026	37,635	-	7,795	29,840	8,145
OCIA Series 2017C	2018	2.00%-5.00%	2051	26,205	-	520	25,685	535
OCIA Series 2018B	2019	3.71%-4.35%	2049	25,205	-	-	25,205	-
OCIA Series 2018C	2019	3.00%-5.00%	2039	59,235	-	2,345	56,890	2,465
OCIA Series 2018D	2019	2.00%-5.00%	2039	105,225	-	4,150	101,075	4,360
OCIA Series 2019A	2019	2.00%-5.00%	2035	9,970	-	2,090	7,880	2,195
OCIA Series 2019B	2019	3.00%-5.00%	2046	40,245	-	925	39,320	970
OCIA Series 2019C	2020	2.00%-5.00%	2040	56,140	-	2,005	54,135	2,135
OCIA Series 2020A	2020	5.00%	2026	69,700	-	14,295	55,405	14,995
OCIA Series 2020B	2021	2.63%-5.00%	2051	166,820	-	2,780	164,040	2,925
OCIA Series 2020C	2021	0.55%-1.10%	2026	21,605	-	5,335	16,270	5,375
OCIA Series 2020D	2021	3.00%-4.00%	2041	13,390	-	485	12,905	505
OCIA Series 2020E	2021	0.41%-3.08%	2041	47,740	-	2,170	45,570	2,185
OCIA Series 2021A	2022	0.45%-2.90%	2043	161,640	-	5,965	155,675	6,430
OCIA Series 2022A	2022	1.70%-3.94%	2043	17,650	-	-	17,650	680
OCIA Series 2022B	2022	2.66%-4.73%	2048	47,085	-	-	47,085	-
OCIA Series 2022C	2022	3.02%-5.39%	2048	36,985	-	-	36,985	775
Dept of Corrections 2013 (ODFA)	2013	1.40%-5.00%	2023	2,100	-	2,100	-	-
Dept of Corrections 2016A (ODFA)	2017	2.00%-3.00%	2026	1,125	-	270	855	275
DHS-2008 (ODFA)	2008	3.25%-4.15%	2023	1,950	-	1,950	-	-
Law Enforcement Education/Train (ODFA)	2013	2.38%-4.00%	2027	6,654	-	1,274	5,380	1,328
OMES 2019A (ODFA)	2019	3.00%-5.00%	2035	21,515	-	1,355	20,160	1,420
Total				<u>\$ 1,542,434</u>	<u>\$ -</u>	<u>\$ 119,594</u>	<u>\$ 1,422,840</u>	<u>\$ 121,378</u>
Notes Payable:								
OCIA TIFIA 2021-1	2022	1.57%	2045	\$ 42,031	\$ -	\$ -	\$ 42,031	\$ -
OCIA TIFIA 2021-2	2023	2.02%	2045	-	44,649	-	44,649	-
ODOT 2018A, Grant Anticipation	2018	3.00%-5.00%	2034	53,150	-	3,340	49,810	3,505
OMES Equipment Financing	2021	1.79%	2039	14,771	-	614	14,157	683
Total				<u>\$ 109,952</u>	<u>\$ 44,649</u>	<u>\$ 3,954</u>	<u>\$ 150,647</u>	<u>\$ 4,188</u>
Right-to-Use and Intangible Leases				\$ 92,250	\$ 96,804	\$ 61,754	\$ 127,300	\$ 39,926
Compensated Absences				189,827	101,589	95,271	196,145	95,271
Pension Liabilities				75,425	838,298	-	913,723	-
Bond Issue Premiums				128,848	-	13,250	115,598	12,997
Claims and Judgments Payable				142,350	1,653	13,402	130,601	13,402
Other Postemployment Benefits				157,108	-	15,604	141,504	-
Total Long-Term Obligations				<u>\$ 2,438,194</u>	<u>\$ 1,082,993</u>	<u>\$ 322,829</u>	<u>\$ 3,198,358</u>	<u>\$ 287,162</u>

The following table presents annual debt service requirements for those long-term obligations outstanding on June 30, 2023, which have scheduled debt service amounts (expressed in thousands):

	2024	2025	2026	2027	2028	2029-2033	2034-2038	2039-2043	2044-2048	2049-2053	Total
Revenue Bonds:											
OCIA Series 2009B	\$ 13,018	\$ 12,783	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,801
OCIA Series 2010, Refunding/Revenue	11,292	11,282	11,277	11,243	11,224	33,596	-	-	-	-	89,914
OCIA Series 2013A	1,413	1,178	-	-	-	-	-	-	-	-	2,591
OCIA Series 2014A	26,988	26,683	26,536	26,068	26,010	71,057	-	-	-	-	203,342
OCIA Series 2014B	244	245	-	-	-	-	-	-	-	-	489
OCIA Series 2014C	6,387	6,356	6,356	6,348	6,389	31,703	12,693	-	-	-	76,232
OCIA Series 2015A	4,229	4,230	-	-	-	-	-	-	-	-	8,459
OCIA Series 2015B	4,924	4,922	4,922	4,910	-	-	-	-	-	-	19,678
OCIA Series 2016	14,903	14,899	14,900	14,903	14,902	74,517	29,805	-	-	-	178,829
OCIA Series 2017A, Refunding/Revenue	2,853	2,856	2,854	766	763	1,523	-	-	-	-	11,615
OCIA Series 2017B	9,599	9,598	13,830	-	-	-	-	-	-	-	33,027
OCIA Series 2017C	1,583	1,583	1,581	1,578	1,579	7,883	7,866	7,840	7,813	4,666	43,972
OCIA Series 2018B	1,068	1,067	1,068	1,067	1,068	9,152	9,128	9,097	9,063	1,808	43,586
OCIA Series 2018C	5,227	5,228	5,226	5,224	5,224	26,133	26,131	5,224	-	-	83,617
OCIA Series 2018D	8,924	8,893	8,887	8,890	8,877	44,272	44,185	8,833	-	-	141,761
OCIA Series 2019A	2,484	2,493	415	411	411	2,065	829	-	-	-	9,108
OCIA Series 2019B	2,678	2,679	2,676	2,677	2,679	13,388	13,385	13,389	8,037	-	61,588
OCIA Series 2019C	4,570	4,574	4,576	4,578	4,584	22,776	22,803	9,141	-	-	77,602
OCIA Series 2020A	17,390	17,357	25,298	-	-	-	-	-	-	-	60,045
OCIA Series 2020B	9,872	9,872	9,870	9,874	9,870	49,355	49,358	49,355	49,353	29,616	276,395
OCIA Series 2020C	5,511	5,507	5,505	-	-	-	-	-	-	-	16,523
OCIA Series 2020D	992	991	990	988	990	4,937	4,919	2,954	-	-	17,761
OCIA Series 2020E	3,191	3,187	3,185	3,183	3,180	15,859	15,800	9,448	-	-	57,033
OCIA Series 2021A	9,999	9,997	9,999	9,996	9,996	49,989	49,987	49,992	-	-	199,955
OCIA Series 2022A	1,225	1,228	1,228	1,227	1,225	6,105	6,082	6,060	-	-	24,380
OCIA Series 2022B	1,973	3,206	3,206	3,207	3,201	15,983	15,940	15,864	15,789	-	78,369
OCIA Series 2022C	2,563	2,640	2,640	2,637	2,636	13,166	13,112	13,046	12,970	-	65,410
Corrections 2016A (ODFA)	298	305	296	-	-	-	-	-	-	-	899
Law Enforcement Education/Train (ODFA)	1,466	1,464	1,461	1,342	-	-	-	-	-	-	5,733
OMES 2019A (ODFA)	2,360	2,364	2,359	2,361	2,364	11,794	2,364	-	-	-	25,966
	\$ 179,224	\$ 179,667	\$ 171,141	\$ 123,478	\$ 117,172	\$ 505,253	\$ 324,387	\$ 200,243	\$ 103,025	\$ 36,090	\$ 1,939,680
Less: Interest	57,846	52,596	47,138	42,353	38,852	141,567	78,861	39,291	16,239	2,097	516,840
Total Principal	\$ 121,378	\$ 127,071	\$ 124,003	\$ 81,125	\$ 78,320	\$ 363,686	\$ 245,526	\$ 160,952	\$ 86,786	\$ 33,993	\$ 1,422,840
Notes Payable:											
OCIA TIFIA 2021-1	\$ 332	\$ 2,352	\$ 2,351	\$ 2,351	\$ 2,350	\$ 11,752	\$ 11,745	\$ 11,739	\$ 4,694	\$ -	\$ 49,666
OCIA TIFIA 2021-2	-	2,579	2,612	2,612	2,610	13,052	13,040	13,029	5,207	-	54,741
ODOT 2018A, Grant Anticipation	5,908	5,903	5,900	5,897	5,888	29,369	5,853	-	-	-	64,718
OMES Equipment Financing	938	950	962	974	986	5,118	5,445	1,130	-	-	16,503
Less: Interest	2,990	3,964	3,733	3,459	3,171	11,129	4,416	1,942	177	-	34,981
Total Principal	\$ 4,188	\$ 7,820	\$ 8,092	\$ 8,375	\$ 8,663	\$ 48,162	\$ 31,667	\$ 23,956	\$ 9,724	\$ -	\$ 150,647
Right-To-Use and Intangible Leases	\$ 42,233	\$ 33,156	\$ 16,025	\$ 8,102	\$ 4,897	\$ 15,712	\$ 8,517	\$ 7,279	\$ -	\$ -	\$ 135,921
Less: Interest	2,687	1,621	968	698	525	1,387	578	157	-	-	8,621
Total Principal	\$ 39,546	\$ 31,535	\$ 15,057	\$ 7,404	\$ 4,372	\$ 14,325	\$ 7,939	\$ 7,122	\$ -	\$ -	\$ 127,300
Total	\$ 165,112	\$ 166,426	\$ 147,152	\$ 96,904	\$ 91,355	\$ 426,173	\$ 285,132	\$ 192,030	\$ 96,510	\$ 33,993	\$ 1,700,787
Compensated Absences											196,145
Net Pension Liability											913,723
Bond Issue Premiums											115,598
Claims and Judgments Payable											130,601
Other Postemployment Benefits											141,504
Total Long-Term Obligations											\$ 3,198,358

A. Revenue Bonds

The Oklahoma Capitol Improvement Authority has twenty-seven outstanding series of building bonds to construct and equip state office buildings and prisons. Principal and interest payments on these bond issues are paid from rents collected from the various state and federal agencies that occupy the buildings constructed with the bond proceeds.

The Oklahoma Development Finance Authority issued lease revenue bonds to provide lease financing for Department of Corrections, Department of Human Services, Council for Law Enforcement Education and Training, and Office of Management and Enterprise Services. The actual lease payments are made to a trustee who is responsible for payments to individual investors.

No new revenue bonds were issued during the fiscal year ending June 30, 2023.

B. Notes Payable

The Oklahoma Department of Transportation issued several series of Grant Anticipation Notes for the purpose of financing certain qualified federal aid transportation projects in the state. The notes are secured by federal revenue received from the Federal Highway Administration and have a final maturity in fiscal year 2034. Total revenue received from the Federal

Highway Administration in fiscal year 2023 was \$864,431,000 with a portion of that amount, \$64,718,000, reserved as security for the notes. Current year note obligations for principal and interest totaled \$5,908,000.

Oklahoma Capital Improvement Authority is authorized to borrow \$200,000,000 in Transportation Infrastructure Finance and Innovation Act loans to fund the Oklahoma Department of Transportation eight-year construction workplan. During fiscal year 2023, Oklahoma Capital Improvement Authority borrowed \$44,649,000 at an annual interest rate of 2.02%. Final maturity for this loan is fiscal year 2045. All loans must be repaid no more than 30 years from first maturity.

C. Right-to-Use and Intangible Leases

The state leases a significant number of non-financial assets including land, land improvements, buildings, office space, equipment, and subscription-based information technology. The lease terms of various agreements range from more than one year to 20 years. The state did not incur any lease expense related to residual value guarantees, lease termination penalties or losses due to impairment. The state's right-to-use and intangible assets and associated accumulated amortization are included in Note 5, Capital Assets. The related obligations are presented in amounts equal to the present value of lease payments expected to be made during the lease term.

D. Other Liabilities

Compensated absences are liquidated by the general fund and do not have scheduled future debt service requirements beyond one year. The pension obligation is for the Oklahoma Law Enforcement Retirement System, Oklahoma Public Employees Retirement System, Oklahoma Teachers Retirement System and Oklahoma Wildlife Conservation Retirement Plan. These plans provide retirement, disability, and death benefits to the plan members and their beneficiaries. These pension obligations do not have scheduled future debt service requirements. The Oklahoma Wildlife Conservation Retirement Plan obligation will be liquidated by the general fund. The pension liability for all other plans will be liquidated by the respective pensions.

E. Authorized Unissued Bonds and Loans

Revenue bonds previously authorized by the legislature were repealed in 2023. During the 2023 legislative session, the legislature approved the Legacy Capital Financing Act. This legislation is intended to facilitate advanced financing for current and future capital needs, reduce or eliminate financing interest costs associated with private financing and accelerate timelines for project completion. A Legacy Capital Financing Fund (LCFF) was created for OCIA. As provided by law, OCIA is authorized to enter memoranda of understanding with agencies, departments, and subdivisions of the state. The memoranda of understanding do not constitute a legal obligation of the state. Since there is no legal obligation of the state, capital projects legislatively authorized to be funded by the LCFF are not disclosed in this note. Capital project authorizations through the LCFF are disclosed in Note 17, Commitments.

During 2021, the legislature authorized \$200,000,000 in loan borrowings by the Oklahoma Capital Improvement Authority (OCIA) to benefit the Department of Transportation in its eight-year construction plan. Of this amount, \$113,803,000 remains unissued.

Note 10. Long-Term Obligations as Related to Business-Type Activities

The Oklahoma Water Resources Board, along with the Department of Environmental Quality, has issued 43 series of revenue bonds. These bonds provide resources to implement statewide financial assistance programs. These programs make loans to local government units for the acquisition, development, and utilization of storage and control facilities for water and sewage systems. Three of the revenue bonds have a variable or floating rate and are also subject to mandatory sinking fund redemption. The remaining revenue bonds are held at a fixed rate.

Long-term obligations as of June 30, 2023, and changes for the fiscal year then ended are as follows (expressed in thousands):

	Issue Dates	Interest Rates	Maturity Through	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Revenue Bonds Payable from User Fees:								
2012-2023 Issues	2012-2023	0.19%- 5.00%	2053	\$ 1,394,565	\$ 371,370	\$ 72,475	\$ 1,693,460	\$ 62,155
Adjusted for: Bond Premiums/(Discounts)				92,090	20,086	4,946	107,230	-
Revenue Bonds Payable (Net)				\$ 1,486,655	\$ 391,456	\$ 77,421	\$ 1,800,690	\$ 62,155
Other Noncurrent Liabilities				\$ 54,794	\$ 36,210	\$ 42,252	\$ 48,752	\$ 39,255
Pension Liability				-	2,861	-	2,861	-
Other Postemployment Benefits				486	-	45	441	-
Compensated Absences				489	181	108	562	415
Total Long-Term Obligations				\$ 1,542,424	\$ 430,708	\$ 119,826	\$ 1,853,306	\$ 101,825

The following table presents annual debt service requirements for those long-term obligations outstanding on June 30, 2023, which have scheduled debt service amounts (expressed in thousands):

	2024	2025	2026	2027	2028	2029 - 2033	2034 - 2038	2039 - 2043	2044 - 2048	Thereafter	Total
Revenue Bonds:											
2012-2023 Issues	\$126,069	\$131,678	\$126,254	\$125,762	\$124,466	\$588,468	\$491,894	\$393,946	\$301,870	\$135,803	\$2,546,210
Less: Interest	63,914	62,178	59,474	56,792	54,041	226,433	158,214	102,296	59,755	9,653	852,750
Principal	\$ 62,155	\$ 69,500	\$ 66,780	\$ 68,970	\$ 70,425	\$362,035	\$333,680	\$291,650	\$242,115	\$126,150	\$1,693,460
Adjusted for:											
Bond Premium/(Discounts)											107,230
Other Noncurrent Liabilities											48,752
Pension Liability											2,861
Other Postemployment Benefits											441
Compensated Absences											562
Total Long-Term Obligations											\$1,853,306

Note 11. Long-Term Obligations as Related to Component Units

Long-term obligations at June 30, 2023 (September 30, 2022, for Oklahoma Housing Finance Agency and December 31, 2022, for Oklahoma Turnpike Authority, Grand River Dam Authority and Municipal Power Authority), and changes for the fiscal year then ended are as follows (expressed in thousands):

	Issue Dates	Interest Rates	Maturity Through	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
General Obligation Bonds Payable from User Fees:								
Industrial Finance Authority	2001	5.20% - 5.30%	2029	\$ 30,000	\$ -	\$ -	\$ 30,000	\$ -
Total General Obligation Bonds Payable				\$ 30,000	\$ -	\$ -	\$ 30,000	\$ -
Revenue Bonds Payable from User Fees:								
Student Loan Authority	0	0	0	\$ -	\$ -	\$ -	\$ -	\$ -
Development Finance Auth.	1996	4.65%	2046	3,000	-	-	3,000	-
Housing Finance Agency	1992-2022	0.30% - 7.35%	2052	184,755	40,000	34,710	190,045	5,163
Turnpike Authority	2017-2021	0.49% - 5.00%	2048	1,710,235	-	56,345	1,653,890	67,250
Grand River Dam Authority	2010-2017	1.80% - 7.16%	2040	864,620	-	41,675	822,945	43,080
Municipal Power Authority	2006-2022	0.46% - 6.44%	2047	580,133	-	24,250	555,883	26,025
Higher Education	2001-2023	0.05% - 7.00%	2054	1,845,082	83,950	69,802	1,859,230	93,850
Total Before Discounts/Deferrals				\$ 5,187,825	\$ 123,950	\$ 226,782	\$ 5,084,993	\$ -
Adjusted for: Bond (Discount) Premiums				362,287	7,869	38,018	332,138	
Total Revenue Bonds Payable				\$ 5,550,112	\$ 131,819	\$ 264,800	\$ 5,417,131	\$ 235,368
Net of Bond (Discounts) Premiums								
Notes Payable:								
Multiple Injury Trust Fund	2000-2001	7.00%	2023	\$ 1,414	\$ -	\$ 1,414	\$ -	\$ -
Housing Finance Agency	2022	3.15%	2022	-	98,800	98,800	-	-
Oklahoma Turnpike Authority	2021	2.27%	2024	50,000	120,116	-	170,116	50,000
Student Loan Authority	2021	0.058	2036	97,387	-	21,202	76,185	-
Municipal Power Authority	2003	6.00%	2029	25,214	800	3,004	23,010	3,787
Higher Education	2001-2022	4.00% - 8.31%	2046	16,939	1,122	675	17,386	1,804
Total				\$ 190,954	\$ 220,838	\$ 125,095	\$ 286,697	\$ 55,591
Right to Use Leases:								
Education Television Authority				\$ 570	\$ 1,801	\$ 216	\$ 2,155	\$ 191
Development Finance Authority				14	-	3	11	11
OSU Medical Authority				1,899	286	1,036	1,149	470
Oklahoma Turnpike Authority				-	3,014	1,007	2,007	676
Municipal Power Authority				-	7,947	161	7,786	186
Higher Education				1,041,458	21,798	89,729	973,527	85,058
Total				\$ 1,043,941	\$ 34,846	\$ 92,152	\$ 986,635	\$ 86,592
Intangible Leases:								
OSU Medical Authority				\$ -	\$ 2,094	\$ 519	\$ 1,575	\$ 379
Higher Education				-	87,098	28,989	58,109	22,648
Total				\$ -	\$ 89,192	\$ 29,508	\$ 59,684	\$ 23,027
Claims and Judgments								
Due to Primary Government				\$ 462,216	\$ 20,416	\$ 57,368	\$ 425,264	\$ 57,698
Compensated Absences				57,471	57,348	57,471	57,348	2,343
Pension Liability				133,682	95,621	89,064	140,239	82,675
Other Postemployment Benefits				1,120,797	655,596	7,436	1,768,957	-
Other Noncurrent Liabilities				331,159	3,469	23,756	310,872	-
Other Noncurrent Liabilities				936,502	472,193	343,168	1,065,527	991,823
Total Long-Term Obligations				\$ 9,856,834	\$ 1,781,338	\$ 1,089,818	\$ 10,548,354	\$ 1,535,117

The following table presents annual debt service requirements for those long-term obligations outstanding at June 30, 2023 (September 30, 2022, for Oklahoma Housing Finance Agency and December 31, 2022, for Oklahoma Transportation Authority, Grand River Dam Authority and Oklahoma Municipal Power Authority), which have scheduled debt service amounts (expressed in thousands):

	2024	2025	2026	2027	2028	2029-2033	2034-2038	2039-2043	2044-2048	2049-2053	2054-2058	Total
General Obligation Bonds:												
Industrial Finance Authority	\$ 1,580	\$ 11,190	\$ 1,060	\$ 10,795	\$ 530	\$ 10,265	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,420
Less: Interest	1,580	1,190	1,060	795	530	265	-	-	-	-	-	5,420
Total Principal	\$ -	\$ 10,000	\$ -	\$ 10,000	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Revenue Bonds:												
Development Finance Auth.	\$ 165	\$ 165	\$ 165	\$ 165	\$ 165	\$ 5,640	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,465
Housing Finance Agency	11,674	15,079	15,347	15,289	15,035	55,707	54,383	46,066	38,757	17,699	-	285,036
Turnpike Authority	137,528	137,376	137,213	137,041	136,864	553,507	435,343	435,347	435,350	87,069	-	2,632,638
Grand River Dam Authority	82,130	86,081	83,934	84,673	79,054	396,075	248,087	93,371	-	-	-	1,153,405
Municipal Power Authority	47,169	40,872	40,895	40,898	40,895	172,415	145,117	149,701	150,987	-	-	828,949
Higher Education	161,768	153,025	151,633	149,786	144,973	673,256	562,701	400,035	199,509	66,248	2,224	2,665,158
	\$ 440,434	\$ 432,598	\$ 429,187	\$ 427,852	\$ 416,986	\$ 1,856,600	\$ 1,445,631	\$ 1,124,520	\$ 824,603	\$ 171,016	2,224	\$ 7,571,651
Less: Interest	205,066	197,444	188,012	177,962	167,347	686,203	463,948	274,854	115,706	10,072	44	2,486,658
Total Principal	\$ 235,368	\$ 235,154	\$ 241,175	\$ 249,890	\$ 249,639	\$ 1,170,397	\$ 981,683	\$ 849,666	\$ 708,897	\$ 160,944	\$ 2,180	\$ 5,084,993
Notes Payable:												
Turnpike Authority	\$ 51,137	\$ -	\$ -	\$ 1,799	\$ 3,743	\$ 21,471	\$ 23,674	\$ 25,438	\$ 25,978	\$ 26,885	\$ 21,766	\$ 201,891
Student Loan Authority	4,449	4,449	4,449	4,449	4,449	112,832	-	-	-	-	-	135,077
Municipal Power Authority	5,120	4,714	4,517	4,517	4,516	4,516	-	-	-	-	-	27,900
Higher Education	2,622	9,872	3,676	267	217	1,087	1,087	1,088	653	-	-	20,569
	\$ 63,328	\$ 19,035	\$ 12,642	\$ 11,032	\$ 12,925	\$ 139,906	\$ 24,761	\$ 26,526	\$ 26,631	\$ 26,885	\$ 21,766	\$ 385,437
Less: Interest	7,737	6,205	5,648	6,136	6,738	45,299	7,239	5,848	4,260	2,658	972	98,740
Total Principal	\$ 55,591	\$ 12,830	\$ 6,994	\$ 4,896	\$ 6,187	\$ 94,607	\$ 17,522	\$ 20,678	\$ 22,371	\$ 24,227	\$ 20,794	\$ 286,697
Right to Use Leases:												
Education Television Auth.	\$ 258	\$ 207	\$ 153	\$ 153	\$ 153	\$ 687	\$ 655	\$ 591	\$ 18	\$ 19	\$ -	2,894
Development Finance Auth.	4	4	3	-	-	-	-	-	-	-	-	11
OSU Medical Authority	516	338	274	107	-	-	-	-	-	-	-	1,235
Oklahoma Turnpike Auth.	762	607	579	229	-	-	-	-	-	-	-	2,177
Municipal Power Authority	520	531	541	552	563	2,989	3,300	2,142	-	-	-	11,138
Higher Education	120,233	114,336	109,058	103,085	104,986	368,341	175,674	119,544	34,489	3,728	213	1,253,687
	\$ 122,293	\$ 116,023	\$ 110,608	\$ 104,126	\$ 105,702	\$ 372,017	\$ 179,629	\$ 122,277	\$ 34,507	\$ 3,747	\$ 213	\$ 1,271,142
Less: Interest	35,707	32,824	29,954	26,012	24,743	77,490	38,071	15,903	3,466	330	7	284,507
Total Principal	\$ 86,586	\$ 83,199	\$ 80,654	\$ 78,114	\$ 80,959	\$ 294,527	\$ 141,558	\$ 106,374	\$ 31,041	\$ 3,417	\$ 206	\$ 986,635
Intangible Leases:												
OSU Medical Authority	\$ 436	\$ 230	\$ 219	\$ 219	\$ 219	\$ 473	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,796
Higher Education	24,045	16,689	9,486	6,075	2,481	2,648	-	-	-	-	-	61,424
	\$ 24,481	\$ 16,919	\$ 9,705	\$ 6,294	\$ 2,700	\$ 3,121	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,220
Less: Interest	1,455	929	523	304	145	180	-	-	-	-	-	3,536
Total Principal	\$ 23,026	\$ 15,990	\$ 9,182	\$ 5,990	\$ 2,555	\$ 2,941	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,684
Total	\$ 400,571	\$ 357,173	\$ 338,005	\$ 348,890	\$ 339,340	\$ 1,572,472	\$ 1,140,763	\$ 976,718	\$ 762,309	\$ 188,588	23,180	\$ 6,448,009
Adjusted for: Net Discounts and Deferred Debits on Refundings												332,138
Long-Term Obligations without scheduled debt service:												
Claims and Judgments												425,264
Due to Primary Government												57,348
Compensated Absences												140,239
Pension Liability												1,768,957
Other Postemployment Benefits												310,872
Other Noncurrent Liabilities												1,065,527
Total Long-Term Obligations												\$ 10,548,354

A. General Obligation Bonds

Oklahoma Industrial Finance Authority has three series of general obligation bonds outstanding. These bonds are issued for the funding of industrial finance loans to encourage business development within the state. All revenues arising from the net proceeds from repayment of industrial finance loans and interest received thereon are pledged under these bond issues. In addition, these general obligation bonds are backed by the full faith and credit of the state.

B. Revenue Bonds

The Oklahoma Development Finance Authority has issued revenue bonds to fund loans to various investment enterprises in connection with the Quality Jobs Investment Program. The bonds are payable solely from and secured by the revenues and funds in the Quality Jobs Investment Program and a Credit Enhancement Reserve Fund guarantee insurance policy. The interest rates are variable and equal to the Oklahoma Industrial Finance Authority's cost of funds on its outstanding variable rate bond issues. The interest rate at June 30, 2023, was 4.65%.

The Oklahoma Housing Finance Agency has issued seven series of revenue bonds with outstanding balances at year end. The net proceeds of these bonds are used to provide financing for qualifying residences, provide interim and permanent financing for multifamily construction projects, and establish debt service reserves as required by the various trust indentures.

The Oklahoma Turnpike Authority has seven series of revenue bonds outstanding with an original issue amount of \$1,851,100,000. The bonds are issued for the purpose of financing capital improvements and new projects relating to the state's turnpike system and are financed primarily by tolls assessed on users of the turnpikes.

The Grand River Dam Authority has six series of revenue bonds outstanding with an original issue amount of \$1,059,525,000. Oklahoma statutes have authorized Grand River Dam Authority to issue revenue bonds with the aggregate outstanding indebtedness not to exceed \$1,410,000,000.

The Oklahoma Municipal Power Authority (OMPA) has eight series of revenue bonds outstanding. The bonds were issued to finance portions of OMPA's acquisition and construction activities. The bonds are payable from and collateralized by a pledge of and security interest in the proceeds of the sale of the bonds, the revenues of OMPA, and assets in the funds established by the respective bond resolutions. Neither the State of Oklahoma nor any political subdivision thereof is obligated to pay principal or interest on the bonds. OMPA does not have any taxing authority. Certain series of the bonds have a variable interest rate which is established either by auction or a weekly index. The maximum rate is 14%.

Seven of the state's colleges and universities within the higher education component unit have authorized and issued 49 series of revenue bonds with an original issue amount of \$2,391,423,000. These bonds were issued for the construction of student housing and other facilities. Student fees, revenues produced by the constructed facilities, and other revenues collateralize the revenue bonds.

C. Defeased Bonds

In prior years, component units have defeased bonds by placing assets in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the assets of the trusts and the liabilities for the defeased bonds are not included in the accompanying financial statements. Oklahoma Municipal Power Authority had defeased bonds outstanding on December 31, 2022, totaling \$26,740,000.

Defeased bonds outstanding for colleges and universities within the higher education component unit is \$75,395,000 as of June 30, 2023.

D. Notes Payable

In 2021, Oklahoma Turnpike Authority closed on a \$50,000,000 subordinate junior obligation note, maturing in 2024, with a fixed interest rate of 2.274%. The note is structured as a line of credit and is secured by the credit of the general fund.

During 2020, a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan was executed between the U.S. Department of Transportation and the Oklahoma Turnpike Authority. The loan for \$120,100,000 is for construction of the Gilcrease Expressway. During 2022, the project reached substantial completion and the TIFIA loan proceeds were disbursed. Tolls fees from the Gilcrease Expressway will be used to repay the loan beginning in 2026 through 2057, with an interest rate of 1.35%.

Notes for the Oklahoma Student Loan Authority are issued to fund student loans and are primarily secured by the student loans receivable, related accrued interest and by the amounts on deposit in the accounts established under the respective financing agreements. Variable interest rates are adjusted periodically based on prevailing market rates of various instruments as prescribed in lending agreements. At year end the variable interest rate was 5.8%.

Oklahoma Municipal Power Authority has issued \$57,739,000 in a taxable limited obligation note. The note is payable solely from lease payments made by FPL Energy Oklahoma Wind, LLC, with no recourse to OMPA. The note bears an interest rate of 6%, and annual principal and interest payments are due through December 31, 2028. In addition, OMPA has a line of credit balance outstanding of \$800,000. The principal is scheduled to be repaid by December 31, 2024.

Colleges and universities within the higher education component unit entered into various notes payable agreements. Lease payments, a pledge of "Section Thirteen Fund State Educational Institutions" monies, the equipment purchased, and the facilities constructed are pledged as collateral on the notes.

E. Right to Use Leases

Oklahoma Educational Television Authority has various leases for office and production space and equipment, translator sites, satellite transponder services, transmission facilities and fiber connections. Lease obligations as of June 30, 2023, total \$2,155,000, and will expire in various years through 2053.

Oklahoma State University Medical Authority leases equipment and office space, the terms of which expire in various years through 2027. The leases were measured based upon the consumer price index at lease commencement and have a principal value of \$1,149,000, on June 30, 2023.

Oklahoma Development Improvement Authority entered into an agreement for managed print services. The outstanding lease principal is \$11,000, on June 30, 2023. The lease term is for five years with an interest rate of 0.82%.

A significant number of the state's colleges and universities within the higher education component unit have entered into agreements with Oklahoma Capital Improvement Authority and Oklahoma Development Financing Authority to lease various facilities, equipment, and improvements. Agreements are for various interest rates and terms which will be fulfilled in various years through 2053. The outstanding principal balance for the leases on June 30, 2023, is \$934,584,000. Only the principal balance of the leases is recognized since it is equivalent to the value of the items leased.

Most of the state's colleges and universities within the higher education component unit have right to use lease agreements for various equipment usage and office space. Agreements are for varying interest rates and terms which will expire at numerous times through 2058. These leases have a principal value of \$38,943,000, on June 30, 2023.

Leased assets under right to use leases in capital assets for all component units on December 31, 2022, and June 30, 2023, included the following (expressed in thousands):

	Land and Buildings	Equipment	Total
Present value of minimum lease payments	\$ 44,357	\$ 32,437	\$ 76,794
Less: Accumulated amortization	<u>(11,828)</u>	<u>(14,360)</u>	<u>(26,188)</u>
Total	<u>\$ 32,529</u>	<u>\$ 18,077</u>	<u>\$ 50,606</u>

F. Intangible Leases

Oklahoma State University Medical Authority has various subscription-based information technology arrangements. Lease obligations as of June 30, 2023, are \$1,796,000 and have mixed expiration dates through 2030.

Colleges and universities within the higher education component unit have multiple subscription-based information technology arrangements. Agreements vary in terms and interest rates and will expire at various dates through 2033. The outstanding obligation for the leases is \$58,109,000, as of June 30, 2023.

Leased intangible assets reported in capital assets for all component units as of June 30, 2023, included the following (expressed in thousands):

	Subscription-based Information Technology Agreements
Present value of minimum lease payments	\$ 99,557
Less: Accumulated amortization	<u>(31,627)</u>
Total	<u>\$ 67,930</u>

G. Other Liabilities

Claims and judgments, due to primary government, compensated absences, and other noncurrent liabilities of each component unit, as presented in the financial statements, will be liquidated by the reporting component unit. Other noncurrent liabilities include unearned revenue and other miscellaneous liability amounts. These liabilities do not have scheduled future debt service requirements beyond one year.

H. Authorized Unissued Bonds

By statute, Oklahoma Industrial Finance Authority has authority to issue general obligation bonds not to exceed \$90,000,000 plus the balance in its bond redemption account. This results in \$60,000,000 of authorized but unissued general obligation bonds.

Oklahoma state statutes have authorized the Grand River Dam Authority to issue revenue bonds from time to time with the aggregate outstanding indebtedness not to exceed \$1,410,000,000. As of December 31, 2022, the Grand River Dam Authority was authorized to issue an additional \$587,055,000 of revenue bonds.

Note 12. Net Position/Fund Balance

Beginning Net Position and Other Restatements

Primary Government

Beginning net position related to governmental activities on the Statement of Activities was restated due to corrections of accounting errors in the amount of \$657,000. The net effect of the restatement decreased beginning net position by \$657,000 on July 1, 2022.

Component Units

Beginning net position for component units was restated due to corrections of accounting errors (increase of \$1,371,000) and a cumulative change in accounting principle (adoption of GASB Statement numbers 87, 96 and 99, resulting in an increase of \$2,720,000). The net effect of the restatements increased beginning net position by \$4,091,000, as of July 1, 2022.

Governmental Fund Balance

The Governmental Fund Financial Statements present fund balance at the aggregate level of detail within the categories defined by GASB Statement number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The table below represents the detailed amount of fund balance available to each functional level of government within those categories. This table also contains a separate detailed categorization for the state's Constitutional Reserve or "Rainy Day" fund (CRF) if a balance is available at the end of fiscal year (expressed in thousands):

	Permanent Funds				
	General	Commissioners of the Land Office	Department of Wildlife Lifetime Licenses	Tobacco Settlement Endowment	Total Governmental Funds
Nonspendable					
Inventories	\$ 89,918	\$ -	\$ -	\$ -	\$ 89,918
Prepays	481	-	-	-	481
Permanent Fund Principal	-	2,584,276	102,824	1,467,114	4,154,214
Restricted					
Education	26,729	-	-	-	26,729
Government Administration	775,536	-	-	-	775,536
Health Services	688,028	-	-	-	688,028
Legal and Judiciary	296,515	-	-	-	296,515
Museums	1,035	-	-	-	1,035
Natural Resources	27,574	-	-	-	27,574
Safety and Defense	24,865	-	-	-	24,865
Regulatory Services	2,158	-	-	-	2,158
Social Services	478	-	-	-	478
Transportation	4,253	-	-	-	4,253
Constitutional Reserve ("Rainy Day")	955,538	-	-	-	955,538
Committed					
Education	744,730	78,083	-	-	822,813
Government Administration	6,140,170	-	-	66,703	6,206,873
Health Services	694,825	-	-	-	694,825
Legal and Judiciary	(106,832)	-	-	-	(106,832)
Museums	5,404	-	-	-	5,404
Natural Resources	214,901	-	-	-	214,901
Safety and Defense	261,679	-	-	-	261,679
Regulatory Services	221,129	-	-	-	221,129
Social Services	553,844	-	-	-	553,844
Transportation	1,140,451	-	-	-	1,140,451
Assigned	-	-	-	209,790	209,790
Unassigned					
Constitutional Reserve ("Rainy Day")	318,513	-	-	-	318,513
Total Fund Balances	\$ 13,081,922	\$ 2,662,359	\$ 102,824	\$ 1,743,607	\$ 17,590,712

Nonspendable fund balance represents amounts that are not in spendable form. These amounts are not expected to be converted to cash. The state's primary forms of nonspendable fund balance are inventories and prepaid items such as rent or postage. Nonspendable fund balance also includes principal amounts within each respective permanent fund that is legally required to be maintained into perpetuity.

Restricted fund balance represents amounts that have constraints upon their use through either outside creditors, grantors, contributors, or other governments as well as those amounts restricted through constitutional provisions or enabling legislation that can be legally enforced by parties outside the government. The state's general fund restricted fund balance is primarily comprised of amounts yet to be expended under federal grant awards, imminent payments on outstanding bond issues, long-term receivables that must be used for debt repayment, and 75% of any available balance in the CRF. The Commissioners of the Land Office Permanent Fund is restricted for educational systems. Fund balance as restricted by the various constraints in the general fund for the fiscal year ended June 30, 2023, were as follows (expressed in thousands):

	General Fund - Restricted			
	For Debt Service Only	Federal Cash	By Enabling Legislation	Restricted Fund Balance
Restricted				
Education	\$ -	\$ 26,729	\$ -	\$ 26,729
Government Administration	759,778	15,758	-	775,536
Health Services	256	687,772	-	688,028
Legal and Judiciary	-	296,515	-	296,515
Museums	-	1,035	-	1,035
Natural Resources	6,898	20,676	-	27,574
Safety and Defense	163	24,702	-	24,865
Regulatory Services	2,055	103	-	2,158
Social Services	-	478	-	478
Transportation	3	4,250	-	4,253
Constitutional Reserve ("Rainy Day")	-	-	955,538	955,538
Total Restricted Fund Balance	\$ 769,153	\$ 1,078,018	\$ 955,538	\$ 2,802,709

Committed fund balance is presented for each respective function of government as directed by the state's highest level of decision-making authority. Along with ratification by the governor, the Senate and the House of Representatives write, prepare and approve legislative bills to allocate the state's available resources each fiscal year. This process is a formal legislative action constituting the highest level of decision-making authority. Once this authority is exercised, the same action must be taken to modify or rescind a previously approved bill or allocation of resources.

Under generally accepted accounting principles reporting, the nonspendable and restricted fund balance categories are considered restricted fund balance. The committed, assigned, and unassigned fund balances are considered unrestricted fund balance. Generally, when the state has both restricted and unrestricted resources available, the restricted balances will be used first as expenditures are incurred if conditions that created the restriction are met. When unrestricted fund balance is used, the order of use would generally be committed, then assigned, and finally unassigned.

Article 10, Section 23, of the state Constitution establishes a stabilization arrangement under certain conditions where revenues collected exceed estimates made by the Oklahoma State Board of Equalization (board). Each year the board determines the amount available for allocation by the legislature not to exceed 95% of the board's estimate, or general revenue fund certification amount. In any year in which amounts collected exceed 100% of the board's estimated revenues, the excess is placed in the CRF until the fund reaches 15% of the general revenue fund certification amount for the preceding fiscal year.

Up to 37.5% of the balance in the fund at the beginning of the year may be appropriated for the forthcoming fiscal year when the board's estimate is lower than the current fiscal year certification. An additional 37.5% of the CRF at the beginning of the year may be appropriated for the current year if the board determines that a revenue failure has occurred with respect to the general revenue fund for the current year. The remaining 25% of the balance in the CRF may be appropriated upon a declaration by the governor that emergency conditions exist with concurrence by a two-thirds vote within the Senate and House of Representatives. This same 25% may also be appropriated through a joint declaration of emergency by both the Senate and House of Representatives with a concurrent 3/4ths vote by each legislative body.

Due to the different methods for accessing the CRF, any balance with the fund at year end is presented as 75% restricted and 25% unassigned. This split in presentation most closely aligns the government's ability to access these funds with the proper fund balance classification. The total CRF balance on June 30, 2023, was \$1,274,051,000, with \$955,538,000 presented as restricted fund balance and \$318,513,000 as unassigned fund balance.

The Tobacco Settlement Endowment Trust Fund's assigned fund balance classification reflects amounts that are constrained by the fund's intent to be used for specific purposes. For purposes of assigned fund balance, the fund's board of directors has authority to assign funds for specific purposes. Prior to 2012, the board of directors determined that 10% of the unassigned fund balance would be designated as a reserve for future periods, should annual earnings prove insufficient to cover expenses. In November 2011, the board of directors chose to limit yearly expenditures of certified earnings to no more than 5% of the corpus of the fund, with any unexpended certified earnings added to the reserve. For the fiscal year ending June 30, 2023, the assigned fund balance was \$209,790,000.

Note 13. Nonrecourse Debt and Debt Guarantees

Nonrecourse (Conduit) Debt, Notes Receivable and Funds in Trust

Financing agreements of Oklahoma Development Finance Authority (ODFA) and Oklahoma Housing Finance Agency (OHFA) are structured such that the debt is to be repaid solely from the revenues derived from the related facilities leased or acquired, or from the disposition of collateral. ODFA and OHFA do not hold notes receivable and trust investments in amounts equal to the long-term financings. As of September 30, 2022, OHFA had eleven series of multifamily bonds outstanding with an aggregate principal amount payable of approximately \$173,725,000. These financings are not general obligations of the state or state agencies, and it is the opinion of agency management and its legal counsel that, in the event of default by a borrower, the state has no responsibility for repayment of such financings. Accordingly, the nonrecourse debt and the related notes receivable and trust investments of ODFA's and OHFA's multifamily bond programs have been excluded from the financial statements. The debt and other obligations and the related notes receivable and other assets of OHFA's single family bonds are presented in the financial statements, since any assets remaining when the single-family bond programs are liquidated are transferred to OHFA.

Credit Enhancement Reserve Fund

Under the State Constitution, ODFA may issue bonds of the state, to be known as Credit Enhancement Reserve Fund General Obligation Bonds, in a total principal amount of \$100,000,000, for the sole purpose of generating resources if there are insufficient assets to meet insurance obligations. The fund is managed, administered, and utilized by ODFA solely to secure the payment of interest insurance on the revenue bonds and other financial obligations issued by the Authority for the specific purpose of enhancing and supporting the credit of such obligations. As of June 30, 2023, there were approximately \$16,100,000 of outstanding financial obligations insured by ODFA. At year end, the fund has accrued a reserve for losses of approximately \$633,000 to cover potential losses from outstanding financial obligations insured by the fund. Through June 30, 2023, there have been no Oklahoma Credit Enhancement Reserve Fund General Obligation Bonds issued since, and it is the full intention of ODFA to utilize the fund's existing available net assets to meet obligations arising from losses insured by the fund.

Note 14. Retirement and Pension Systems

A. Plan Description

The State of Oklahoma has six public employee retirement systems that administer pension plans: Oklahoma Firefighters Pension and Retirement System (OFPRS), Oklahoma Law Enforcement Retirement System (OLERS), Oklahoma Public Employees Retirement System (OPERS), Uniform Retirement System for Justices and Judges (URSJJ), Oklahoma Police Pension and Retirement System (OPPRS), and the Teachers' Retirement System of Oklahoma (TRS). These plans are all fiduciary component units of the state. The Department of Wildlife Conservation (ODWC) administers the Wildlife Conservation Retirement Plan (WCRP), which is part of the primary government.

OFPRS, OPERS, OPPRS, and TRS are all cost-sharing, multi-employer defined benefit retirement systems. URSJJ, OLERS and WCRP are single-employer, defined benefit retirement systems. Pension benefit provisions for all plans are established by statute and benefit provisions are amended by the state legislature. Each plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living adjustments are provided to plan members at the discretion of the state legislature. The information and schedules which follow are the representation of the respective state and local governmental employer pension plans which are administered through trusts.

Separately issued independent audit reports for each pension plan may be obtained from the following:

Firefighters Pension and Retirement 6601 Broadway Extension, Suite 100 Oklahoma City, OK 73116 https://ofprs.ok.gov	Law Enforcement Retirement 421 NW 13th Street, Suite 100 Oklahoma City, OK 73103 https://olers.ok.gov	Police Pension and Retirement 1001 NW 63rd Street, Suite 305 Oklahoma City, OK 73116 https://www.opprs.ok.gov
Public Employees Retirement 5400 N Grand Boulevard, Suite 400 Oklahoma City, OK 73112 https://www.opers.ok.gov	Uniform Retirement System for Justices and Judges PO Box 53007 Oklahoma City, OK 73152 https://www.opers.ok.gov	Teachers' Retirement System 301 NW 63rd St., Suite 500 Oklahoma City, OK 73116 https://oklahoma.gov/trs
	Department of Wildlife Conservation 1801 N Lincoln Blvd. Oklahoma City, OK 73105 https://www.wildlifedepartment.com	

B. Summary of Significant Accounting Policies

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 respective pension plans and additions to/deductions from plans fiduciary net position is determined on the same basis as they are reported by each pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Component units of the State of Oklahoma may participate in additional pension plans that are not reported as part of the state's structure. As a result, net pension asset/liability and deferred inflows/outflows related to pensions on the related financial statements may exceed that reported in the Notes to the Financial Statements. For further information, separately audited component unit financial statements may be obtained by contacting the Office of Management and Enterprise Services, 2401 N. Lincoln Blvd., Suite 226, Oklahoma City, OK 73105.

C. Eligibility Factors and Benefit Provisions

Provisions

OFPRS as of July 1, 2022

- | | |
|-------------------------------------|---|
| a. Eligible to Participate | All eligible firefighters of a participating municipality or a fire protection district who perform the essential functions of fire suppression, prevention, and life safety duties in a fire department |
| b. Period Required to Vest | Ten years of credited service if employed prior to November 1, 2013; 11 years of credited service if employed after November 1, 2013 |
| c. Eligibility for Distribution | Normal retirement after completion of 20 years of service if employed prior to November 1, 2013; age 50 with 22 years of service if employed after November 1, 2013; disability retirement upon disability; death benefit of \$5,000 payable to the qualified spouse or designated recipient upon the participant's death |
| d. Benefit Determination Base | Final average salary - the average paid gross salary of the firefighter for normally scheduled hours over the highest salaried 30 consecutive months of the last 60 months of credited service |
| e. Benefit Determination Methods: | |
| Normal Retirement | Paid firefighters: 50% of the firefighter's final average salary if hired before November 1, 2013, 55% of the firefighter's final average salary if hired after. Volunteer firefighters: \$150.60 per month, if hired before November 1, 2013, \$165.66 per month, if hired after. |
| Disability - Paid Firefighters | 2.5% of the firefighter's final average salary per year of service, with a minimum service credit of 20 years and maximum of 30 years; for disabilities not in the line of duty, 50% of final average monthly compensation is based on 60 months instead of 30 months |
| Disability - Volunteer Firefighters | \$7.53 per month per year of service, with a maximum of 30 years; for disabilities or deaths in the line of duty, there is a minimum service credit of 20 years |
| f. Benefit Authorization | Benefits are established in accordance with Title 11 of the Oklahoma Statutes, Section 49-100.1 through 49-143.7, as amended |
| g. Form of Benefit Payments | Straight life annuity; survivor benefit: joint and 100% survivor annuity if firefighter was married 30 months prior to death |

Provisions

OLERS as of July 1, 2022

- a. Eligible to Participate
All law enforcement officers of the Oklahoma Highway Patrol and Capitol Patrol of Department of Public Safety (DPS), Oklahoma State Bureau of Investigation, Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, Alcoholic Beverage Laws Enforcement Commission, certain members of the Grand River Dam Authority, certain members of the DPS Communications Division, DPS Waterways Lake Patrol, park rangers, park managers, and park supervisors of the Oklahoma Tourism and Recreation Department, inspectors of the Oklahoma State Board of Pharmacy, and Oklahoma University and Oklahoma State University campus police officers are eligible upon employment

- b. Period Required to Vest
Ten years of credited service

- c. Eligibility for Distribution
Normal retirement 20 years of service or age 62 with 10 years of service; maximum with 20 years of service, unless considered physically able to continue; disability benefit upon determination of disability incurred in the line of duty; disability benefit not in the line of duty after three years of vesting service; death benefit of \$5,000 payable to the designated beneficiary

- d. Benefit Determination Base
Final average salary – the average of the highest 30 consecutive complete months of compensation in which required contributions are made

- e. Benefit Determination Methods:
 - Normal Retirement
2.5% of member’s final average salary multiplied by the years and completed months of credited service; no maximum on service

 - Disability Retirement:
 - Duty
The greater of: 1) 2.5% of the final average salary multiplied by number of years and completed months of credited service, or 2) 50% of final average salary

 - Non-Duty
2.5% of the final average salary multiplied by years and completed months of credited service

- f. Benefit Authorization
Benefits are established in accordance with Title 47 of the Oklahoma Statutes, Chapter 2, Article III, Section 2-300 through 2-315 as amended

- g. Form of Benefit Payments
100% Joint and Survivor Annuity, if member married 30 months prior to death

Provisions

OPERS as of July 1, 2022

a. Eligible to Participate

All permanent employees of the State of Oklahoma, and any other employer such as a county, county hospital, city or town, conservation district, circuit engineering district, and any trust in which a county, city, or town participates and is the primary beneficiary, are eligible to join if:

- The employee is not eligible for or participating in another retirement system authorized under Oklahoma law, is covered by Social Security and not participating in the U.S. Civil Service Retirement System
- The employee is scheduled for at least 1,000 hours per year and salary is not less than the hourly rate of the monthly minimum wage for state employees (for employees of local government employers, not less than the hourly rate of the monthly minimum wage for such employees)

b. Period Required to Vest

Eight years of credited service

c. Eligibility for Distribution

Normal retirement:

- Member before November 1, 2011, one of the following:

Age 62 with six years of credited service

80 points - The sum of age and years of service equals 80 if member before July 1, 1992

90 points - The sum of age and years of service equals 90 if member after June 30, 1992

- Member on or after November 1, 2011, one of the following:

Age 65 with six years of credited service; for elected officials age 62 with ten years of elected service, or age 65 with eight years of elected service

90 points – The sum of age and years of service equals 90 and minimum age of 60

Disability benefit after eight years of service, provided member qualifies for disability benefits from the Social Security Administration

Death benefit of \$5,000 payable upon death of retiree to the designated beneficiary

d. Benefit Determination Base

Final average salary – member before July 1, 2013, the average of the 36 highest months of compensation earned within the last 10 years of service (including highest three longevity payments); member after July 1, 2013, the

- average highest 60 months of compensation earned within the last 10 years of service (including highest 5 longevity payments)
- e. Benefit Determination Methods:
- Normal Retirement 2% of member's final average salary multiplied by the years of credited service
 - Disability Retirement Same as normal retirement
- f. Benefit Authorization Benefits are established in accordance with Title 74 of the Oklahoma Statutes, Chapter 29, Section 901 through 935 as amended
- g. Form of Benefit Payments Life Annuity, Joint and 50% Survivor Annuity, Joint and 100% Survivor Annuity, Life Annuity with a minimum of 120 monthly payments, and Medicare Gap Benefit option

Provisions

USRJJ as of July 1, 2022

- a. Eligible to Participate Any justice or judge of the Supreme Court, Court of Criminal Appeals, Workers' Compensation Court of Existing Claims, Court of Appeals or District Court who serves as justice or judge of any of said courts in the State of Oklahoma
- b. Period Required to Vest Eight years of credited service
- c. Eligibility for Distribution
- Normal retirement:
- Member before January 1, 2012, who completes 8 years of service, one of the following:
 - Age 60 with 10 years of credited service
 - Age 65 with 8 years of credited service
 - 80 points - The sum of age and years of service equals 80
 - Member after January 1, 2012, one of the following:
 - Age 62 with 10 years of credited service
 - Age 67 with 8 years of credited service
- Disability benefit at age 55 and 15 years of continuous judicial service
- Death benefit of \$5,000 payable upon death of retiree to the designated beneficiary
- d. Benefit Determination Base Final average salary – average monthly salary based on the highest 36 months of active service

- e. Benefit Determination Methods:
 - Normal Retirement 4% of member’s final average compensation multiplied by years of credited service not to exceed 100% of final average salary
 - Disability Retirement Same as normal retirement
- f. Benefit Authorization Benefits are established in accordance with Title 20 of the Oklahoma Statutes, Chapter 16, Section 1101 through 1111 as amended
- g. Form of Benefit Payments Single-life, Joint and 50% Survivor, Joint and 100% Survivor

Provisions

OPPRS as of July 1, 2022

- a. Eligible to Participate All eligible officers of a participating municipality and any person hired by a participating municipality who is undergoing police training to become a permanent police officer; works more than 25 hours per week and is not less than 21 or more than 45 years of age when accepting membership
- b. Period Required to Vest Ten years of credited service
- c. Eligibility for Distribution
 - Normal retirement upon later of 50 years of age or completing 20 years of credited service
 - Total Disability (Duty): upon determination of total disability; Total Disability (Non-Duty): upon determination of disability after 10 years of service
 - Death benefit of \$5,000 payable upon death of retiree to the designated beneficiary
- d. Benefit Determination Base Final average salary – average base salary for normally scheduled hours over the highest salaried 30 consecutive months of the last 60 months of credited service.
- e. Benefit Determination Methods:
 - Normal Retirement 2.5% of member’s final average salary multiplied by years of credited service not to exceed 30 years
 - Disability Retirement
 - Total Disability (Duty): 50% of final average salary
 - Total Disability (Non-Duty): 2.5% of final average salary multiplied by years of credited service not to exceed 30 years
 - Partial Disability (Duty): final average salary reduced by the percent of impairment, as outlined in the “American Medical Association’s Guide to the Evaluation of Permanent Impairment”
 - Partial Disability (Non-Duty): 2.5% of final average salary multiplied by years of credited service (maximum of 30 years) reduced by the percentage of impairment, as

outlined in the “American Medical Association’s Guide to the Evaluation of Permanent Impairment.”

f. Benefit Authorization

Benefits are established in accordance with Title 11 of the Oklahoma Statutes, Chapter 1, Section 50-101 through 50-136.9 as amended

g. Form of Benefit Payments

Joint and 100% Survivor Annuity if the member was married 30 months prior to death.

Provisions

TRS as of July 1, 2022

a. Eligible to Participate

All employees of any public school in Oklahoma, including public colleges and universities

b. Period Required to Vest

Five years of credited service. Seven years of credited service for members joining after October 31, 2017.

c. Eligibility for Distribution

Normal retirement:

- Member before November 1, 2011 – age 62 with 5 years of service
- Member after October 31, 2011 – age 65 with 5 years of service or age 60 and the age and number of years of service totals 90
- Member before July 1, 1992 – age and the number of years of creditable service total 80
- Member on or after July 1, 1992, but prior to November 1, 2011 – age and the number of years totals 90
- Members joining after October 31, 2017, must have credit for seven or more years of service.

Early retirement:

- Member prior to November 1, 2011 – Age 55 and 5 years of service or upon completion of 30 years of service
- Member after October 31, 2011 – Age 60 and 5 years of service
- Members joining after October 31, 2017, must have credit for 7 or more years of service.

Disability benefit after 10 years of service

Death benefit of \$5,000 payable upon death of retiree to the designated beneficiary

d. Benefit Determination Base

Final average salary – For those becoming members before July 1, 1992, the compensation for the 3 years on which the highest contributions are paid; for persons becoming members after June 30, 1992, the compensation for the 5 years on which the highest consecutive contributions are paid

- | | | |
|----|--------------------------------|--|
| e. | Benefit Determination Methods: | |
| | Normal Retirement | 2% of member's final average salary multiplied by years of credited service subject to the compensation limits in Title 70, Chapter 1, Article 17, Section 17-101(28) and 17-116.2C. |
| | Disability Retirement | Same as normal retirement |
| f. | Benefit Authorization | Benefits are established in accordance with Title 70 of the Oklahoma Statutes, Chapter 1, Article 17, Section 17-101 through 17-121 as amended |
| g. | Form of Benefit Payments | Straight Life Annuity, Joint and 50% Survivor, Joint and 100% Survivor |

Provisions

WCRP as of July 1, 2022

- | | | |
|----|--------------------------------|--|
| a. | Eligible to Participate | Employees with a hire date prior to July 1, 2010; plan was frozen as of July 1, 2010 |
| b. | Period Required to Vest | Ten years of credited service |
| c. | Eligibility for Distribution | Normal retirement – Age 65

Early retirement: <ul style="list-style-type: none"> • Age 55 and 15 years of service; benefit reduced 2% for each year benefit received prior to age 62 • Age 55 and sum of age and years of continuous service equals 85 |
| d. | Benefit Determination Base | Final average salary – Highest three years annual covered compensation received during the last 10 years of participating service |
| e. | Benefit Determination Methods: | |
| | Normal Retirement | 2.5% of member's final average salary multiplied by years of credited service; employees hired after July 1, 1995, the maximum benefit is 85% of final average salary with minimum benefit of \$50 per month |
| | Disability Retirement | Same as normal retirement |
| f. | Benefit Authorization | Benefits are established in accordance with Title 29 of the Oklahoma Statutes, Chapter 1, Article 3, Section 3-306 |
| g. | Form of Benefit Payments | Lifetime benefit |

D. Employees Covered by Benefit Terms

	OFPRS	OLERS	OPERS	URSJJ	OPPRS	TRS	WCRP
Active Employees	12,060	1,208	29,912	264	5,946	99,844	167
Deferred Vested Former Employees	2,477	56	6,454	16	172	26,992	27
Retirees or Retiree Beneficiaries	11,686	1,589	36,649	312	4,241	68,330	235
Total	26,223	2,853	73,015	592	10,359	195,166	429

E. Contribution Requirements

Oklahoma Firefighters Pension and Retirement System: The authority to set and amend contribution rates is established by ordinance for OFPRS defined benefit plan in accordance with Title 11 of the Oklahoma Statutes, Sections 49-100.1 through 49-143.7, as amended. The contribution rates for the current fiscal year are made in accordance with Oklahoma statute. The rate is 9% for employees of their covered salary and 14% for employers of covered payroll as of July 1, 2022. Municipalities with revenues in excess of \$25,000 contribute \$60 per year for each volunteer firefighter. Prior to November 1, 2013, the rate was 8% for employees, 13% for employers, and municipalities contributed \$60 per year for each volunteer firefighter. The state contributes a portion of the insurance premium tax collected through its taxing authority. Currently, this contribution is 25.2% of insurance premium tax collected by the state. Prior to November 1, 2013, the contribution rate was 34%. Between November 1, 2013, and August 31, 2020, the insurance premium tax contribution rate was 36%. For the year ended June 30, 2022, OFPRS recognized \$177,558,000 in contributions to the plan based on covered payroll of \$327,747,000.

Oklahoma Law Enforcement Retirement System: The authority to set and amend contribution rates is established by ordinance for OLERS defined benefit plan in accordance with Title 47 of the Oklahoma Statutes, Chapter 2, Article 3, Section 2-303.1. The contribution rates for the current fiscal year are made in accordance with Oklahoma statute. The rate is 8% for employees of their covered salary and 11% for employers of covered payroll as of July 1, 2022. The state contributes a portion of driver's license taxes and insurance premium tax collected through its taxing authority. Currently, this contribution is 1.2% of driver's license taxes and 5% of insurance premium tax. For the year ended June 30, 2022, OLERS recognized \$41,568,000 in contributions to the plan based on covered payroll of \$86,748,000.

Oklahoma Public Employees Retirement System: The authority to set and amend contribution rates is established by ordinance for OPERS defined benefit plan in accordance with Title 74 of the Oklahoma Statutes, Chapter 29, Section 908. The contribution rates for the current fiscal year are made in accordance with Oklahoma statute. The rate for state employees is 3.5% of their covered salary and 16.5% of covered payroll for state agencies as of July 1, 2022. Contributions for participating county and local agencies total 20% for employees and employers as of July 1, 2022. For the year ended June 30, 2022, OPERS recognized \$349,552,000 in contributions to the plan based on covered payroll of \$1,556,561,000.

Uniform Retirement System for Justices and Judges: The authority to set and amend contribution rates is established by ordinance for URSJJ defined benefit plan in accordance with Title 20 of the Oklahoma Statutes, Chapter 16, Section 1108. The contribution rates for the current fiscal year are made in accordance with Oklahoma statute. The rate for employees is 8% of their covered salaries and for employers, 22% of covered payroll as of July 1, 2022. For the year ended June 30, 2022, URSJJ recognized \$10,509,000 in contributions to the plan based on covered payroll of \$36,299,000.

Oklahoma Police Pension and Retirement System: The authority to set and amend contribution rates is established by ordinance for OPPRS defined benefit plan in accordance with Title 11 of the Oklahoma Statutes, Chapter 1, Article 50, Section 50-106. The contribution rates for the current fiscal year are made in accordance with Oklahoma statute. The rate is 8% for employees of their covered salary and 13% for employers of covered payroll as of July 1, 2022. The state contributes a portion of the insurance premium tax collected through its taxing authority. Currently, this contribution is 14% of insurance premium tax collected by the state. For the year ended June 30, 2022, OPPRS recognized \$115,068,000 in contributions to the plan based on covered payroll of \$354,800,000.

Teachers' Retirement System: The authority to set and amend contribution rates is established by ordinance for TRS defined benefit plan in accordance with Title 70 of the Oklahoma Statutes, Chapter 1, Article 17, Section 17-106. The contribution rates for the current fiscal year are made in accordance with Oklahoma statute. The rate is 7% for employees of their covered salary and 9.5% of covered payroll for employer entities other than comprehensive and four-year universities as of July 1, 2022. The rate for comprehensive and four-year universities is 8.55% as of July 1, 2022. The state contributes 5.25% of

revenues from sales taxes, use taxes, corporate and individual income taxes. The system receives 1% of the cigarette taxes collected by the state and 5% of the first \$65 million of net lottery proceeds. For the year ended June 30, 2022, TRS recognized \$1,333,476,000 in contributions to the plan based on covered payroll of \$5,015,139,000.

Wildlife Conservation Retirement Plan: The authority to set and amend contribution rates is established by ordinance for WCRP defined benefit plan in accordance with Title 29 of the Oklahoma Statutes, Chapter 1, Article 3, Section 3-306. The contribution rates for the current fiscal year are made in accordance with Oklahoma statute. The rate is 5% for employees of their covered salary. For the year ended June 30, 2022, WCRP recognized \$3,054,000 in contributions to the plan based on covered payroll of \$11,083,000.

F. Actuarial Assumptions

Oklahoma Firefighters Pension and Retirement System

Date of Last Actuarial Valuation	July 1, 2022
a. Actuarial cost method	Entry age normal
b. Rate of return on investments and discount rate	7.5%
c. Projected salary increases	2.75% - 10.5%
d. Post retirement cost-of-living increase	One-half of the dollar amount of a 2.75% assumed increase in base pay for firefighters with 20 years of service as of May 26, 1983; no cost-of-living adjustment assumed for members not eligible for this increase
e. Inflation rate	2.75%
f. Mortality table	Active employees: Pub-2010 Public Safety Table with generational mortality improvement using MP-2018; Retired members: Pub-2010 Public Safety Below Median Table with generational mortality table using Scale MP-2018; Disabled pensioners: Pub-2010 Public Safety Disabled Table set forward two years
g. Percent of married employees	90% Males; 90% Females
h. Spouse age difference	Males three years older than females
i. Turnover	Varies from 4% to 20%
j. Date of last experience study	July 1, 2013, to June 30, 2018

Oklahoma Law Enforcement Retirement System

Date of Last Actuarial Valuation	July 1, 2022
a. Actuarial cost method	Entry age normal
b. Rate of return on investments and discount rate	7.5%
c. Projected salary increases	3.5% - 10%
d. Post retirement cost-of-living increase	3%
e. Inflation rate	2.75%
f. Mortality table	Active employees (pre- and post- retirement): Pub-2010 Public Safety Employees Amount-Weighted Mortality Table with rates set forward two years using MP-2021; Disabled pensioners: Pub-2010 Public Safety Disabled Retirees Amount-Weighted Mortality Table with rates set forward to years using Scale MP-2021
g. Percent of married employees	85% Males; 85% Females
h. Spouse age difference	Males three years older than females
i. Turnover	Varies from 1.5% to 12%
j. Date of last experience study	July 2017 to June 2021

Oklahoma Public Employees Retirement System

Date of Last Actuarial Valuation	July 1, 2022
a. Actuarial cost method	Entry age normal
b. Rate of return on investments and discount rate	6.5%
c. Projected salary increases	3.25% - 9.25%
d. Post retirement cost-of-living increase	None
e. Inflation rate	2.5%
f. Mortality table	Active employees: Pub-2010 Below Median, General Membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019; male rates are unadjusted, and female rates are set forward two years; Disabled pensioners: Non-disabled retiree mortality set forward 12 years for disabled experience.
g. Percent of married employees	85% Males; 85% Females
h. Spouse age difference	Males four years older than females
i. Turnover	Varies from 1%-26%
j. Date of last experience study	July 1, 2016, to June 30, 2019

Uniform Retirement System for Justices and Judges

Date of Last Actuarial Valuation	July 1, 2022
a. Actuarial cost method	Entry age normal
b. Rate of return on investments and discount rate	6.5%
c. Projected salary increases	3.5%
d. Post retirement cost-of-living increase	None
e. Inflation rate	2.5%
f. Mortality table	Active employees and non-disabled retirees: Pub-2010 Below Median, General Membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019; male rates set back one year, and female rates set forward one year; Disabled pensioners: Non-disabled retiree mortality set forward 12 years for disabled experience
g. Percent of married employees	85% Males; 85% Females
h. Spouse age difference	Males four years older than females
i. Turnover	2%
j. Date of last experience study	July 1, 2016, to June 30, 2019

Oklahoma Police Pension and Retirement System

Date of Last Actuarial Valuation	July 1, 2022
a. Actuarial cost method	Entry age normal
b. Rate of return on investments and discount rate	7.5%
c. Projected salary increases	3.5% to 12.0%
d. Post retirement cost-of-living increase	Officers eligible to receive cost of living adjustments according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5%
e. Inflation rate	2.75%
f. Mortality table	Active employees: RP-2000 Combined Blue Collar Healthy Employees (generational using Scale AA) with age set back four years; Non-disabled retirees: RP-2000 Combined Blue Collar Healthy Employees (generational using Scale AA); Disabled pensioners: RP-2000 Combined Blue Collar Healthy Employees with age set forward four years (no generational improvement).
g. Percent of married employees	85% Males; 85% Females
h. Spouse age difference	Males three years older than females
i. Turnover	Varies from 1% to 15%
j. Date of last experience study	Five-year period from July 1, 2012, to June 30, 2017

Teachers' Retirement System

Date of Last Actuarial Valuation	June 30, 2022
a. Actuarial cost method	Entry age normal
b. Rate of return on investments and discount rate	7.0%
c. Projected salary increases	2.25% wage inflation, plus 0.75% productivity increase rate and step-rate promotional increases for members with less than 25 years of service
d. Post retirement cost-of-living increase	None
e. Inflation rate	2.25%
f. Mortality table	Active employees: Pub-2010 Teachers Active Employee Mortality Table, generational mortality improvements in accordance with the Ultimate MP scales projected from 2010; Non-disabled retirees: 2020 GRS Southwest Region Teacher Mortality Table, generational mortality improvements in accordance with the Ultimate MP scales projected from 2020; Disabled pensioners: 2020 GRS Southwest Region Teacher Mortality Table set forward three years with minimum rate of 4% for males and 2.5% for females, generational mortality improvements in accordance with the Ultimate MP scale projected from 2020
g. Percent of married employees	80% Males; 80% Females
h. Spouse age difference	Males three years older than females
i. Turnover	Varies from 1.5% to 35.0%
j. Date of last experience study	July 2014 through June 30, 2019

Wildlife Conservation Retirement Plan

Date of Last Actuarial Valuation	July 1, 2022
a. Actuarial cost method	Entry age normal
b. Rate of return on investments and discount rate	7%
c. Projected salary increases	3% to 7%
d. Post retirement cost-of-living increase	None
e. Inflation rate	3%
f. Mortality table	Active members: Pub-2010 General Employees Above-Median Amount-Weighted Mortality with generational projection using MP-2021 Scale; Retired members: Pub-2010 General Retirees Above-Median Amount-Weighted Mortality with generational projection using MP-2021 Scale; Disabled members: Pub-2010 General Disabled Retirees: Amount-Weighted Mortality with generational projection using MP-2021 Scale.
g. Percent of married employees	85% Males; 85% Females
h. Spouse age difference	Males three years older than females
i. Turnover	Varies from 1% to 8%
j. Date of last experience study	July 1, 2016, through June 30, 2021

G. Discount Rate

Oklahoma Firefighters Pension and Retirement System

The projection of cash flows used to determine the discount rate assumed that contributions from plan members are made at the current contribution rate and that contributions from employers are made at contractually required rates. Projected cash flows also assume insurance premium taxes are contributed as determined by state statutes.

Based on these assumptions, the pension plan's fiduciary net position is projected to be sufficient for projected benefit payments. Therefore, the discount rate used is 7.5% which is the long-term expected rate of return on plan investments.

The long-term expected rate of return on pension plan investments is 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	20%	3.62%
Equity	62%	7.00%
Alternative Investments	18%	6.36%
Total	<u>100%</u>	

Oklahoma Law Enforcement Retirement System

The projection of cash flows used to determine the discount rate assumed that plan contributions from members, state agencies, insurance premium taxes and other state sources are made at the current contribution rates as set out in state statute.

Based on those assumptions, the pension plan's fiduciary net position is projected to be sufficient for projected benefit payments. Therefore, the discount rate used is 7.5% which is the long-term expected rate of return on plan investments.

The long-term expected rate of return on pension plan investments is determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) were developed for each major asset class. These ranges were 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	20%	2.01%
Equity	55%	6.47%
Alternative Investments	25%	7.78%
Total	<u>100%</u>	

Oklahoma Public Employees Retirement System

The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers are made at the current contribution rate as set out in state statute.

Based on those assumptions, the pension plan's fiduciary net position is projected to be sufficient for projected benefit payments. Therefore, the discount rate used is 6.5% which is the long-term expected rate of return on plan investments.

The long-term expected rate of return on pension plan investments is determined using a log-normal distribution analysis 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	32%	0.42%
Equity	68%	5.69%
Total	<u>100%</u>	

Uniform Retirement System for Justices and Judges

The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers are made at the current contribution rate as set out in state statute.

Based on those assumptions, the pension plan's fiduciary net position is projected to be sufficient for projected benefit payments. Therefore, the discount rate used is 6.5% which is the long-term expected rate of return on plan investments.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	32%	0.42%
Equity	68%	5.69%
Total	100%	

Oklahoma Police Pension and Retirement System

The projection of cash flows used to determine the discount rate assumed that plan contributions from members, state agencies, insurance premium taxes and other state sources are made at the contractually required rates as determined by state statutes.

Based on these assumptions, the pension plan's fiduciary net position is projected to be sufficient for projected benefit payments. Therefore, the discount rate used is 7.5% which is the long-term expected rate of return on plan investments.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	20%	3.34%
Equity	65%	6.52%
Alternative Investments	15%	8.65%
Total	100%	

Teachers' Retirement System

The projection of cash flows used to determine the single discount rate assumed that plan member and employer contributions are made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the state's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

Based on these assumptions, the pension plan's fiduciary net position is projected to be sufficient for projected benefit payments. Therefore, the discount rate used is 7.0% which is the long-term expected rate of return on plan investments.

The long-term expected rate of return on pension plan investments is 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	22%	1.30%
Equity	55%	5.08%
Alternative Investments	23%	5.16%

Wildlife Conservation Retirement Plan

The projection of cash flows used to determine the discount rate assumed that contributions from plan members are made at the current contribution rate and that contributions from the department are at least 100% of the department's required contribution.

Based on these assumptions, the pension plan's fiduciary net position is projected to be sufficient for projected benefit payments. Therefore, the discount rate used is 7.0% which is the long-term expected rate of return on plan investments.

The long-term expected rate of return on pension plan investments is 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	40%	3.07%
Equity	50%	8.40%
Alternative Investments	10%	5.48%
Total	<u>100%</u>	

H. Changes in Net Pension Liability

The total pension liability for the various pension systems is determined based on actuarial valuations performed as of July 1, 2022, which is also the measurement date. There are no changes in assumptions or changes between the measurement date of July 1, 2022, and the state's report ending date of June 30, 2023, that would have a significant impact on the net pension liability. The following tables report the components of changes in net pension liability (in thousands):

Oklahoma Law Enforcement Retirement System

Schedule of Changes in Net Pension Liability

Increases (Decreases)

	Total Pension (a)	Plan Net Net Position (b)	Net Pension Liability (a) - (b)
Balance Beginning of Year	\$ 1,258,688	\$ 1,245,241	\$ 13,447
Changes for the Year:			
Service cost	21,066	-	21,066
Interest	91,371	-	91,371
Changes in benefit terms	311	-	311
Difference between expected and actual experience	(7,575)	-	(7,575)
Changes in assumptions	(10,205)		(10,205)
Contributions-Employer	-	9,568	(9,568)
Contributions-State of Oklahoma, non-employer contributing entity	-	25,286	(25,286)
Contributions-Employee	-	6,714	(6,714)
Net Investment Income	-	(128,388)	128,388
Benefit payments, including refunds	(82,301)	(82,301)	-
Administrative expense	-	(1,505)	1,505
Net Changes	<u>\$ 12,667</u>	<u>\$ (170,626)</u>	<u>\$ 183,293</u>
Balances at June 30, 2022	<u><u>\$ 1,271,355</u></u>	<u><u>\$ 1,074,615</u></u>	<u><u>\$ 196,740</u></u>

Uniform Retirement System for Justices and Judges

Schedule of Changes in Net Pension Liability
Increases (Decreases)

	Pension Liability (a)	Plan Net Position (b)	Liability (Asset) (a) - (b)
Balance Beginning of Year	\$ 339,029	\$ 429,151	\$ (90,122)
Changes for the Year:			
Service cost	9,879	-	9,879
Interest	21,284	-	21,284
Difference between expected and actual experience	2,129	-	2,129
Contributions-Employer	-	7,642	(7,642)
Contributions-Employee	-	2,867	(2,867)
Net Investment Income	-	(62,133)	62,133
Benefit payments, including refunds	(23,548)	(23,548)	-
Administrative expense	-	(191)	191
Net Changes	<u>\$ 9,744</u>	<u>\$ (75,363)</u>	<u>\$ 85,107</u>
Balances at June 30, 2022	<u><u>\$ 348,773</u></u>	<u><u>\$ 353,788</u></u>	<u><u>\$ (5,015)</u></u>

Wildlife Conservation Retirement Plan

Schedule of Changes in Net Pension Liability
Increases (Decreases)

	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
Balance Beginning of Year	\$ 137,816	\$ 141,740	\$ (3,924)
Changes for the Year:			
Service cost	1,374	-	1,374
Interest	9,444	-	9,444
Difference between expected and actual experience	(2,060)	-	(2,060)
Changes in Assumptions	2,632	-	2,632
Contributions-Employer	-	2,500	(2,500)
Contributions-Employee	-	554	(554)
Net Investment Income	-	(16,752)	16,752
Benefit payments, including refunds	(8,560)	(8,560)	-
Administrative expense	-	(40)	40
Net Changes	<u>\$ 2,830</u>	<u>\$ (22,298)</u>	<u>\$ 25,128</u>
Balances at June 30, 2022	<u><u>\$ 140,646</u></u>	<u><u>\$ 119,442</u></u>	<u><u>\$ 21,204</u></u>

I. Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate, as well as what net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1- percentage-point higher than the current rate (in thousands):

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Net Pension Liability (Asset)	<u>\$ 340,444</u>	<u>\$ 196,740</u>	<u>\$ 78,178</u>

	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)
Net Pension Liability (Asset)	<u>\$ 1,587,548</u>	<u>\$ 647,713</u>	<u>\$ (147,115)</u>

	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)
Net Pension Liability (Asset)	<u>\$ 27,304</u>	<u>\$ (5,015)</u>	<u>\$ (33,061)</u>

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Net Pension Liability (Asset)	<u>\$ 969</u>	<u>\$ (335)</u>	<u>\$ (1,437)</u>

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Net Pension Liability (Asset)	<u>\$ 2,531,943</u>	<u>\$ 1,798,248</u>	<u>\$ 1,195,064</u>

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Net Pension Liability (Asset)	<u>\$ 36,417</u>	<u>\$ 21,204</u>	<u>\$ 8,222</u>

J. Deferred Outflows/Inflows of Resources

Reported deferred outflows of resources resulting from contributions subsequent to the measurement date are recognized as a decrease of the net pension liability in the year ended June 30, 2024.

Oklahoma Law Enforcement Retirement System

On June 30, 2023, OLERS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 8,092	\$ 6,716
Net difference between projected and actual plan investment earnings	85,952	-
Changes in assumptions	-	8,185
Contributions made since measurement date	11,950	-
Total	\$ 105,994	\$ 14,901

Oklahoma Public Employees Retirement System

On June 30, 2023, OPERS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 29,697
Net difference between projected and actual plan investment earnings	679,857	-
Changes in assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	523	-
Contributions made since measurement date	228,274	-
Total	\$ 908,654	\$ 29,697

Uniform Retirement State Justices and Judges

On June 30, 2023, URSJJ reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 2,610	\$ 246
Net difference between projected and actual plan investment earnings	32,146	-
Changes in assumptions	3,892	-
Contributions made since measurement date	8,251	-
Total	\$ 46,899	\$ 246

Oklahoma Police Pension and Retirement System

On June 30, 2023, OPPRS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 164	\$ 36
Net difference between projected and actual plan investment earnings	326	-
Changes in assumptions	12	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	202	-
Contributions made since measurement date	205	-
Total	<u>\$ 909</u>	<u>\$ 36</u>

Teachers' Retirement System

On June 30, 2023, TRS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 57,608	\$ 22,494
Net difference between projected and actual plan investment earnings	171,194	-
Changes in assumptions	121,331	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	175,224
Contributions made since measurement date	112,366	-
Total	<u>\$ 462,499</u>	<u>\$ 197,718</u>

Wildlife Conservation Retirement Plan

On June 30, 2023, WCRP reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 1,932	\$ 1,858
Net difference between projected and actual plan investment earnings	10,916	-
Changes in assumptions	2,369	-
Contributions made since measurement date	2,250	-
Total	<u>\$ 17,467</u>	<u>\$ 1,858</u>

K. Amortization of Pension Deferrals

Amounts reported as deferred outflows of resources (excluding deferred outflows of resources related to contributions made subsequent to the measurement date) and deferred inflows of resources are recognized in pension expense as follows (in thousands):

For the year ended June 30, 2023						
	Law Enforcement Retirement System	Public Employees Retirement System	Retirement System Justices and Judges	Police Pension and Retirement System	Teachers' Retirement System	Wildlife Conservation
2024	\$ 23,077	\$ 95,217	\$ 9,142	\$ 510	\$(241,454)	\$ 3,245
2025	15,493	99,177	7,142	(28)	132,848	2,789
2026	225	69,459	4,072	(145)	31,153	1,686
2027	40,524	386,830	18,046	354	204,429	5,353
2028	(176)	-	-	(23)	22,614	57
2029	-	-	-	-	2,825	229
Total	<u>\$ 79,143</u>	<u>\$ 650,683</u>	<u>\$ 38,402</u>	<u>\$ 668</u>	<u>\$ 152,415</u>	<u>\$ 13,359</u>

L. Payables to the Pension Plans – The amounts presented below represent the amount, in thousands, payable from the State of Oklahoma to the pension plans on June 30, 2023. This includes both contributions payable and dedicated taxes that had yet to be paid.

	Payable at 6/30/2023
Firefighters Pension and Retirement Plan	\$ 24,070
Law Enforcement Retirement System	5,141
Public Employees Retirement System	12,063
Retirement System Justices and Justices	704
Police Pension and Retirement System	44,584
Teachers' Retirement System	64,755
Total	<u>\$ 151,317</u>

M. State General Fund Portion – The amounts presented below represent net pension liability, deferred inflows, deferred outflows, and pension expense related to the various pension systems recorded to governmental activities on the Government-Wide Statement of Net Position. These amounts (in thousands) are determined based on actuarial valuations performed as of July 1, 2022, which is also the measurement date.

	General Fund Portion	Pension Assets	Pension Liabilities	Net Pension Liability (Asset)	Deferred Inflows	Deferred Outflows	Pension Expense
Oklahoma Law Enforcement Retirement System	90.856%	\$ 976,355	\$ 1,155,106	\$ 178,751	\$ 13,538	\$ 96,302	\$ 32,865
Oklahoma Public Employees Retirement System	72.438%	7,234,741	7,843,630	608,889	28,587	853,697	137,599
Uniform Retirement for Justices and Judges	100.000%	353,788	348,773	(5,015)	246	46,899	10,816
Oklahoma Police Pension and Retirement System	0.417%	12,554	12,219	(335)	36	909	80
Oklahoma Teachers' Retirement System	1.278%	245,308	350,187	104,879	1,312	32,118	10,342
Wildlife Conservation Retirement Plan	100.000%	119,442	140,646	21,204	1,858	17,467	3,542
Total		<u>\$ 8,942,188</u>	<u>\$ 9,850,561</u>	<u>\$ 908,373</u>	<u>\$ 45,577</u>	<u>\$ 1,047,392</u>	<u>\$ 195,244</u>

N. Changes Subsequent to Measurement Date

The following changes were made to pension plan policy since the measurement date. These changes could potentially change the calculation of net pension liability:

Teachers' Retirement System of Oklahoma:

House Bill 4388 – The legislative bill requires the portion of lottery annual net proceeds deposited to the Oklahoma Education Lottery Trust Fund that exceeds \$65 million to be deposited into a Teacher Empowerment Fund. TRS will now only receive a portion of funds on the first \$65 million placed in that account annually. The provision was enacted May 26, 2022.

House Bill 2034 – The legislative bill requires the treasurer to prepare and maintain, and provide to each state governmental entity, a list of all financial companies that boycott energy companies. It requires divestment of financial companies specified therein. The bill exempts a state pension system from the divestment requirements of the act if it determines that such requirements would be inconsistent with its fiduciary responsibility with respect to the investment of entity assets or other duties imposed by law relating to the investment of entity assets. This bill also prohibits the State and its political subdivisions from entering a contract with a company unless the company submits a written certification that the company is not currently engaged in a boycott of the oil and gas industry subject to certain rules. The provision was enacted May 9, 2022.

Senate Bill 1119 – Adjunct teachers, as described in Title 70, Oklahoma Statute, Sections 6-122.3 and 17-103, will be considered non-classified, optional personnel starting July 1, 2022. As non-classified optional personnel, these individuals would be considered eligible to participate in TRS as optional members if they are regularly employed for 20 hours or more per week. As optional personnel, they will be subject to requirements regarding electing to participate in TRS. The provision was enacted April 29, 2022.

O. Defined Contribution Plans

The Wildlife Conservation Retirement Plan's defined contribution plan (DC plan) is a single-employer plan that covers the employees of Oklahoma Department of Wildlife Conservation (ODWC) with a hire date of July 1, 2010, or later. The DC plan provides retirement benefits to plan members and their beneficiaries. As of June 30, 2023, there were 185 plan members. Members of the DC Plan are required to contribute 5% of compensation annually. The ODWC's annual contribution is based on the employee's number of completed years of credited service with the ODWC, defined as follows:

<u>Years of Credited Service</u>	<u>Compensation Contributed by Employer</u>
Less than 5	6%
At least 5, but less than 10	8%
At least 10, but less than 15	10%
At least 15 or more	12%

Employees vest in 100% of ODWC's contributions after 5 years of credited service.

For the year ended June 30, 2023, the ODWC contributed \$649,000 and eligible employees contributed \$466,000 to the DC Plan.

House Bill 2630 and Senate Bill 2120 directed Oklahoma Public Employees Retirement System (OPERS) to establish a defined contribution retirement system for members first employed by a participating employer of the system on or after November 1, 2015, including statewide elected officials and legislators. The provisions of this bill are not applicable to hazardous duty members, district attorneys, assistant district attorneys or other employees of the district attorney's office who will continue to participate in the defined benefit plan. Also excluded are employees of a county, county elected officials, county hospital, city or town, conservation district, circuit engineering district, and any public or private trust in which a county, city or town participates and is the primary beneficiary.

The Oklahoma State Employees Pathfinder 401(a) Plan, a defined contribution plan, was created and implemented during the year ended June 30, 2016. Under this plan, participating employees contribute a minimum of 4.5% of their

compensation. Participating employers match employee contributions up to 7%. In addition to the matching contributions, participating employers are required to remit to OPERS the difference between the matching contributions for defined contribution plan members and the amount the participating employer would have contributed for a defined benefit plan member.

On June 30, 2023, there were 18,822 plan members. For the year ended June 30, 2023, OPERS contributed \$37,226,000 and eligible employees contributed \$25,934,000 to the plan.

The State of Oklahoma also offers its employees a defined contribution plan as authorized by Section 457 of the Internal Revenue Code, as amended by the Tax Reform Act of 1986, and in accordance with the provisions of Section 935.1 through 935.11 of Title 74 of the Oklahoma statute. The plan's effective date was November 1, 2015.

On June 30, 2023, there were 8,232 plan members. For the year ended June 30, 2023, eligible employees contributed \$10,804,000 to the plan.

Note 15. Other Postemployment Benefits (OPEB)

1. General Description of the Other Postemployment Benefits

The Employees Group Insurance Division (EGID), a division of the Office of Management and Enterprise Services manages a legal insurance trust which provides group health, life, dental and disability benefits for active employees and retirees (should they so elect) of state agencies, school districts and other governmental units. EGID, as a multi-line insurance provider, allows for retirees that are not yet eligible for Medicare benefits to participate in the insurance plans available to active employees. Current and retired employees participate in the same plans with blended premium rates creating an implicit rate subsidy for the retirees in the plan. This single-employer plan is not administered through a trust, and as a result, there are no assets to net against the total liability. Separately issued reports for the EGID plan can be obtained at <https://oklahoma.gov/omes/divisions/employees-group-insurance-division.html>.

The Oklahoma Department of Wildlife Conservation (ODWC), part of the primary government, at its expense, provides a single-employer health insurance allowance to retirees for the payment of health insurance premiums at retirement where the retiree elects continued coverage through EGID. This allowance is reduced when the retiree is eligible for Medicare. The coverage amount is established by ODWC on an annual basis and can be discontinued at the board's discretion.

As mandated by statute, the cost-sharing multiple-employer defined benefit plans - the Oklahoma Law Enforcement Retirement System (OLERS), Oklahoma Public Employees Retirement System (OPERS), Uniform Retirement System for Justices and Judges (URSJJ) and Teachers' Retirement System (TRS) - provide an OPEB benefit to retirees should a retiree make such an election at retirement to continue health coverage through the state's provider, EGID. This contribution is for a fixed amount that varies slightly from pension to pension, and the contribution is included in the employer pension contribution. Methods for obtaining separately issued independent audit reports, a summary of significant accounting policies of the pension plans and the statutory authority under which OPEB benefits are required to be paid are discussed in Note 14.

Component units of the State of Oklahoma may participate in additional OPEB plans that are not reported as part of the state's structure. As a result, net OPEB asset/liability and deferred inflows/outflows related to pensions on the related financial statements may exceed that reported in the Notes to the Financial Statements. For further information, component unit separately audited financial statements may be obtained by contacting the Office of Management and Enterprise Services, 2401 N. Lincoln Blvd., Suite 212, Oklahoma City, OK 73105.

2. Employees Covered

On June 30, 2022, the following employees were covered by the benefit terms:

	Plans Outside of Trusts		OPEB Trust Funds			
	Employees Group Insurance Division	Department of Wildlife Conservation	Law Enforcement Retirement System	Uniform Retirement System for Justices and Judges	Public Employees Retirement System	Teachers' Retirement System
Active employees	31,223	156	1,208	264	29,912	99,844
Inactive participants	2,497	267	640	184	19,922	66,478
Total	33,720	423	1,848	448	49,834	166,322

3. Net OPEB Liability

The State of Oklahoma measured a net OPEB asset of \$82,797,000 and a net OPEB liability of \$143,840,000 as of June 30, 2022, as determined by actuarial valuations of that date.

The total OPEB liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

	Employees Group Insurance Division	Department of Wildlife Conservation	Law Enforcement Retirement System	Uniform Retirement System for Judges and Justices	Public Employees Retirement System	Teachers' Retirement System
Inflation	0%	3.00%	2.75%	2.50%	2.50%	2.25%
Salary Increases	3.25%-9.25%	N/A	3.50%-10.00%	3.50%	3.25%-9.25%	3.00%
Discount Rate	3.54%	4.13%	7.50%	6.50%	6.50%	7.00%
Healthcare cost trend	6.10% - 4.80%	5.00%	N/A	N/A	N/A	N/A
Retirees' share of benefit-related costs	0%	0%	0%	0%	0%	0%

Discount Rates

The discount rate was determined using the Bond Buyer GO 20-Bond Municipal Bond Index for EGID. The discount rate for ODWC was measured using a 20-year municipal bond index rate (AA/Aa or higher) as of June 30, 2023. For the remainder of OPEB plans, the discount rate is determined by the expected rate of return on assets of the associated pension plan as referenced in Note 14.

Mortality Rates

Mortality rates for EGID are based on Pub-2010 Public Retirement Plans General Mortality Table weighted by Headcount projected by MP-2021, as of July 1, 2021.

Mortality rates for ODWC for active members use Pub-2010 General Employees Above-Median Amount-Weighted Mortality with generational projection using MP-2021 Scale. Retired members use Pub-2010 General Retirees Above-Median Amount-Weighted Mortality with generational projection using MP-2021 Scale. Disabled members rate is based on Pub-2010 General Disabled Retirees Amount-Weighted Mortality with generational projection using MP-2021 Scale.

Mortality rates for OLERS active members use Pub-2010 Public Safety Employees Amount-Weighted Mortality Table with rates set forward two years, projected generationally using Scale MP-2021. Retired members use Pub-2010 Public Safety

Retirees Amount-Weighted Mortality Table with rates set forward two years, projected generationally using Scale MP-2021. Disabled members rate is based on Pub-2010 Public Safety Disabled Retirees Amount-Weighted Mortality Table with rates set forward two years, projected generationally using Scale MP-2021. Survivors use Pub-2010 Public Safety Contingent Survivors Amount-Weighted Mortality Table with rates set forward two years, projected generationally using Scale MP-2021.

URSJJ bases its mortality rates on Pub-2010 Below Median, General Membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019. Male rates are set back one year, and female rates are set forward one year. Disability mortality rates are based on the post-retirement mortality rates with rates set forward 12 years.

Mortality rates used by OPERS are those in the Pub-2010 Below Media, General Membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019. Male rates are unadjusted, and female rates are set forward two years.

TRS determines mortality rates for active members using Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010. Post-retirement mortality rates for both male and female are based on 2020 GRS Southwest Region Teacher Mortality table. Generational mortality improvements with the Ultimate MP scales are projected from the year 2020.

Actuarial Assumptions

EGID Implicit Rate Subsidy valuation report dated July 1, 2022, was based on a measured date of July 1, 2022, with a measurement period of July 1, 2021, to July 1, 2022.

ODWC actuarial assumptions in the actuarial report dated June 30, 2022, are prepared on a measured date of June 30, 2022, based on the results of an actuarial experience study for the period July 1, 2016, to June 30, 2021.

The actuarial assumptions used in the June 30, 2022, valuation report by OLERS are measured as of June 30, 2022, and are based on the results of the most recent actuarial experience study, which covered the five-year period ending June 30, 2021. The experience study report is dated June 3, 2022.

URSJJ total OPEB liability was measured as of June 30, 2022, in the valuation report dated July 1, 2022, and based the actuarial assumptions on the results of the most recent actuarial experience study. The report covered the three-year period ending June 30, 2019. The experience study report is dated May 13, 2020.

The actuarial assumptions used in the July 1, 2022, valuation report rolled back to June 30, 2022, by OPERS are based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2019. The experience study report is dated May 13, 2020.

The actuarial assumptions used in the June 30, 2022, valuation report by TRS were measured June 30, 2022, and are based on the results of the most recent actuarial experience study, which covered the five-year period ending June 30, 2019.

4. Changes in the OPEB Liability

	Employees Group Insurance Division	Department of Wildlife Conservation	Law Enforcement Retirement System	Uniform Retirement System for Justices and Judges	Public Employees Retirement System	Teachers' Retirement System	Total
Total Liability at June 30, 2021	\$ 140,739	\$ 7,982	\$ 13,008	\$ 2,907	\$ 250,290	\$ 114,331	\$ 529,257
Change for the year:							
Service cost	6,152	123	321	112	5,856	1,352	13,916
Interest	3,062	317	943	182	15,636	6,521	26,661
Differences between expected and actual experience	-	30	(990)	-	(15,000)	(455)	(16,415)
Changes in assumptions or other inputs	(12,521)	(33)	(1,285)	-	1,403	(1)	(12,437)
Benefit Payments	(10,359)	(459)	(872)	(209)	(13,296)	(7,820)	(33,015)
Change in Total Liability	\$ (13,666)	\$ (22)	\$ (1,883)	\$ 85	\$ (5,401)	\$ (403)	\$ (21,290)
Total Liability at June 30, 2022	\$ 127,073	\$ 7,960	\$ 11,125	\$ 2,992	\$ 244,889	\$ 113,928	\$ 507,967
Plan Net Position at June 30, 2021	\$ -	\$ -	\$ 2,108	\$ 4,300	\$ 357,633	\$ 143,156	\$ 507,197
Change for the year:							
Contributions - Employer	10,359	-	1,302	217	12,779	-	24,657
Net investment income	-	-	(217)	(532)	(39,979)	(11,508)	(52,236)
Benefit payments	(10,359)	-	(872)	(209)	(13,296)	(7,820)	(32,556)
Administrative expense	-	-	(3)	(2)	(132)	(1)	(138)
Change in Net Position	\$ -	\$ -	\$ 210	\$ (526)	\$ (40,628)	\$ (19,329)	\$ (60,273)
Total Net Position at June 30, 2022	\$ -	\$ -	\$ 2,318	\$ 3,774	\$ 317,005	\$ 123,827	\$ 446,924
Total OPEB Liability (Asset)	\$ 127,073	\$ 7,960	\$ 8,807	\$ (782)	\$ (72,116)	\$ (9,899)	\$ 61,043

(Balances are shown, in thousands, as of the measurement date.)

Changes in Assumptions and Other Inputs:

Employee Group Insurance Division: The discount rate to calculate liabilities was changed from 2.16% to 3.54%.

Oklahoma Department of Wildlife Conservation: The discount rate used to measure the total OPEB liability was increased from 4.09% to 4.13%. An additional mortality rate category was included for survivors and beneficiaries. The rate is based on the Pub-2010 General Contingent Survivors Above-Median Amount-Weighted Mortality with projected generationally using scale MP-2021.

Oklahoma Law Enforcement Retirement System: The wages used in the projection of benefits and liabilities are paid for the year ending June 30, 2022, including longevity bonuses. These amounts were projected into the valuation year using the valuation salary scale. The previous year valuation used wages paid for the year ending June 30, 2017, including longevity bonuses.

Oklahoma Public Employees Retirement System: The municipal bond index rate at measurement date is changed from 2.13% to 3.37%.

Uniform Retirement System for Justices and Judges: The municipal bond index rate to calculate liabilities was changed from 2.13% to 3.37%.

5. Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability of the State of Oklahoma, as well as what the state’s OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate (in thousands):

Employees Group Insurance Division

	1% Decrease <u>(2.54%)</u>	Discount Rate <u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
Net OPEB Liability (Asset)	\$ 135,865	\$ 127,073	\$ 118,834

Department of Wildlife Conservation

	1% Decrease <u>(3.13%)</u>	Discount Rate <u>(4.13%)</u>	1% Increase <u>(5.13%)</u>
Net OPEB Liability (Asset)	\$ 8,852	\$ 7,960	\$ 7,202

Law Enforcement Retirement System

	1% Decrease <u>(6.50%)</u>	Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
Net OPEB Liability (Asset)	\$ 9,979	\$ 8,807	\$ 7,815

Uniform Retirement System for Justices and Judges

	1% Decrease <u>(5.50%)</u>	Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
Net OPEB Liability (Asset)	\$ (530)	\$ (782)	\$ (1,003)

Public Employees Retirement System

	1% Decrease <u>(5.50%)</u>	Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
Net OPEB Liability (Asset)	\$ (46,550)	\$ (72,116)	\$ (94,021)

Teachers’ Retirement System

	1% Decrease <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Net OPEB Liability (Asset)	\$ 412	\$ (9,899)	\$ (18,631)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the net OPEB liability on June 30, 2023, calculated using the healthcare trend rate, as well as what the trend rate increasing or decreasing by 1-percentage-point. Only the EGID implicit rate subsidy and ODWC are affected by the healthcare trend rate.

Employee Group Insurance Division

	1% Decrease (5.10% - 3.80%)	Discount Rate (6.10% - 4.80%)	1% Increase (7.10% - 5.80%)
Total OPEB Liability	\$ 114,675	\$ 127,073	\$ 141,601

Oklahoma Department of Wildlife Conservation

	1% Decrease (4.00%)	Discount Rate (5.00%)	1% Increase (6.00%)
Total OPEB Liability	\$ 7,944	\$ 7,960	\$ 7,973

6. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

The following tables illustrate the deferred inflows and outflows as of June 30, 2023, based on the requirements of GASB Statement number 75 (in thousands):

	Employees Group Insurance Division	Department of Wildlife Conservation	Law Enforcement Retirement System	Uniform Retirement System for Justices and Judges	Public Employees Retirement System	Teachers' Retirement System	Total
Deferred Outflows:							
Changes of assumptions or other inputs	\$ 6,486	\$ 318	\$ -	\$ -	\$ 6,089	\$ 2,985	\$ 15,878
Differences between projected and actual investment earnings						4,139	4,139
Changes in proportion	-	-	266	-	496	312	1,074
Differences between expected and actual experience	-	62	347	-	27,295	-	27,704
Subsequent contributions	11,069	459	1,312	215	12,909	618	26,582
Total deferred outflows	<u>\$ 17,555</u>	<u>\$ 839</u>	<u>\$ 1,925</u>	<u>\$ 215</u>	<u>\$ 46,789</u>	<u>\$ 8,054</u>	<u>\$ 75,377</u>
Deferred Inflows:							
Changes of assumptions or other inputs	\$ (12,225)	\$ (635)	\$ (1,182)	\$ -	\$ -	\$ -	\$ (14,042)
Changes in proportion	-	-	(266)	-	-	-	(266)
Differences between expected and actual experience	(686)	(146)	(1,718)	-	(36,030)	(3,295)	(41,875)
Differences between projected and actual investment earnings	-	-	(150)	-	-	-	(150)
Total deferred inflows	<u>\$ (12,911)</u>	<u>\$ (781)</u>	<u>\$ (3,316)</u>	<u>\$ -</u>	<u>\$ (36,030)</u>	<u>\$ (3,295)</u>	<u>\$ (56,333)</u>
OPEB Expense (Expense offset)	<u>\$ 5,892</u>	<u>\$ 459</u>	<u>\$ 549</u>	<u>\$ 209</u>	<u>\$ (5,838)</u>	<u>\$ (957)</u>	<u>\$ 314</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows (in thousands):

Year ended June 30:	Employees Group Insurance Division	Department of Wildlife Conservation	Law Enforcement Retirement System	Uniform Retirement System for Justices and Judges	Public Employees Retirement System	Teachers' Retirement System	Total
2024	\$ (2,098)	\$ (24)	\$ (547)	\$ -	\$ (3,561)	\$ 513	\$ (5,717)
2025	(264)	(129)	(521)	-	(2,622)	413	(3,123)
2026	(264)	(248)	(461)	-	(1,757)	(629)	(3,359)
2027	(658)	-	(351)	-	7,923	3,957	10,871
2028	(1,900)	-	(349)	-	(2,133)	(104)	(4,486)
Thereafter	(1,241)	-	(474)	-	-	(9)	(1,724)

Note 16. On-Behalf Payments

The Oklahoma Teachers' Retirement System (TRS) receives 5.25% of the state's sales, use, corporate and individual income taxes collected as dedicated tax. Senate Bill 1376, which became law in July 2002, provides that the percentage of the state's collected dedicated taxes allocated to TRS increased from 4.5% to 5.0% on July 1, 2007. House Bill 2894, passed during the 2021 legislative session, increased this percentage to 5.25% for fiscal years 2023 through 2027. Beginning with fiscal year 2028, this percentage is scheduled to return to 5.00%. Teachers' Retirement System receives 1.0% of the cigarette taxes and 5.0% of the first \$65,000,000 of net lottery proceeds collected by the state. Approximately \$513,732,000 was received by TRS from the state for the year ended June 30, 2023.

The Oklahoma Firefighters Pension and Retirement System receives 37.8% of the state's insurance premium tax revenue. The Oklahoma Firefighters Pension and Retirement System received approximately \$114,291,000 from the state for the year ended June 30, 2023. Of the same insurance premium tax revenue, the Oklahoma Police Pension and Retirement System and Oklahoma Law Enforcement Retirement System receive 14.7% and 5.0%, respectively. Oklahoma Police Pension and Retirement System and Oklahoma Law Enforcement Retirement System received approximately \$44,456,000 and \$15,873,000 from the state for the year ended June 30, 2023, respectively.

Note 17. Commitments

Primary Government

For the year ended June 30, 2023, the general fund had encumbrances of \$1,645,226,000 within the restricted and committed fund balances of the governmental funds.

The Department of Transportation had contractual commitments as of June 30, 2023, of approximately \$1,393,017,000 for the construction of various highway projects. Future appropriations will fund these commitments as work is performed. Up to \$200,000,000 in notes, bonds or loans with the U.S. Department of Transportation through the Transportation Infrastructure Finance and Innovation Act has been authorized by the state legislature. In fiscal year 2023, loans totaling approximately \$44,649,000 had been closed to provide funding toward these projects.

The Department of Human Services maintains a construction unit which engages in capital improvements of state buildings. At year end, Department of Human Services had long-term projects totaling \$361,000 for the general fund.

During the 2023 legislative sessions, the legislature approved the Legacy Capital Financing Act. This legislation is intended to facilitate advanced financing for current and future capital needs, reduce or eliminate financing interest costs associated with private financing and accelerate timelines for project completion. A Legacy Capital Financing Fund was created for the Oklahoma Capital Improvement Authority. The Oklahoma Capital Improvement Authority is authorized to enter memoranda of understandings with agencies, departments and subdivisions of the state, as provided by law. The memoranda of understandings do not constitute a legal obligation of the state. Unless legislatively specified, all distributions from the fund will be returned over a 20-year period.

The legislature authorized the following projects from the Legacy Capital Financing Fund: Construct or expand the training facility for Council on Law Enforcement Education and Training in the amount of \$3,984,000; construct, refurbish or expand animal teaching hospitals and related facilities for the Oklahoma State University Veterinary Medicine Authority in the amount of \$79,000,000; construction, repair, rehabilitation and improvements to existing Oklahoma Historical Society facilities in the amount of \$46,000,000; create an Oklahoma Wireless Information Network in the amount of \$20,000,000; construction of a centralized training center and related facilities for Department of Public Safety in the amount \$59,564,000; upgrade, repair, expand and replace Oklahoma Highway Patrol facilities in the amount of \$8,000,000; repair and refurbish the Jim Thorpe Office Building in the amount of \$70,000,000; repair and refurbish tunnels underlying the state capitol office complex in the amount of \$19,000,000; renovate the Kelley building in the amount of \$26,322,000; and construct, refurbish or expand Department of Libraries facilities in the amount of \$17,605,000.

Component Units

The higher education component unit had outstanding commitments under construction contracts totaling \$113,798,000 on June 30, 2023.

The Oklahoma Turnpike Authority had commitments outstanding on December 31, 2022, relating to equipment orders and supplies of approximately \$29,100,000. On December 31, 2022, Oklahoma Turnpike Authority had commitments outstanding relating to construction and maintenance contracts of approximately \$211,600,000.

The Oklahoma Municipal Power Authority purchased approximately \$20,768,000 of power pursuant to several long-term purchase agreements during 2022. Oklahoma Municipal Power Authority is obligated to purchase, at a minimum, approximately \$20,193,000 of power in 2023.

The Grand River Dam Authority (GRDA) makes and receives commitments for purchases of coal and other materials. GRDA had contractual commitments as of December 31, 2022, for long-term wind power purchase agreements of approximately \$467,900,000 through the year 2037 and for customer generation capacity agreements of approximately \$186,400,000 through the year 2042. GRDA also has contractual commitments for long-term service agreements for the maintenance of the gas and steam turbines of approximately \$94,600,000 through the year 2030, for natural gas of approximately \$15,700,000 during 2023 and for transportation of natural gas of approximately \$146,300,000 into the year 2047. On December 31, 2022, GRDA had construction contractual commitments of approximately \$30,744,000 for equipment and construction contracts.

Note 18. Litigation and Contingencies

The state and its component units are parties to numerous legal proceedings, many of which normally occur in governmental operations. Such litigation includes, but is not limited to, claims assessed against the state for property damage and personal injury, alleged breaches of contract, condemnation proceedings, and other alleged violations of state and federal laws. Certain claims have been adjudicated against the state but remained unpaid as of June 30, 2023.

The state receives significant financial assistance from the federal government in the form of grants and entitlements, which are generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by federal agencies. Any disallowance as a result of these audits could become a liability of the state.

Primary Government

Through the normal course of operations there are many legal cases which involve the state as a party. Most of these cases are currently deemed to have a remote chance of loss or will result in a gain to the state. The assessment of several cases indicates there is the reasonably possible or probable chance of a loss occurring to the state. Current estimates for these losses range from \$1 to \$29,095,000.

The Department of Transportation has incurred significant expenditures on construction projects that have exceeded the amounts approved by the federal grantor. These project expenditures are held in suspense until approved by the federal grantor and subsequently reimbursed. Based on prior years' experience, the reimbursement of expenditures is highly probable. As of June 30, 2023, Department of Transportation has project expenditures totaling \$8,414,600 that will be reimbursed pending approval of the federal government.

Note 19. Subsequent Events

The Oklahoma Insurance Department holds a settlement escrow in a fiduciary capacity in a litigation matter with a pharmaceutical organization. The Oklahoma Office of the Attorney General is managing the case. The escrow account balance as of June 30, 2023 was \$4,721,000. A court ruling on a portion of the funds in September of 2023 resulted in a return of \$1,943,000 to the pharmaceutical organization. The remaining escrow funds will be paid according to court orders on the ongoing matter.

Proprietary Funds

Oklahoma Water Resources Board has authorized but not issued bonds totaling \$176,805,000.

Component Units

After the issuance of the September 30, 2022, financial report, the Oklahoma Housing Finance Agency issued eight multi-family mortgage revenue bonds as a conduit debt issuer for a total of \$143,391,000. The Oklahoma Housing Finance Agency also issued three single-family bonds for a total of \$195,000,000.

APPENDIX C

**UNAUDITED FINANCIAL RESULTS
OF THE STATE OF OKLAHOMA FOR FISCAL YEARS 2024 AND 2025**

[Attached]

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State of Oklahoma

Fiscal Year 2024 - General Revenue Comparisons with Prior Year and Estimates

Twelve Months: Fiscal Year 2023 v. Fiscal Year 2024 (Through June 2024) (\$ in Millions)

	12 Months	12 Months	Summary June 2024	
	FY 2023	FY 2024	Variance from Prior Year	
	<u>Actual</u>	<u>Actual</u>	<u>\$</u>	<u>%</u>
Net Income Tax	\$3,971.1	\$3,652.9	-\$318.2	-8.0%
Gross Production	1,091.6	608.5	-483.2	-44.3
Sales Tax	2,629.2	2,610.4	-18.8	-0.7
Motor Vehicle	<u>438.8</u>	<u>517.9</u>	<u>34.1</u>	<u>7.0</u>
Subtotal: Major Taxes	<u>\$8,175.8</u>	<u>\$7,389.7</u>	<u>-\$786.1</u>	<u>-9.6%</u>
Other Sources (1)	<u>837.8</u>	<u>1,076.5</u>	<u>238.7</u>	<u>28.5</u>
TOTAL GENERAL REVENUE	<u>\$9,013.6</u>	<u>\$8,466.2</u>	<u>-\$547.2</u>	<u>-6.1%</u>
Less 1-time Receipts	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Recurring Rev. (2)	<u>\$9,013.6</u>	<u>\$8,466.2</u>	<u>-\$547.2</u>	<u>-6.1%</u>

Fiscal Year 2024: Twelve Months v. Estimate (Through June 2024) (\$ in Millions)

	12 Months	12 Months	Summary June 2024	
	FY 2024	FY 2024	Variance from OMES Estimate	
	<u>Estimate</u>	<u>Actual</u>	<u>\$</u>	<u>%</u>
Net Income Tax	\$3,669.4	\$3,652.9	-\$16.4	-0.4%
Gross Production	882.8	608.5	-274.3	-31.1
Sales Tax	2,636.5	2,610.4	-26.1	-1.0
Motor Vehicle	<u>517.4</u>	<u>517.9</u>	<u>0.5</u>	<u>0.1</u>
Subtotal: Major Taxes	<u>\$7,706.0</u>	<u>\$7,389.7</u>	<u>-\$ 316.4</u>	<u>-4.1%</u>
Other Sources (1)	<u>582.5</u>	<u>1,076.5</u>	<u>494.0</u>	<u>84.8</u>
TOTAL GENERAL REVENUE	<u>\$8,288.6</u>	<u>\$8,466.2</u>	<u>\$ 177.6</u>	<u>2.1%</u>
Less 1-time Receipts	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Recurring Rev. (2)	<u>\$8,288.6</u>	<u>\$8,466.2</u>	<u>\$ 177.6</u>	<u>2.1%</u>

(1) Other sources revenue estimated pending final accounting.

(2) Recurring revenue after subtracting one-time funds.

Details may not sum due to rounding. Source: Office of Management and Enterprise Services. Complete information regarding financial results of the State of Oklahoma can be found at <https://omes.ok.gov/>.

State of Oklahoma

Fiscal Year 2025 - General Revenue Comparisons with Prior Year

PRELIMINARY

Monthly Comparison: AUGUST Fiscal Year 2024 v. AUGUST Fiscal Year 2025
(\$ in Millions)

	<u>FY 2024</u>	<u>FY 2025</u>	<u>Summary AUGUST 2024</u> <u>Variance from Prior Year</u>	
	August 2023 <u>Actual</u>	August 2024 <u>Actual</u>	<u>\$</u>	<u>%</u>
Net Income Tax	\$241.7	\$234.3	-\$7.5	-3.1%
Gross Production	40.6	22.3	-18.4	-45.2
Sales Tax	218.0	218.9	1.0	0.4
Use Tax	<u>41.7</u>	<u>44.3</u>	<u>2.6</u>	<u>6.3</u>
Subtotal: Major Taxes	<u>542.0</u>	<u>519.8</u>	<u>-22.2</u>	<u>-4.1</u>
Other Sources (1)	<u>67.1</u>	<u>83.2</u>	<u>16.1</u>	<u>24.0%</u>
TOTAL GENERAL REVENUE	\$609.1	\$603.0	\$ -6.1	-1.0%
Less 1-time Receipts	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Recurring Rev. (2)	<u>\$609.1</u>	<u>\$603.0</u>	<u>\$ -6.1</u>	<u>-1.0%</u>

PRELIMINARY

Two Months Year to Date: Fiscal Year 2024 v. Fiscal Year 2025
(Through August 2025)
(\$ in Millions)

	<u>2 Months</u>	<u>2 Months</u>	<u>Summary August 2025</u> <u>Variance from Prior Year</u>	
	FY 2024 <u>Actual</u>	FY 2025 <u>Actual</u>	<u>\$</u>	<u>%</u>
Net Income Tax	\$ 517.9	\$ 537.3	\$19.5	3.8%
Gross Production	66.7	43.1	-23.6	-35.4
Sales Tax	443.7	435.3	8.4	-1.9
Use Tax	<u>81.9</u>	<u>87.0</u>	<u>5.1</u>	<u>6.2</u>
Subtotal: Major Taxes	<u>\$1,110.1</u>	<u>\$1,102.7</u>	<u>-\$7.4</u>	<u>-0.7%</u>
Other Sources (1)	<u>102.0</u>	<u>120.3</u>	<u>18.3</u>	<u>17.9</u>
TOTAL GENERAL REVENUE	\$1,212.1	\$1,223.0	\$10.9	0.9%
Less 1-time Receipts	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Recurring Rev. (2)	<u>\$1,212.1</u>	<u>\$1,223.0</u>	<u>\$10.9</u>	<u>0.9%</u>

(1) Other sources revenue estimated pending final accounting.

(2) Recurring revenue after subtracting one-time funds.

Details may not sum due to rounding.

Source: Office of Management and Enterprise Services

State of Oklahoma

Fiscal Year 2025 -General Revenue Comparisons with Estimate

PRELIMINARY

**Monthly Comparison: August 2024 v. Estimate
(\$ in Millions)**

	August 2024	August 2024	Summary August 2024 Variance from OMES Estimate	
	<u>Estimate</u>	<u>Actual</u>	<u>\$</u>	<u>%</u>
Net Income Tax	\$240.7	\$234.3	-\$6.4	-2.7%
Gross Production	36.7	22.3	-14.4	-39.3
Sales Tax	228.2	218.9	-9.3	-4.1
Use Tax	<u>44.8</u>	<u>44.3</u>	<u>-0.4</u>	<u>-1.0</u>
Subtotal: Major Taxes	<u>\$550.3</u>	<u>\$519.8</u>	<u>-\$30.6</u>	<u>-5.6%</u>
Other Sources (1)	66.9	83.2	16.3	24.3
TOTAL GENERAL REVENUE	<u>\$617.3</u>	<u>\$603.0</u>	<u>-\$14.3</u>	<u>2.3%</u>
Less 1-time Receipts	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Recurring Rev. (2)	<u>\$617.3</u>	<u>\$603.0</u>	<u>-\$14.3</u>	<u>2.3%</u>

PRELIMINARY

**Fiscal Year 2025: Two Months Year to Date v. Estimate
(Through August 2024)
(\$ in Millions)**

	2 Months	2 Months	Summary August 2024 Variance from OMES Estimate	
	FY 2025	FY 2025	<u>\$</u>	<u>%</u>
Net Income Tax	\$ 508.8	\$ 537.3	\$28.5	5.6%
Gross Production	65.6	43.1	-22.6	-34.4
Sales Tax	460.4	435.3	-25.1	-5.5
Use Tax	<u>89.5</u>	<u>87.0</u>	<u>-2.5</u>	<u>-2.8</u>
Subtotal: Major Taxes	<u>\$1,124.3</u>	<u>\$1,102.7</u>	<u>\$-21.7</u>	<u>-1.9%</u>
Other Sources (1)	<u>102.2</u>	<u>120.3</u>	<u>18.1</u>	<u>17.7</u>
TOTAL GENERAL REVENUE	<u>\$1,226.5</u>	<u>\$1,223.0</u>	<u>-\$ 3.5</u>	<u>-0.3%</u>
Less 1-time Receipts	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Recurring Rev. (2)	<u>\$1,226.5</u>	<u>\$1,223.0</u>	<u>-\$ 3.5</u>	<u>-0.3%</u>

(1) Other sources revenue estimated pending final accounting.

(2) Recurring revenue after subtracting one-time funds.

Details may not sum due to rounding.

Source: Office of Management and Enterprise Services

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APPENDIX D

**STATE GROSS AND NET TAX-BACKED DEBT
(as of December 31, 2023)**

[See attached.]

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State of Oklahoma
Outstanding Gross and Net Tax-Backed Debt
December 31, 2023

General Obligation Bonds

Oklahoma Industrial Finance Authority, Series 2001 Refunding ¹	\$	30,000,000
Gross General Obligation Bonds	\$	30,000,000

Capitol Improvement Authority Lease Revenue Bonds and Loans²

TIFIA Loan, Series 2023 ³	\$	44,649,400
State Facilities Revenue Bonds (fed. Taxable), Series 2022C (ODVA Project)		36,210,000
State Facilities Revenue Bonds (fed. Taxable), Series 2022B (National Guard Museum)		47,085,000
State Facilities Revenue Bonds (fed. Taxable), Series 2022A (Conservation Commission)		16,970,000
TIFIA Loan, Series 2021 ³		42,031,289
Endowed Chairs Funding Program, Series 2021A		149,245,000
State Facilities Revenue Bonds (fed. Taxable), Series 2020E (Tourism)		43,385,000
State Facilities Revenue Bonds, Series 2020D (DHS)		12,400,000
State Highway Capital Improvement Refunding Revenue Bonds (fed. Taxable), Series 2020C		10,895,000
State Highway Capital Improvement Revenue Bonds, Series 2020B		161,115,000
State Highway Capital Improvement Refunding Revenue Bonds, Series 2020A		40,410,000
State Facilities Revenue Bonds, Series 2019C (Capitol Repair IV)		54,135,000
State Facilities Revenue Bonds, Series 2019B (Office of Juvenile Affairs)		38,350,000
State Facilities Revenue Bonds, Series 2019A (Conservation Commission)		5,685,000
State Facilities Revenue Bonds, Series 2018D (Dept. of Corrections)		96,715,000
State Facilities Revenue Bonds, Series 2018C (Capitol Repair III)		56,890,000
State Facilities Revenue Bonds (fed. Taxable), Series 2018B (AICCM)		25,205,000
State Facilities Revenue Bonds (fed. Taxable), Series 2017C (OKPOP)		25,150,000
State Facilities Revenue Bonds, Series 2017B (Capitol Repair II)		29,840,000
State Facilities Refunding Revenue Bonds, Series 2017A		8,220,000
State Highway Capital Improvement Revenue Bonds, Series 2016		129,755,000
State Facilities Refunding Revenue Bonds, Series 2015B		13,710,000
State Facilities Revenue Bonds, Series 2015A (Capitol Repair I)		7,875,000
State Facilities Refunding Revenue Bonds, Series 2014C		56,055,000
State Facilities Refunding Revenue Bonds, Series 2014B		240,000
State Facilities Refunding Revenue Bonds, Series 2014A		150,400,000
State Facilities Refunding Revenue Bonds, Series 2013A		1,155,000
Endowed Chairs Funding and Refunding Program, Series 2010		65,135,000
State Highway Capital Improvement Revenue Bonds (fed. taxable), Series 2009B		12,450,000
Gross Capitol Improvement Authority Lease Revenue Bonds	\$	1,336,711,289

ODFA - Regents' Master Real Property Lease Program ⁴		
Series 2023B (Regents' Master Real Property Lease Program)	\$	9,770,000
Series 2023A (Regents' Master Real Property Lease Program)		3,780,000
Series 2022B (Regents' Master Real Property Lease Program)		4,120,000
Series 2022A (Regents' Master Real Property Lease Program)		21,605,000
Series 2021B (Regents' Master Real Property Lease Program)		31,445,000
Series 2021A (Regents' Master Real Property Lease Program)		9,125,000
Series 2020D (Regents' Master Real Property Lease Program)		29,800,000
Series 2020C (Regents' Master Real Property Lease Program)		2,650,000
Series 2020B (Regents' Master Real Property Lease Program)		5,575,000
Series 2020A (Regents' Master Real Property Lease Program)		23,115,000
Series 2019B (Regents' Master Real Property Lease Program)		4,085,000
Series 2019A (Regents' Master Real Property Lease Program)		7,012,000
Series 2018A (Regents' Master Real Property Lease Program)		10,600,000
Series 2017D (Regents' Master Real Property Lease Program)		14,850,000
Series 2017C (Regents' Master Real Property Lease Program)		14,796,000
Series 2017B (Regents' Master Real Property Lease Program)		1,300,000
Series 2017A (Regents' Master Real Property Lease Program)		19,966,000
Series 2016G (Regents' Master Real Property Lease Program)		11,040,000
Series 2016F (Regents' Master Real Property Lease Program)		12,995,000
Series 2016E (Regents' Master Real Property Lease Program)		5,090,000
Series 2016D (Regents' Master Real Property Lease Program)		50,580,000
Series 2016C (Regents' Master Real Property Lease Program)		7,320,000
Series 2016B (Regents' Master Real Property Lease Program)		10,215,000
Series 2016A (Regents' Master Real Property Lease Program)		7,860,000
Series 2015D (Regents' Master Real Property Lease Program)		5,975,000
Series 2015B (Regents' Master Real Property Lease Program)		25,657,000
Series 2015A (Regents' Master Real Property Lease Program)		28,540,000
Series 2014H (Regents' Master Real Property Lease Program)		940,000
Series 2014E (Regents' Master Real Property Lease Program)		1,759,000
Series 2014D (Regents' Master Real Property Lease Program)		11,150,000
Series 2014C (Regents' Master Real Property Lease Program)		27,985,000
Series 2014B (Regents' Master Real Property Lease Program)		8,990,000
Series 2014A (Regents' Master Real Property Lease Program)		37,280,000
Series 2013B (Regents' Master Real Property Lease Program)		3,650,000
Series 2013A (Regents' Master Real Property Lease Program)		1,610,000
Gross Master Real Property Lease Program Bonds	\$	472,230,000

ODFA - Regents' Master Equipment Lease Program ⁴

Series 2023A (Regents' Master Equipment Lease Program)	\$	3,340,000
Series 2021C (Regents' Master Equipment Lease Program)		1,685,000
Series 2021B (Regents' Master Equipment Lease Program)		400,000
Series 2021A (Regents' Master Equipment Lease Program)		1,885,000
Series 2020C (Regents' Master Equipment Lease Program)		3,130,000
Series 2020B (Regents' Master Equipment Lease Program)		370,000
Series 2020A (Regents' Master Equipment Lease Program)		2,630,000
Series 2019B (Regents' Master Equipment Lease Program)		195,000
Series 2019A (Regents' Master Equipment Lease Program)		4,370,000
Series 2018A (Regents' Master Equipment Lease Program)		890,000
Series 2017E (Regents' Master Equipment Lease Program)		620,000
Series 2017D (Regents' Master Equipment Lease Program)		520,000
Series 2017C (Regents' Master Equipment Lease Program)		1,200,000
Series 2017B (Regents' Master Equipment Lease Program)		555,000
Series 2017A (Regents' Master Equipment Lease Program)		715,000
Series 2016B (Regents' Master Equipment Lease Program)		2,205,000
Series 2016A (Regents' Master Equipment Lease Program)		855,000
Series 2015C (Regents' Master Equipment Lease Program)		90,000
Series 2015B (Regents' Master Equipment Lease Program)		4,960,000
Series 2015A (Regents' Master Equipment Lease Program)		4,425,000
Series 2014C (Regents' Master Equipment Lease Program)		230,000
Series 2014A (Regents' Master Equipment Lease Program)		730,000
Series 2013A (Regents' Master Equipment Lease Program)		89,000
Series 2011C (Regents' Master Equipment Lease Program)		90,000
Gross Master Equipment Lease Program Bonds	\$	36,179,000

ODFA Lease Purchase Obligations - Public Sales ⁵		
Series 2019A (OMES-OSF IT Project)		\$ 20,160,000
Series 2018 (Pontotoc County Refunding) - CERF		2,430,000
Series 2017 (Pittsburg County Refunding) - CERF		855,000
Series 2016 (Union City Correctional Facility Refunding) - CERF		855,000
Series 2014 (East Central University Refunding) - CERF		2,655,000
Series 2013 (Rogers State University) - CERF		1,640,000
Series 2013 (CLEET Refunding)		5,490,000
Series 2012A (LeFlore County Health Department Project) - CERF		1,210,000
Series 2011 (Tillman County Project) - CERF		1,905,000
Series 2008 (Muskogee Port Project) - CERF		394,822
Series 2003 (Muskogee Port Project) - CERF		347,368
Gross ODFA Lease Purchase Obligations - Public Sales:		\$ 37,942,190
Gross Lease Purchase Debt Privately-Placed/Competitively Sold - 9 leases ⁶		\$ 2,627,437
TOTAL GROSS TAX-BACKED DEBT		\$ 1,915,689,915
Less: Self-Supporting Bonds		
Industrial Finance Authority Bonds	\$ 30,000,000	
ODFA Series 2013 (CLEET Refunding) ⁶	5,490,000	
OCIA Series 2014A (Attorney General Project portion) ⁷	360,000	
	<u>\$ 35,850,000</u>	
Total Reductions to Tax-Backed Debt		<u>\$ (35,850,000)</u>
TOTAL NET TAX-BACKED DEBT		\$ 1,879,839,915

Notes to Tax-Supported Debt Table

- ¹ OIFA G.O. bonds are secured initially by private industrial borrowers. No taxes have ever been used to pay debt service on these bonds.
- ² With the exception of those issues listed as "Self-Supporting Bonds," security for these lease-backed bonds is provided by annual appropriations from the State Legislature.
- ³ OCIA has closed on two long-term loans with the U.S. Department of Transportation's Build America Bureau for the benefit of the Oklahoma Department of Transportation. Pursuant to 73 O.S. § 350.1, security is provided by annual appropriations from the State Legislature.
- ⁴ Secured by allocations made by the Oklahoma State Regents for Higher Education from a single appropriation. Most institutions structure these as revenue bonds and use non-tax sources as initial security (e.g. student fees). More than 90% of the Master Real Property Lease Revenue Bonds are paid from non-tax sources.
- ⁵ Secured by various sources and, in some cases, legislative appropriations. Certain ODFA issues carry a Credit Enhancement Reserve Fund ("CERF") guarantee. CERF guarantees provide that State G.O. bonds will be sold if necessary. The CERF guarantee can be for the full issue or only the debt service reserve. No G.O. bonds have ever been sold under the CERF program. A cash reserve is available to provide liquidity until G.O. bonds can be marketed. The two Muskogee Port issues, and the Woodward Industrial Authority loan are held as investments by the Oklahoma Industrial Finance Authority.
- ⁶ The CLEET obligation is secured by dedicated fines and assessments.
- ⁷ The Attorney General Projects funded through the OCIA are secured by the Attorney General's Evidence Fund.

APPENDIX E

STATE PENSION SYSTEMS AND POST-EMPLOYMENT BENEFITS

The State of Oklahoma operates seven defined benefit pension plans for state, county and municipal employees. Five of the seven, including the two largest public employee retirement systems (the Oklahoma Public Employees Retirement System “OPERS” and the Oklahoma Teachers Retirement System “OTRS”) make a monthly payment for post-employment health insurance benefits. For OPERS, this payment is equal to the lesser of the premium rate of the health insurance benefit plan (or the Medicare Insurance Supplement Premium if the retiree is Medicare eligible) or \$105. For OTRS, the payment is based on a sliding scale from \$100 to \$105, depending on the retiree’s average salary and years of service at retirement. To qualify for this payment, retirees must maintain uninterrupted enrollment in the State health insurance system.

The actuarial accrued liabilities for post-employment benefits other than pensions are currently reported in each system’s annual actuarial report.

Oklahoma Retirement Systems. The State of Oklahoma administers seven defined benefit pension plans and one defined contribution plan for employees. One of the seven defined benefit pension plans, the Retirement Plan for Full Time Employees of the Department of Wildlife Conservation, was closed to new employees on June 30, 2010; employees hired before July 1, 2010, remain in the defined benefit plan and employees hired July 1, 2010, and thereafter participate in a defined contribution plan. Effective November 1, 2015, new employees covered by the Oklahoma Public Employees Retirement System participate in a defined contribution plan.

While five boards of trustees manage these pension plans, additional oversight is provided by the Oklahoma State Pension Commission (the “Commission”), pursuant to state law. Quarterly performance reports are published by the Commission with the assistance of its pension fund management consultant, currently RVK, Inc. The Commission also publishes an annual report which includes information on total assets, total liabilities and the unfunded liabilities of the various plans.

The pension plans administered by the State are the subject of annual actuarial valuations. To access actuarial reports for specific pension plans, see the links below:

Oklahoma Teachers Retirement System:

<http://www.ok.gov/TRS/Publications/>

Oklahoma Public Employees Retirement System:

<http://www.opers.ok.gov/publications/>

Oklahoma Police Pension & Retirement System:

<https://www.opprs.ok.gov/publications>

Oklahoma Firefighters Pension & Retirement System:

http://www.ok.gov/fprs/Actuary_Report/

Oklahoma Law Enforcement Retirement System:

<https://www.olders.state.ok.us/index.php/document-forms>

Uniform Retirement System for Justices and Judges:

<http://www.opers.ok.gov/publications/>

The actuarial report for the Retirement Plan for Full Time Employees of the Department of Wildlife Conservation is not available electronically, but a written copy thereof may be obtained upon request by contacting the Assistant Director of Administration & Finance, Oklahoma Department of Wildlife Conservation, 2145 N.E. 36th Street, Oklahoma City, OK 73111, telephone: (405) 521-3851.

The pension disclosures rely on information produced by the pension plans and their independent accountants and actuaries. Actuarial assessments are forward-looking valuation estimates that reflect the judgment of the fiduciaries of the pension plans. Actuarial assessments are based upon a variety of assumptions, one or more of which may prove to be inconsistent with subsequent events or be changed in the future, and will change with the future experience of the pension plans.

The Governmental Accounting Standards Board (“GASB”) does not mandate a specific funding approach, leaving such determination to the governmental entity. The Oklahoma Legislature has enacted measures designating certain revenue or funding sources for four of the seven State pension plans rather than appropriating sums equal to the annual ARC calculation. Pursuant to Oklahoma Statutes, the four State pension plans receiving various dedicated revenues are as follows: (i) Oklahoma Teachers Retirement System receives revenues from the State’s individual income tax, corporate income tax, sales tax, use tax and lottery proceeds; (ii) Oklahoma Firefighters Pension & Retirement System receives revenues from insurance premium tax; (iii) Oklahoma Police Pension & Retirement System receives revenues from insurance premium tax and special tax credit fund; and (iv) Oklahoma Law Enforcement Retirement System receives revenues from insurance premium tax and drivers’ license tax. The Oklahoma Public Employees Retirement System, the Uniform Retirement System for Justices and Judges, and the Retirement Plan for Full Time Employees of the Department of Wildlife Conservation do not receive dedicated portions of state revenues and are funded by contributions to the respective systems made by members and their employers. Since funding of the State’s public pension plans is not directly tied to the ARC calculations, but relies predominately on an allocation of a source of revenues, the funding for a particular pension plan may, in any given year, be more or less than the ARC calculation for such plan.

Retirement benefits that are allocable to a year are a State law determination. The Oklahoma Supreme Court, in Baker v. Oklahoma Firefighters Pension and Retirement System, 718 P.2d 348 (1986), held that pension benefits become absolute and are protected by Article II, Section 15 of the Oklahoma Constitution at the point a person becomes eligible to retire and receive pension payments. In addition, the Court has recognized that certain statutorily created rights may have been afforded employees covered by certain plans prior to the right to receive benefits. See 1995 Oklahoma Attorney General’s Opinion No. 45.

A primary assumption of each plan is the investment rate of return. The table below shows the investment rate of return used by each of the seven defined benefit plans.

	Assumed Investment <u>Return Rate</u>
Oklahoma Teachers Retirement System	7.00%
Oklahoma Public Employees Retirement System	6.50%
Oklahoma Police Pension & Retirement System	7.50%
Oklahoma Firefighters Pension & Retirement System	7.50%
Oklahoma Law Enforcement Retirement System	7.50%
Retirement Plan for Full Time Employees of the Department of Wildlife Conservation	7.00%
Uniform Retirement System for Justices and Judges	6.50%

The table below presents a 10-year summary of the actuarial values of assets, actuarial accrued liabilities, unfunded actuarial accrued liabilities, and the funded ratios for the State's seven defined benefit pension plans listed above. With the exception of the funded ratio percentages, all numbers are in millions.

Summary of Assets and Liabilities of the State's Seven Defined Benefit Plans

<u>Valuation Date</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio (AVA/AAL)</u>
1-Jul-14	25,392	35,044	9,652	72.5%
1-Jul-15	27,868	36,681	8,813	76.0
1-Jul-16	29,305	38,891	9,586	75.4
1-Jul-17	31,058	39,495	8,437	78.6
1-Jul-18	32,807	40,398	7,591	81.2
1-Jul-19	34,009	41,845	7,836	81.3
1-Jul-20	35,189	45,893	10,704	76.7
1-Jul-21	37,918	46,821	8,903	81.0
1-Jul-22	39,718	47,214	10,490	82.8
1-Jul-23	41,066	49,376	8,310	83.2

The table below presents a 10-year summary of contributions (from all sources) to the State's seven defined benefit pension plans listed above. With the exception of the percentage contributed, all numbers are in millions.

Summary of Contributions to the State's Seven Defined Benefit Plans

<u>Valuation Date</u>	<u>Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
1-Jul-14	1.00	1.26	126.0%
1-Jul-15	1.15	1.27	110.4
1-Jul-16	1.17	1.24	106.0
1-Jul-17	1.14	1.30	114.0
1-Jul-18	1.11	1.37	123.4
1-Jul-19	1.16	1.51	130.2
1-Jul-20	1.30	1.80	138.5
1-Jul-21	1.21	1.78	146.5
1-Jul-22	1.21	2.05	169.4
1-Jul-23	1.27	2.17	170.9

Over the last decade, the Oklahoma Legislature adopted several pension reform measures that significantly improved the funded status of the State's pension plans. During the 2011 Legislative Session, House Bill 2132 amended existing law to require identification of funding sources for any proposed cost of living increases. Senate Bill 794, also signed during the 2011 Legislative Session, amended existing law for the Oklahoma Public Employees Retirement System to change the "normal retirement date" for an

employee becoming a member of the System on or after November 1, 2011, from such employee's 62nd birthday to his or her 65th birthday. Other notable reform measures include Senate Bill 1001 and House Bill 2321, both signed into law as part of the 2012 Legislative Session, and House Bill 2078, which was enacted by the 2013 Legislature. Additionally, on May 30, 2014, Governor Fallin signed into law House Bill 2630, which created a defined contribution retirement plan for participants in the Oklahoma Public Employees Retirement System (OPERS), effective November 1, 2015, for employees hired on or after November 1, 2015.

During 2020, there were three significant modifications to the State's pension systems. The first was the adoption of Senate Bill 3350 which granted a cost of living adjustment (COLA) to retirees in the State's seven pension systems. The COLA provided a 4% increase in benefits for retirees that have been retired for five or more years and a 2% increase for retirees that have been retired for more than two years but less than five years. Senate Bill 3350 represents the first COLA granted by the legislature since the significant reforms approved during the 2011 Legislative Session. In aggregate, the COLA increased the unfunded actuarial liability by approximately \$726 million across all seven pension systems.

The second significant change was to lower the assumed rate of return for the Oklahoma Public Employees Retirement System (OPERS) and the Oklahoma Teachers Retirement System (TRS). OPERS lowered their assumed rate of return from 7.0% to 6.5% and TRS lowered from 7.5% to 7.0%. The change in investment assumptions increased the aggregate actuarial liability of the State's pension systems by approximately \$1.8 billion.

The third significant change was to temporarily reduce the off-the-top allocations of various tax revenues to TRS, Firefighters Retirement System, and Police Pension System and Law Enforcement Retirement System. In total, House Bill 2741 reduced the allocation to TRS by approximately \$73 million and HB2742 reduced funding to the other systems by approximately \$39 million. The reduction is temporary and scheduled increase off-the-top allocations in the future.

SB102, impacting the Oklahoma Police Pension and Retirement System, was ultimately passed during the 2024 legislative session after a gubernatorial veto and a legislative override. This measure modifies the retiree benefit multiplier from 2.75% to 3.00% and increases the employee and employer contributions.

APPENDIX F

PROPOSED FORM OF OPINION OF BOND COUNSEL

*An opinion in substantially the following form will be delivered by
The Public Finance Law Group PLLC, Bond Counsel, upon delivery of the Series 2024B Bonds,
assuming no material changes in facts or law.*

October __, 2024

The Oklahoma Development Finance Authority
Oklahoma City, Oklahoma

We have examined a certified copy of the Transcript of Proceedings in connection with the issuance of \$_____ The Oklahoma Development Finance Authority Oklahoma State System of Higher Education Master Real Property Lease Revenue Refunding Bonds, Tax-Exempt Series 2024B (the “2024B Bonds”), being issued as fully registered bonds in denominations of \$1,000 each or any integral multiples thereof maturing serially on June 1 in each of the years 20__ through 20__, and term bonds maturing on June 1, 20__, and 20__, and bearing interest payable semi-annually on each June 1 and December 1, commencing June 1, 2025.

We have also examined a certified copy of the Transcript of Proceedings in connection with the issuance of \$_____ The Oklahoma Development Finance Authority Oklahoma State System of Higher Education Master Real Property Lease Revenue Refunding Bonds, Tax-Exempt Series 2024C (the “2024C Bonds” and collectively with the 2024B Bonds, the “Bonds”), being issued as fully registered bonds in denominations of \$1,000 each or any integral multiples thereof maturing serially on December 1 in each of the years 20__ through 20__, and term bonds maturing on December 1, 20__, and 20__, and bearing interest payable semi-annually on each June 1 and December 1, commencing June 1, 2025.

The Bonds have been issued by The Oklahoma Development Finance Authority (the “Authority”), a public trust created and existing for the benefit of the State of Oklahoma, pursuant to the provisions of Title 60, Oklahoma Statutes 2021, Section 176 *et seq.*, and as an instrumentality of the State of Oklahoma (the “State”) under the provisions of Title 74, Oklahoma Statutes 2021, Section 5062.1 *et seq.* (collectively the “Act”), and in accordance with a resolution adopted by the Authority (the “Bond Resolution”) and pursuant to a Trust Indenture dated as of July 1, 2024, as supplemented and amended by a Series 2024B Supplemental Trust Indenture dated as of October 1, 2024, and as further supplemented and amended by a Series 2024C Supplemental Trust Indenture dated as of October 1, 2024 (collectively, the “Indenture”), all by and between the Authority and UMB Bank, N.A., as trustee (the “Trustee”). The Bonds have been issued for the purpose of financing or refinancing the acquisition of certain improvements to real property for lease to certain educational institutions which are a part of the Oklahoma State System of Higher Education (the “Schedule Lessees”) pursuant to a Master Real Property Lease Purchase Agreement (the “Lease”) dated as of July 1, 2024, by and among the Authority and the Oklahoma State Regents for Higher Education and the Schedule Lessees. Defined terms used herein and not otherwise defined shall have the meanings given said terms in the Indenture.

The Bonds are subject to redemption prior to stated maturity, at the redemption prices, for the reasons, and in the manner set out on the face thereof, and as prescribed by the Indenture.

The Bonds are not a liability or indebtedness, general or special, of the State of Oklahoma (the “State”) or any political subdivision thereof, and neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the

Bonds. The Bonds are not general obligations of the Authority (which has no taxing power) but are limited and special revenue obligations of the Authority payable solely from: (i) the right, title and interest of the Authority in and to the Real Property, the Lease, the Lease Payments, the Deposits, and Pledged Revenues, and (ii) all funds and accounts created under the Indenture.

In preparation for rendering the opinion expressed hereinbelow, we have examined the Bond Resolution, the Indenture, and the Lease. We have also examined the law and such certified proceedings and other documents and instruments as we have deemed necessary to render this opinion.

We further advise that the Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excludable from gross income for Federal income tax purposes under Section 103 of the Code. The Tax Certificate of the Authority, which will be delivered concurrently with the delivery of the Bonds, contains provisions and procedures relating to compliance with the requirements of the Code. The Authority, in executing its Tax Certificate, has covenanted that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest on the Bonds shall not be included in gross income for Federal income tax purposes under the Code. Noncompliance by the Authority with the provisions of the Tax Certificate may require inclusion in gross income of the recipients of interest on the Bonds retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs.

We have examined (i) the Constitution and laws of the State, including the Act; (ii) the Trust Indenture, establishing and creating the Authority; (iii) certified copies of the proceedings of the Trustees of the Authority authorizing the issuance and sale of the Bonds; (iv) executed originals of the Indenture and the Lease; and (v) the executed and authenticated Bond No. R-1 with respect to the Bonds. We have also examined the Code and applicable court decisions and proofs of such other proceedings, documents and instruments as we have deemed relevant to the authorization, issuance and sale of the Bonds.

As to questions of fact material to our opinion, we have relied upon the representations of the Authority contained in the Indenture and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Authority is duly created and validly existing as a public trust with the State of Oklahoma as its beneficiary, with full power and authority to adopt the Bond Resolution and approve and execute the Lease and the Indenture and perform the agreements on its part contained therein and issue the Bonds.
2. The Bond Resolution, Indenture and Lease, together with other documents and instruments incident to the issuance of the Bonds and the application of the proceeds derived therefrom, have been duly adopted or approved by the Authority and the Bond Resolution, Indenture, and Lease constitute valid and binding obligations of the Authority, enforceable in accordance with their respective terms.
3. The Indenture creates a valid assignment of the Trust Estate (as such term is defined in the Indenture) and creates a valid lien on the funds and property pledged thereunder for the security of the Bonds.
4. The Bonds have been duly authorized, executed and delivered by the Authority and constitute valid and binding limited obligations of the Authority, payable solely from the sources provided in the Indenture.
5. Assuming that the Authority complies with the provisions and procedures set forth in the Tax Certificate of the Authority, under existing statutes and court decisions, interest on the Bonds is excludable

from the gross income of the owners thereof pursuant to Section 103 of the Code for federal income tax purposes. In addition, interest on the Bonds is not treated as a specific preference item in calculating alternative minimum tax which may be imposed 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. The opinions set forth in the preceding sentences are subject to the condition that the Authority complies with all requirements of 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. The Authority and the Schedule Lessees have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. Interest on the Bonds is exempt from State of Oklahoma income tax.

7. The Bonds are exempt from registration under the Securities Act of 1933 and the Indenture is exempt from qualification under the Trust Indenture Act of 1939.

8. The form of the Bonds and their execution are regular and proper.

We express no opinion regarding any other Federal or state or local tax consequences with respect to the Bonds. We render our opinion under existing statutes and court decisions as of the issue date. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Bonds, or under state and local tax law.

In rendering this opinion, we are advising you that the enforceability of the Lease, the Bonds, and the Indenture may be limited by laws relating to bankruptcy, reorganization, moratorium, insolvency or other laws affecting creditors' rights generally and subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). In rendering the foregoing opinions regarding Federal income tax treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate of the Authority; and (ii) continuing compliance by the Authority with the covenants set forth in such Tax Certificate as to such matters. We also have relied upon the opinion of Hawkins, Delafield & Wood LLP to the effect that the Bonds are not "private activity bonds" within the meaning of Section 141 of the Code or "arbitrage bonds" within the meaning of Section 148 of the Code. We do not undertake to advise you of matters which may come to our attention subsequent to the date hereof which may affect our legal opinions and conclusions expressed herein, and we bring to your attention the fact that our legal opinions and conclusions are an expression of professional judgment and are not a guarantee of a result.

Respectfully,

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APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) dated as of October 1, 2024, is entered into by and among The Oklahoma Development Finance Authority (the “Issuer”), the Office of Management and Enterprise Services of the State of Oklahoma (“OMES”), the Oklahoma State Regents for Higher Education (the “Regents”), as Lessee, and UMB Bank, N.A., as Trustee (the “Trustee” and “Paying Agent”) with respect to the Issuer’s Oklahoma State System of Higher Education Master Real Property Lease Revenue Refunding Bonds, Tax-Exempt Series 2024B (the “Series 2024B Bonds”) and Oklahoma State System of Higher Education Master Real Property Lease Revenue Refunding Bonds, Tax-Exempt Series 2024C (the “Series 2024C Bonds” and collectively with the Series 2024B Bonds, the “Series 2024B/C Bonds”), issued pursuant to a Trust Indenture dated as of July 1, 2024, as previously supplemented, and as further supplemented by a Series 2024B Supplemental Trust Indenture and a Series 2024B Supplemental Trust Indenture, each dated as of October 1, 2024 (collectively, the “Indenture”), by and between the Issuer and the Trustee. The parties hereby agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the parties for the benefit of the Holders and Beneficial Owners of the Series 2024B/C Bonds and in order to assist each Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “Commission”). The Issuer and the Regents represent that the Issuer and the Regents, as applicable, will be the only “obligated persons” (as defined in the Rule) with respect to the Series 2024B/C Bonds at the time the Series 2024B/C Bonds are delivered to each Participating Underwriter and that no other person presently is expected to become an obligated person with respect to the Series 2024B/C Bonds at any time after the issuance of the Series 2024B/C Bonds. Exhibit A hereto sets forth the obligated person with respect to each Listed Event.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Agent*” or “*Dissemination Agent*” means an entity other than OMES or the Regents designated by the Issuer in writing and accepted by the Agent to perform all or part of the Issuer’s functions set forth herein. The Agent may or may not be the Trustee.

“*Annual Financial Information*” means the financial information or operating data with respect to the State, the Regents and the Issuer, for each fiscal year, as follows:

(a) Financial information of the type set forth in Appendix A to the Issuer’s Official Statement, relating to the Series 2024B/C Bonds including, but not limited to all quantitative enrollment information and educational and general primary budget allocations made by the Regents respecting the Schedule Lessees.

(b) Audited Financial Statements of the State, if available.

“*Audited Financial Statements*” means the annual financial statements, if any, of the State, audited by such auditor as shall then be required or permitted by State law or the Indenture. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that the State may from time to time, if required by federal or State legal requirements, modify the basis upon which its financial statements are prepared. Notice of any such modification shall be provided to the MSRB, and shall include a reference to the specific federal or State law or regulation describing such accounting basis.

“*Beneficial Owner*” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*Dissemination Agent*” shall mean any entity designated by the Issuer to act as the Dissemination Agent hereunder.

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

“*Financial Obligation*” shall mean 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 defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“*Listed Event*” shall mean any of the events listed in Exhibit A to this Disclosure Agreement.

“*Listed Event Notice*” means notice of a Listed Event in Prescribed Form.

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

“*Official Statement*” means the “final official statement,” as defined in the paragraph (f)(3) of the Rule, relating to the Series 2024B/C Bonds.

“*Participating Underwriter*” shall mean any of the original underwriters of the Series 2024B/C Bonds required to comply with the Rule in connection with offering of the Series 2024B/C Bonds.

“*Prescribed Form*” means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Listed Events with the MSRB at www.emma.msrb.org (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

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

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

Section 3. Annual Financial Information. (a) There shall be provided (i) by the Regents with respect to part (a) of the Annual Financial Information and (ii) by OMES with respect to part (b) of the Annual Financial Information, such Annual Financial Information with respect to each fiscal year of the State, commencing with the fiscal year ending June 30, 2024, not later than 190 days after the end of the Issuer’s fiscal year (presently July 1 through June 30), to the MSRB in Prescribed Form, Annual Financial Information which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Financial Information may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure

Agreement; *provided* that the Audited Financial Statements may be submitted separately from the balance of the Annual Financial Information and later than the date required above for the filing of the Annual Financial Information if they are not available by that date but within 10 business days after they become available. If the State's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) If (i) the Regents fail to provide their portion of the Annual Financial Information to the MSRB by the date required in subsection (a), or (ii) OMES fails to provide its portion of the Annual Financial Information to the MSRB by the date required in subsection (a), the Regents or OMES shall send a notice of such failure to the MSRB by a date not in excess of 10 business days after the occurrence of such failure.

(c) Although not constituting part of the Annual Financial Information, as additional information contemplated by Section 10 hereof, OMES agrees to provide to the MSRB in Prescribed Form the most recent Summary of Actuarial Reports issued by the Oklahoma State Pension Commission on an annual basis, commencing with the Summary to be issued in 2024, not later than 10 business days after such Summary becomes available.

Section 4. Audited Financial Statements. If not provided as part of the Annual Financial Information by the date required by Section 3(a) hereof, OMES shall provide Audited Financial Statements, when and if available, to the MSRB. If the Audited Financial Statements are not available by the time the Annual Financial Information is required to be filed pursuant to Section 3(a), the Annual Financial Information shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the Audited Financial Statements shall be filed in the same manner as the Annual Financial Information within 10 business days of when they become available. Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or the State or related public entities, which have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer or OMES shall clearly identify each such other document so included by reference.

Section 5. Disclosure of Listed Events. The Issuer and the Regents, as the applicable obligated person with respect to each Listed Event as set forth in Exhibit A hereto, hereby covenant that they will disseminate in a timely manner, not in excess of 10 business days after the occurrence of the event, a Listed Event Notice to the MSRB in Prescribed Form with a copy thereof provided to the Trustee. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds need not be given under this Disclosure Agreement any earlier than the notice (if any) of such redemption is given to the owners of the Series 2024B/C Bonds pursuant to the Indenture. The Issuer and the Regents are required to deliver such Listed Event Notice in the same manner as provided by Section 3(a) of this Disclosure Agreement.

Section 6. Duty To Update EMMA/MSRB. The Issuer shall determine, in the manner it deems appropriate, whether there has occurred a change in the MSRB's e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

Section 7. Termination of Reporting Obligation. The parties' obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2024B/C Bonds. If such termination occurs prior to the final maturity of the Series 2024B/C Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event Notice under Section 5.

Section 8. Dissemination Agent. The Issuer, the Regents or OMES may, from time to time, appoint or engage a Dissemination Agent to assist in carrying out their obligations under this Disclosure

Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer, the Regents or OMES pursuant to this Disclosure Agreement.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the parties may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2024B/C Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2024B/C Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Series 2024B/C Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Series 2024B/C Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer, the Regents or OMES shall describe such amendment in the next Annual Financial Information, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer, the Regents or OMES. In addition, if the amendment relates to the accounting principles to be followed in preparing Audited Financial Statements, (i) notice of such change shall be given in the same manner as for a Listed Event Notice under Section 5, and (ii) the Annual Financial Information for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer, the Regents or OMES from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Financial Information or Listed Event Notice, in addition to that which is required by this Disclosure Agreement. If the Issuer, the Regents or OMES chooses to include any information in any Annual Financial Information or Listed Event Notice in addition to that which is specifically required by this Disclosure Agreement, the Issuer, the Regents or OMES shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Financial Information or Listed Event Notice.

Section 11. Failure To Comply. In the event of a failure of the Issuer, the Regents or OMES to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Series 2024B/C Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer, the Regents or OMES to comply with their respective obligations under this Disclosure Agreement. A failure to comply under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this

Disclosure Agreement in the event of any failure of the Issuer, the Regents or OMES to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Regents, OMES, the Dissemination Agent, each Participating Underwriter and Holders and Beneficial Owners from time to time of the Series 2024B/C Bonds, and shall create no rights in any other person or entity.

Section 14. Recordkeeping. The Issuer shall maintain records of all filings of Annual Financial Information and Listed Event Notices, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 15. Past Compliance. Representation as to compliance with any previous undertakings to provide continuing disclosure intentionally omitted in this form appended to the Official Statement.

Section 16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signatures Omitted – Exhibit A on Next Page]

EXHIBIT A

EVENTS WITH RESPECT TO THE BONDS FOR WHICH LISTED EVENT NOTICES ARE REQUIRED

		Obligated Person
1.	Principal and interest payment delinquencies.	Regents
2.	Nonpayment-related defaults, if material.	Regents
3.	Unscheduled draws on debt service reserves reflecting financial difficulties.	Regents
4.	Unscheduled draws on credit enhancements reflecting financial difficulties.	Regents
5.	Substitution of credit or liquidity providers, or their failure to perform.	Regents
6.	Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.	Issuer
7.	Modifications to rights of security holders, if material, and tender offers.	Issuer
8.	Bond calls, if material.	Issuer
9.	Defeasances.	Issuer
10.	Release, substitution or sale of property securing repayment of the securities, if material.	Regents
11.	Rating changes.	Issuer
12.	Bankruptcy, insolvency, receivership or similar event of the Regents ¹ .	Regents
13.	The consummation of a merger, consolidation or acquisition involving the Regents or the sale of all or substantially all of the assets of the Regents, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.	Regents
14.	Appointment of a successor or additional trustee or the change of name of a trustee, if material.	Issuer
15.	Incurrence of a financial obligation of the Regents, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Regents, any of which affect holders of the Bonds, if material ² .	Regents
16.	Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Regents, any of which reflect financial difficulties.	Regents

¹ This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Regents in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Regents, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Regents.

² The Regents intend to comply with Listed Events numbered 15 and 16 above, and the definition of “Financial Obligation”, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885, dated August 20, 2018 (the “**2018 Release**”), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.