

SPECIAL MIDWEST CITY MEMORIAL HOSPITAL AUTHORITY AGENDA

City Hall - Midwest City Council Chambers, 100 N. Midwest Boulevard

January 30, 2018 - 6:00 PM

To make a special assistance request, call 739-1215 or email pmenefee@midwestcityok.org no less than 24 hours prior to the start of a meeting. If special assistance is needed during a meeting, call 739-1388.

A. CALL TO ORDER.

B. DISCUSSION ITEM.

1. Discussion and consideration of entering into an agreement with MWC Warren Theatre, Inc. and Arvest Bank; requiring the Midwest City Memorial Hospital Authority to maintain responsibility for ongoing assessment and remediation efforts concerning the former site of underground storage tanks at 5923 SE 15th Street (Oklahoma Corporation Commission Facility I.D. #55-07415; OCC Case #064-4150); indemnifying, defending and holding harmless the MWC Warren Theatre, Inc. and Arvest Bank; providing for right-of-entry; and providing termination of the Agreement via a "No Further Action" letter. (Economic Development - R. Coleman)

C. ADJOURNMENT.



Midwest City Memorial Hospital Authority
100 North Midwest Boulevard
Midwest City, Oklahoma 73110
Office (405) 739-1207/Fax (405) 739-1208
www.midwestcityok.org

MEMORANDUM

TO: Chairman Dukes and the MCMHA Board of Trustees

FROM: Robert Coleman, Director of Economic Development

DATE: January 30, 2018

RE: Discussion and consideration of entering into an agreement with MWC Warren Theatre, Inc. and Arvest Bank; requiring the Midwest City Memorial Hospital Authority to maintain responsibility for ongoing assessment and remediation efforts concerning the former site of underground storage tanks at 5923 SE 15th Street (Oklahoma Corporation Commission Facility I.D. #55-07415; OCC Case #064-4150); indemnifying, defending and holding harmless the MWC Warren Theatre, Inc. and Arvest Bank; providing for right-of-entry; and providing termination of the Agreement via a “No Further Action” letter.

The Midwest City Memorial Hospital Authority (“Authority”) agreed to take responsibility for environmental problems at 5923 SE 15th ST as part of the Theatre Development Financial Assistance Agreement. The Authority later contracted with SCS Engineers (“SCS”) to oversee the testing and remediation of the site of formal underground fuel tanks, and to submit the property for acceptance into the State of Oklahoma Corporation Commission’s (“OCC”) Underground Storage Tank Indemnity Fund (“Fund”).


The attached memo from SCS describes how the case has progressed since its inception.

Chairman Dukes, General Manager Henson and Staff met with OCC representatives on January 17th to discuss the need to immediately resolve the case. OCC representatives agreed to providing funding and permission to expedite testing, but that the process could not be abbreviated in any way and that it could “take months” to complete. They also felt the cost of additional environmental testing and remediation will be completed well within the Fund’s limitations.

MWC Warren Theatres, Inc. (“Warren”) held a pre-construction meeting two weeks ago and is ready to close on the property, purchase all permits and proceed with construction. However, it refuses to do so until the Authority agrees to take responsibility and/or the environmental matters are fully resolved. Warren’s legal team has approved the attached agreement as a means to move forward with closing, thereby possibly avoiding any labor or material price increases due to expiring bids. Arvest Bank has been added to the agreement since it is the lender.

The Agreement plainly puts the responsibility in the Authority’s hands for all costs associated with testing and cleaning the site leading to the issuance “No Further Action” letter.

The Agreement had been circulated amongst all parties At the time of the agenda deadline but we were still awaiting final comments from Warren’s legal team and initial comments from Arvest. We will advise if there are additional edits and disseminate corrected copies if there are any changes prior to the meeting being call to order.



Robert Coleman
Director of Economic Development

Attachments: Contract
SCS Engineers Memo



STATE OF OKLAHOMA

ENVIRONMENTAL AGREEMENT

COUNTY OF OKLAHOMA

THIS ENVIRONMENTAL AGREEMENT (this “Agreement”) is made and entered into as of the 30th day of January, 2018 (“Effective Date”), by the Midwest City Memorial Hospital Authority, an Oklahoma public trust (the “Authority”), MWC Warren Theatre, Inc., a Kansas corporation (“Warren”), and Arvest Bank, an Arkansas corporation, it’s lender (“Arvest”).

STATEMENT OF PURPOSE

The Authority is the owner of that certain property located at the northwest quadrant of SE 15th Street and Buena Vista Avenue, Midwest City, Oklahoma, and more particularly described on Exhibit A, attached hereto and incorporated by reference (the “Property”). The southeastern portion of the Property (shown on the Final Plat (defined below) as Lot 3) has been impacted by former underground storage tanks (the “Former USTs”) previously located on the Property, which Former USTs are more particularly described in the UST Closure Report, prepared by SCS Engineers, and attached to this Agreement as Exhibit B (the “Closure Report”). The Authority caused the Former USTs to be removed as described in the Closure Report.

Subsequent to the removal of the Former USTs, the Oklahoma Corporation Commission (“OCC”), which agency has jurisdiction over the Former USTs and environmental issues associated therewith, accepted the Property into the Petroleum Storage Tank Indemnity Fund (the “Indemnity Fund”) on October 6, 2017, and designated the Authority a Third Party Impacted Property Owner. The Indemnity Fund will fund Environmental Activities (as defined below) associated with the Former USTs that are conducted pursuant to OCC regulations. OCC has requested additional site assessment activities on the Property associated with the Former USTs, and may require additional Environmental Activities in order to achieve regulatory closure of the Former USTs environmental matter.

The Authority and Warren have entered into that certain Sooner Rose Phase II – Theatre Development Financing Assistance Agreement, dated April 24, 2017, as amended by that certain Sooner Rose Phase II – Theatre First Amendment to Development Financing Assistance Agreement, dated July 25, 2017 and subsequent amendments (collectively, the “Theatre DFAA”) providing, *inter alia*, for the Authority’s conveyance of the Property to Warren, and Warren’s acquisition and redevelopment of the Property pursuant to the terms thereof. The parties intend that the Authority shall continue to undertake the Environmental Activities required by OCC and relating to the Former USTs following Warren’s acquisition of the Property. Therefore, the parties hereto have agreed to enter into this Agreement for the purposes of the assessment and, if necessary, remediation of the Property associated with the Former USTs.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

- 1. Statement of Purpose.** The Statement of Purpose set forth above is true and correct and is hereby incorporated by this reference.
- 2. Definitions.**
 - 2.1. Environmental Activities.** As used in this Agreement, the term “Environmental Activities” shall mean the activities set forth in Section 3.1.
 - 2.2. Environmental Contamination.** As used in this Agreement, the term “Environmental Contamination” means any hazardous or toxic substances materials or wastes that are or may

be, as of the Effective Date, located on the Property or migrating from the Property after the Effective Date or any of the Lots as set forth in the Final Plat, which are or become regulated under any applicable local, state or federal law including, but not limited to those substances, materials, and wastes listed in the United States Department of Transportation Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302) and amendments thereto, and such substances, materials and wastes such as (i) petroleum products, (ii) polychlorinated biphenyls, (iii) "hazardous substances" as designated pursuant to Section 311 of the Clean Water Act, 33 U.S.C. Section 1251 et seq. (33 U.S.C. Section 1321) or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. Section 1317), (iv) substances defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. (42 U.S.C. Section 6903), or (v) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq. (42 U.S.C. Section 9601), associated with the Former USTs and which are required by law or regulation to be assessed and remediated in order to obtain a No Further Action Letter (defined below).

- 2.3. **Final Plat.** The Property has been subdivided into four Lots pursuant to that certain Final Plat, dated November 11, 2017, and recorded in the Oklahoma County, Oklahoma Public Records at Plat Book 76, Page 25 (the "Final Plat"). References in this Agreement to "Lot 1" or "Lot 3" shall mean those portions of the Property as subdivided and identified on the Final Plat.
- 2.4. **Governmental Agency.** The term "Governmental Agency" shall mean the OCC or any other Federal, State or local agency having, or exerting, jurisdiction over the Environmental Contamination or Environmental Activities or the Property.
- 2.5. **No Further Action Letter.** The term "No Further Action Letter" shall mean written correspondence from the Governmental Agency confirming that the Environmental Contamination has been assessed and remediated in accordance with Oklahoma law and constituting final agency action for remediation as required by the Governmental Agency. The parties hereto acknowledge and agree that a No Further Action Letter may provide for a risk-based regulatory closure for the Property.

3. Environmental Activities.

- 3.1. As soon as reasonably practicable following the Effective Date, the Authority will conduct the soil and groundwater assessment(s) as shall be directed by the Governmental Agency. Thereafter, the Authority shall diligently conduct all assessment and remediation activities associated with the Environmental Contamination as required by the Governmental Agency to achieve a No Further Action Letter typically issued by the Governmental Agency associated with environmental releases similar to the Environmental Contamination. Upon issuance of the No Further Action Letter, the Authority shall remove all waste, stockpiled soil, investigation derived waste and monitoring equipment located or installed on the Property and properly plug all wells associated with the Environmental Activities and shall restore the Property to its physical condition (excluding the Environmental Contamination) and contour as of the Effective Date, ordinary wear and tear excepted, all at its sole cost and expense.
- 3.2. The Authority shall undertake the Environmental Activities at its sole cost and expense. The Environmental Activities shall be conducted pursuant to, and in compliance with, all applicable laws, regulations and ordinances, including but not limited to the Indemnity Fund requirements.
- 3.3. The parties hereto acknowledge that the Authority shall undertake the Environmental Activities concurrent with Warren's efforts to redevelop portions of the Property. Therefore:
 - 3.3.1. Prior to conducting any Environmental Activities on the Property, the Authority shall provide Warren a written description of any Environmental Activities to be

conducted on the Property for Warren's written approval, not to be unreasonably withheld, conditioned or delayed; and

3.3.2. Warren shall not undertake any construction activities, stage any construction equipment, or store any construction materials on Lot 3 prior to issuance of a No Further Action Letter without the Authority's prior written approval, not to be unreasonably withheld, conditioned or delayed.

3.4. The Authority shall promptly provide copies of all documents, reports, filings, and other communications with the Governmental Authority associated with the Environmental Contamination and Environmental Activities. The Authority shall keep Warren reasonably informed of the Environmental Activities, and Warren's representatives shall be entitled to attend all meetings with the Governmental Agency.

3.5. Warren shall grant the Authority and its agents rights to enter upon the Property upon reasonable advance notice for purposes of undertaking the Environmental Activities. Warren shall reasonably cooperate with the Authority in its undertaking of the Environmental Activities, including, but not limited to the execution of forms or documents required to be executed by the owner of the Property by the Governmental Agency. Warren shall consent to an appropriate deed restriction prohibiting groundwater use on Lot 3 and limiting use of Lot 3 to commercial uses only permitted in accordance with issuance of a No Further Action Letter.

4. Indemnification.

4.1. To the extent permitted by Oklahoma law, the Authority shall indemnify, protect, defend (with counsel reasonably approved by Warren) and hold Warren and Arvest, and their respective directors, officers, shareholders, employees and agents harmless from any claims (including, without limitation, third party claims for personal injury or real or personal property damage), actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, including any charges imposed by the Governmental Agency, liabilities (including sums paid in settlements of claims), interest or losses including, but not limited to, reasonable attorneys' fees and expenses (including any such fees and expenses incurred in enforcing this Agreement or collecting any sums due hereunder), and reasonable consultant fees and expert fees that arise directly or indirectly from or in connection with the presence, suspected presence, release or suspected release of the Environmental Contamination at, on, about, under or within the Property, or any portion thereof existing as of the Effective Date.

4.2. To the extent permitted by Oklahoma law, the Authority shall indemnify, protect, defend (with counsel reasonably approved by Warren) and hold Warren and Arvest, and their respective directors, officers, shareholders, employees and agents harmless from any claims (including, without limitation, third party claims for personal injury or real or personal property damage), actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, including any charges imposed by the Governmental Agency, liabilities (including sums paid in settlements of claims), interest or losses, including, but not limited to, reasonable attorneys' fees and expenses (including any such fees and expenses incurred in enforcing this Agreement or collecting any sums due hereunder), and reasonable consultant fees and expert fees that arise directly or indirectly from or in connection with the Governmental Authority and/or Authority's and their respective agents' and contractors' undertaking the Environmental Activities.

4.3 The provisions of this Article 4 shall survive the expiration and termination of this Agreement.

5. **Assignment.** All of Warren’s rights and obligations pursuant to this Agreement shall inure to the benefit of Warren’s successors and assigns to the Property or any portion thereof, including but not limited to any lender securing a loan against the Property, and subsequent purchasers or tenants of the Property. No consent by the Authority shall be required for any assignment or reassignment of the rights of Warren pursuant to this Section. Authority may not assign or transfer any of its rights or obligations hereunder.
6. **Subrogation of Claims.** The parties acknowledge that all, or a portion of, the Environmental Contamination may be related to environmental impacts caused by third parties. To the extent that any third party is, or may be, liable for any portion of the Environmental Contamination, the parties agree that the Authority may pursue such third parties, at its discretion, including through legal action. The Authority shall be entitled to any awards received by the Authority in pursuing such action, and Warren and Arvest agree to subrogate any claim it may have against any such third party to the extent the Authority shall have paid any costs associated with the Environmental Contamination and Environmental Activities. Warren and Arvest shall be entitled to institute any action, or join any action brought by the Authority, against such third parties with respect to claims relating to diminution in value or stigma damage of the Property, or other damages not relating to the Environmental Contamination or Environmental Activities, which claims shall not be subrogated to the Authority.
7. **Termination.** This Agreement shall terminate upon the issuance of a No Further Action Letter for the Environmental Contamination and the expiration of any applicable appeal period associated therewith or such other site closure process required by the Governmental Agency.
8. **Release.** Except for the Authority’s obligations pursuant to this Agreement, the Warren, its successors and assigns, hereby waives and releases any and all claims, defenses, or causes of action it may have against the Authority for indemnity, contributions, reimbursements, damages, liabilities, costs or other payments or any equitable relief relating to the Environmental Contamination. The releases contained in this Section shall survive the expiration or termination of this Agreement.
9. **Notice.** All notices and other written communications associated with or required by this Agreement shall be sent by: (i) overnight courier delivery (such as Federal Express) which provides a receipt of delivery; (ii) by registered or certified US Mail, return receipt requested; or (iii) via hand delivery. Notice shall be deemed effective upon receipt at the address of the addressee. For purposes of notice, the addresses of the parties hereto are as follows:

If to the Authority:

Midwest City Memorial Hospital Authority
 c/o Robert Coleman, Director of Economic
 Development
 100 N. Midwest City Blvd.
 Midwest City, Oklahoma 73110

With copy to:

Midwest City Memorial Hospital Authority
 c/o Phil Anderson, General Counsel
 100 N. Midwest City Blvd.
 Midwest City, Oklahoma 73110

If to Warren:

MWC Warren Theatre, Inc.
 c/o William J. Warren
 PO Box 782560
 Wichita, Kansas 67278

With copy to:

Ron H. Harnden
 Triplett Woolf Garretson, LLC
 2959 N. Rock Road, Suite
 300 Wichita, Kansas 67226

10. Miscellaneous. This Agreement may be modified, amended, or terminated only by written instrument signed by the parties hereto. The parties respectively represent and warrant that it has the full right, power and authority to execute, deliver and perform all of its obligations under this Agreement and all other documents required or permitted to be executed, delivered and performed hereunder and has taken all necessary action to enter into, and has duly executed and delivered each such document. The invalidity of any one of the provisions of this Agreement or any portion hereof shall not affect the remaining portions thereof or any part hereof and this Agreement shall be construed as if such provision had not been inserted herein. This Agreement shall be governed by the laws of the State of Oklahoma. Any action brought relating to this Agreement shall be brought in a court of competent jurisdiction in Oklahoma County, Oklahoma. The covenants contained herein shall be enforceable by suit for specific performance and injunctive relief in addition to any other remedy provided at law or equity. The waiver of any breach of this Agreement shall not be construed as a waiver of any subsequent breach. This Agreement may be executed in any number of counterparts, which shall collectively constitute one instrument. The exchange of copies of this Agreement and of signature pages by facsimile transmission or other electronic means (including a .pdf copy sent by email) shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. The captions used throughout this Agreement are for reference purposes only and do not otherwise have any force or effect. Time is of the essence in the performance of the parties' respective obligations under this Agreement. This Agreement contains the entire understanding of the parties hereto upon the subject matter hereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Indemnitor has caused this Agreement to be executed and delivered this Agreement as of the date first set forth above.

Approved and agreed to by the Authority on the Effective Date.

ATTEST:

**MIDWEST CITY MEMORIAL HOSPITAL
AUTHORITY, a public trust**

Secretary

Chairman

Approved as to form and legality this ____
day of _____, 2018

General Counsel

Approved and agreed to by Warren on the Effective Date.

MWC WARREN THEATRE, INC., a Kansas
corporation

By: _____
William J. Warren, President

Approved and agreed to by Arvest on the Effective Date.

Arvest Bank

By: _____
Name: _____
Title: _____

TWG #586657 01/25/18

Exhibit A
Property Legal Description

A tract of land lying in the Southwest Quarter of Section Four (4), Township Eleven (11) North, Range Two (2) West of the Indian Meridian, Oklahoma County, Oklahoma being more particularly described as follows:

COMMENCING at the southwest corner of said Southwest Quarter;

THENCE North 89°24'49" East, along the south line of said Southwest Quarter, a distance of 1,286.19 feet to the POINT OF BEGINNING;

THENCE North 00°35'11" West, perpendicular to the south line of said Southwest Quarter, a distance of 399.33 feet;

THENCE North 01°20'38" West, parallel with the west line of said Southwest Quarter, a distance of 920.64 feet to a point on the centerline of Southeast 12th Street as shown on the plat of CROSBY RICHLAND HILL ADDITION, according to the plat thereof recorded in Book 31 of Plats, Page 94, Oklahoma County records;

THENCE North 89°24'49" East, along said centerline and parallel with the south line of said Southwest Quarter, a distance of 547.18 feet to a point, said point being 792.00 feet South 89°24'49" West of the east line of the said Southwest Quarter;

THENCE South 01°23'57" East, parallel with the east line of said Southwest Quarter, a distance of 1,320.02 feet to a point on the south line of said Southwest Quarter, said point being 792.00 feet South 89°24'49" West of the southeast corner of said Southwest Quarter;

THENCE South 89°24'49" West, along said south line, a distance of 553.73 feet to the POINT OF BEGINNING.

Said tract of land containing 724,111 square feet or 16.6233 acres more or less.

The basis of bearings for this legal description is the Oklahoma State Plane Coordinate System (NAD83-North Zone) using a bearing of South 89°24'49" West on the south line of the Southwest Quarter of Section 4, Township 11 North, Range 2 West of the Indian Meridian, Oklahoma County, Oklahoma.

GWS 1-18-17

Now known as:

All of SOONER ROSE WARREN ADDITION to Midwest City, Oklahoma County, Oklahoma, according to the recorded plat thereof.

Exhibit B
Closure Report

SCS ENGINEERS

Memorandum

To: Robert Coleman, Economic Development Director
City of Midwest City, Oklahoma

From: SCS Engineers

Date: January 22, 2018

Re: Summary of Environmental Matters
5923 SE 15th Street, Midwest City
SCS File No. 27217117.01

This Memorandum summarizes the history and current status of environmental matters associated with property located at 5923 SE 15th Street, in Midwest City, Oklahoma, known as the former Amos Safe and Lock Service site (the Site).

- The Site was a former retail gasoline station, as more particularly described in the Phase I Environmental Site Assessment, prepared by SCS Engineers, dated August 25, 2017 (the “Phase I”). As detailed in the Phase I, two USTs were installed in 1953 and two additional USTs were installed in 1976. The four USTs ranged in size from 6,000 to 10,000 gallons, and reportedly contained gasoline¹. The four USTs were registered as “Permanently Out of Use” in 1986. The Site is currently vacant of structures and unused.
- The four USTs were removed in April 2017 in compliance with Oklahoma regulations. Fifteen confirmatory soil samples were collected for laboratory analysis from the basin sidewalls, beneath the dispenser islands, and beneath the product piping. Four of the 15 confirmatory soil samples contained petroleum hydrocarbons above Oklahoma Corporation Commission (OCC) action levels, as shown on **Figure 1**. Groundwater was not encountered during the UST removal activities. The *UST Closure Report* was submitted to the OCC by SCS in April 2017.
- Based on the soil analytical results from the UST closure activities, the OCC opened a remedial case for the site (Case ID 064-4150) and requested the preparation of an *Initial Response and Abatement and Initial Site Characterization Report (ISCR)* by a licensed remediation consultant². SCS submitted the ISCR on November 1, 2017; the report was approved by the OCC on November 7, 2017.
- The Midwest City Memorial Hospital Authority (Midwest City) purchased the property from the Vloedman family in August 2017. Following property transfer, Midwest City entered the OCC Petroleum Storage Tank Indemnity Fund (PSTIF) for reimbursement of required assessment and corrective action costs. Midwest City was accepted into the PSTIF on

¹Based on the OCC Petroleum Storage Tank Division Facility Summary Report.

²May 1, 2017 OCC Letter to G. Michael Vloedman, *Notice of Confirmed Release of Gasoline at the Facility*



October 6, 2017 as a Third-Party Impacted Property Owner. The PSTIF will cover the costs associated with OCC-approved assessment, remedial activity, monitoring, and reporting. There is a \$1.5 million cap on each property entered into the PSTIF. Assessment and corrective action costs for the Site are expected to be significantly below that limit. Therefore, we reasonably expect all costs associated with the activities described below will be paid by the OCC pursuant to the PSTIF.

- As requested by OCC, SCS installed four monitoring wells on October 4 and 5, 2017, and collected groundwater samples on November 7, 2017. Soil and groundwater samples collected during the activities contained petroleum hydrocarbons above OCC action levels, as presented in the *Monitoring Well Installation Report (MWIR)* submitted to OCC on December 21, 2017 by SCS. Sample locations are shown on **Figure 1**.
- During the monitoring well installation activities on October 5, 2017, utility workers on site encountered impacted soil in their trench located near the former UST basins in the areas shown on **Figure 1**. Due to the apparent petroleum impact, the excavated material was stockpiled on site and SCS collected two composite soil samples for laboratory analysis, as authorized by the onsite OCC Project Manager. Additional utility excavation activities were performed on October 24 and 31, 2017, and SCS collected four soil samples for laboratory analysis, as authorized by OCC. Additional impacted soil removed from the utility excavations is stockpiled on site.
- SCS is currently arranging for offsite disposal of the excavated material, as approved by OCC. In addition, a new public water supply line will be installed along the southern border of the property within the upcoming weeks. Once approved by OCC, impacted soil that is encountered will be removed from the excavation during this utility installation and disposed off site, and the water line will be double-encased in the impacted area.
- Based on the results of the MWIR, OCC has requested additional site characterization activities (soil borings and monitoring wells)³. SCS is currently preparing a work plan for the additional activities; proposed boring and well locations are shown on **Figure 2**. The intent of the additional monitoring wells is to define the magnitude and extent of groundwater contamination. The intent of the additional soil borings is to define the extent of impacted soil that may be appropriate for a future source removal action.

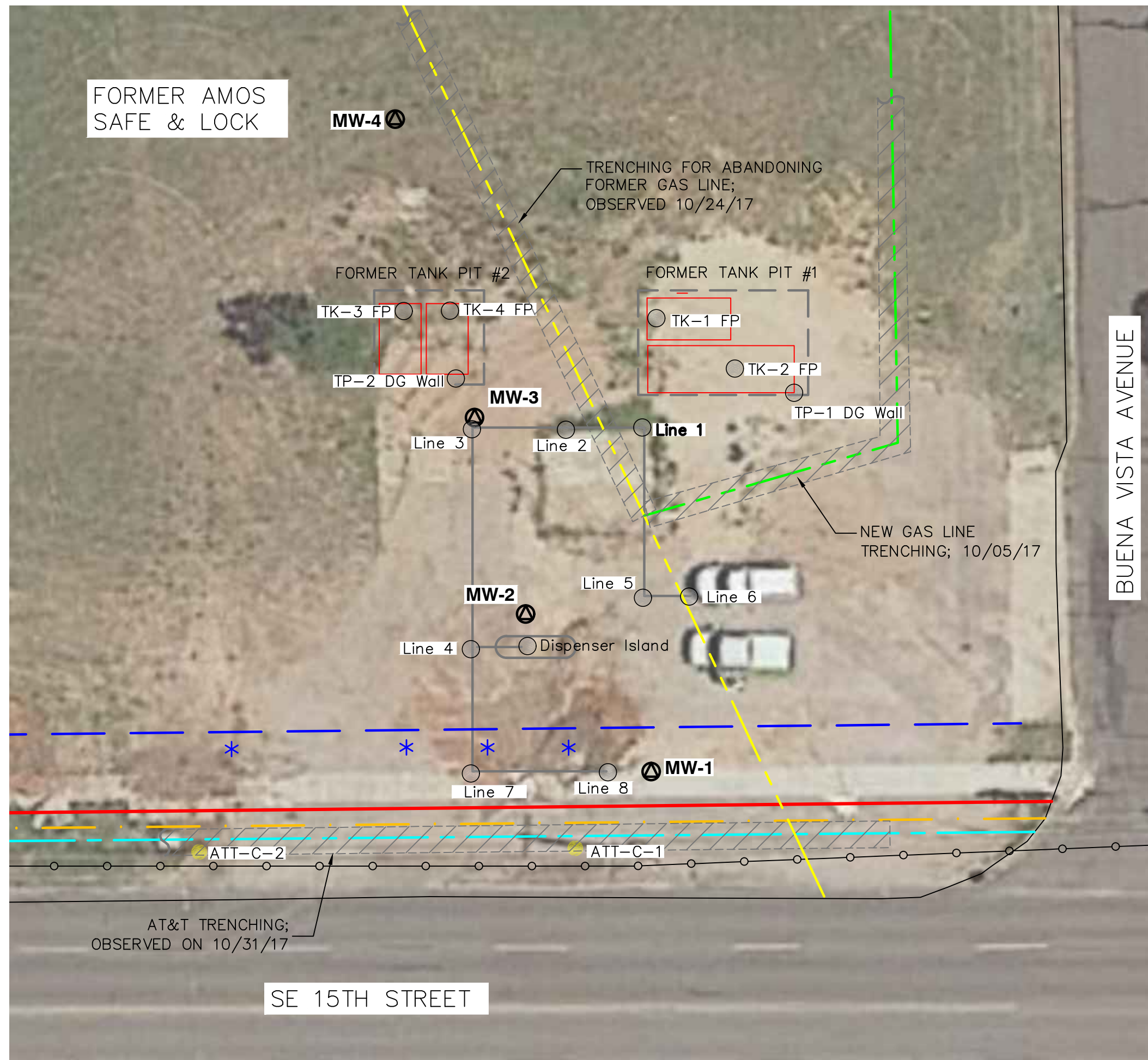
³January 9, 2018 OCC Letter and January 17, 2018 meeting between Midwest City, OCC, and SCS Engineers.

Figures

Figure 1 – Site Map – Sampling Locations

Figure 2 – Proposed Additional Site Characterization Locations

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LEGEND:

- UST CLOSURE SOIL SAMPLE LOCATION (APRIL 2017)
- MONITORING WELL
- * WATERLINE POTHOLING LOCATIONS (11/21/17)
- SOIL SAMPLES FROM UTILITY TRENCHES
- FORMER UST LOCATIONS
- FORMER TANK PITS
- FORMER PIPING LOCATIONS
- OVERHEAD ELECTRIC LINE
- EXISTING NATURAL GAS UTILITY (8' DEEP)
- NEW NATURAL GAS UTILITY
- OKLAHOMA GAS AND ELECTRIC UTILITY
- COX CABLE UTILITY
- AT&T FIBER OPTIC
- PROPOSED WATER LINE
- ▨ APPROXIMATE TRENCHED AREAS
- FORMER DISPENSING ISLAND

FACILITY NUMBER: 55-07415
CASE NUMBER: 064-4150

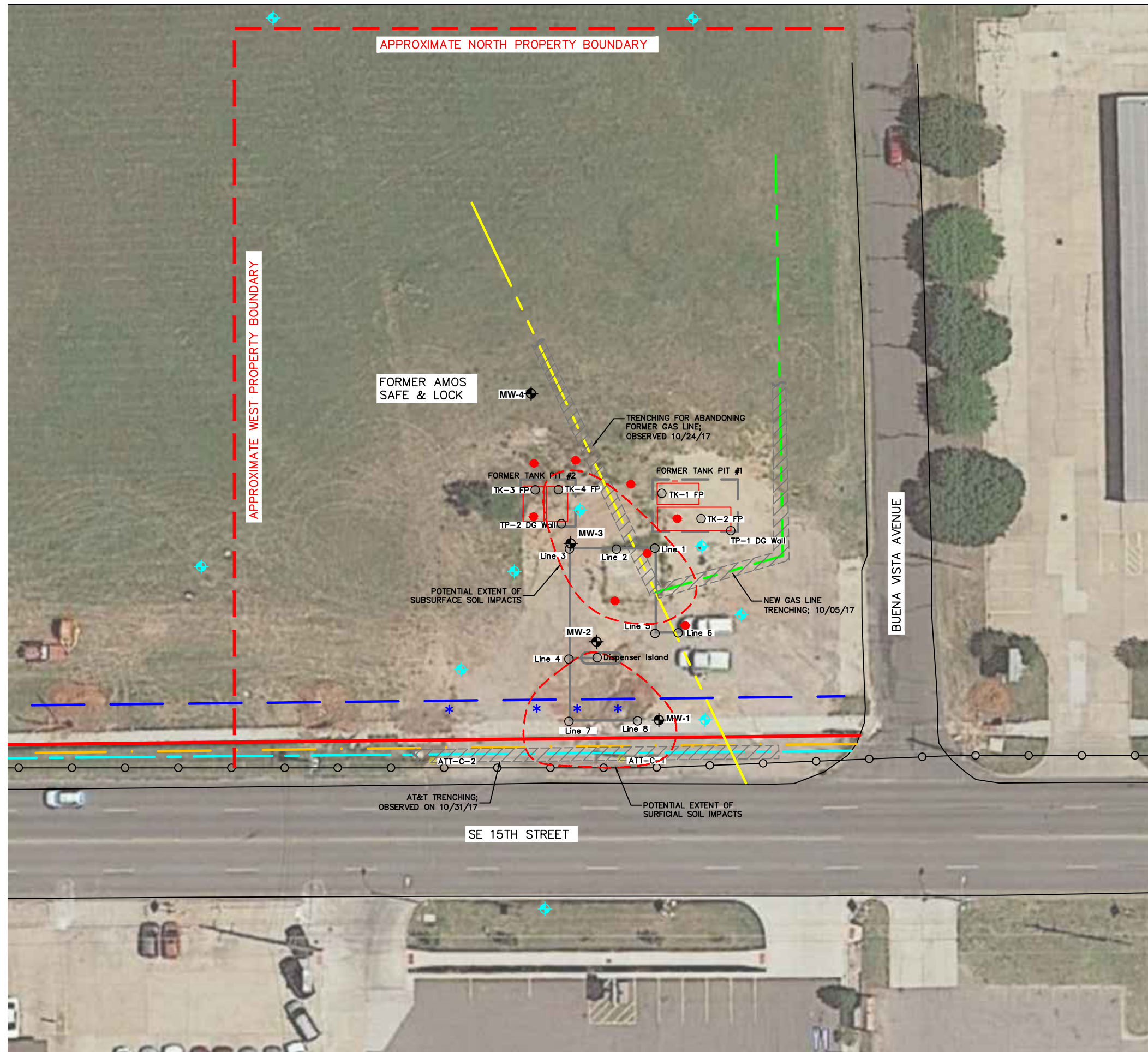
NOTE:

THE PORTION OF THE FORMER NATURAL GAS LINE LOCATED NORTH OF THE TIE-IN WITH THE NEW NATURAL GAS LINE IS OUT OF SERVICE, AND WAS REMOVED ON 10/24/2017.



CK BY	-	-	-	-	-
REV DATE	△	△	△	△	△
SHEET TITLE	SITE MAP - SAMPLING LOCATIONS				
PROJECT TITLE	ADDITIONAL SITE CHARACTERIZATION				
CLIENT	FORMER AMOS SAFE & LOCK SERVICE 5923 SE 15TH STREET MIDWEST CITY, OKLAHOMA				
SCS ENGINEERS	7311 W. 130th St, Ste. 100 Oklahoma City, OK 73146 PH: (813) 681-0680 FAX: (813) 681-0012				
PROJ. NO.	2721717.01	DWN. BY:	RCW	D/A RW BY:	SLM
DSK. BY:	RCW	CHK BY:	SLM	PROJ. MGR. BY:	AD
CADD FILE:	2721717.01_LAM.DWG				
DATE:	1/22/18				
DRAWING NO.	1 of 2				

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LEGEND:

- PROPOSED SOIL BORING
- ⊕ PROPOSED MONITORING WELL
- UST CLOSURE SOIL SAMPLE LOCATION (APRIL 2017)
- ⊕ MONITORING WELL
- * WATERLINE POTHOLING LOCATIONS (11/21/17)
- SOIL SAMPLES FROM UTILITY TRENCHES
- FORMER UST LOCATIONS
- FORMER TANK PITS
- FORMER PIPING LOCATIONS
- OVERHEAD ELECTRIC LINE
- EXISTING NATURAL GAS UTILITY (8' DEEP)
- NEW NATURAL GAS UTILITY
- OKLAHOMA GAS AND ELECTRIC UTILITY
- COX CABLE UTILITY
- AT&T FIBER OPTIC
- PROPOSED WATER LINE
- ▨ APPROXIMATE TRENCHED AREAS
- FORMER DISPENSING ISLAND

FACILITY NUMBER: 55-07415
CASE NUMBER: 064-4150

NOTE:

THE PORTION OF THE FORMER NATURAL GAS LINE LOCATED NORTH OF THE TIE-IN WITH THE NEW NATURAL GAS LINE IS OUT OF SERVICE, AND WAS REMOVED ON 10/24/2017.

EIGHT SOIL BORINGS WILL BE ADVANCED TO GROUNDWATER OR REFUSAL.

SOIL BORING LOCATIONS ARE APPROXIMATE, AND WILL BE PLACED IN THE FIELD AS APPROPRIATE BASED ON FIELD OBSERVATIONS. ADDITIONAL BORINGS MAY BE ADVANCED IF FIELD CONDITIONS WARRANT.

TEN NEW MONITORING WELLS WILL BE ADVANCED TO 25 FEET BGS, AND INSTALLED WITH 15 FEET OF SCREEN.



CK BY	-	-	-	-	-
REV DATE	△	△	△	△	△
SHEET TITLE	PROPOSED ADDITIONAL SITE CHARACTERIZATION LOCATIONS				
PROJECT TITLE	ADDITIONAL SITE CHARACTERIZATION				
CLIENT	FORMER AMOS SAFE & LOCK SERVICE 5923 SE 15TH STREET MIDWEST CITY, OKLAHOMA				
SCS ENGINEERS	7311 W. 130th St. Ste. 100 Midwest City, OK 73122 PH: (813) 681-0800 FAX: (813) 681-0012				
PROJ. NO.	2721717.01	DWN. BY:	RCW	CHK. BY:	SLM
DSK. BY:	RCW	Q/A R/W BY:	SLM	PROJ. MGR. BY:	AD
CADD FILE:	2721717.01_LAM.DWG				
DATE:	1/22/18				
DRAWING NO.	2 of 2				

Referenced Attachments

OCC PST Division Facility Summary Report

May 1, 2017 OCC Letter, *Notice of Confirmed Release of Gasoline at the Facility*

January 8, 2018 OCC Letter, *Well or Boring Installation Report Approval*

Oklahoma Corporation Commission, Petroleum Storage Tank Division
Facility Summary Report
 Facility Summary For #5507415

Facility	
Amos Safe & Lock Service 5923 SE 15TH Midwest City, OK 73110	
Facility Status	Inactive
Facility Type	Not Listed

Owner	
G Vloedman 10201 N EASTERN Oklahoma City, OK 73131 (405) 478-0305	
Inspector	Baez Ivan
# Pumps	0

Tank #	Capacity	Cmpts	Substance	Tank Type	Tank Use	Tank Status	Installed Date	Tank Material Tank Construction	Tank CP Type	Pipe Material Pipe Construction	Pipe Type	Pipe CP Type	Upgrade 98 Met	Lined Interior
1	6,000	1	Gasoline	UST	Non-Retail	POU	05/01/1953	Steel Single Walled		Steel Single-Walled			No	No
2	6,000	1	Gasoline	UST	Non-Retail	POU	05/01/1953	Steel Single Walled		Steel Single-Walled			No	No
3	10,000	1	Gasoline	UST	Non-Retail	POU	05/01/1976	Steel Single Walled		Steel Single-Walled			No	No
4	8,000	1	Gasoline	UST	Non-Retail	POU	05/01/1976	Steel Single Walled		Steel Single-Walled			No	No

MAILED 5/3/2017

BOB ANTHONY
Commissioner

TODD HIETT
Commissioner

Claim

DANA MURPHY
Commissioner



OKLAHOMA CORPORATION COMMISSION

PETROLEUM STORAGE TANK DIVISION

(405) 521-4683 FAX: (405) 521-4945
WWW.OCCWEB.COM

JIM THORPE BUILDING • PO BOX 52000 • OKLAHOMA CITY, OK 73152-2000

May 1, 2017

Case ID #064-4150
Facility ID #55-07415
Notice of Confirmed Release

G Michael Vloedman
Carolyn N Hurst Rev Trust
Emily & Garrett Vloedman Liv Trust
PO Box 2324
Conroe, TX 77305

RE: Notice of Confirmed Release of Gasoline at the Facility:

Amos Safe & Lock Service
5923 SE 15th Street
Midwest City, OK 73110

Dear Mr. Vloedman:

We have received a report confirming a release of gasoline from your storage tank system. The nature of the released fuel will need to be assessed and, possibly, cleaned up. If there is a mistake and you are not the owner or operator of the facility, please advise us at once.

You need to employ a Remediation Consultant, licensed by the Petroleum Storage Tank Division (PSTD). A list of these consultants can be sent to you, or found at our website, <http://www.occeweb.com/ps/licenses.htm>.

If you intend to apply to the Indemnity Fund (IF) for reimbursement of required corrective action costs, necessary IF eligibility information must be submitted as soon as possible. Your consultant will assist you in the preparation and submittal of an IF application. Once eligible for reimbursement by the IF, your consultant must obtain pre-approval from PSTD for all proposed work plans and associated costs. Current application and report forms are available on our website and must be used for all submittals. Your consultant will know how to obtain pre-approval and prepare required reports. *If you have no plans to apply to the Indemnity Fund, please notify the hydrologist handling your case immediately.*

You have **20-days** from the date of this letter to submit the required "Initial Response and Abatement and Initial Site Characterization Report". If you can show that no one is at significant risk of exposure as a result of this release, an extension of this 20-day deadline may be granted. **But**, the request **must** be submitted prior to the initial 20-day deadline.

All, possible gasoline-impacted soil samples collected in the field must be preserved in methanol. Laboratory analyses for gasoline-range compounds of the groundwater sample collected nearest the release source must also include screening for the presence of the fuel oxygenate, MtBE.

IMPORTANT NOTE: The Owner/Operator is ultimately responsible for all corrective actions, and also responsible for meeting the time frames established by PSTD staff to submit reports and

perform pre-approved tasks. Admission to the Indemnity Fund, pending application to the Indemnity Fund, or non-admission to the Indemnity Fund are **NOT** excusable reasons for not performing required tasks or submitting required reports in the time frame provided by PSTD staff.

If you have any questions, please discuss them with your consultant, or call the PSTD Hydrologist managing your case, Keith Menees, at (405) 522-1428 between 8:00 a.m. and 4:30 p.m. Monday through Friday. Please reference the appropriate OCC Facility and Case Number on all correspondence.

Sincerely,

A handwritten signature in black ink that reads "Neil R. Garrett". The signature is written in a cursive, slightly slanted style.

Neil R. Garrett
Project Environmental Analyst Supervisor

NRG/nh

Copies to Keith Menees, PSTD Compliance, Tech File, and Claim Files

**OKLAHOMA CORPORATION COMMISSION – PETROLEUM STORAGE TANK DIVISION
INITIAL RELEASE REPORT**

CONFIRMED RELEASE SUSPICION OF RELEASE
 AST UST

RELEASE DISCOVERY DATE: 4/12/17 DATE REPORTED TO OCC: 4/28/17
DATE OF REPORT: 5/1/17 INITIAL INVESTIGATION REPORT TAKEN BY: NRG

FACILITY ID # 55-07415 LEAK ID # _____ TANK ID # _____ HYDROLOGIST: KDM

OWNER'S NAME & TITLE: G Michael Vloedman
COMPANY NAME: E & G Vloedman Liv Trust SITE NAME: Amos Safe & Lock Service

COMPANY ADDRESS: PO Box 2324 SITE ADDRESS: 5923 SE 15th Street

CITY/STATE/ZIP: Conroe, TX 77305 CITY/STATE/ZIP: Midwest City, OK 73110

PHONE: _____ SITE PHONE: _____

SITE STATUS INFORMATION: 4 soil samples had benzene concentrations as high as 1.38 mg/Kg, exceeding state action levels

FACILITY WATER SUPPLY: CITY RURAL WD WATER WELL UNKNOWN

REPORTING PARTY INFORMATION: ANONYMOUS CONFIDENTIAL

CC: REPORTING PARTY? YES NO

NAME: Charles Joyce COMPANY: SCS Engineers

TITLE: Sr Proj Geologist ADDRESS: 14755 Grover Street

CITY/STATE/ZIP: Omaha, NE 68144 PHONE: 402-884-6202

COMMENTS (MITIGATION STEPS): UST system removed, release looks very old

LEAK INFORMATION: TYPE OF PRODUCT RELEASED: Gasoline

SITE STATUS: OPERATING OUT OF SERVICE ABANDONED

IMPACTED: GROUNDWATER SOIL

RELEASE DISCOVERED BY: Closure Release Detection Inventory Control Other Specify
 Property Transaction System Tightness Test Unknown

RELEASE CAUSE: Spill Overfill Physical/Mechanical Damage Corrosion
 Installation Problem Unknown Other Specify

RELEASE SOURCE: Tank Piping Dispenser Delivery Submersible Turbine Pump
 Other Specify Unknown

OCC/PSTD INITIAL RELEASE REPORT CHECKLIST

Is Facility Registered? YES NO Facility # 55-07415 SOR # _____ (if applicable)

Is AST/UST regulated by OCC? YES NO

Is stored product regulated by OCC? YES NO Product Type: Gasoline

Is Responsible Party Information the same as the last registered tank owner on file?
 YES NO If NO, Then: Registration Information **MUST** be updated.

New Owner Information: OWNER'S NAME & TITLE: G. Vloedman COMPANY NAME: Vloedman Trust
 COMPANY ADDRESS: PO Box 2324 CITY/STATE/ZIP: Conroe, TX 77305 PHONE: _____

Size of Tank: Diameter _____ Length _____ Gallons 6, 8 or 10K

Is Tank still in use? YES NO If NO, then: Date Tank last used? Pre 1992

Is Tank listed on Registration Form? YES NO

Is Tank Exempt? YES NO If yes, Circle/Highlight Exemption:

Exemptions:

AST's

165:26-1-22. Exclusions

(a) The following classes of aboveground storage tanks or systems are specifically excluded from all provisions of this Chapter:

- (1) All tanks used in the exploration or production of oil and gas, including well service equipment and natural gas compression facilities. These activities are regulated by the Commission's Oil and Gas Conservation Division and by the Pipeline Safety Department.
- (2) All mobile or temporary tanks used at construction sites.
- (3) All farm and ranch tanks.
- (4) All tanks used by public utilities in the generation of electric power for public use
- (5) All tanks used by manufacturers in the production of goods.

(b) These exclusions do not extend to permanently located fuel storage tanks used to fuel company vehicles, even though the vehicles may be driven to production or construction sites.

- The regulatory limit for AST's at fleet and commercial facilities is 2,100 gallons (OAC 165:26-12-1). Anything below that limit is not regulated by us. Lube oil change facilities are classified as fleet and commercial facilities.
- The regulatory limit for AST's at retail stations, marinas, airports, bulk plants, and emergency generators is 110 gallons.

UST's

165:25-1-24. Exclusions

The following classes of underground storage tanks or systems are specifically excluded from all provisions of this Chapter:

- (1) Farm and residential tanks with an individual capacity of 1,100 gallons or less used for storing motor fuels for non-commercial purposes.
- (2) Tanks used for storing heating oil for consumptive use on the premises where stored.
- (3) Underground storage tank systems storing hazardous wastes regulated under Subtitle C of the Resources Conservation and Recovery Act (RCRA) or substances regulated as hazardous wastes under the Oklahoma Hazardous Waste Disposal Act. This exclusion does not apply to underground storage tank systems storing a regulated substance mixed with a de minimis quantity of hazardous substance as defined under RCRA, since such systems remain subject to all provisions of this Chapter.
- (4) Pipeline facilities (including gathering lines) regulated under:
 - (A) The Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. App., § 1671 et seq.);
 - (B) The Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. App., § 2001 et seq.); or
 - (C) Intrastate pipeline facilities regulated under State law comparable to the provisions of law referred to in (A) or (B) of this paragraph.
- (5) Flow-through process tanks.
- (6) Liquid trap or associated gathering lines directly related to oil or gas production and gathering operations.
- (7) Tanks with a capacity of less than 110 gallons.
- (8) Tanks storing diesel fuel at plants regulated by the Atomic Energy Commission.
- (9) Tanks with a de minimis concentration of regulated substances, such as swimming pools and coffins.
- (10) Any emergency spill or overflow containment UST system that is expeditiously emptied after use



OKLAHOMA CORPORATION COMMISSION
PETROLEUM STORAGE TANK DIVISION

www.occeweb.com (405) 521-4683 FAX: (405) 521-4945

Jim Thorpe Building, Room 480 - PO Box 52000 - Oklahoma City, OK 73152-2000

1/9/2018

Mr. Matthew D. Dukes
Midwest City Memorial Hospital Authority
100 North Midwest Boulevard
Midwest City, OK, 73110

Case ID #: 064-4150
Facility ID #: 5507415
Well or Boring Installation Report Approval
PO #: WP107845

RE: Well or Boring Installation Report Approval for the Facility Located at:

Amos Safe & Lock Service
5923 SE 15TH
Midwest City, OK, 73110

Dear Mr. Dukes:

The Oklahoma Corporation Commission (OCC) has approved the Well or Boring Installation Report for the above referenced case submitted under purchase order number WP107845 by your consultant on 12/21/2017. A copy of this letter is being sent to your environmental consultant who will know how to respond.

This report documents the installation of (4) four monitoring wells (MW-1, MW-2, MW-3, and MW-4) needed for a potential Oklahoma Risk-Based Corrective Action (ORBCA) Tier 1A assessment for the above referenced case. These four (4) monitoring wells were installed on October 5, 2017.

Soil data indicated the presence of chemicals of concern (CoC) above detection limits in all four wells. Benzene was measured at concentrations up to 27.8 mg/kg in MW-3, Total Petroleum Hydrocarbons – Gasoline Range Organics (TPH-GRO) up to 1,610 mg/kg in MW-3 and Total Petroleum Hydrocarbons – Diesel Range Organics (TPH-DRO) up to 128 mg/kg in MW-1.

Free product was not detected in any of the wells, but dissolved benzene was found at concentrations up to 0.36 mg/L, TPH-GRO up to 15.8 mg/L and TPH-DRO up to 16.6 mg/L in MW-1. The OCC action levels for benzene in soil and groundwater are 0.5 mg/kg and 0.005 mg/L, respectively. The OCC action levels for TPH in soil and groundwater are 50 mg/kg and 2 mg/L, respectively.

Your consultant has recommended proceeding with an ORBCA Tier 1A assessment and disposing of impacted soil from utility trenches that is currently stockpiled on site. Based on the results presented in this report and the current and future use of the site and surrounding properties, the OCC agrees with your consultant's recommendation for disposal of impacted soils. At this time, the OCC also recommends proceeding with the installation of additional monitoring wells to delineate the hydrocarbon plume.

Your consultant will need to submit by January 30, 2018 a purchase order request to install 7 monitoring wells and to sample all existing wells for BTEX, GRO and DRO. A map with the approximate location of the 7 proposed monitoring wells was emailed to your consultant on January 8, 2018. In addition, your consultant will need to submit by January 30, 2018 a purchase order request to dispose of all stockpiled and drummed soils and groundwater (if any) currently on site. Upon review and approval of the well installation and disposal reports, the OCC will advise your consultant on the next appropriate course of action.

If you have any questions, please discuss them with your consultant or call me at (405) 522-1439 between 8:00 a.m. and 4:30 p.m. Monday through Friday. Please reference the appropriate OCC Facility Number and Case Number on all correspondence.

Sincerely:

Margarita Mendivelso

Margarita Mendivelso
Project Environmental Analyst

CC: SCS Engineers
Attn: Doug Dreiling
1817 Commons Circle
Suite 1
Yukon, OK 73099

SCS Engineers
Attn: Susan McCart
7311 West 130th Street
Suite 100
Overland Park, Kansas 66213

Site Map

CK	REV.	DATE	DATE	DATE	DATE	DATE	DATE	DATE	DATE

SHEET TITLE
SITE MAP

PROJECT TITLE
SOONER ROSE ESA PHASE I

CLIENT
SOONER ROSE TANK REMOVAL

5923 SE 15TH STREET
MIDWEST CITY, OKLAHOMA

ENVIRONMENTAL CONSULTANTS AND CONTRACTORS
SCS ENGINEERS

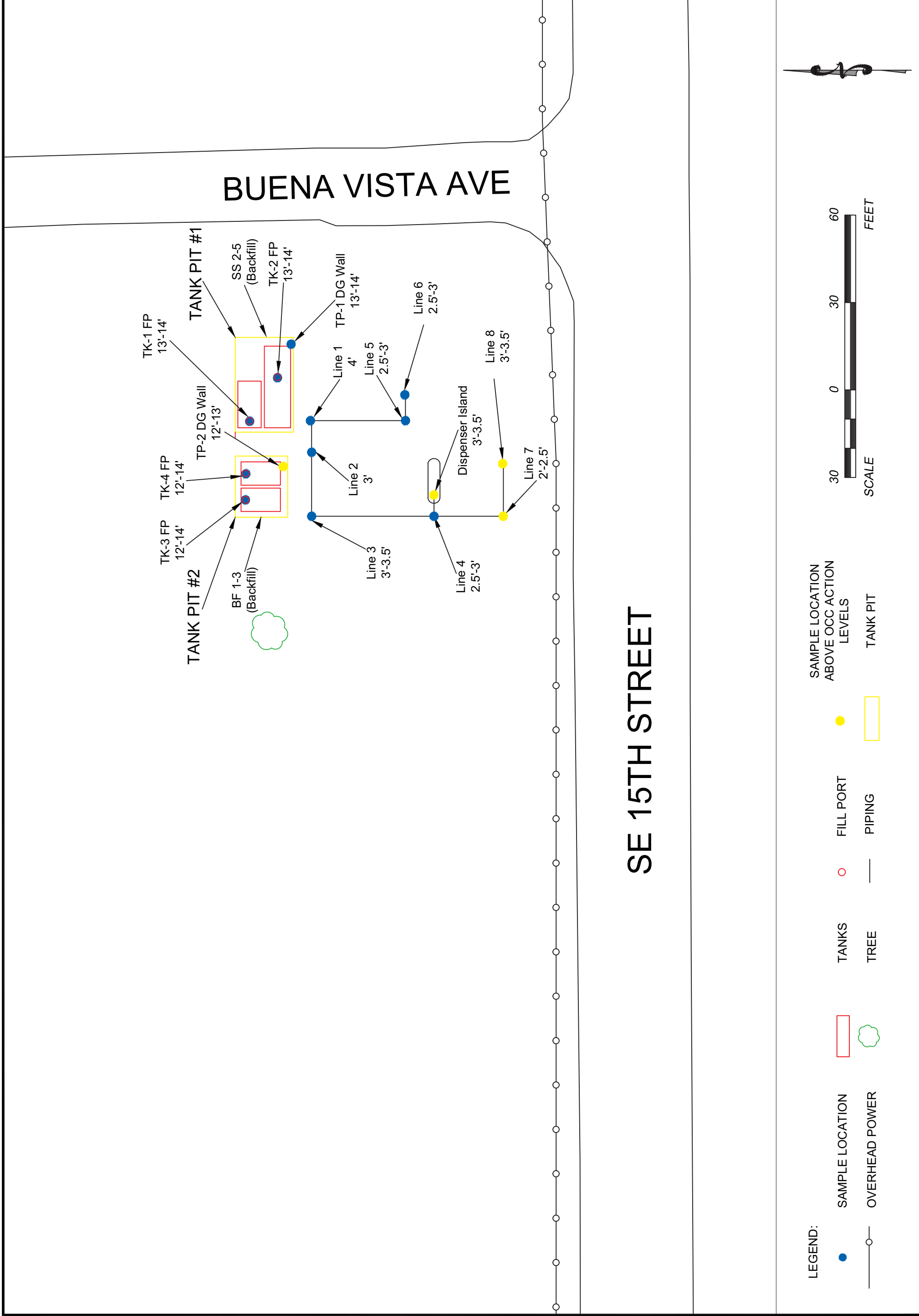
14755 Gover Street
Omaha, NE 68144
PH (402) 884-6202 FAX (402) 884-6203

PROJ. NO. 2721717.00
DSK. BY: REN
CHK. BY: CGJ

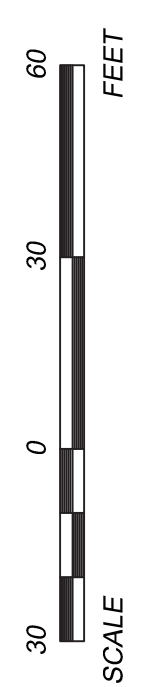
PROJ. NO. 2721717.00
DSK. BY: REN
CHK. BY: CGJ

DATE: 4/26/17

FIGURE NO. **1** of 1



- LEGEND:
- SAMPLE LOCATION
 - TANKS
 - ◉ OVERHEAD POWER
 - SAMPLE LOCATION ABOVE OCC ACTION LEVELS
 - TANKS
 - ◉ OVERHEAD POWER
 - FILL PORT
 - TANK PIT
 - TREE
 - PIPING



Scheduling Letter

Bob Anthony
Commissioner

Todd Hiatt
Commissioner

Dana Murphy
Commissioner



OKLAHOMA CORPORATION COMMISSION

PETROLEUM STORAGE TANK DIVISION

www.occeweb.com (405) 521-4683 FAX: (405) 521-4945

Jim Thorpe Building, Room 480 - PO Box 52000 - Oklahoma City, OK 73152-2000

March 15, 2017

Charles Joyce
14755 GROVER STREET
Omaha, NE 68136

Re: Permanent closure of Underground Storage Tank(s) Conf. # PAC-0009914
Facility #5507415
Scheduled Closure Date 3/29/2017

Dear Charles Joyce,

Thank you for the recent call to schedule the sampling and removal of underground storage tank(s) at the following location:

Amos Safe & Lock Service
5923 SE 15TH
Midwest City, OK 73110

Please follow this list of procedures for tank closures:

1. Schedule tank system removal and closure and soil sampling with the Commission's Petroleum Storage Tank Division 14 days in advance.
2. Ensure a safe work area according to federal, state, and local regulations.
 - a. Clean, make inert and purge tanks properly in accordance with accepted industry standards, such as the American Petroleum Institute (API) Recommended Practice 1604, Closure of Underground Petroleum Storage Tanks.
 - b. Observe proper venting of tanks during excavation and removal.
 - c. Test tanks for an acceptable Lower Explosive Limit (LEL) of 10 percent prior to removal, and properly cap and vent them for transport.
 - d. An OCC-licensed UST Remover must be onsite during all removal activities, beginning with break-out of concrete.
3. Perform sampling protocol for tanks and piping.
 - a. A Commission-licensed Remediation Consultant must supervise the sampling.
 - b. Soil and groundwater samples must be sent for testing to a DEQ-certified laboratory.
 - c. Collect soil samples in native soil 1 to 3 feet below tanks (fill-end), the down-gradient wall, beneath dispensers, and every 20 feet of metal or fiberglass product line.
4. Properly dispose of tanks, excavated soil and water.
5. Submit a written report including a summary of all site activities, table of sample depths and results, lab report and chain of custody, site sketch with all sample locations, waste (disposal, treatment or reuse) documentation, certificate of destruction for tanks, photographic evidence, and a copy of this letter to the OCC within 45 days.
6. Sample excavated backfill from tanks and lines to determine if it can or cannot be returned to the pits and/or trenches.

- a. Sample backfill as follows: take 1 composite sample (made up 10 grab samples) every 50 yd³. Samples must be analyzed at a certified lab. After reviewing the sampling results, the Technical Department will determine if the backfill can be returned to the pits and/or trenches.

Substantial penalties for failure to provide 48 hours' notice of schedule changes or failure to submit the tank removal report within 45 days may be assessed. If you need to reschedule, please contact the Petroleum Storage Tank Division.

Sincerely,



Courtney Ross

cc: Facility File

Table of Lab Results & Reports

TABLE 1
SOIL ANALYTICAL RESULTS - BTEX, TPH, and Lead
Sooner Rose - 5923 SE 15th Street Midwest City, Oklahoma

Location	Depth (ft bgs) ³	Benzene (mg/kg)	Toluene (mg/kg)	Ethylbenzene (mg/kg)	Xylene (mg/kg)	TPH ¹ (mg/kg) C6 - C10	Lead (mg/kg)
Dispenser Island	3-3.5	1.26	0.685	1.34	1.65	185	NS
TK-1 FP	13-14	BDL	BDL	BDL	BDL	BDL	NS
TK-2 FP	13-14	BDL	BDL	BDL	BDL	BDL	NS
TP-1 DG Wall	13-4	BDL	BDL	BDL	BDL	BDL	NS
Line 1	4	BDL	BDL	BDL	BDL	BDL	NS
Line 2	3	BDL	BDL	BDL	BDL	BDL	NS
Line 3	3-3.5	BDL	BDL	BDL	BDL	BDL	NS
Line 4	2.5-3	0.439	0.127	0.217	0.361	23.4	NS
Line 5	2.5-3	BDL	BDL	BDL	BDL	BDL	NS
Line 6	2.5-3	BDL	BDL	BDL	BDL	BDL	NS
Line 7	2-2.5	1.05	0.342	0.882	0.322	46.0	NS
Line 8	3-3.5	1.38	3.04	21.8	8.63	989	NS
TK-3 FP	12-14	BDL	BDL	BDL	BDL	BDL	12.1
TK-4 FP	12-14	0.035	0.353	0.751	2.19	66.8	13.9
TP-2 DG Wall	12-14	1.34	0.365	1.54	2.59	91.4	9.36
OCC - PSTD⁶ Regulatory Guidelines	Benzene ⁷	(A) Native Soils - 0.5 mg/kg (B) Groundwater - 0.005 mg/l					
	Toluene ⁷	(A) Native Soils - 40.0 mg/kg (B) Groundwater - 1.0 mg/l					
	Ethylbenzene ⁷	(A) Native Soils - 15.0 mg/kg (B) Groundwater - 0.7 mg/l					
	Xylene ⁷	(A) Native Soils - 200.0 mg/kg (B) Groundwater - 10.0 mg/l					
	TPH ⁷	(A) Native Soils - 50.0 mg/kg (B) Groundwater - 2.0 mg/l (C) If BTEX concentrations are below action levels, a TPH concentration of 500 ppm or mg/kg in soil shall be required to confirm a case at the direction of PSTD.					

¹ TPH = Total Petroleum Hydrocarbons

² mg/kg = milligrams per kilogram

³ ft bgs = Feet Below Ground Surface

⁴ C = Hydrocarbon chain length

⁵ BDL = Concentrations below laboratory reporting limits

⁶ NS = Not Sampled

⁷ Oklahoma Corporation Commission - Protroleum Storage Tank Division

⁸ Laboratory analysis of levels of chemical constituent concentrations that may be required to confirm a case outlined in Title 165. Coproration Commission : Chapter 25. Underground Storage Tanks.

Highlighted cells indicate that the sample are above the levels of chemical constituent concentrations that may be required to confirm a OCC PSTD case.

Revised Laboratory Analytical Report



**ENVIRONMENTAL
TESTING, INC.**
4619 N. Santa Fe
Oklahoma City, OK 73118
405.488.2400 Phone
405.488.2404 Fax
www.etilab.com

12 April 2017

Mr. John Richins

SCS Engineers

1817 Commons Circle Suite 1
Yukon, OK 73099

WO: E7D0098

RE: Sooner Rose

Enclosed are the results of analyses for samples received by the laboratory on 04/06/17 15:32. If you have any questions concerning this report, please feel free to contact me.

Sincerely,

Russell Britten

President

Revised (P)



SCS Engineers
 1817 Commons Circle Suite 1
 Yukon OK, 73099

Project: Sooner Rose
 Project Number: 27217117.00
 Project Manager: Mr. John Richins

Reported:
 04/12/17 13:06

Dispenser Island (3'-3.5')
E7D0098-01 (Solid) - Sampled: 04/04/17 11:00

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Qualifiers
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Environmental Testing, Inc.

Volatile Organic Compounds by EPA Method 8021

Benzene	1.26	0.025	mg/Kg	1	EFD0133	DES	04/07/17 16:23	EPA 8021B	
Toluene	0.685	0.025	mg/Kg	1	EFD0133	DES	04/07/17 16:23	EPA 8021B	
Ethylbenzene	1.34	0.025	mg/Kg	1	EFD0133	DES	04/07/17 16:23	EPA 8021B	
Xylenes (total)	1.65	0.075	mg/Kg	1	EFD0133	DES	04/07/17 16:23	EPA 8021B	
<i>Surrogate: a,a,a-Trifluorotoluene</i>		2580 %		25.7-175	EFD0133	DES	04/07/17 16:23	EPA 8021B	S-02
<i>Surrogate: 4-Bromofluorobenzene</i>		1130 %		12.9-188	EFD0133	DES	04/07/17 16:23	EPA 8021B	S-02

Gasoline Range Hydrocarbons by OK 8020/8015M

Gasoline Range Organics (C6-C10)	185	50.0	mg/Kg	20	EFD0133	DES	04/10/17 12:39	OK DEQ GRO	
<i>Surrogate: a,a,a-Trifluorotoluene</i>		437 %		77-120	EFD0133	DES	04/10/17 12:39	OK DEQ GRO	S-02
<i>Surrogate: 4-Bromofluorobenzene</i>		815 %		71.4-114	EFD0133	DES	04/10/17 12:39	OK DEQ GRO	S-02

Environmental Testing, Inc.

Russell Britten, President

The results in this report apply to the samples analyzed in accordance with the chain of custody document and meet all laboratory accreditation requirements unless noted otherwise. This analytical report must be reproduced in its entirety.



SCS Engineers
 1817 Commons Circle Suite 1
 Yukon OK, 73099

Project: Sooner Rose
 Project Number: 27217117.00
 Project Manager: Mr. John Richins

Reported:
 04/12/17 13:06

TK-1 FP (13'-14')

E7D0098-02 (Solid) - Sampled: 04/05/17 10:50

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Qualifiers
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Environmental Testing, Inc.

Volatile Organic Compounds by EPA Method 8021

Benzene	<0.025	0.025	mg/Kg	1	EFD0133	DES	04/07/17 15:08	EPA 8021B	
Toluene	<0.025	0.025	mg/Kg	1	EFD0133	DES	04/07/17 15:08	EPA 8021B	
Ethylbenzene	<0.025	0.025	mg/Kg	1	EFD0133	DES	04/07/17 15:08	EPA 8021B	
Xylenes (total)	<0.075	0.075	mg/Kg	1	EFD0133	DES	04/07/17 15:08	EPA 8021B	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		78 %		25.7-175	EFD0133	DES	04/07/17 15:08	EPA 8021B	
Surrogate: <i>4</i> -Bromofluorobenzene		86 %		12.9-188	EFD0133	DES	04/07/17 15:08	EPA 8021B	

Gasoline Range Hydrocarbons by OK 8020/8015M

Gasoline Range Organics (C6-C10)	<2.50	2.50	mg/Kg	1	EFD0133	DES	04/07/17 15:08	OK DEQ GRO	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		82 %		77-120	EFD0133	DES	04/07/17 15:08	OK DEQ GRO	
Surrogate: <i>4</i> -Bromofluorobenzene		84 %		71.4-114	EFD0133	DES	04/07/17 15:08	OK DEQ GRO	

Environmental Testing, Inc.

Russell Britten, President

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SCS Engineers
 1817 Commons Circle Suite 1
 Yukon OK, 73099

Project: Sooner Rose
 Project Number: 27217117.00
 Project Manager: Mr. John Richins

Reported:
 04/12/17 13:06

TK-2 FP (13'-14')

E7D0098-03 (Solid) - Sampled: 04/05/17 11:00

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Qualifiers
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Environmental Testing, Inc.

Volatile Organic Compounds by EPA Method 8021

Benzene	<0.025	0.025	mg/Kg	1	EFD0133	DES	04/07/17 16:48	EPA 8021B	
Toluene	<0.025	0.025	mg/Kg	1	EFD0133	DES	04/07/17 16:48	EPA 8021B	
Ethylbenzene	<0.025	0.025	mg/Kg	1	EFD0133	DES	04/07/17 16:48	EPA 8021B	
Xylenes (total)	<0.075	0.075	mg/Kg	1	EFD0133	DES	04/07/17 16:48	EPA 8021B	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		99 %		25.7-175	EFD0133	DES	04/07/17 16:48	EPA 8021B	
Surrogate: <i>4</i> -Bromofluorobenzene		112 %		12.9-188	EFD0133	DES	04/07/17 16:48	EPA 8021B	

Gasoline Range Hydrocarbons by OK 8020/8015M

Gasoline Range Organics (C6-C10)	<2.50	2.50	mg/Kg	1	EFD0133	DES	04/07/17 16:48	OK DEQ GRO	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		103 %		77-120	EFD0133	DES	04/07/17 16:48	OK DEQ GRO	
Surrogate: <i>4</i> -Bromofluorobenzene		144 %		71.4-114	EFD0133	DES	04/07/17 16:48	OK DEQ GRO	S-02

Environmental Testing, Inc.

Russell Britten, President

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SCS Engineers
 1817 Commons Circle Suite 1
 Yukon OK, 73099

Project: Sooner Rose
 Project Number: 27217117.00
 Project Manager: Mr. John Richins

Reported:
 04/12/17 13:06

TP-1 DG Wall (13'-14')
E7D0098-04 (Solid) - Sampled: 04/05/17 11:12

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Qualifiers
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Environmental Testing, Inc.

Volatile Organic Compounds by EPA Method 8021

Benzene	<0.025	0.025	mg/Kg	1	EFD0133	DES	04/07/17 17:13	EPA 8021B	
Toluene	<0.025	0.025	mg/Kg	1	EFD0133	DES	04/07/17 17:13	EPA 8021B	
Ethylbenzene	<0.025	0.025	mg/Kg	1	EFD0133	DES	04/07/17 17:13	EPA 8021B	
Xylenes (total)	<0.075	0.075	mg/Kg	1	EFD0133	DES	04/07/17 17:13	EPA 8021B	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		97 %		25.7-175	EFD0133	DES	04/07/17 17:13	EPA 8021B	
Surrogate: <i>4</i> -Bromofluorobenzene		113 %		12.9-188	EFD0133	DES	04/07/17 17:13	EPA 8021B	

Gasoline Range Hydrocarbons by OK 8020/8015M

Gasoline Range Organics (C6-C10)	<2.50	2.50	mg/Kg	1	EFD0133	DES	04/07/17 17:13	OK DEQ GRO	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		100 %		77-120	EFD0133	DES	04/07/17 17:13	OK DEQ GRO	
Surrogate: <i>4</i> -Bromofluorobenzene		110 %		71.4-114	EFD0133	DES	04/07/17 17:13	OK DEQ GRO	

Environmental Testing, Inc.

Russell Britten, President

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SCS Engineers 1817 Commons Circle Suite 1 Yukon OK, 73099	Project: Sooner Rose Project Number: 27217117.00 Project Manager: Mr. John Richins	Reported: 04/12/17 13:06
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Line 1 (4')

E7D0098-05 (Solid) - Sampled: 04/05/17 15:19

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Qualifiers
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Environmental Testing, Inc.

Volatile Organic Compounds by EPA Method 8021

Benzene	<0.025	0.025	mg/Kg	1	EFD0133	DES	04/07/17 17:38	EPA 8021B	
Toluene	<0.025	0.025	mg/Kg	1	EFD0133	DES	04/07/17 17:38	EPA 8021B	
Ethylbenzene	<0.025	0.025	mg/Kg	1	EFD0133	DES	04/07/17 17:38	EPA 8021B	
Xylenes (total)	<0.075	0.075	mg/Kg	1	EFD0133	DES	04/07/17 17:38	EPA 8021B	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		98 %		25.7-175	EFD0133	DES	04/07/17 17:38	EPA 8021B	
Surrogate: <i>4</i> -Bromofluorobenzene		109 %		12.9-188	EFD0133	DES	04/07/17 17:38	EPA 8021B	

Gasoline Range Hydrocarbons by OK 8020/8015M

Gasoline Range Organics (C6-C10)	<2.50	2.50	mg/Kg	1	EFD0133	DES	04/07/17 17:38	OK DEQ GRO	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		103 %		77-120	EFD0133	DES	04/07/17 17:38	OK DEQ GRO	
Surrogate: <i>4</i> -Bromofluorobenzene		107 %		71.4-114	EFD0133	DES	04/07/17 17:38	OK DEQ GRO	

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Line 2 (3')

E7D0098-06 (Solid) - Sampled: 04/05/17 15:51

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Qualifiers
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Environmental Testing, Inc.

Volatile Organic Compounds by EPA Method 8021

Benzene	<0.025	0.025	mg/Kg	1	EFD0133	DES	04/07/17 18:04	EPA 8021B	
Toluene	<0.025	0.025	mg/Kg	1	EFD0133	DES	04/07/17 18:04	EPA 8021B	
Ethylbenzene	<0.025	0.025	mg/Kg	1	EFD0133	DES	04/07/17 18:04	EPA 8021B	
Xylenes (total)	<0.075	0.075	mg/Kg	1	EFD0133	DES	04/07/17 18:04	EPA 8021B	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		82 %		25.7-175	EFD0133	DES	04/07/17 18:04	EPA 8021B	
Surrogate: <i>4</i> -Bromofluorobenzene		91 %		12.9-188	EFD0133	DES	04/07/17 18:04	EPA 8021B	

Gasoline Range Hydrocarbons by OK 8020/8015M

Gasoline Range Organics (C6-C10)	<2.50	2.50	mg/Kg	1	EFD0133	DES	04/07/17 18:04	OK DEQ GRO	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		85 %		77-120	EFD0133	DES	04/07/17 18:04	OK DEQ GRO	
Surrogate: <i>4</i> -Bromofluorobenzene		88 %		71.4-114	EFD0133	DES	04/07/17 18:04	OK DEQ GRO	

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Project: Sooner Rose
 Project Number: 27217117.00
 Project Manager: Mr. John Richins

Reported:
 04/12/17 13:06

Line 3 (3'-3.5')

E7D0098-07 (Solid) - Sampled: 04/05/17 16:05

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Qualifiers
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Environmental Testing, Inc.

Volatile Organic Compounds by EPA Method 8021

Benzene	<0.025	0.025	mg/Kg	1	EFD0133	DES	04/07/17 18:29	EPA 8021B	
Toluene	<0.025	0.025	mg/Kg	1	EFD0133	DES	04/07/17 18:29	EPA 8021B	
Ethylbenzene	<0.025	0.025	mg/Kg	1	EFD0133	DES	04/07/17 18:29	EPA 8021B	
Xylenes (total)	<0.075	0.075	mg/Kg	1	EFD0133	DES	04/07/17 18:29	EPA 8021B	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		99 %		25.7-175	EFD0133	DES	04/07/17 18:29	EPA 8021B	
Surrogate: <i>4</i> -Bromofluorobenzene		109 %		12.9-188	EFD0133	DES	04/07/17 18:29	EPA 8021B	

Gasoline Range Hydrocarbons by OK 8020/8015M

Gasoline Range Organics (C6-C10)	<2.50	2.50	mg/Kg	1	EFD0133	DES	04/07/17 18:29	OK DEQ GRO	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		105 %		77-120	EFD0133	DES	04/07/17 18:29	OK DEQ GRO	
Surrogate: <i>4</i> -Bromofluorobenzene		106 %		71.4-114	EFD0133	DES	04/07/17 18:29	OK DEQ GRO	

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Project: Sooner Rose
 Project Number: 27217117.00
 Project Manager: Mr. John Richins

Reported:
 04/12/17 13:06

Line 4 (2.5'-3')

E7D0098-08 (Solid) - Sampled: 04/05/17 16:10

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Qualifiers
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Environmental Testing, Inc.

Volatile Organic Compounds by EPA Method 8021

Benzene	0.439	0.025	mg/Kg	1	EFD0133	DES	04/07/17 18:54	EPA 8021B	
Toluene	0.127	0.025	mg/Kg	1	EFD0133	DES	04/07/17 18:54	EPA 8021B	
Ethylbenzene	0.217	0.025	mg/Kg	1	EFD0133	DES	04/07/17 18:54	EPA 8021B	
Xylenes (total)	0.361	0.075	mg/Kg	1	EFD0133	DES	04/07/17 18:54	EPA 8021B	
<i>Surrogate: a,a,a-Trifluorotoluene</i>		574 %		25.7-175	EFD0133	DES	04/07/17 18:54	EPA 8021B	S-02
<i>Surrogate: 4-Bromofluorobenzene</i>		277 %		12.9-188	EFD0133	DES	04/07/17 18:54	EPA 8021B	S-02

Gasoline Range Hydrocarbons by OK 8020/8015M

Gasoline Range Organics (C6-C10)	23.4	2.50	mg/Kg	1	EFD0133	DES	04/07/17 18:54	OK DEQ GRO	
<i>Surrogate: a,a,a-Trifluorotoluene</i>		1560 %		77-120	EFD0133	DES	04/07/17 18:54	OK DEQ GRO	S-02
<i>Surrogate: 4-Bromofluorobenzene</i>		935 %		71.4-114	EFD0133	DES	04/07/17 18:54	OK DEQ GRO	S-02

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Project: Sooner Rose
 Project Number: 27217117.00
 Project Manager: Mr. John Richins

Reported:
 04/12/17 13:06

Line 5 (2.5'-3')

E7D0098-09 (Solid) - Sampled: 04/05/17 16:26

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Qualifiers
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Environmental Testing, Inc.

Volatile Organic Compounds by EPA Method 8021

Benzene	<0.025	0.025	mg/Kg	1	EFD0133	DES	04/07/17 19:19	EPA 8021B	
Toluene	<0.025	0.025	mg/Kg	1	EFD0133	DES	04/07/17 19:19	EPA 8021B	
Ethylbenzene	<0.025	0.025	mg/Kg	1	EFD0133	DES	04/07/17 19:19	EPA 8021B	
Xylenes (total)	<0.075	0.075	mg/Kg	1	EFD0133	DES	04/07/17 19:19	EPA 8021B	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		110 %		25.7-175	EFD0133	DES	04/07/17 19:19	EPA 8021B	
Surrogate: <i>4</i> -Bromofluorobenzene		109 %		12.9-188	EFD0133	DES	04/07/17 19:19	EPA 8021B	

Gasoline Range Hydrocarbons by OK 8020/8015M

Gasoline Range Organics (C6-C10)	<2.50	2.50	mg/Kg	1	EFD0133	DES	04/07/17 19:19	OK DEQ GRO	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		127 %		77-120	EFD0133	DES	04/07/17 19:19	OK DEQ GRO	S-02
Surrogate: <i>4</i> -Bromofluorobenzene		107 %		71.4-114	EFD0133	DES	04/07/17 19:19	OK DEQ GRO	

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Project: Sooner Rose
 Project Number: 27217117.00
 Project Manager: Mr. John Richins

Reported:
 04/12/17 13:06

Line 6 (2.5'-3')

E7D0098-10 (Solid) - Sampled: 04/05/17 16:40

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Qualifiers
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Environmental Testing, Inc.

Volatile Organic Compounds by EPA Method 8021

Benzene	<0.025	0.025	mg/Kg	1	EFD0133	DES	04/07/17 19:44	EPA 8021B	
Toluene	<0.025	0.025	mg/Kg	1	EFD0133	DES	04/07/17 19:44	EPA 8021B	
Ethylbenzene	<0.025	0.025	mg/Kg	1	EFD0133	DES	04/07/17 19:44	EPA 8021B	
Xylenes (total)	<0.075	0.075	mg/Kg	1	EFD0133	DES	04/07/17 19:44	EPA 8021B	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		105 %		25.7-175	EFD0133	DES	04/07/17 19:44	EPA 8021B	
Surrogate: <i>4</i> -Bromofluorobenzene		119 %		12.9-188	EFD0133	DES	04/07/17 19:44	EPA 8021B	

Gasoline Range Hydrocarbons by OK 8020/8015M

Gasoline Range Organics (C6-C10)	<2.50	2.50	mg/Kg	1	EFD0133	DES	04/07/17 19:44	OK DEQ GRO	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		128 %		77-120	EFD0133	DES	04/07/17 19:44	OK DEQ GRO	
Surrogate: <i>4</i> -Bromofluorobenzene		162 %		71.4-114	EFD0133	DES	04/07/17 19:44	OK DEQ GRO	

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Project: Sooner Rose
 Project Number: 27217117.00
 Project Manager: Mr. John Richins

Reported:
 04/12/17 13:06

Line 7 (2'-2.5')

E7D0098-11 (Solid) - Sampled: 04/06/17 10:45

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Qualifiers
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Environmental Testing, Inc.

Volatile Organic Compounds by EPA Method 8021

Benzene	1.05	0.025	mg/Kg	1	EFD0133	DES	04/07/17 20:34	EPA 8021B	
Toluene	0.342	0.025	mg/Kg	1	EFD0133	DES	04/07/17 20:34	EPA 8021B	
Ethylbenzene	0.882	0.025	mg/Kg	1	EFD0133	DES	04/07/17 20:34	EPA 8021B	
Xylenes (total)	0.322	0.075	mg/Kg	1	EFD0133	DES	04/07/17 20:34	EPA 8021B	
<i>Surrogate: a,a,a-Trifluorotoluene</i>		1620 %		25.7-175	EFD0133	DES	04/07/17 20:34	EPA 8021B	S-02
<i>Surrogate: 4-Bromofluorobenzene</i>		406 %		12.9-188	EFD0133	DES	04/07/17 20:34	EPA 8021B	S-02

Gasoline Range Hydrocarbons by OK 8020/8015M

Gasoline Range Organics (C6-C10)	46.0	2.50	mg/Kg	1	EFD0133	DES	04/07/17 20:34	OK DEQ GRO	
<i>Surrogate: a,a,a-Trifluorotoluene</i>		3910 %		77-120	EFD0133	DES	04/07/17 20:34	OK DEQ GRO	S-02
<i>Surrogate: 4-Bromofluorobenzene</i>		1500 %		71.4-114	EFD0133	DES	04/07/17 20:34	OK DEQ GRO	S-02

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Project: Sooner Rose
 Project Number: 27217117.00
 Project Manager: Mr. John Richins

Reported:
 04/12/17 13:06

Line 8 (3'-3.5')

E7D0098-12 (Solid) - Sampled: 04/06/17 11:10

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Qualifiers
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Environmental Testing, Inc.

Volatile Organic Compounds by EPA Method 8021

Benzene	1.38	0.025	mg/Kg	1	EFD0133	DES	04/08/17 00:19	EPA 8021B	
Toluene	3.04	0.025	mg/Kg	1	EFD0133	DES	04/08/17 00:19	EPA 8021B	
Ethylbenzene	21.8	0.500	mg/Kg	20	EFD0133	DES	04/10/17 13:04	EPA 8021B	
Xylenes (total)	8.63	0.075	mg/Kg	1	EFD0133	DES	04/08/17 00:19	EPA 8021B	
<i>Surrogate: a,a,a-Trifluorotoluene</i>		4860 %		25.7-175	EFD0133	DES	04/08/17 00:19	EPA 8021B	S-02
<i>Surrogate: 4-Bromofluorobenzene</i>		1310 %		12.9-188	EFD0133	DES	04/08/17 00:19	EPA 8021B	S-02

Gasoline Range Hydrocarbons by OK 8020/8015M

Gasoline Range Organics (C6-C10)	989	50.0	mg/Kg	20	EFD0133	DES	04/10/17 13:04	OK DEQ GRO	
<i>Surrogate: a,a,a-Trifluorotoluene</i>		1280 %		77-120	EFD0133	DES	04/10/17 13:04	OK DEQ GRO	S-02
<i>Surrogate: 4-Bromofluorobenzene</i>		1450 %		71.4-114	EFD0133	DES	04/10/17 13:04	OK DEQ GRO	S-02

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Project: Sooner Rose
 Project Number: 27217117.00
 Project Manager: Mr. John Richins

Reported:
 04/12/17 13:06

TK-3 FP (12'-14')

E7D0098-13 (Solid) - Sampled: 04/06/17 13:50

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Qualifiers
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Environmental Testing, Inc.

Volatile Organic Compounds by EPA Method 8021

Benzene	<0.025	0.025	mg/Kg	1	EFD0133	DES	04/07/17 20:59	EPA 8021B	
Toluene	<0.025	0.025	mg/Kg	1	EFD0133	DES	04/07/17 20:59	EPA 8021B	
Ethylbenzene	<0.025	0.025	mg/Kg	1	EFD0133	DES	04/07/17 20:59	EPA 8021B	
Xylenes (total)	<0.075	0.075	mg/Kg	1	EFD0133	DES	04/07/17 20:59	EPA 8021B	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		80 %		25.7-175	EFD0133	DES	04/07/17 20:59	EPA 8021B	
Surrogate: <i>4</i> -Bromofluorobenzene		93 %		12.9-188	EFD0133	DES	04/07/17 20:59	EPA 8021B	

Gasoline Range Hydrocarbons by OK 8020/8015M

Gasoline Range Organics (C6-C10)	<2.50	2.50	mg/Kg	1	EFD0133	DES	04/07/17 20:59	OK DEQ GRO	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		95 %		77-120	EFD0133	DES	04/07/17 20:59	OK DEQ GRO	
Surrogate: <i>4</i> -Bromofluorobenzene		157 %		71.4-114	EFD0133	DES	04/07/17 20:59	OK DEQ GRO	S-02

Metals by EPA 6000/7000 Series Methods

Lead	12.1	0.996	mg/Kg	0.996	EFD0187	LSB	04/11/17 11:52	EPA 6010C	
Metals Digestion	Completed		N/A		EFD0187	LSB	04/10/17 14:40	EPA 3050B	

Environmental Testing, Inc.

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SCS Engineers
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Project: Sooner Rose
 Project Number: 27217117.00
 Project Manager: Mr. John Richins

Reported:
 04/12/17 13:06

TK-4 FP (12'-14')

E7D0098-14 (Solid) - Sampled: 04/06/17 13:40

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Qualifiers
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Environmental Testing, Inc.

Volatile Organic Compounds by EPA Method 8021

Benzene	0.035	0.025	mg/Kg	1	EFD0133	DES	04/07/17 23:04	EPA 8021B	
Toluene	0.353	0.025	mg/Kg	1	EFD0133	DES	04/07/17 23:04	EPA 8021B	
Ethylbenzene	0.751	0.025	mg/Kg	1	EFD0133	DES	04/07/17 23:04	EPA 8021B	
Xylenes (total)	2.19	0.075	mg/Kg	1	EFD0133	DES	04/07/17 23:04	EPA 8021B	
<i>Surrogate: a,a,a-Trifluorotoluene</i>		843 %		25.7-175	EFD0133	DES	04/07/17 23:04	EPA 8021B	S-02
<i>Surrogate: 4-Bromofluorobenzene</i>		886 %		12.9-188	EFD0133	DES	04/07/17 23:04	EPA 8021B	S-02

Gasoline Range Hydrocarbons by OK 8020/8015M

Gasoline Range Organics (C6-C10)	66.8	50.0	mg/Kg	20	EFD0133	DES	04/10/17 13:29	OK DEQ GRO	
<i>Surrogate: a,a,a-Trifluorotoluene</i>		100 %		77-120	EFD0133	DES	04/10/17 13:29	OK DEQ GRO	
<i>Surrogate: 4-Bromofluorobenzene</i>		359 %		71.4-114	EFD0133	DES	04/10/17 13:29	OK DEQ GRO	S-02

Metals by EPA 6000/7000 Series Methods

Lead	13.9	1.01	mg/Kg	1.01	EFD0187	LSB	04/11/17 11:56	EPA 6010C	
Metals Digestion	Completed		N/A		EFD0187	LSB	04/10/17 14:40	EPA 3050B	

Environmental Testing, Inc.

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SCS Engineers
 1817 Commons Circle Suite 1
 Yukon OK, 73099

Project: Sooner Rose
 Project Number: 27217117.00
 Project Manager: Mr. John Richins

Reported:
 04/12/17 13:06

TP-2 DG Wall (12'-13')
E7D0098-15 (Solid) - Sampled: 04/06/17 14:00

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Qualifiers
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Environmental Testing, Inc.

Volatile Organic Compounds by EPA Method 8021

Benzene	1.34	0.025	mg/Kg	1	EFD0133	DES	04/07/17 23:29	EPA 8021B	
Toluene	0.365	0.025	mg/Kg	1	EFD0133	DES	04/07/17 23:29	EPA 8021B	
Ethylbenzene	1.54	0.025	mg/Kg	1	EFD0133	DES	04/07/17 23:29	EPA 8021B	
Xylenes (total)	2.59	0.075	mg/Kg	1	EFD0133	DES	04/07/17 23:29	EPA 8021B	
<i>Surrogate: a,a,a-Trifluorotoluene</i>		1470 %		25.7-175	EFD0133	DES	04/07/17 23:29	EPA 8021B	S-02
<i>Surrogate: 4-Bromofluorobenzene</i>		756 %		12.9-188	EFD0133	DES	04/07/17 23:29	EPA 8021B	S-02

Gasoline Range Hydrocarbons by OK 8020/8015M

Gasoline Range Organics (C6-C10)	91.4	50.0	mg/Kg	20	EFD0133	DES	04/10/17 13:54	OK DEQ GRO	
<i>Surrogate: a,a,a-Trifluorotoluene</i>		204 %		77-120	EFD0133	DES	04/10/17 13:54	OK DEQ GRO	S-02
<i>Surrogate: 4-Bromofluorobenzene</i>		499 %		71.4-114	EFD0133	DES	04/10/17 13:54	OK DEQ GRO	S-02

Metals by EPA 6000/7000 Series Methods

Lead	9.36	0.992	mg/Kg	0.992	EFD0187	LSB	04/11/17 11:02	EPA 6010C	
Metals Digestion	Completed		N/A		EFD0187	LSB	04/10/17 14:40	EPA 3050B	

Environmental Testing, Inc.

Russell Britten, President

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SCS Engineers
 1817 Commons Circle Suite 1
 Yukon OK, 73099

Project: Sooner Rose
 Project Number: 27217117.00
 Project Manager: Mr. John Richins

Reported:
 04/12/17 13:06

QUALITY CONTROL

Volatile Organic Compounds by EPA Method 8021 Environmental Testing, Inc.

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Qualifiers
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Batch EFD0133 - EPA 5030 Soil GC

Blank (EFD0133-BLK1)

Prepared & Analyzed: 04/07/17

Benzene	<0.025	0.025	mg/Kg							
Toluene	<0.025	0.025	mg/Kg							
Ethylbenzene	<0.025	0.025	mg/Kg							
Xylenes (total)	<0.075	0.075	mg/Kg							
Surrogate: a,a,a-Trifluorotoluene	0.146		mg/Kg	0.150		97	25.7-175			
Surrogate: 4-Bromofluorobenzene	0.156		mg/Kg	0.150		104	12.9-188			

LCS (EFD0133-BS1)

Prepared & Analyzed: 04/07/17

Benzene	0.384	0.025	mg/Kg	0.400		96	90.1-109			
Toluene	0.388	0.025	mg/Kg	0.400		97	90.4-110			
Ethylbenzene	0.383	0.025	mg/Kg	0.400		96	88.4-112			
Xylenes (total)	1.15	0.075	mg/Kg	1.20		96	88.5-112			
Surrogate: a,a,a-Trifluorotoluene	0.144		mg/Kg	0.150		96	25.7-175			
Surrogate: 4-Bromofluorobenzene	0.164		mg/Kg	0.150		109	12.9-188			

Matrix Spike (EFD0133-MS1)

Source: E7D0098-02

Prepared & Analyzed: 04/07/17

Benzene	0.385	0.025	mg/Kg	0.400	0.0006	96	52.6-130			
Toluene	0.390	0.025	mg/Kg	0.400	0.006	96	41.2-140			
Ethylbenzene	0.380	0.025	mg/Kg	0.400	0.001	95	39.8-140			
Xylenes (total)	1.15	0.075	mg/Kg	1.20	0.005	95	35.8-144			
Surrogate: a,a,a-Trifluorotoluene	0.148		mg/Kg	0.150		99	25.7-175			
Surrogate: 4-Bromofluorobenzene	0.176		mg/Kg	0.150		118	12.9-188			

Matrix Spike Dup (EFD0133-MSD1)

Source: E7D0098-02

Prepared & Analyzed: 04/07/17

Benzene	0.389	0.025	mg/Kg	0.400	0.0006	97	52.6-130	0.9	20	
Toluene	0.394	0.025	mg/Kg	0.400	0.006	97	41.2-140	1	20	
Ethylbenzene	0.385	0.025	mg/Kg	0.400	0.001	96	39.8-140	1	20	
Xylenes (total)	1.16	0.075	mg/Kg	1.20	0.005	96	35.8-144	0.8	20	
Surrogate: a,a,a-Trifluorotoluene	0.147		mg/Kg	0.150		98	25.7-175			
Surrogate: 4-Bromofluorobenzene	0.169		mg/Kg	0.150		113	12.9-188			

Environmental Testing, Inc.

Russell Britten, President

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SCS Engineers
 1817 Commons Circle Suite 1
 Yukon OK, 73099

Project: Sooner Rose
 Project Number: 27217117.00
 Project Manager: Mr. John Richins

Reported:
 04/12/17 13:06

QUALITY CONTROL

Gasoline Range Hydrocarbons by OK 8020/8015M Environmental Testing, Inc.

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Qualifiers
Batch EFD0133 - EPA 5030 Soil GC										
Blank (EFD0133-BLK1)				Prepared & Analyzed: 04/07/17						
Gasoline Range Organics (C6-C10)	<2.50	2.50	mg/Kg							
Surrogate: a,a,a-Trifluorotoluene	0.150		mg/Kg	0.150		100	77-120			
Surrogate: 4-Bromofluorobenzene	0.162		mg/Kg	0.150		108	71.4-114			
LCS (EFD0133-BS1)				Prepared & Analyzed: 04/07/17						
Gasoline Range Organics (C6-C10)	3.69	2.50	mg/Kg	4.00		92	79.2-108			
Surrogate: a,a,a-Trifluorotoluene	0.148		mg/Kg	0.150		98	77-120			
Surrogate: 4-Bromofluorobenzene	0.167		mg/Kg	0.150		111	71.4-114			
Matrix Spike (EFD0133-MS1)				Source: E7D0098-02		Prepared & Analyzed: 04/07/17				
Gasoline Range Organics (C6-C10)	3.81	2.50	mg/Kg	4.00	0.117	92	9.24-162			
Surrogate: a,a,a-Trifluorotoluene	0.157		mg/Kg	0.150		104	77-120			
Surrogate: 4-Bromofluorobenzene	0.169		mg/Kg	0.150		113	71.4-114			
Matrix Spike Dup (EFD0133-MSD1)				Source: E7D0098-02		Prepared & Analyzed: 04/07/17				
Gasoline Range Organics (C6-C10)	3.74	2.50	mg/Kg	4.00	0.117	91	9.24-162	2	20	
Surrogate: a,a,a-Trifluorotoluene	0.153		mg/Kg	0.150		102	77-120			
Surrogate: 4-Bromofluorobenzene	0.167		mg/Kg	0.150		111	71.4-114			

Environmental Testing, Inc.

Russell Britten, President

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SCS Engineers
 1817 Commons Circle Suite 1
 Yukon OK, 73099

Project: Sooner Rose
 Project Number: 27217117.00
 Project Manager: Mr. John Richins

Reported:
 04/12/17 13:06

QUALITY CONTROL

Metals by EPA 6000/7000 Series Methods
 Environmental Testing, Inc.

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Qualifiers
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Batch EFD0187 - EPA 3050

Blank (EFD0187-BLK1)

Prepared: 04/10/17 Analyzed: 04/11/17

Lead	<1.00	1.00	mg/Kg							
Metals Digestion	Completed		N/A							

LCS (EFD0187-BS1)

Prepared: 04/10/17 Analyzed: 04/11/17

Lead	47.6	1.00	mg/Kg	50.0		95	80-120			
Metals Digestion	Completed		N/A							

Duplicate (EFD0187-DUP1)

Source: E7D0098-15

Prepared: 04/10/17 Analyzed: 04/11/17

Lead	9.46	1.00	mg/Kg		9.36			1	20	
Metals Digestion	Completed		N/A							

Matrix Spike (EFD0187-MS1)

Source: E7D0098-15

Prepared: 04/10/17 Analyzed: 04/11/17

Lead	49.3	0.994	mg/Kg	49.7	9.36	80	75-125			
Metals Digestion	Completed		N/A							

Matrix Spike Dup (EFD0187-MSD1)

Source: E7D0098-15

Prepared: 04/10/17 Analyzed: 04/11/17

Lead	49.6	0.984	mg/Kg	49.2	9.36	82	75-125	0.5	20	
Metals Digestion	Completed		N/A							

Environmental Testing, Inc.

Russell Britten, President

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SCS Engineers 1817 Commons Circle Suite 1 Yukon OK, 73099	Project: Sooner Rose Project Number: 27217117.00 Project Manager: Mr. John Richins	Reported: 04/12/17 13:06
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Non-Certified Analyses included in this Report

Analyte

Certifications

Code	Description	Number	Expires
KDHE	Kansas Accredited	E-10401	01/31/2018
NELAP	NELAP Accredited (LDEQ)	10002	06/30/2017
ODEQ	Oklahoma Accredited	2016-009	08/31/2017
TCEQ	Texas Accredited	T104704498-17-7	03/31/2018

Environmental Testing, Inc.

Russell Britten, President

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SCS Engineers
1817 Commons Circle Suite 1
Yukon OK, 73099

Project: Sooner Rose
Project Number: 27217117.00
Project Manager: Mr. John Richins

Reported:
04/12/17 13:06

Qualifiers and Definitions

COM	Completed
S-02	The surrogate recovery was higher than method or laboratory control limits due to matrix interferences.
DET	Analyte DETECTED
ND	Analyte NOT DETECTED at or above the reporting limit
NR	Not Reported
dry	Sample results reported on a dry weight basis
RPD	Relative Percent Difference
x	Non-Certified analyte
NA	Not Applicable

Environmental Testing, Inc.

Russell Britten, President

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CHAIN OF CUSTODY RECORD

ENVIRONMENTAL TESTING, INC.

4619 NORTH SANTA FE AVE.
OKLAHOMA CITY, OK 73118
(405) 488-2400
FAX: (405) 488-2404



PAGE: 1 OF 2
SAMPLE SERIES #: ETD0098
SHADED AREAS FOR LABORATORY USE ON

COMPANY: SCS Engineers
ADDRESS: 1817 Commons Cir Suite 1, Yukon, OK 73097
PHONE #: 325-280-5750
EMAIL: J.Richard@scsengineers + joyce@scsengineers
P.O. #: 27217117.00
CLIENT CONTACT: John Richkins
PROJECT #: 27217117.00 /MANAGER: Charles Joyce
SITE LOCATION: Sooner Reserve

SAMPLE TYPE
1. WATER
2. SOIL
3. SLUDGE
4. OIL
5. OTHER
CONTAINER TYPE
P-PLASTIC
G-GLASS
V-VOA
O-OTHER
T-TEFLON

TPH-GLK 8026/8015M
BTEX 8021B

ETI SAMPLE #	CLIENT SAMPLE IDENTIFICATION	SAMPLE TYPE	CONTAINER		#	SAMPLING		PRESERVATIVES	ANALYSIS	LAB COMMENTS
			TYPE	SIZE		DATE	TIME			
1	Dispenser Island (3'-3.5')	Soil	4oz		2	4/4/17	1100	Ice	X	
2	TK-1 FP (13'-14')					4/5/17	1050		X	
3	TK-2 FP (13'-14')						1160			
4	TP-1 DA WALL (13'-14')						1112			
5	Line 1 (4')						1519			
6	Line 2 (3')						1551			
7	Line 3 (3'-3.5')						1605			
8	Line 4 (2.5'-3')						1610			
9	Line 5 (2.5'-3')						1626			
10	Line 6 (2.5'-3')						1640			

RECEIVED ON ICE: Y N @ 4°C
EQUIPMENT #: ECO184
REQUESTED TURNAROUND TIME: REGULAR (5 DAYS) RUSH REQUIRED: (ADDITIONAL FEES MAY APPLY)
 3 DAYS 2 DAYS 1 DAY
SAMPLER: John Richkins
FIELD PH: _____ TEMP: _____
TIME: _____ COND: _____
CALIB: 4 7 10

RELINQUISHED BY: John Richkins DATE: 4/11/17 RECEIVED BY: Adrian DATE: 4/10/17
TIME: 1532 TIME: 1532
COMMENTS: _____

RELINQUISHED BY: _____ DATE: _____ RECEIVED BY: _____ DATE: _____
TIME: _____ TIME: _____

RELINQUISHED BY: _____ DATE: _____ RECEIVED BY: _____ DATE: _____
TIME: _____ TIME: _____
LOG IN REVIEW: _____

ENVIRONMENTAL TESTING, INC.

4619 NORTH SANTA FE AVE.
OKLAHOMA CITY, OK 73118
(405) 488-2400
FAX: (405) 488-2404



CHAIN OF CUSTODY RECORD

PAGE: 2 OF 2
SAMPLE SERIES #: E7D0098

SHADED AREAS FOR LABORATORY USE ONLY

COMPANY: SCS Engineers
ADDRESS: 1817 Commonwealth Cir. Suite 1, Yukon, OK 73099
PHONE #: 325-280-5750
EMAIL: JRichkins@scsengineers.com & cjoyce@scsengineers.com
P.O. #: 27217117.00
CLIENT CONTACT: John Richkins /MANAGER: Charles Joyce
PROJECT #: 27217117.00
SITE LOCATION: Sooper Ridge

- SAMPLE TYPE
1. WATER
 2. SOIL
 3. SLUDGE
 4. OIL
 5. OTHER
- CONTAINER TYPE
- P-PLASTIC
 - G-GLASS
 - V-VOA
 - O-OTHER
 - T-TEFLON

ANALYSIS	LAB COMMENTS
Lead 6610C	
TPH-6MO 8026/8015M	
BTEX 8021B	

ETI SAMPLE #	CLIENT SAMPLE IDENTIFICATION	SAMPLE TYPE	SIZE	CONTAINER		SAMPLING DATE	SAMPLING TIME	PRESERVATIVES	FIELD PH:	TEMP:
				TYPE	#					
11	Line 7 (2'-2.5')	Soil	4oz		2	4/6/17	1045	ICE		
12	Line 8 (2'-3.5')						1110			
13	TK-3 FP (12'-14')						1350			
14	TK-4 FP (12'-14')						1340			
15	TP-2 DG Wall (12'-13')						1400			

RECEIVED ON ICE: Y N @ 42 °C
EQUIPMENT #: 800184

REQUESTED TURNAROUND TIME: REGULAR (5 DAYS)
RUSH REQUIRED: (ADDITIONAL FEES MAY APPLY)
 3 DAYS 2 DAYS 1 DAY

SAMPLER: John Richkins

FIELD PH: _____ TEMP: _____
CALB: 4 7 10

RELINQUISHED BY: John Richkins

RELINQUISHED BY: _____

RELINQUISHED BY: _____

RECEIVED BY: _____

RECEIVED BY: _____

RECEIVED BY: _____

LOG IN REVIEW: _____

E7D0098

Environmental Testing, Inc.

Client: SCS Engineers	Project Manager: Russell Britten
Project: Sooner Rose	Project Number: 27217117.00

Report To:
SCS Engineers
Mr. John Richins
1817 Commons Circle Suite 1
Yukon, OK 73099
Phone: (405) 265-3960
Fax:

Invoice To:
SCS Engineers
Mr. John Richins
1817 Commons Circle Suite 1
Yukon, OK 73099
Phone: (405) 265-3960
Fax:

Date Due: 04/13/17 17:00 (5 day TAT)	
Received By: Cassandra Colon	Date Received: 04/06/17 15:32
Logged In By: Cassandra Colon	Date Logged In: 04/06/17 15:37

Samples Received at:	4.2°C				
Custody seals	No	Received on ice	Yes	Sufficient sample	Yes
Containers intact	Yes	Sample or temp blank frozen	No		
COC/Labels agree	Yes	Headspace in VOA vials	No		
Preservation confirmed	No	Correct containers	Yes		

Notes:

Preservation Confirmation

Container ID	Container Type	pH	Date/Time	Lot #
--------------	----------------	----	-----------	-------

Preservation Confirmed By _____

Date _____

Reviewed By _____

Date _____

Laboratory Analytical Report

06 April 2017

Mr. John Richins

SCS Engineers

1817 Commons Circle Suite 1

Yukon, OK 73099

WO: E7D0050

RE: Sooner Rose

Enclosed are the results of analyses for samples received by the laboratory on 04/05/17 09:07. If you have any questions concerning this report, please feel free to contact me.

Sincerely,



Russell Britten

President



4619 N. Santa Fe

Oklahoma City, OK 73118

405.488.2400 Phone

405.488.2404 Fax

www.etilab.com

Original (P)



SCS Engineers
 1817 Commons Circle Suite 1
 Yukon OK, 73099

Project: Sooner Rose
 Project Number: 27217117.00
 Project Manager: Mr. John Richins

Reported:
 04/06/17 09:33

SS-2

E7D0050-01 (Solid) - Sampled: 04/05/17 07:47

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Qualifiers
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Environmental Testing, Inc.

Volatile Organic Compounds by EPA Method 8021

Benzene	<0.025	0.025	mg/Kg	1	EFD0074	DES	04/05/17 18:18	EPA 8021B	
Toluene	<0.025	0.025	mg/Kg	1	EFD0074	DES	04/05/17 18:18	EPA 8021B	
Ethylbenzene	<0.025	0.025	mg/Kg	1	EFD0074	DES	04/05/17 18:18	EPA 8021B	
Xylenes (total)	<0.075	0.075	mg/Kg	1	EFD0074	DES	04/05/17 18:18	EPA 8021B	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		78 %		25.7-175	EFD0074	DES	04/05/17 18:18	EPA 8021B	
Surrogate: <i>4</i> -Bromofluorobenzene		108 %		12.9-188	EFD0074	DES	04/05/17 18:18	EPA 8021B	

Gasoline Range Hydrocarbons by OK 8020/8015M

Gasoline Range Organics (C6-C10)	<2.50	2.50	mg/Kg	1	EFD0074	DES	04/05/17 18:18	OK DEQ GRO	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		81 %		77-120	EFD0074	DES	04/05/17 18:18	OK DEQ GRO	
Surrogate: <i>4</i> -Bromofluorobenzene		113 %		71.4-114	EFD0074	DES	04/05/17 18:18	OK DEQ GRO	

Environmental Testing, Inc.

Russell Britten, President

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SCS Engineers
 1817 Commons Circle Suite 1
 Yukon OK, 73099

Project: Sooner Rose
 Project Number: 27217117.00
 Project Manager: Mr. John Richins

Reported:
 04/06/17 09:33

SS-3

E7D0050-02 (Solid) - Sampled: 04/05/17 08:02

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Qualifiers
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Environmental Testing, Inc.

Volatile Organic Compounds by EPA Method 8021

Benzene	<0.025	0.025	mg/Kg	1	EFD0074	DES	04/05/17 18:43	EPA 8021B	
Toluene	<0.025	0.025	mg/Kg	1	EFD0074	DES	04/05/17 18:43	EPA 8021B	
Ethylbenzene	<0.025	0.025	mg/Kg	1	EFD0074	DES	04/05/17 18:43	EPA 8021B	
Xylenes (total)	<0.075	0.075	mg/Kg	1	EFD0074	DES	04/05/17 18:43	EPA 8021B	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		84 %		25.7-175	EFD0074	DES	04/05/17 18:43	EPA 8021B	
Surrogate: <i>4</i> -Bromofluorobenzene		107 %		12.9-188	EFD0074	DES	04/05/17 18:43	EPA 8021B	

Gasoline Range Hydrocarbons by OK 8020/8015M

Gasoline Range Organics (C6-C10)	<2.50	2.50	mg/Kg	1	EFD0074	DES	04/05/17 18:43	OK DEQ GRO	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		85 %		77-120	EFD0074	DES	04/05/17 18:43	OK DEQ GRO	
Surrogate: <i>4</i> -Bromofluorobenzene		101 %		71.4-114	EFD0074	DES	04/05/17 18:43	OK DEQ GRO	

Environmental Testing, Inc.

Russell Britten, President

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SCS Engineers 1817 Commons Circle Suite 1 Yukon OK, 73099	Project: Sooner Rose Project Number: 27217117.00 Project Manager: Mr. John Richins	Reported: 04/06/17 09:33
---	--	-----------------------------

SS-4

E7D0050-03 (Solid) - Sampled: 04/05/17 08:15

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Qualifiers
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Environmental Testing, Inc.

Volatile Organic Compounds by EPA Method 8021

Benzene	<0.025	0.025	mg/Kg	1	EFD0074	DES	04/05/17 19:09	EPA 8021B	
Toluene	<0.025	0.025	mg/Kg	1	EFD0074	DES	04/05/17 19:09	EPA 8021B	
Ethylbenzene	<0.025	0.025	mg/Kg	1	EFD0074	DES	04/05/17 19:09	EPA 8021B	
Xylenes (total)	<0.075	0.075	mg/Kg	1	EFD0074	DES	04/05/17 19:09	EPA 8021B	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		94 %		25.7-175	EFD0074	DES	04/05/17 19:09	EPA 8021B	
Surrogate: <i>4</i> -Bromofluorobenzene		108 %		12.9-188	EFD0074	DES	04/05/17 19:09	EPA 8021B	

Gasoline Range Hydrocarbons by OK 8020/8015M

Gasoline Range Organics (C6-C10)	<2.50	2.50	mg/Kg	1	EFD0074	DES	04/05/17 19:09	OK DEQ GRO	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		94 %		77-120	EFD0074	DES	04/05/17 19:09	OK DEQ GRO	
Surrogate: <i>4</i> -Bromofluorobenzene		104 %		71.4-114	EFD0074	DES	04/05/17 19:09	OK DEQ GRO	

Environmental Testing, Inc.

Russell Britten, President

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SCS Engineers
 1817 Commons Circle Suite 1
 Yukon OK, 73099

Project: Sooner Rose
 Project Number: 27217117.00
 Project Manager: Mr. John Richins

Reported:
 04/06/17 09:33

SS-5

E7D0050-04 (Solid) - Sampled: 04/05/17 08:23

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Qualifiers
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Environmental Testing, Inc.

Volatile Organic Compounds by EPA Method 8021

Benzene	<0.025	0.025	mg/Kg	1	EFD0074	DES	04/05/17 19:34	EPA 8021B	
Toluene	<0.025	0.025	mg/Kg	1	EFD0074	DES	04/05/17 19:34	EPA 8021B	
Ethylbenzene	<0.025	0.025	mg/Kg	1	EFD0074	DES	04/05/17 19:34	EPA 8021B	
Xylenes (total)	<0.075	0.075	mg/Kg	1	EFD0074	DES	04/05/17 19:34	EPA 8021B	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		96 %		25.7-175	EFD0074	DES	04/05/17 19:34	EPA 8021B	
Surrogate: <i>4</i> -Bromofluorobenzene		106 %		12.9-188	EFD0074	DES	04/05/17 19:34	EPA 8021B	

Gasoline Range Hydrocarbons by OK 8020/8015M

Gasoline Range Organics (C6-C10)	<2.50	2.50	mg/Kg	1	EFD0074	DES	04/05/17 19:34	OK DEQ GRO	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		97 %		77-120	EFD0074	DES	04/05/17 19:34	OK DEQ GRO	
Surrogate: <i>4</i> -Bromofluorobenzene		105 %		71.4-114	EFD0074	DES	04/05/17 19:34	OK DEQ GRO	

Environmental Testing, Inc.

Russell Britten, President

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SCS Engineers
 1817 Commons Circle Suite 1
 Yukon OK, 73099

Project: Sooner Rose
 Project Number: 27217117.00
 Project Manager: Mr. John Richins

Reported:
 04/06/17 09:33

Volatile Organic Compounds by EPA Method 8021 - Quality Control

Environmental Testing, Inc.

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Qualifiers
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Batch EFD0074 - EPA 5030 Soil GC

Blank (EFD0074-BLK1)

Prepared & Analyzed: 04/05/17

Benzene	<0.025	0.025	mg/Kg							
Toluene	<0.025	0.025	mg/Kg							
Ethylbenzene	<0.025	0.025	mg/Kg							
Xylenes (total)	<0.075	0.075	mg/Kg							
Surrogate: a,a,a-Trifluorotoluene	0.146		mg/Kg	0.150		97	25.7-175			
Surrogate: 4-Bromofluorobenzene	0.163		mg/Kg	0.150		109	12.9-188			

LCS (EFD0074-BS1)

Prepared & Analyzed: 04/05/17

Benzene	0.396	0.025	mg/Kg	0.400		99	90.1-109			
Toluene	0.400	0.025	mg/Kg	0.400		100	90.4-110			
Ethylbenzene	0.394	0.025	mg/Kg	0.400		99	88.4-112			
Xylenes (total)	1.19	0.075	mg/Kg	1.20		99	88.5-112			
Surrogate: a,a,a-Trifluorotoluene	0.119		mg/Kg	0.150		79	25.7-175			
Surrogate: 4-Bromofluorobenzene	0.137		mg/Kg	0.150		91	12.9-188			

Matrix Spike (EFD0074-MS1)

Source: E7C0645-03

Prepared & Analyzed: 04/05/17

Benzene	0.377	0.025	mg/Kg	0.400	0.001	94	52.6-130			
Toluene	0.376	0.025	mg/Kg	0.400	0.009	92	41.2-140			
Ethylbenzene	0.373	0.025	mg/Kg	0.400	0.008	91	39.8-140			
Xylenes (total)	1.14	0.075	mg/Kg	1.20	0.048	91	35.8-144			
Surrogate: a,a,a-Trifluorotoluene	0.141		mg/Kg	0.150		94	25.7-175			
Surrogate: 4-Bromofluorobenzene	0.147		mg/Kg	0.150		98	12.9-188			

Matrix Spike Dup (EFD0074-MSD1)

Source: E7C0645-03

Prepared & Analyzed: 04/05/17

Benzene	0.369	0.025	mg/Kg	0.400	0.001	92	52.6-130	2	20	
Toluene	0.366	0.025	mg/Kg	0.400	0.009	89	41.2-140	3	20	
Ethylbenzene	0.364	0.025	mg/Kg	0.400	0.008	89	39.8-140	2	20	
Xylenes (total)	1.12	0.075	mg/Kg	1.20	0.048	89	35.8-144	2	20	
Surrogate: a,a,a-Trifluorotoluene	0.140		mg/Kg	0.150		93	25.7-175			
Surrogate: 4-Bromofluorobenzene	0.153		mg/Kg	0.150		102	12.9-188			

Environmental Testing, Inc.

Russell Britten, President

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SCS Engineers
 1817 Commons Circle Suite 1
 Yukon OK, 73099

Project: Sooner Rose
 Project Number: 27217117.00
 Project Manager: Mr. John Richins

Reported:
 04/06/17 09:33

Gasoline Range Hydrocarbons by OK 8020/8015M - Quality Control
Environmental Testing, Inc.

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Qualifiers
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Batch EFD0074 - EPA 5030 Soil GC

Blank (EFD0074-BLK1)

Prepared & Analyzed: 04/05/17

Gasoline Range Organics (C6-C10)	<2.50	2.50	mg/Kg							
Surrogate: a,a,a-Trifluorotoluene	0.149		mg/Kg	0.150		100	77-120			
Surrogate: 4-Bromofluorobenzene	0.155		mg/Kg	0.150		103	71.4-114			

LCS (EFD0074-BS1)

Prepared & Analyzed: 04/05/17

Gasoline Range Organics (C6-C10)	3.78	2.50	mg/Kg	4.00		95	79.2-108			
Surrogate: a,a,a-Trifluorotoluene	0.121		mg/Kg	0.150		80	77-120			
Surrogate: 4-Bromofluorobenzene	0.126		mg/Kg	0.150		84	71.4-114			

Matrix Spike (EFD0074-MS1)

Source: E7C0645-03

Prepared & Analyzed: 04/05/17

Gasoline Range Organics (C6-C10)	3.48	2.50	mg/Kg	4.00	0.153	83	9.24-162			
Surrogate: a,a,a-Trifluorotoluene	0.145		mg/Kg	0.150		97	77-120			
Surrogate: 4-Bromofluorobenzene	0.148		mg/Kg	0.150		99	71.4-114			

Matrix Spike Dup (EFD0074-MSD1)

Source: E7C0645-03

Prepared & Analyzed: 04/05/17

Gasoline Range Organics (C6-C10)	3.42	2.50	mg/Kg	4.00	0.153	82	9.24-162	2	20	
Surrogate: a,a,a-Trifluorotoluene	0.144		mg/Kg	0.150		96	77-120			
Surrogate: 4-Bromofluorobenzene	0.149		mg/Kg	0.150		99	71.4-114			

Environmental Testing, Inc.

Russell Britten, President

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SCS Engineers 1817 Commons Circle Suite 1 Yukon OK, 73099	Project: Sooner Rose Project Number: 27217117.00 Project Manager: Mr. John Richins	Reported: 04/06/17 09:33
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Non-Certified Analyses included in this Report

Analyte

Certifications

Code	Description	Number	Expires
KDHE	Kansas Accredited	E-10401	01/31/2018
NELAP	NELAP Accredited (LDEQ)	10002	06/30/2017
ODEQ	Oklahoma Accredited	2016-009	08/31/2017
TCEQ	Texas Accredited	T104704498-17-7	03/31/2018

Environmental Testing, Inc.

Russell Britten, President

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SCS Engineers
1817 Commons Circle Suite 1
Yukon OK, 73099

Project: Sooner Rose
Project Number: 27217117.00
Project Manager: Mr. John Richins

Reported:
04/06/17 09:33

Qualifiers and Definitions

DET Analyte DETECTED
ND Analyte NOT DETECTED at or above the reporting limit
NR Not Reported
dry Sample results reported on a dry weight basis
RPD Relative Percent Difference
x Non-Certified analyte
NA Not Applicable

Environmental Testing, Inc.

Russell Britten, President

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ENVIRONMENTAL TESTING, INC.

4619 NORTH SANTA FE AVE.
OKLAHOMA CITY, OK 73118
(405) 488-2400
FAX: (405) 488-2404



CHAIN OF CUSTODY RECORD

PAGE: 1 OF 1
SAMPLE SERIES # 4715005
SHADED AREAS FOR LABORATORY USE ONLY

ANALYSIS

COMPANY: SCS Engineers
ADDRESS: 1817 Commons Cir Suite 1 Yukon, OK 73099
PHONE #: 325-280-5750
EMAIL: JRichins@scsengineer.com & cjoyce@scsengineers.com
P.O. #: 27217117.00
CLIENT CONTACT: John Richins
PROJECT #: 27217117.00 /MANAGER: Charles Joyce
SITE LOCATION: Sooner Rose

- SAMPLE TYPE
1. WATER
 2. SOIL
 3. SLUDGE
 4. OIL
 5. OTHER
- CONTAINER TYPE
- P-PLASTIC
 - G-GLASS
 - V-VOA
 - O-OTHER
 - T-TEFLON
- PRESERVATIVES

ETI SAMPLE #	CLIENT SAMPLE IDENTIFICATION	SAMPLE TYPE	CONTAINER		SAMPLING DATE	SAMPLING TIME	PRESERVATIVES	LAB COMMENTS
			SIZE	TYPE				
1	SS-2	Soil	4oz	2	4/15/17	0802	Ice	TPH-GLK 8020/8015M
2	SS-3					0815		
3	SS-4					0823		
4	SS-5							

RECEIVED ON ICE: Y N @ 5:10pc
EQUIPMENT #: 470004
REQUESTED TURNAROUND TIME: REGULAR (5 DAYS) 3 DAYS 2 DAYS 1 DAY
RUSH REQUIRED: (ADDITIONAL FEES MAY APPLY)

SAMPLER: John Richins
John Richins

FIELD PH: _____ TEMP: _____
TIME: _____ COND: _____
CALLB: 4 7 10

RELINQUISHED BY: John Richins RECEIVED BY: ASDA
DATE: 4/15/17 TIME: 0907
RELINQUISHED BY: _____ RECEIVED BY: _____
DATE: _____ TIME: _____
RELINQUISHED BY: _____ RECEIVED BY: _____
DATE: _____ TIME: _____

SIGNATURE CONSTITUTES AGREEMENT TO TERMS & CONDITIONS.

E7D0050

Environmental Testing, Inc.

Client: SCS Engineers	Project Manager: Russell Britten
Project: Sooner Rose	Project Number: 27217117.00

<p>Report To: SCS Engineers Mr. John Richins 1817 Commons Circle Suite 1 Yukon, OK 73099 Phone: (405) 265-3960 Fax:</p>	<p>Invoice To: SCS Engineers Mr. John Richins 1817 Commons Circle Suite 1 Yukon, OK 73099 Phone: (405) 265-3960 Fax:</p>
--	---

Date Due: 04/06/17 17:00 (1 day TAT)	
Received By: Andra Hoot	Date Received: 04/05/17 09:07
Logged In By: Andra Hoot	Date Logged In: 04/05/17 09:14

Samples Received at:	5.6°C				
Custody seals	No	Received on ice	Yes	Sufficient sample	Yes
Containers intact	Yes	Sample or temp blank frozen	No		
COC/Labels agree	Yes	Headspace in VOA vials	No		
Preservation confirmed	No	Correct containers	Yes		

Notes:

Preservation Confirmation

Container ID	Container Type	pH	Date/Time	Lot #
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Preservation Confirmed By _____ Date _____

Reviewed By _____ Date _____

Laboratory Analytical Report

07 April 2017

Mr. John Richins

SCS Engineers

1817 Commons Circle Suite 1

Yukon, OK 73099

WO: E7D0072

RE: Sooner Rose

Enclosed are the results of analyses for samples received by the laboratory on 04/06/17 09:16. If you have any questions concerning this report, please feel free to contact me.

Sincerely,



Keith Hopcus For Russell Britten

President



**ENVIRONMENTAL
TESTING, INC.**

4619 N. Santa Fe

Oklahoma City, OK 73118

405.488.2400 Phone

405.488.2404 Fax

www.etilab.com

Original (P)



SCS Engineers
 1817 Commons Circle Suite 1
 Yukon OK, 73099

Project: Sooner Rose
 Project Number: 27217117.00
 Project Manager: Mr. John Richins

Reported:
 04/07/17 15:45

BF-1

E7D0072-01 (Solid) - Sampled: 04/06/17 08:23

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Qualifiers
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Environmental Testing, Inc.

Volatile Organic Compounds by EPA Method 8021

Benzene	<0.025	0.025	mg/Kg	1	EFD0101	DES	04/06/17 13:06	EPA 8021B	
Toluene	<0.025	0.025	mg/Kg	1	EFD0101	DES	04/06/17 13:06	EPA 8021B	
Ethylbenzene	<0.025	0.025	mg/Kg	1	EFD0101	DES	04/06/17 13:06	EPA 8021B	
Xylenes (total)	<0.075	0.075	mg/Kg	1	EFD0101	DES	04/06/17 13:06	EPA 8021B	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		94 %		25.7-175	EFD0101	DES	04/06/17 13:06	EPA 8021B	
Surrogate: <i>4</i> -Bromofluorobenzene		99 %		12.9-188	EFD0101	DES	04/06/17 13:06	EPA 8021B	

Gasoline Range Hydrocarbons by OK 8020/8015M

Gasoline Range Organics (C6-C10)	<2.50	2.50	mg/Kg	1	EFD0101	DES	04/06/17 13:06	OK DEQ GRO	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		96 %		77-120	EFD0101	DES	04/06/17 13:06	OK DEQ GRO	
Surrogate: <i>4</i> -Bromofluorobenzene		91 %		71.4-114	EFD0101	DES	04/06/17 13:06	OK DEQ GRO	

Metals by EPA 6000/7000 Series Methods

Lead	130	0.994	mg/Kg	0.994	EFD0121	LSB	04/07/17 13:54	EPA 6010C	
Metals Digestion	Completed		N/A		EFD0121	LSB	04/06/17 14:30	EPA 3050B	

Environmental Testing, Inc.

Keith Hopcus For Russell Britten, President

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SCS Engineers
 1817 Commons Circle Suite 1
 Yukon OK, 73099

Project: Sooner Rose
 Project Number: 27217117.00
 Project Manager: Mr. John Richins

Reported:
 04/07/17 15:45

BF-2

E7D0072-02 (Solid) - Sampled: 04/06/17 08:34

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Qualifiers
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Environmental Testing, Inc.

Volatile Organic Compounds by EPA Method 8021

Benzene	<0.025	0.025	mg/Kg	1	EFD0101	DES	04/06/17 14:20	EPA 8021B	
Toluene	<0.025	0.025	mg/Kg	1	EFD0101	DES	04/06/17 14:20	EPA 8021B	
Ethylbenzene	<0.025	0.025	mg/Kg	1	EFD0101	DES	04/06/17 14:20	EPA 8021B	
Xylenes (total)	<0.075	0.075	mg/Kg	1	EFD0101	DES	04/06/17 14:20	EPA 8021B	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		74 %		25.7-175	EFD0101	DES	04/06/17 14:20	EPA 8021B	
Surrogate: <i>4</i> -Bromofluorobenzene		81 %		12.9-188	EFD0101	DES	04/06/17 14:20	EPA 8021B	

Gasoline Range Hydrocarbons by OK 8020/8015M

Gasoline Range Organics (C6-C10)	<2.50	2.50	mg/Kg	1	EFD0101	DES	04/06/17 14:20	OK DEQ GRO	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		75 %		77-120	EFD0101	DES	04/06/17 14:20	OK DEQ GRO	S-01
Surrogate: <i>4</i> -Bromofluorobenzene		77 %		71.4-114	EFD0101	DES	04/06/17 14:20	OK DEQ GRO	

Metals by EPA 6000/7000 Series Methods

Lead	11.1	0.982	mg/Kg	0.982	EFD0121	LSB	04/07/17 14:17	EPA 6010C	
Metals Digestion	Completed		N/A		EFD0121	LSB	04/06/17 14:30	EPA 3050B	

Environmental Testing, Inc.

Keith Hopcus For Russell Britten, President

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SCS Engineers
1817 Commons Circle Suite 1
Yukon OK, 73099

Project: Sooner Rose
Project Number: 27217117.00
Project Manager: Mr. John Richins

Reported:
04/07/17 15:45

BF-3

E7D0072-03 (Solid) - Sampled: 04/06/17 08:41

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Qualifiers
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Environmental Testing, Inc.

Volatile Organic Compounds by EPA Method 8021

Benzene	<0.025	0.025	mg/Kg	1	EFD0101	DES	04/06/17 14:45	EPA 8021B	
Toluene	<0.025	0.025	mg/Kg	1	EFD0101	DES	04/06/17 14:45	EPA 8021B	
Ethylbenzene	<0.025	0.025	mg/Kg	1	EFD0101	DES	04/06/17 14:45	EPA 8021B	
Xylenes (total)	<0.075	0.075	mg/Kg	1	EFD0101	DES	04/06/17 14:45	EPA 8021B	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		95 %		25.7-175	EFD0101	DES	04/06/17 14:45	EPA 8021B	
Surrogate: <i>4</i> -Bromofluorobenzene		108 %		12.9-188	EFD0101	DES	04/06/17 14:45	EPA 8021B	

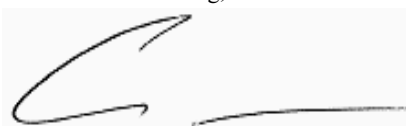
Gasoline Range Hydrocarbons by OK 8020/8015M

Gasoline Range Organics (C6-C10)	<2.50	2.50	mg/Kg	1	EFD0101	DES	04/06/17 14:45	OK DEQ GRO	
Surrogate: <i>a,a,a</i> -Trifluorotoluene		96 %		77-120	EFD0101	DES	04/06/17 14:45	OK DEQ GRO	
Surrogate: <i>4</i> -Bromofluorobenzene		107 %		71.4-114	EFD0101	DES	04/06/17 14:45	OK DEQ GRO	

Metals by EPA 6000/7000 Series Methods

Lead	33.9	1.00	mg/Kg	1	EFD0121	LSB	04/07/17 14:21	EPA 6010C	
Metals Digestion	Completed		N/A		EFD0121	LSB	04/06/17 14:30	EPA 3050B	

Environmental Testing, Inc.



Keith Hopcus For Russell Britten, President

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SCS Engineers
1817 Commons Circle Suite 1
Yukon OK, 73099

Project: Sooner Rose
Project Number: 27217117.00
Project Manager: Mr. John Richins

Reported:
04/07/17 15:45

Volatile Organic Compounds by EPA Method 8021 - Quality Control

Environmental Testing, Inc.

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Qualifiers
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Batch EFD0101 - EPA 5030 Soil GC

Blank (EFD0101-BLK1)

Prepared & Analyzed: 04/06/17

Benzene	<0.025	0.025	mg/Kg							
Toluene	<0.025	0.025	mg/Kg							
Ethylbenzene	<0.025	0.025	mg/Kg							
Xylenes (total)	<0.075	0.075	mg/Kg							
Surrogate: <i>a,a,a</i> -Trifluorotoluene	0.148		mg/Kg	0.150		99	25.7-175			
Surrogate: 4-Bromofluorobenzene	0.165		mg/Kg	0.150		110	12.9-188			

LCS (EFD0101-BS1)

Prepared & Analyzed: 04/06/17

Benzene	0.396	0.025	mg/Kg	0.400		99	90.1-109			
Toluene	0.400	0.025	mg/Kg	0.400		100	90.4-110			
Ethylbenzene	0.394	0.025	mg/Kg	0.400		99	88.4-112			
Xylenes (total)	1.19	0.075	mg/Kg	1.20		99	88.5-112			
Surrogate: <i>a,a,a</i> -Trifluorotoluene	0.146		mg/Kg	0.150		97	25.7-175			
Surrogate: 4-Bromofluorobenzene	0.167		mg/Kg	0.150		111	12.9-188			

Matrix Spike (EFD0101-MS1)

Source: E7D0072-01

Prepared & Analyzed: 04/06/17

Benzene	0.377	0.025	mg/Kg	0.400	0.0008	94	52.6-130			
Toluene	0.372	0.025	mg/Kg	0.400	0.004	92	41.2-140			
Ethylbenzene	0.363	0.025	mg/Kg	0.400	0.002	90	39.8-140			
Xylenes (total)	1.09	0.075	mg/Kg	1.20	0.006	91	35.8-144			
Surrogate: <i>a,a,a</i> -Trifluorotoluene	0.142		mg/Kg	0.150		95	25.7-175			
Surrogate: 4-Bromofluorobenzene	0.150		mg/Kg	0.150		100	12.9-188			

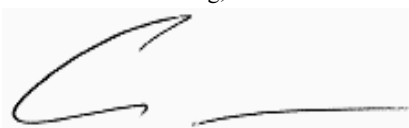
Matrix Spike Dup (EFD0101-MSD1)

Source: E7D0072-01

Prepared & Analyzed: 04/06/17

Benzene	0.367	0.025	mg/Kg	0.400	0.0008	92	52.6-130	3	20	
Toluene	0.363	0.025	mg/Kg	0.400	0.004	90	41.2-140	2	20	
Ethylbenzene	0.358	0.025	mg/Kg	0.400	0.002	89	39.8-140	2	20	
Xylenes (total)	1.08	0.075	mg/Kg	1.20	0.006	90	35.8-144	0.8	20	
Surrogate: <i>a,a,a</i> -Trifluorotoluene	0.141		mg/Kg	0.150		94	25.7-175			
Surrogate: 4-Bromofluorobenzene	0.155		mg/Kg	0.150		103	12.9-188			

Environmental Testing, Inc.



Keith Hopcus For Russell Britten, President

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SCS Engineers
1817 Commons Circle Suite 1
Yukon OK, 73099

Project: Sooner Rose
Project Number: 27217117.00
Project Manager: Mr. John Richins

Reported:
04/07/17 15:45

Gasoline Range Hydrocarbons by OK 8020/8015M - Quality Control
Environmental Testing, Inc.

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Qualifiers
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Batch EFD0101 - EPA 5030 Soil GC

Blank (EFD0101-BLK1)

Prepared & Analyzed: 04/06/17

Gasoline Range Organics (C6-C10)	<2.50	2.50	mg/Kg							
Surrogate: a,a,a-Trifluorotoluene	0.149		mg/Kg	0.150		99	77-120			
Surrogate: 4-Bromofluorobenzene	0.160		mg/Kg	0.150		107	71.4-114			

LCS (EFD0101-BS1)

Prepared & Analyzed: 04/06/17

Gasoline Range Organics (C6-C10)	3.75	2.50	mg/Kg	4.00		94	79.2-108			
Surrogate: a,a,a-Trifluorotoluene	0.148		mg/Kg	0.150		98	77-120			
Surrogate: 4-Bromofluorobenzene	0.165		mg/Kg	0.150		110	71.4-114			

Matrix Spike (EFD0101-MS1)

Source: E7D0072-01

Prepared & Analyzed: 04/06/17

Gasoline Range Organics (C6-C10)	3.56	2.50	mg/Kg	4.00	0.172	85	9.24-162			
Surrogate: a,a,a-Trifluorotoluene	0.154		mg/Kg	0.150		102	77-120			
Surrogate: 4-Bromofluorobenzene	0.160		mg/Kg	0.150		107	71.4-114			

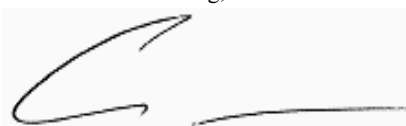
Matrix Spike Dup (EFD0101-MSD1)

Source: E7D0072-01

Prepared & Analyzed: 04/06/17

Gasoline Range Organics (C6-C10)	3.46	2.50	mg/Kg	4.00	0.172	82	9.24-162	3	20	
Surrogate: a,a,a-Trifluorotoluene	0.144		mg/Kg	0.150		96	77-120			
Surrogate: 4-Bromofluorobenzene	0.149		mg/Kg	0.150		99	71.4-114			

Environmental Testing, Inc.



Keith Hopcus For Russell Britten, President

The results in this report apply to the samples analyzed in accordance with the chain of custody document and meet all laboratory accreditation requirements unless noted otherwise. This analytical report must be reproduced in its entirety.



SCS Engineers 1817 Commons Circle Suite 1 Yukon OK, 73099	Project: Sooner Rose Project Number: 27217117.00 Project Manager: Mr. John Richins	Reported: 04/07/17 15:45
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Metals by EPA 6000/7000 Series Methods - Quality Control
Environmental Testing, Inc.

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Qualifiers
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Batch EFD0121 - EPA 3050

Blank (EFD0121-BLK1)

Prepared: 04/06/17 Analyzed: 04/07/17

Lead	<1.00	1.00	mg/Kg							
Metals Digestion	Completed		N/A							

LCS (EFD0121-BS1)

Prepared: 04/06/17 Analyzed: 04/07/17

Lead	48.6	1.00	mg/Kg	50.0		97	80-120			
Metals Digestion	Completed		N/A							

Duplicate (EFD0121-DUP1)

Source: E7D0072-01

Prepared: 04/06/17 Analyzed: 04/07/17

Lead	130	1.01	mg/Kg		130			0.2	20	
Metals Digestion	Completed		N/A							

Matrix Spike (EFD0121-MS1)

Source: E7D0072-01

Prepared: 04/06/17 Analyzed: 04/07/17

Lead	187	1.02	mg/Kg	51.0	130	111	75-125			
Metals Digestion	Completed		N/A							

Matrix Spike Dup (EFD0121-MSD1)

Source: E7D0072-01

Prepared: 04/06/17 Analyzed: 04/07/17

Lead	123	1.00	mg/Kg	50.1	130	NR	75-125	41	20	M-01, M-03
Metals Digestion	Completed		N/A							

Environmental Testing, Inc.

Keith Hopcus For Russell Britten, President

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SCS Engineers 1817 Commons Circle Suite 1 Yukon OK, 73099	Project: Sooner Rose Project Number: 27217117.00 Project Manager: Mr. John Richins	Reported: 04/07/17 15:45
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Non-Certified Analyses included in this Report

Analyte

Certifications

Code	Description	Number	Expires
KDHE	Kansas Accredited	E-10401	01/31/2018
NELAP	NELAP Accredited (LDEQ)	10002	06/30/2017
ODEQ	Oklahoma Accredited	2016-009	08/31/2017
TCEQ	Texas Accredited	T104704498-17-7	03/31/2018

Environmental Testing, Inc.

Keith Hopcus For Russell Britten, President

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SCS Engineers 1817 Commons Circle Suite 1 Yukon OK, 73099	Project: Sooner Rose Project Number: 27217117.00 Project Manager: Mr. John Richins	Reported: 04/07/17 15:45
---	--	-----------------------------

Qualifiers and Definitions

COM	Completed
M-01	The matrix spike recovery was lower than expected due to sample matrix interference.
M-03	The matrix spike RPD was higher than expected due to sample matrix interference.
S-01	The surrogate recovery was lower than method or laboratory control limits due to matrix interferences.
DET	Analyte DETECTED
ND	Analyte NOT DETECTED at or above the reporting limit
NR	Not Reported
dry	Sample results reported on a dry weight basis
RPD	Relative Percent Difference
x	Non-Certified analyte
NA	Not Applicable

Environmental Testing, Inc.

Keith Hopcus For Russell Britten, President

The results in this report apply to the samples analyzed in accordance with the chain of custody document and meet all laboratory accreditation requirements unless noted otherwise. This analytical report must be reproduced in its entirety.

ENVIRONMENTAL TESTING, INC.

4619 NORTH SANTA FE AVE.
OKLAHOMA CITY, OK 73118
(405) 488-2400
FAX: (405) 488-2404



CHAIN OF CUSTODY RECORD

PAGE: 1 OF 1
SAMPLE SERIES #: E7D007

SHADED AREAS FOR LABORATORY USE ONLY

COMPANY: SCS Engineers
ADDRESS: 1817 Commons Cir Suite 1, Yukon, OK 73054
PHONE #: 325-286-575
EMAIL: JRichins@scsengineers.com & cjoyce@scsengineers.com
P.O. #: 27217117.00
CLIENT CONTACT: John Richins
PROJECT #: 27217117.00 /MANAGER: Charles Joyce
SITE LOCATION: Sooner Rose

- SAMPLE TYPE
1. WATER
 2. SOIL
 3. SLUDGE
 4. OIL
 5. OTHER
- CONTAINER TYPE
- P-PLASTIC
 - G-GLASS
 - V-VOA
 - O-OTHER
 - T-TEFLON

ETI SAMPLE #	CLIENT SAMPLE IDENTIFICATION	SAMPLE TYPE	CONTAINER			SAMPLING		PRESERVATIVES	ANALYSIS	LAB COMMENTS
			SIZE	TYPE	#	DATE	TIME			
1	BF-1	Soil	4oz	↓	2	4/6/17	0823	ICE	X	Lead 6020-c
2	BF-2	↓	↓	↓	↓	↓	↓	↓	X	TPH-CRO 8020/8015
3	BF-3	↓	↓	↓	↓	↓	↓	↓	X	BTEX 8021B
<i>John Richins</i>										

RECEIVED ON ICE: Y N @ 54°C

EQUIPMENT #: 60004

REQUESTED TURNAROUND TIME: REGULAR (5 DAYS) 3 DAYS 2 DAYS 1 DAY

RUSH REQUIRED: (ADDITIONAL FEES MAY APPLY)

RELINQUISHED BY: John Richins

RECEIVED BY: John Richins

DATE: 4/17/17

TIME: 0817

RELINQUISHED BY: John Richins

RECEIVED BY: John Richins

DATE: 4/17/17

TIME: 0817

RELINQUISHED BY: _____

RECEIVED BY: _____

DATE: _____

TIME: _____

LOG IN REVIEW: _____

FIELD PH: _____

TEMP: _____

COND: 4 7 10

CALIB: _____

COMMENTS: _____

SIGNATURE CONSTITUTES AGREEMENT TO TERMS & CONDITIONS.

E7D0072

Environmental Testing, Inc.

Client: SCS Engineers	Project Manager: Russell Britten
Project: Sooner Rose	Project Number: 27217117.00

Report To: SCS Engineers Mr. John Richins 1817 Commons Circle Suite 1 Yukon, OK 73099 Phone: (405) 265-3960 Fax:	Invoice To: SCS Engineers Mr. John Richins 1817 Commons Circle Suite 1 Yukon, OK 73099 Phone: (405) 265-3960 Fax:
---	--

Date Due: 04/07/17 17:00 (1 day TAT)	Date Received: 04/06/17 09:16
Received By: Andra Hoot	Date Logged In: 04/06/17 09:22
Logged In By: Cassandra Colon	

Samples Received at: 5.4°C				
Custody seals	No	Received on ice	Yes	Sufficient sample Yes
Containers intact	Yes	Sample or temp blank frozen	No	
COC/Labels agree	Yes	Headspace in VOA vials	No	
Preservation confirmed	No	Correct containers	Yes	

Notes:

Preservation Confirmation

Container ID	Container Type	pH	Date/Time	Lot #
---------------------	-----------------------	-----------	------------------	--------------

Preservation Confirmed By _____ Date _____

Reviewed By _____ Date _____
wko_ET/wpres_rev0.7.rpt

Certificate of Destruction for Tanks

CERTIFICATE OF DESTRUCTION

DATE: April 12, 2017

SCRAPPING/DISPOSAL COMPANY

*Mills County Sanitary Landfill
59722 290th St
Malvern, IA*

SITE OF DESTRUCTION

*Amos Safe & Lock Service
5923 SE 15th St
Midwest City, OK*

TANK REMOVAL CONTRACTOR

*Morris Excavating Co., Inc.
10566 Woodland Trail
Council Bluffs, IA 51503*

TANK IDENTIFICATION

TANK NO. #1

SIZE: FRP piping

LOCATION: *Amos Safe & Lock Service*

ADDRESS: *5923 SE 15th St*

CITY/STATE: *Midwest City, OK*

DATE OF DESTRUCTION: *April 5, 2017*

I certify that the above described tank has been rendered unusable for the storage of any fluids and the tank has been cleaned and disposed of in accordance with all applicable local, state, and federal regulations.

By: **Morris Excavating Co., Inc.**

Melina Hammill
Office Manager
Title

CERTIFICATE OF DESTRUCTION

DATE: April 12, 2017

SCRAPPING/DISPOSAL COMPANY

*Standard Iron & Metal Co
1501 E Reno Ave
Oklahoma City, OK*

SITE OF DESTRUCTION

*Amos Safe & Lock Service
5923 SE 15th St
Midwest City, OK*

TANK REMOVAL CONTRACTOR

*Morris Excavating Co., Inc.
10566 Woodland Trail
Council Bluffs, IA 51503*

TANK IDENTIFICATION

<u>TANK NO.</u>	#1	#2	#3	#4	
<u>SIZE:</u>	10,000	8,000	6,000	6,000	gallon UST's

LOCATION: *Amos Safe & Lock Service*
ADDRESS: *5923 SE 15th St*
CITY/STATE: *Midwest City, OK*

DATE OF DESTRUCTION: *April 5, 2017*

I certify that the above described tank has been rendered unusable for the storage of any fluids and the tank has been cleaned and disposed of in accordance with all applicable local, state, and federal regulations.

By: **Morris Excavating Co., Inc.**

Melina Hamill
Office Manager
Title



Invoice

Date	Invoice #
4/18/2017	46426

P. O. Box 249
 Lindsay, OK 73052
 Phone: 405-756-4386
 Fax: 405-756-3391

Bill To
 SCS ENGINEERS
 1817 COMMON CIRCLE, SUITE 1
 YUKON, OK 73099

AFE#	Location	Company Rep.
Project #27217717.00	Sooner Rose	John Richins

Date	Description	Quantity	Rate	Amount
	Emptied waste water tanks and took salt water to S&T Disposal.			
4/4/2017	Tank/Vacuum Truck & Driver	3.5	90.00	315.00
	Disposal Fee-(20) bbls of salt water	1	11.00	11.00
4/5/2017	Tank/Vacuum Truck & Driver	7	90.00	630.00
	Disposal Fee-(120) bbls of salt water	1	66.00	66.00
4/5/2017	Tank/Vacuum Truck & Driver	5	90.00	450.00
	Disposal Fee-(100) bbls of Pit Water	1	240.00	240.00

guynell@vickersconstruction.com
 amy@vickersconstruction.com
 www.vickersconstruction.com

Total: \$1,712.00

Thank you,
 Vickers Construction, Inc.


Photographic Documentation

PHOTOGRAPHIC RECORD

5923 SE 15th Street

Midwest City, OK



Photo #1: Tank Pit #1 : Pre-Excavation



Photo #2: Dispenser Island : Pre-Excavation



Photo #3: Dispenser Island : Removal



Photo #4: Dispenser Island : Removal



Photo #5: Water Removal from Tank #1 and #2



Photo #6: Tank #1 and #2 Pit Excavation

PHOTOGRAPHIC RECORD

5923 SE 15th Street

Midwest City, OK



Photo #7: Tank #1 and #2 Pit Excavation



Photo #8: Tank Pit #1 : Excavation



Photo #9: Tank Pit #1 : Cleaning Tanks; Tank #1 (left) and Tank #2 (Right)



Photo #10: Cutting a Hole in Tank #2 Prior to Removal



Photo #11: Tank Pit #1 : Tank #2 Removal



Photo #12: Underside of Tank #1 and Soil Below

PHOTOGRAPHIC RECORD

5923 SE 15th Street

SCS ENGINEERS

Midwest City, OK



Photo #13: Underside of Tank # and Perched Water Below



Photo #14: Tank Pit #1 : Underside of Tank #2

PHOTOGRAPHIC RECORD

5923 SE 15th Street

Midwest City, OK



Photo #15: Tank Pit #1 : Cleaning Tank #1



Photo #16: Tank Pit #1 : Cleaning Tank #2



Photo #17: Tank #1 Following Removal



Photo #18: Removing Tank #2



Photo #19: Tank Pit #1 : Post Tank Removal



Photo #20: Product Line Removal

PHOTOGRAPHIC RECORD

5923 SE 15th Street

Midwest City, OK



Photo #21: Post Product Line Removal



Photo #22: Removing Water from Tank #3 and #4



Photo #23: Post Product Line Removal



Photo #24: Hydraulic Lift Removal



Photo #25: Larger Holes Cut in Tank #1



Photo #26: Larger Holes Cut in Tank #2

PHOTOGRAPHIC RECORD

5923 SE 15th Street

Midwest City, OK



Photo #27: Tank Pit #2 : Tank #3 and #4 Removal



Photo #28: Corrosion Hole in Tank #4



Photo #29: Tank Pit #1 : Filing in Pit with New Soil



Photo #30: Tank #3 and #4 Removal



Photo #31: Tank Pit #2 : Perched Water in Pit

PHOTOGRAPHIC RECORD

5923 SE 15th Street

SCS ENGINEERS

Midwest City, OK



Photo #32: Site Post Tank Removal

Description of Site Activities and Observations

STATE OF OKLAHOMA

ACCESS AGREEMENT

COUNTY OF OKLAHOMA

THIS ACCESS AGREEMENT (this "Agreement") is entered into as of the 14th day of MARCH 2017 (the "Effective Date") by and between Sooner Investment Group, Inc. ("Sooner") and G. Michael Vloedman, an individual, the N. Carolyn Hurst Revocable Trust, and Garrett Vloedman and Emily Vloedman Living Trust (G. Michael Vloedman, the N. Carolyn Hurst Revocable Trust and the Garrett and Emily Vloedman Living Trust are collectively referred to herein as "Vloedman").

STATEMENT OF PURPOSE

Sooner and Vloedman entered into that certain Commercial Real Estate Purchase Contract, dated September 30, 2016 (the "Purchase Contract"), whereby Sooner agreed to purchase, and Vloedman agreed to sell, that certain approximately thirty-five acre property described in Exhibit A of the Purchase Contract (the "Property"). Pursuant to the Purchase Contract, Sooner has conducted an investigation of the environmental conditions of the Property, which is more particularly documented in the *Phase II Environmental Subsurface Investigation Report for the Vloedman, Garrett & Emily Living Trust, Approximately 26.76-Acre Parcel in Midwest City, Oklahoma*, dated January 24, 2017, and prepared by Cox|McLain Environmental Consulting (the "Phase II"). The Phase II identified the presence of certain environmental conditions of a portion of the Property, as more particularly described therein and below. Sooner and Vloedman have agreed that Sooner may undertake assessment and remediation of the environmental conditions of the Property identified in the Phase II and as more particularly set forth below. Therefore, the parties have agreed to enter into this Agreement for purposes of memorializing the terms and conditions for such activities.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Recitals.** The Statement of Purpose is true and correct and hereby incorporated by this reference.
2. **Environmental Activities.** The parties hereto acknowledge the presence of underground storage tanks and of certain petroleum constituents in the soil and/or groundwater of the Property as more particularly described in the Phase II (collectively, the "Environmental Matters"). Sooner and Vloedman hereby agree that Sooner may undertake (i) additional assessment of the Property, (ii) the activities more particularly described in the Proposal for Professional Services, prepared by SCS Engineers and dated January 26, 2017, a copy of which is attached hereto and is incorporated by this reference as Exhibit A (the "Proposal"), and (iii) any other activities associated with the Environmental Matters as Sooner may determine in its sole discretion (collectively, the "Environmental Activities"). In the event Sooner shall undertake the Environmental Activities:
 - 2.1. Sooner shall undertake the Environmental Activities in its sole and complete discretion and at its sole cost and expense;
 - 2.2. Sooner shall perform such activities in compliance with all applicable federal, state and local laws, rules and regulations, and anything in the Purchase Contract to the contrary notwithstanding, Sooner shall be permitted to communicate with applicable government agencies relating to the Environmental Matters and the Environmental Activities;
 - 2.3. Sooner shall keep Vloedman's attorney, Todd McKinnis, Esquire of Rubenstein & Pitts, PLLC, advised of the time and manner of the Environmental Activities;

- 2.4. Sooner shall provide Vloedman copies of all reports, investigations, documentation and communications associated with the Environmental Matters and Environmental Activities;
- 2.5. Sooner shall indemnify, defend and hold harmless Vloedman from all claims and causes of action related to Sooner's or Sooner's agents', employees' or contractors' negligence or willful misconduct in undertaking the Environmental Activities. Provided, however, nothing in this Section shall be construed to obligate Sooner to indemnify, defend or hold harmless Vloedman from any claims or causes of action arising from or related to the Environmental Matters, and Vloedman hereby waives any claims or causes of action against Sooner relating to the Environmental Matters;
- 2.6. In the event Sooner terminates the Purchase Contract for any reason after having commenced the Environmental Activities, Sooner shall, within thirty (30) days of termination of the Purchase Contract, and to the extent permitted by law, restore the Property to its condition prior to Sooner's commencing the Environmental Activities, reasonable wear and tear excepted. Upon Sooner's restoration of the Property as provided in this Section, the parties hereto shall waive any and all claims or causes of action against the other party relating to the Environmental Matters and Environmental Activities.
3. **No Further Obligations; Liability.** By entering into this Agreement, neither Sooner nor Vloedman accept any liability or responsibility with respect to the Environmental Matters except as otherwise expressly set forth herein.
4. **No Amendment to Purchase Contract.** Nothing in this Agreement shall serve to amend the Purchase Contract or the parties' respective rights or obligations thereunder.
5. **Miscellaneous.** This Agreement embodies the entire agreement between the parties relative to the subject matter hereof, and there are no oral or written agreements between the parties, nor any representations made by either party relative to the subject matter hereof, which are not expressly set forth herein. This Agreement may be amended only by a written instrument executed by all Parties hereto. The captions and headings used in this Agreement are for convenience only and do not in any way limit, amplify, or otherwise modify the provisions of this Agreement. This Agreement shall be governed by the laws of the State of Oklahoma. All of the parties to this Agreement have participated freely in the negotiation and preparation hereof and have contributed substantially and materially to the final preparation of this Agreement and all related instruments; accordingly, this Agreement shall not be more strictly construed against one party than against another by virtue of the fact that initial drafts were made and prepared by counsel for one of the Parties. Any litigation between Buyer and Seller arising out of this Agreement shall be commenced in a court of competent jurisdiction in the county in which the Property is located, and both Buyer and Seller waive venue outside such county. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present laws, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by such illegal, invalid, or unenforceable provision or by its severance from this Agreement. In the event it becomes necessary for either party hereto to file suit to enforce this Agreement or any provision contained herein, the party prevailing in such suit shall be entitled to recover, in addition to all other remedies or damages, as provided herein, reasonable attorneys' fees, paralegal fees and costs incurred in such suit at trial, appellate, bankruptcy and/or administrative proceedings. This Agreement may be executed in a number of identical counterparts which, taken together, shall constitute collectively one (1) agreement. Neither this Agreement nor any memorandum hereof may be recorded in the Public Records of the county in which the Property is located.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

"SOONER"
SOONER INVESTMENT GROUP, INC., an
Oklahoma corporation

By: [Signature]
Name: Bob Stearns
Its: President

"VLOEDMAN"
G. MICHAEL VLOEDMAN, an Individual

By: [Signature]

N. CAROLYN HURST REV TRUST

By: [Signature]
Name: N. CAROLYN HURST
Its: TRUSTEE

GARRETT VLOEDMAN AND EMILY VLOEDMAN
LIVING TRUST

By: [Signature]
Name: Emily Vloedman
Its: Trustee

TIMELINE OF EVENTS**5923 SE 15th Street****Midwest City, Oklahoma****Project 27217117.00****March 13, 2017**

Morris Excavation (OCC Remover #1545) (Morris) submitted 14 day notification of planned UST removal date of March 29, 2017.

March 15, 2017

OCC issued confirmation # PAC-0009914 for Facility #5507415.

March 27, 2017

Charles Joyce (OCC LRC #1755) of SCS Engineers (SCS) contacted the OCC (Courtney Ross) regarding revised planned start date for April 3, 2017.

April 3, 2017

Morris Excavation mobilized staff and equipment to the site.

April 4, 2017

- 08:45 SCS arrived on site to document tank closure activities. Tank #1 (TK-1) and Tank #2 (TK-2) were checked for liquids and contained 6 inch and 18 inches of fluid. Vickers Construction (Vickers) was retained to dewater the tanks and dispose of the liquids. While the tanks were being dewatered, Morris removed the dispenser island. Once the tanks were dewatered, Morris staged the overburden backfill and stage it on plastic sheeting. Vent holes were cut in the tops of the tanks to allow for easier removal and cleaning. The tanks were partially lifted to prevent perch water infiltration. Morris verified the tank atmosphere with a VENTIS MX4. TK-1 indicated a non-explosive atmosphere (0% LEL), TK-2 was also non-explosive but exhibited 6% LEL.
- 17:00 SCS and Morris secured the area using caution tape and planed on resuming work a 07:15 on April 5, 2017.

April 5, 2017

- 07:15 SCS arrived on site to document tank closure activities. Morris proceeded to rinse and vacuum out TK-1 & TK-2. After the tanks were rinsed, Morris fully removed them from the pit. Once TK-1 and TK-2 were removed, Morris began to excavate the product lines. While excavating the piping, two 6,000 gallon tanks (Tank #3 (TK-3) and Tank #4 (TK-4)) were discovered west of the first tank pit. The tanks were gauged and found to be almost completely full of fluid. Vickers was retained to dewater the tanks and dispose of the liquids. Due to the large volume of water in the tanks, Vickers made two trips to dispose of the fluids. Once the tanks were dewatered, Morris partially lifted the tanks to prevent perch water infiltration.

TIMELINE OF EVENTS**5923 SE 15th Street****Midwest City, Oklahoma****Project 27217117.00**

21:36 SCS and Morris secured the area using caution tape and planed on resuming work a
07:15 on April 6, 2017.

April 6, 2017

07:15 SCS arrived on site to document tank closure actives. SCS contacted the OCC
(Courtney Ross) regarding backfill sample results of TP-1 were non-detect and advised
that two additional 6,000 gallon USTs had been discovered and that SCS intended to
proceed with removing them. Morris removed the remaining product lines. The Lower
Explosive Limits were measured for TK-3 and TK-4, both tanks had a LEL of 0%. Since
the LEL was below the required 10%, Morris completely removed the tanks from the pit.

14:30 SCS departed from the site and took the fill port, down gradient wall, and line samples to
ETI for analysis.

April 7, 2017

SCS received analytical results for the back fill of TP-2. All sample we below the detection
limit for BTEX and TPH-GRO.

OCC Registration Form

Notification for Underground Storage Tanks

FORM APPROVED
OMB NO. 2050-0049
APPROVAL EXPIRES 6-30-88



RETURN
COMPLETED
FORM
TO

Underground Storage Tank Program
Oklahoma Corporation Commission
Jim Thorpe Building
Oklahoma City, OK 73105

I.D. Number **STATE USE ONLY**
550 7415
Date Received **MAY 5 1986**

GENERAL INFORMATION

Notification is required by Federal law for all underground tanks that have been used to store regulated substances since January 1, 1974, that are in the ground as of May 8, 1986, or that are brought into use after May 8, 1986. The information requested is required by Section 9002 of the Resource Conservation and Recovery Act, (RCRA), as amended.

The primary purpose of this notification program is to locate and evaluate underground tanks that store or have stored petroleum or hazardous substances. It is expected that the information you provide will be based on reasonably available records, or, in the absence of such records, your knowledge, belief, or recollection.

Who Must Notify? Section 9002 of RCRA, as amended, requires that, unless exempted, owners of underground tanks that store regulated substances must notify designated State or local agencies of the existence of their tanks. Owner means—
(a) in the case of an underground storage tank in use on November 8, 1984, or brought into use after that date, any person who owns an underground storage tank used for the storage, use, or dispensing of regulated substances, and
(b) in the case of any underground storage tank in use before November 8, 1984, but no longer in use on that date, any person who owned such tank immediately before the discontinuation of its use.

What Tanks Are Included? Underground storage tank is defined as "any one or combination of tanks that (1) is used to contain an accumulation of "regulated substances," and (2) whose volume (including connected underground piping) is 10% or more beneath the ground. Some examples are underground tanks storing: 1. gasoline, used oil, or diesel fuel, and 2. industrial solvents, pesticides, herbicides or fumigants.

What Tanks Are Excluded? Tanks removed from the ground are not subject to notification. Other tanks excluded from notification are:
1. farm or residential tanks of 1,100 gallons or less capacity used for storing motor fuel for noncommercial purposes;
2. tanks used for storing heating oil for consumptive use on the premises where stored;
3. septic tanks;

4. pipeline facilities (including gathering lines) regulated under the Natural Gas Pipeline Safety Act of 1968, or the Hazardous Liquid Pipeline Safety Act of 1979, or which is an intrastate pipeline facility regulated under State laws;
5. surface impoundments, pits, ponds, or lagoons;
6. storm water or waste water collection systems;
7. flow-through process tanks;
8. liquid traps or associated gathering lines directly related to oil or gas production and gathering operations;
9. storage tanks situated in an underground area (such as a basement, cellar, mineworking, drift, shaft, or tunnel) if the storage tank is situated upon or above the surface of the floor.

What Substances Are Covered? The notification requirements apply to underground storage tanks that contain regulated substances. This includes any substance defined as hazardous in section 101 (14) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA), with the exception of those substances regulated as hazardous waste under Subtitle C of RCRA. It also includes petroleum, e.g., crude oil or any fraction thereof which is liquid at standard conditions of temperature and pressure (60 degrees Fahrenheit and 14.7 pounds per square inch absolute).

Where To Notify? Completed notification forms should be sent to the address given at the top of this page.

When To Notify? 1. Owners of underground storage tanks in use or that have been taken out of operation after January 1, 1974, but still in the ground, must notify by May 8, 1986. 2. Owners who bring underground storage tanks into use after May 8, 1986, must notify within 30 days of bringing the tanks into use.

Penalties: Any owner who knowingly fails to notify or submits false information shall be subject to a civil penalty not to exceed \$10,000 for each tank for which notification is not given or for which false information is submitted.

INSTRUCTIONS

Please type or print in ink all items except "signature" in Section V. This form must be completed for each location containing underground storage tanks. If more than 5 tanks are owned at this location, photocopy the reverse side, and staple continuation sheets to this form.

Indicate number of continuation sheets attached

I. OWNERSHIP OF TANK(S)

Owner Name (Corporation, Individual, Public Agency, or Other Entity)

H. VLOEDMAN

Street Address

10201 N. EASTERN

County

OKLAHOMA

City

OKLA. CITY

State

OKLA.

ZIP Code

73131

Area Code

405

Phone Number

478-0305

Type of Owner (Mark all that apply)

Current

State or Local Gov't

Private or Corporate

Former

Federal Gov't (GSA facility I.D. no. _____)

Ownership uncertain

II. LOCATION OF TANK(S)

(If same as Section 1, mark box here)

Facility Name or Company Site Identifier, as applicable

Amos Safe and Lock Service

Street Address or State Road, as applicable

5923 S.E. 15th

County

OKLA.

City (nearest)

Midwest City

State

OKLA

ZIP Code

73110

Indicate number of tanks at this location

Mark box here if tank(s) are located on land within an Indian reservation or on other Indian trust lands

III. CONTACT PERSON AT TANK LOCATION

Name (If same as Section I, mark box here)

Earl George

Job Title

Amos Safe and Lock Service

Area Code

405

Phone Number

737-3033

IV. TYPE OF NOTIFICATION

Mark box here only if this is an amended or subsequent notification for this location.

V. CERTIFICATION (Read and sign after completing Section VI.)

I certify under penalty of law that I have personally examined and am familiar with the information submitted in this and all attached documents, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true, accurate, and complete.

Name and official title of owner or owner's authorized representative

H. VLOEDMAN

Signature

H. Vloedman

Date Signed

5-1-86

CONTINUE ON REVERSE SIDE

VI. DESCRIPTION OF UNDERGROUND STORAGE TANKS (Complete for each tank at this location.)

Tank Identification No. (e.g., ABC-123), or Arbitrarily Assigned Sequential Number (e.g., 1,2,3...)	Tank No. 1	Tank No. 2	Tank No. 3	Tank No. 4	Tank No. 5	
1. Status of Tank (Mark all that apply <input checked="" type="checkbox"/>) Currently in Use Temporarily Out of Use Permanently Out of Use Brought into Use after 5/8/86	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
2. Estimated Age (Years)	33	33	10	10		
3. Estimated Total Capacity (Gallons)	6000	6000	10,000	8,000		
4. Material of Construction (Mark one <input checked="" type="checkbox"/>) Steel Concrete Fiberglass Reinforced Plastic Unknown Other, Please Specify	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> _____	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> _____	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> _____	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> _____	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> _____	
5. Internal Protection (Mark all that apply <input checked="" type="checkbox"/>) Cathodic Protection Interior Lining (e.g., epoxy resins) None Unknown Other, Please Specify	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> _____	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> _____	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> _____	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> _____	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> _____	
6. External Protection (Mark all that apply <input checked="" type="checkbox"/>) Cathodic Protection Painted (e.g., asphaltic) Fiberglass Reinforced Plastic Coated None Unknown Other, Please Specify	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> _____	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> _____	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> _____	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> _____	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> _____	
7. Piping (Mark all that apply <input checked="" type="checkbox"/>) Bare Steel Galvanized Steel Fiberglass Reinforced Plastic Cathodically Protected Unknown Other, Please Specify	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> _____	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> _____	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> _____	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> _____	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> _____	
8. Substance Currently or Last Stored in Greatest Quantity by Volume (Mark all that apply <input checked="" type="checkbox"/>) a. Empty b. Petroleum Diesel Kerosene Gasoline (including alcohol blends) Used Oil Other, Please Specify c. Hazardous Substance Please Indicate Name of Principal CERCLA Substance OR Chemical Abstract Service (CAS) No. Mark box <input checked="" type="checkbox"/> if tank stores a mixture of substances d. Unknown	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> <input type="checkbox"/>	
9. Additional Information (for tanks permanently taken out of service) a. Estimated date last used (mo/yr) b. Estimated quantity of substance remaining (gal.) c. Mark box <input checked="" type="checkbox"/> if tank was filled with inert material (e.g., sand, concrete)	7 176 - <input type="checkbox"/>	7 176 - <input type="checkbox"/>	3 178 - <input type="checkbox"/>	3 178 - <input type="checkbox"/>	1 - <input type="checkbox"/>	

SPECIAL MIDWEST CITY MUNICIPAL AUTHORITY AGENDA
City Hall - Midwest City Council Chambers, 100 N. Midwest Boulevard

January 30, 2018 - 6:00 PM

To make a special assistance request, call 739-1215 or email pmenefee@midwestcityok.org no less than 24 hours prior to the start of a meeting. If special assistance is needed during a meeting, call 739-1388.

A. CALL TO ORDER.

B. DISCUSSION ITEMS.

1. Discussion and consideration of adopting a resolution relating to the incurring of indebtedness of an aggregate amount of not to exceed \$50,000,000.00 pursuant to the terms of the replenishment agreement with the Midwest City Economic Development Authority and Bancfirst, as Trustee; authorizing and approving a replenishment agreement and authorizing other documents and agreements as may be necessary or required; and containing other provisions relating thereto.

C. ADJOURNMENT.



City Manager
100 N. Midwest Boulevard
Midwest City, OK 73110
ghenson@midwestcityok.org
Office: 405-739-1204
Fax: 405-739-1208
www.midwestcityok.org

MEMORANDUM

TO: Chairman and Municipal Authority Trustees

FROM: J. Guy Henson, City Manager

DATE: January 30, 2018

SUBJECT: Discussion and consideration of adopting a resolution relating to the incurring of indebtedness of an aggregate amount of not to exceed \$50,000,000.00 pursuant to the terms of the replenishment agreement with the Midwest City Economic Development Authority and Bancfirst, as Trustee; authorizing and approving a replenishment agreement and authorizing other documents and agreements as may be necessary or required; and containing other provisions relating thereto.

Please find attached the resolution incurring debt on the refinancing of Town Center. In addition to the resolution, attached is a form of replenishment agreement that will be used as part of this transaction.

Mr. Greg Neito and Bond Counsel, John Weidman, will be available to answer any questions.

The bond placement agreement is not yet finalized and will be provided as soon as possible.

J. GUY HENSON
City Manager

THE TRUSTEES OF THE MIDWEST CITY MUNICIPAL AUTHORITY MET IN REGULAR SESSION IN THE COUNCIL CHAMBERS OF CITY HALL, 100 N. MIDWEST CITY BOULEVARD IN THE CITY OF MIDWEST CITY, OKLAHOMA, ON THE 30TH DAY OF JANUARY, 2018, AT 6:00 O'CLOCK P.M.

PRESENT:

ABSENT:

Notice of this special meeting of the trustees of the Authority having been given in writing to the Midwest City Clerk at least forty eight (48) hours prior to said meeting and public notice and agenda of this meeting having been posted in prominent view at the City Hall, 100 N. Midwest City Boulevard, Midwest City, Oklahoma, twenty-four (24) hours prior to this meeting, excluding Saturdays, Sundays and legal holidays, all in compliance with the Oklahoma Open Meeting Act.

(OTHER PROCEEDINGS)

THEREUPON, a Resolution was introduced and read in full and considered by sections. Upon motion of Trustee _____ seconded by Trustee _____, the Resolution was finally passed with the following vote:

AYE:

NAY:

The Resolution was thereupon signed by the Chairman of Trustees of the Authority and attested and sealed with the seal of the Authority by the Secretary of Trustees and is as follows:

RESOLUTION

A RESOLUTION AUTHORIZING THE INCURRING OF INDEBTEDNESS OF IN AN AGGREGATE AMOUNT OF NOT TO EXCEED \$50,000,000.00 PURSUANT TO THE TERMS OF THE REPLENISHMENT AGREEMENT WITH THE MIDWEST CITY ECONOMIC DEVELOPMENT AUTHORITY AND BANCFIRST, AS TRUSTEE; AUTHORIZING AND APPROVING A REPLENISHMENT AGREEMENT AND AUTHORIZING OTHER DOCUMENTS AND AGREEMENTS AS MAY BE NECESSARY OR REQUIRED; AND CONTAINING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Authority was created by a Trust Indenture, dated as of July 23, 1968, as amended by that certain "First Amendment to Trust Indenture," adopted on the 18th day of January 2005 (the "Trust Indenture"), for the use and benefit of Midwest City, Oklahoma (the "City"), under authority of and pursuant to the provisions of Title 60, Oklahoma Statutes (2011), Section 176 to 180.3, inclusive, as amended and supplemented, and other applicable statutes of the State of Oklahoma; and

WHEREAS, the Sooner Town Center, L.L.C., an Oklahoma limited liability company (the "Borrower") has requested a loan from the Midwest City Economic Development Authority (the "Issuer") in the aggregate principal amount of not to exceed \$50,000,000.00 for the purpose of providing refinancing of indebtedness of the Borrower in the outstanding principal amount of approximately \$42,500,000.00 (the "Prior Debt"), initially used for the purpose of the development of a retail center located in the City of Midwest City, Oklahoma known as the Town Center Plaza, and to make additional improvements thereto (the "Project"), to make deposits to reserve funds established with respect to the Bonds, and to pay costs in connection with the issuance of the Bonds and to pay the costs related to such refinancing; and

WHEREAS, the Borrower has requested that the Issuer consider issuing its Economic Development Revenue Bonds (Town Center Plaza Project) Taxable Refunding Series 2018 (the "Bonds"), in such principal amounts as shall be agreed to by the Issuer and the Borrower, presently estimated not to exceed in the aggregate \$50,000,000.00, to refinance all of the outstanding Prior Debt, and to fund Project improvements, under a contractual arrangement whereby the Borrower will own the Project and make provision for payments to the Issuer sufficient to pay the principal of such Bonds and the interest thereon and such other costs as may be incurred by the Issuer in connection therewith; and

WHEREAS, in order to provide funds to refinance and refund the Prior Debt, fund Project improvements and to pay the costs related to such refinancing, the Issuer intends to issue its Bonds in the aggregate principal amount of not to exceed \$50,000,000.00 and to loan the proceeds thereof to the Borrower; and

WHEREAS, the Issuer has requested that the Authority consider providing support to the repayment of the Bonds by agreeing to replenish the Debt Service Reserve Fund created in connection with the issuance of the Bonds pursuant to the terms of a Trust Indenture (the “Indenture”), by and between the Issuer and BancFirst, Oklahoma City, Oklahoma, as Trustee, (the “Trustee”); and

WHEREAS, the Authority has found and determined that the refinancing of the Prior Debt and funding improvements to the Projects, making the loan to the Borrower and issuance of the Bonds (“Project Financing”) by the Issuer will lessen the burdens of government, further the implementation of the public welfare and promote economic development within Midwest City, Oklahoma, which purposes are authorized and proper functions of Midwest City, Oklahoma, the Issuer and the Authority; and the Authority has further found and determined as follows:

a. among other powers, the Authority is authorized by the Trust Indenture to carry out redevelopment activities pursuant to the Oklahoma Constitution and Oklahoma Statutes, and the Project Financing is a redevelopment activity of the Authority as authorized by the Trust Indenture; and

b. the Town Center Project was developed, constructed and has operated in the City of Midwest City, Oklahoma (“Town Center Project”) by the Borrower on real property owned by the City pursuant to a ground lease dated October 26, 2004, (“City Ground Lease”); and

c. the Borrower’s current long-term loan financing for the Town Center Project (“Existing Loan”) is soon to mature and efforts to secure new long-term financing have proven unsuccessful; and, if not paid when due, the Existing Loan will accrue future interest at the increased interest rate of 18% per annum (“Increased Interest Rate”) and will cause the Town Center Project to be subject to other remedies available to the lender under the Existing Loan; and

d. rentals paid to City pursuant to the Ground Lease are impacted by the interest rate paid applicable to loans financing the Town Center Project, and if the Increased Interest Rate is applied to the Town Center Project, ground rent paid to the City will be reduced by a significant amount, and the Town Center Project will otherwise be negatively impacted; and

e. the Town Center Project (i) is the core and primary retail area of the City, and in point of fact, is the town center of Midwest City, (ii) is a focal point of community pride and activity providing retail and service stores and facilities which enhance the quality of life for the City and its citizens, (iii) fosters and provides facilities for economic development with impact within and beyond its borders, (iv) is a significant revenue source for the City through Ground Lease payments and tax revenues, and (v) has been the object of significant public investment, the protection of which is in the public interest, all benefitting the City, its citizens and the Authority (collectively, the “Town Center Public Impact”); and

f. because of the Town Center Public Impact, including the loss of ground rental payments to the City, prevention of application of the Increased Interest Rate under the Existing Loan, and

because of the cash fees to be paid to the Authority as consideration for the Authority entering into the Replenishment Agreement described below, the Project Financing is in the public interest and is a public purpose, benefitting the City, its citizens and the Authority; and,

WHEREAS, there has been presented to this meeting a form of Replenishment Agreement (the "Replenishment Agreement") by and among the Issuer, the Authority and the Trustee (the "Replenishment Agreement"), whereby the Authority has agreed to replenish the Debt Service Reserve Fund to the Debt Service Reserve Requirement at such times as may be necessary; and

WHEREAS, the Authority has previously determined in connection with the incurring of indebtedness represented by the Replenishment Agreement, that Hilborne & Weidman, a professional corporation, be appointed as Bond Counsel (the "Bond Counsel") and that The Baker Group be appointed as Municipal Advisor.

BE IT RESOLVED BY THE TRUSTEES OF THE MIDWEST CITY MUNICIPAL AUTHORITY THAT EACH OF THE "WHEREAS" PROVISIONS APPEARING ABOVE ARE ADOPTED AND APPROVED, AND FURTHER RESOLVE:

Section 1. The Bond Counsel, Municipal Advisor, Authority Counsel and the staff of the Authority are hereby authorized and directed to prepare all documents and instruments necessary or convenient for the execution and delivery of the Replenishment Agreement and the implementation of the Project.

Section 2. The form of Replenishment Agreement presented to this meeting be, and hereby is, approved, and the Chairman or Vice Chairman of Trustees and the Secretary or any Assistant Secretary of Trustees of the Authority be, and they hereby are, authorized, directed and empowered to execute and deliver in the name of the Authority the Replenishment Agreement and other loan documents and agreements in said forms and containing substantially the terms and provisions as shall be approved by the officers executing the Replenishment Agreement, and other loan documents and agreements, the execution thereof by such officers being conclusive evidence of such approval, and to execute and deliver in the name and on behalf of the Authority all documents, closing papers, certificates and such other documents as are necessary to accomplish the issuance and sale of the Bonds.

Section 3. The signatures of the officers of the Authority appearing on the Replenishment Agreement and loan documents and other agreements, documents, closing papers and certificates executed and delivered pursuant to this Resolution shall be conclusive evidence of their approval thereof and of their authority to execute and deliver such agreements and documents on behalf of the Authority.

Section 4. The Chairman or Vice Chairman of Trustees and the Secretary or any Assistant Secretary of Trustees of the Authority be, and they hereby are, authorized and empowered for and on behalf of the Authority, to execute and deliver such further agreements and documents and to take such action as such officer or officers may deem necessary or desirable in order to carry out and

perform the Replenishment Agreement and any contracts, documents, or instruments executed and delivered in connection with the issuance of the Bonds, and to effect the purposes thereof and to consummate the transactions contemplated thereby.

Section 5. It is hereby determined to be necessary and in the best interest of the trust estate that the indebtedness incurred by the Authority relating to the performance of the obligations set forth pursuant to the provisions of the Replenishment Agreement in the aggregate principal amount of not to exceed \$50,000,000.00 is hereby authorized and approved. Specifically, the replenishment of the Debt Service Reserve Fund relating to the Bonds to the Debt Service Reserve Requirement, as defined in the Indenture, at such times as are specified therein, for a period equal to the term of the Bonds is hereby authorized and approved by the Authority. The specific principal amount and denomination of the Bonds, the interest rate which shall not exceed an average interest rate of six and one half percent and the term or terms of the Bonds which shall not exceed thirty (30) years shall be determined by the Chairman or Vice Chairman of the Issuer and set forth in a Certificate of Determination prior to the issuance and delivery of the Bonds. The Issuer shall deliver such Certificate of Determination to the Chairman of the Authority prior to the execution and delivery of the Replenishment Agreement by the Authority.

ADOPTED the 30th day of January, 2018.

ATTEST:

Chairman of Trustees

Secretary of Trustees

[SEAL]

I, the undersigned, the duly qualified and acting Secretary of Trustees of the Midwest City Economic Development Authority, hereby certify that the foregoing is a true, correct and complete copy of a Resolution of the Trustees of the Authority held on the date therein stated as the same appears in the minutes of said meeting on file in my office as a part of the official records thereof.

I further certify that notice of this special meeting was given to me at least forty eight (48) hours prior to said meeting and that a true and complete copy of the Public Notice, attached hereto as Exhibit "A", was posted in prominent public view at the Midwest City City Hall, 100 N. Midwest City Boulevard, Midwest City, Oklahoma, twenty-four (24) hours prior to the date of the meeting therein described, excluding Saturdays, Sundays and legal holidays.

WITNESS my hand and seal of said Authority this 30th day of January, 2018.

Secretary of Trustees

[SEAL]

REPLENISHMENT AGREEMENT

THIS REPLENISHMENT AGREEMENT (the “Agreement”), is made as of this 1st day of February, 2018, by the Midwest City Municipal Authority (the “Guarantor”), a public trust of which the City of Midwest City, Oklahoma, is its beneficiary, the Midwest City Economic Development Authority (the “Issuer”), a public trust of which the City of Midwest City, Oklahoma, is its beneficiary, BancFirst, a state banking corporation, having its principal corporate trust office in Oklahoma City, Oklahoma, acting as Trustee under the Bond Indenture (as hereinafter defined), together with any successor trustee thereto (the “Trustee”),

WITNESSETH:

WHEREAS, the Sooner Town Center, L.L.C., an Oklahoma limited liability company (the "Borrower") has requested a loan from the Issuer in the aggregate principal amount of \$ _____ for the purpose of providing refinancing of indebtedness of the Borrower in the outstanding principal amount of \$ _____ (the “Prior Debt”) initially used for the purpose of the development of a retail center located in the City of Midwest City, Oklahoma known as the Town Center Plaza (the "Project"), to make deposits to reserve funds established with respect to the Bonds, and to pay costs in connection with the issuance of the Bonds and to pay the costs related to such refinancing; and

WHEREAS, the Issuer has entered into a Loan Agreement dated as of February 1, 2018 (the "Loan Agreement"), with the Borrower whereby the Issuer has agreed to loan the Borrower \$ _____ to be used by it to refinance the Prior Debt, and pursuant thereto, the Borrower has executed and delivered to the Issuer its promissory note dated February __, 2018, in the principal amount of \$ _____ (the "Note") and has granted a first mortgage lien in the leasehold interest of the Borrower pursuant to the terms of the Leasehold Mortgage (With Security Agreement and Assignment of Revenues) dated as of February 1, 2018 (the “Mortgage”); and

WHEREAS, the Issuer and the Guarantor have determined that the refinancing of the Project and the existence and operation of the Project will redound to the benefit of the citizens of the City of Midwest City, Oklahoma (the “City”), and which will augment the public purposes for which the Issuer and the Guarantor were formed, and thus also serve to benefit the Guarantor, and the City of Midwest City, Oklahoma and the prospect thereof is a proper inducement to the Guarantor entering into this Replenishment Agreement; and

WHEREAS, in order for the Issuer to issue its Economic Development Revenue Bonds (Town Center Plaza Project) Taxable Refunding Series 2018 (the “Series 2018 Bonds”) pursuant to its Trust Indenture dated of even date herewith (the “Bond Indenture”), and as additional security for the punctual payment of principal and interest due and payable with respect to the Series 2018 Bonds, the Guarantor is willing to enter into this Agreement, pursuant to which the Guarantor will be obligated to make up any deficiencies in the Debt Service Reserve Fund for the Series 2018 Bonds (the “Reserve Fund”);

NOW, THEREFORE, in consideration of the issuance of the Series 2018 Bonds, the Guarantor does hereby, subject to the terms hereof, covenant and agree as follows:

ARTICLE I DEFINITIONS

All terms used herein and not otherwise defined herein shall have the same meanings ascribed to them in the Bond Indenture.

ARTICLE II REPRESENTATIONS AND WARRANTIES OF GUARANTOR

Guarantor hereby represents and warrants that: (i) it has the power to enter into this Agreement; (ii) it has duly authorized the execution and delivery of this Agreement by all necessary and requisite action; and (iii) neither this Agreement nor the agreements herein contained contravene or constitute a default under any agreement, note, lease or indenture to which it is a party or any other requirement of law.

ARTICLE III COVENANTS AND AGREEMENTS

Section 3.1 Guarantor Performance.

Guarantor hereby covenants for the equal protection and benefit of all holders of the Series 2018 Bonds and for as long as any principal and interest is due to be paid pursuant to the Bond Indenture with respect to the Series 2018 Bonds:

Following an application by the Trustee of the monies in the Reserve Fund to make up a deficiency in the Bond Fund pursuant to Article IV of the Bond Indenture, Guarantor will upon demand, as specified herein and in the Bond Indenture, make full and prompt payment to the Trustee of all funds necessary to fully fund the Reserve Fund up to the Debt Service Reserve Requirement as such term is defined in the Bond Indenture (the "Reserve Requirement").

All payments by the Guarantor shall be paid in lawful money of the United States of America.

The obligations of the Guarantor set forth in clause (a) of this Section 3.1 shall in no event be subject to acceleration, notwithstanding the acceleration of the payment of the principal and interest on the Series 2018 Bonds. The sole obligation of the Guarantor is to make payment to the Trustee upon demand, of all monies necessary to fund the Reserve Fund up to the Reserve Requirement, the same to be calculated as though no acceleration of maturity of the Series 2018 Bonds had occurred.

The Guarantor waives notice of the issuance of the Series 2018 Bonds and notice from the Trustee or the holders from time to time of any of the Series 2018 Bonds of their acceptance and reliance on this Agreement. The Guarantor also waives presentment, demand for payment, protest and notice of nonpayment or dishonor and all other notices or demands whatsoever relating to the Series 2018 Bonds.

Section 3.2 Method of Guarantor Payment.

At least five (5) days prior to any monthly payment date as provided in the Bond Indenture, the Trustee shall notify the Guarantor if there will be, as a result of an anticipated application by the Trustee of monies in the Reserve Fund to make up a deficiency in the Bond Account, an anticipated shortfall in the Reserve Fund below the Reserve Requirement. In such instances, the Guarantor shall take such actions as are necessary to assure the availability of the amounts required hereunder to fully fund the Reserve Fund up to an amount equal to the Reserve Requirement. If the Trustee does withdraw monies from the Reserve Fund to make up a deficiency in the Bond Account, the Guarantor shall remit to the Trustee an amount sufficient to fully fund the Reserve Fund up to the Reserve Requirement. PROVIDED, at all times the sole obligation of the Guarantor is to make payment to the Trustee upon demand, of all monies necessary to fund the Reserve Fund up to the Reserve Requirement.

Section 3.3 Irrevocable.

This Agreement constitutes a continuing guarantee of payment and not of collection. The obligations of the Guarantor under this Agreement shall be absolute and unconditional and shall remain in full force and effect until either the latter of entire principal of, premium, if any, and interest on the Series 2018 Bonds shall have been paid in full or provision for their payment shall have been made as provided in the Bond Indenture or the expiration of any preference period as provided under the United States Bankruptcy Code. The obligations of Guarantor hereunder shall not be affected, modified, impaired, released, reduced or discharged upon the occurrence from time to time of any event, including without limitation any of the following, whether or not with notice to, or the consent of, the Guarantor:

- a) The waiver, compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the Issuer which are contained in the Bond Indenture or the Loan Agreement or the release, substitution or exchange of pledged assets or funds by the Trustee, or of the payment, performance or observance thereof;
- b) The failure to give notice to the Guarantor of the occurrence of an event of default under the provisions of this Agreement or the Loan Agreement;
- c) The transfer, assignment or mortgaging, or the purported transfer, assignment or mortgaging of all or any part of the interest of the Issuer, the Borrower or the Trustee in the Project facilities or any failure of title or security of the lien of the Bond Indenture the Loan Agreement or the Mortgage;
- d) The extension of the time for payment of the principal of, redemption premium, if any, or interest on the Series 2018 Bonds or of the time for performance of any obligations, covenants or agreements under or arising out of this Agreement, the Bond Indenture, the Loan Agreement, the Note or the Series 2018 Bonds;
- e) The modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Bond Indenture, this Agreement, the Loan Agreement or the Series 2018 Bonds;

- f) The taking or the omission to take, any of the actions required or permitted in the Bond Indenture, the Series 2018 Bonds, the Loan Agreement or this Agreement;
- g) Any failure, omission, delay or lack on the part of the Issuer or the Trustee to enforce, assert or exercise any right, power or remedy conferred on the Issuer or the Trustee in this Agreement, the Loan Agreement, the Mortgage or the Bond Indenture, or the inability of the Issuer or the Trustee to enforce any provision of this Agreement, the Loan Agreement, the Mortgage or the Bond Indenture for any reason, or any other act or omission on the part of the Issuer, the Trustee or any of the holders from time to time of the Series 2018 Bonds;
- h) The voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets, marshaling of assets and liabilities, receivership, conservatorship, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition, readjustment of or other similar proceeding affecting the Issuer, the Borrower, the Guarantor or the Trustee of any of the assets of any of them, or any allegation or contest of the validity of this Agreement, the Bond Indenture, the Loan Agreement or the Series 2018 Bonds in any such proceeding, or otherwise;
- i) The damage or partial or total destruction of the real and/or personal property constituting the Project facilities or any part thereof, or the taking by the power of eminent domain (or by agreement in lieu of such taking) of such property or any part thereof by any lawful authority, or the unavailability or non-use of the Project facilities (or portion thereof) for whatever reason;
- j) The surrender or impairment of any security for the performance or observance of any of the agreements, covenants, terms and conditions contained in this Agreement, the Bond Indenture, the Loan Agreement or the Series 2018 Bonds;
- k) The failure of the Issuer to perform and observe any agreement or covenant, or to discharge any duty or obligation, arising out of or connected with this Agreement, the Loan Agreement or any other agreement between the Issuer and the Guarantor, or the occurrence or pendency of any event of default thereunder or any proceedings or actions as a result of, or attendant upon, such default;
- l) The failure by the Issuer or the Trustee to give notice to the Guarantor under the provisions of this Agreement, the Bond Indenture or the Series 2018 Bonds; and
- m) To the extent permitted by law, any event or action that would, in the absence of this clause, result in the release or discharge by operation of law of the Guarantor from the performance or observance of any obligation, covenant or agreement contained in this Agreement.

Section 3.4 No Set-off.

No set-off, counterclaim, reduction or diminution of an obligation or any claim of any kind or nature which the Issuer has or may have against any entity shall be available hereunder to the Guarantor; PROVIDED, however, that nothing contained herein shall prohibit the Guarantor from asserting any claim against the Trustee in a legal proceeding, which proceeding shall in no way delay the prompt fulfillment by the Guarantor of its obligations hereunder.

Section 3.5 Default.

If the Borrower or the Issuer fails to pay to the Trustee the amounts required to be paid into the Bond Fund pursuant to the Bond Indenture at the regularly scheduled date for payment thereof (regardless of the reason for any such payment default) and the Trustee applies monies from the Reserve Fund to make up the deficiency in the Bond Fund, the Guarantor shall, upon demand by the Trustee, as set forth herein in Section 3.2, pay the amount necessary to fully fund the Reserve Fund to the Reserve Requirement in the manner and at the times set forth in the Bond Indenture. Upon the default in payment by the Issuer or the Borrower, the Trustee shall have the right to proceed first and directly against the Guarantor under this Agreement without proceeding against or pursuing any other remedies which it may have and without resorting to any security held by the Trustee under the Bond Indenture, the Loan Agreement or the Mortgage. The Issuer agrees to pay all costs, expenses and fees, including all reasonable attorney's fees, which may be incurred by the Trustee in enforcing or attempting to enforce this Agreement, whether the same shall be enforced by suit or otherwise.

Section 3.6 Discharge.

Anything contained in this Agreement to the contrary notwithstanding, all of the obligations of the Guarantor hereunder shall be deemed to be paid in full and fully discharged after any applicable preference period as provided under the United States Bankruptcy Code upon either (i) the payment by the Guarantor to the Trustee of an amount equal to the aggregate principal of, redemption premium, if any, and interest on the Series 2018 Bonds, including amounts theretofore deposited with the Trustee for the payment thereof in accordance with the provisions of the Bond Indenture; or (ii) the deposit by the Guarantor with the Trustee of monies in an amount which shall be sufficient, or direct obligations of or obligations guaranteed by the United States of America, the principal (or redemption price) of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, or previously deposited with the Trustee shall be sufficient to pay when due the principal of, redemption premium, if applicable, and interest due and to become due on the Series 2018 Bonds on and prior to the redemption date or maturity date thereof, as the case may be in accordance with the provisions of the Bond Indenture.

Section 3.7 Subordination.

All rights of the Guarantor superior to the rights of the Trustee, by subrogation or otherwise, shall be subordinate to all rights and claims of the Trustee prior to payment in full of the principal, redemption premium, if any, and interest on the Series 2018 Bonds.

Section 3.8 Subrogation.

To the extent the Guarantor makes payment as provided for hereunder in Section 3.2 or 3.6, it shall become subrogated to the rights of the Trustee under the Bond Indenture to receive payments to be made into the Reserve Fund.

Section 3.9 Financial Statements.

The Guarantor agrees that it will provide to the Trustee the same financial and other reports relating to the Guarantor as those set forth in the Bond Indenture with respect to the Issuer in the same forms and at the same times as therein set forth.

Section 3.10 Maintenance of Leasehold.

The Guarantor specifically covenants that it will maintain and renew its leasehold interest and estate in, and to all of the water and sanitary sewer systems and facilities owned by the City and leased to the Guarantor by a Lease (the "Lease"), dated May 22, 2001, and recorded in the office of the County Clerk of Oklahoma County, Oklahoma, in Book 8151, at Pages 1301-1322; and will not suffer or permit the termination, amendment or release of the Lease in whole, or in part.

Section 3.11 Additional Indebtedness.

The Guarantor shall not incur additional indebtedness secured by the revenues of the water and sewer systems demised to the Issuer by the Lease or a lien senior to this Agreement unless a Certified Public Accountant provides a written certificate verifying that net revenues for the prior fiscal year of the Guarantor and the Issuer equal at least one hundred twenty-five percent (125%) of the maximum annual debt service on the outstanding Series 2018 Bonds. Additionally, the Guarantor shall not incur additional indebtedness secured by the aforesaid revenues on a basis which is superior to this Agreement. Net revenues of the Issuer may be included only if the Issuer has produced positive net income, excluding depreciation for each of the prior three fiscal years. Maximum annual debt service, as provided in this Section, shall include any deposits made within the previous year or projected to be made to the Reserve Fund pursuant to this Agreement.

Section 3.12 Rate Covenant.

The Guarantor hereby covenants to maintain a schedule of rates and charges on its water and sanitary sewer systems and facilities which will insure that the Guarantor will have funds available to make the payments hereunder as needed pursuant to the terms hereof.

ARTICLE IV OBLIGATIONS OF ISSUER TO GUARANTOR

Section 4.1 Loan to Issuer.

Any payment by the Guarantor hereunder shall be considered a loan to the Issuer. After Guarantor makes any payments pursuant to this Agreement, the Issuer shall be responsible to make payments to Guarantor until Guarantor has been fully reimbursed for all payments it has made pursuant to this Agreement, plus interest at the per annum rate equal to the true interest cost on the Series 2018 Bonds, which interest shall accrue from the date of each such payment by the Guarantor until such loan is repaid by the Issuer to the Guarantor. Any payment by the Guarantor made while a previous payment so made shall not have been repaid to Guarantor shall constitute an additional advance upon the outstanding loan. The Guarantor and Issuer reasonably expect the Issuer to have

sufficient revenues to pay, when due, the principal, any premium, and interest on the Series 2018 Bonds, and to repay any amounts paid hereunder by the Guarantor.

Section 4.2 Notification of Default.

The Trustee shall notify the Guarantor immediately in writing of any event of default under the Bond Indenture.

Section 4.3 Rate Covenant.

The Issuer hereby covenants to the Guarantor that in the event payment is made under this Agreement, the Issuer will take all actions within its power necessary for it to reimburse the Guarantor as soon as possible as provided herein and in the Bond Indenture, including actions to fix charges and to raise fees and other revenues. The Guarantor agrees to take whatever actions it may take under law to assist the Issuer in this regard.

Section 4.4 Additional Debt Limitation.

As long as Series 2018 Bonds that are entitled to the benefit of this Agreement remain outstanding under the Bond Indenture, no additional bonds may be issued without the prior written consent of the Guarantor. Such consent to the issuance of such additional bonds will not constitute the agreement to guarantee such additional bonds. Also, the Issuer shall not incur any other additional indebtedness (other than accounts payable in the ordinary course of business or leasehold obligations of tenants of the Project facilities) of any kind at any time during the term of this Agreement without the express written consent of the Guarantor.

Section 4.5 Amendment to Bond Indenture.

As long as any Series 2018 Bonds are outstanding, the Bond Indenture may be amended only with the prior written consent of the Guarantor.

**ARTICLE V
MISCELLANEOUS**

Section 5.1 No Exclusive Remedy.

No remedy herein conferred upon the Guarantor is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement now or hereafter existing at law or in equity. No delay or failure to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be revised from time to time and as often as may be deemed expedient. In order to entitle the Guarantor to exercise any remedy reserved to it in this Agreement, it shall not be necessary to give any notice to the Trustee or Issuer prior to the demand for payment. In the event any provision contained in the Agreement should be breached by the Issuer and thereafter duly waived by the Guarantor, such waiver cannot be deemed to waive any other breach hereunder. No waiver, release or modification of this Agreement shall be established

by oral communication, custom or course of dealing, but solely by a written instrument executed and delivered.

Section 5.2 Severability.

The invalidity or unenforceability of any one or more phrases, sentences, paragraphs or sections in this Agreement shall not affect the validity or enforceability of the remaining portions of this Agreement.

Section 5.3 Construction.

This Agreement shall be governed by and construed in accordance with the laws of the State of Oklahoma.

Section 5.4 Execution in Several Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes; and all such counterparts shall together constitute but one and the same instrument.

Section 5.5 Beneficiaries of Agreement.

The holders of the Series 2018 Bonds shall be third party beneficiaries of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

**MIDWEST CITY MUNICIPAL AUTHORITY
“Guarantor”**

Chairman of Trustees

ATTEST: (Seal)

Secretary of Trustees

**MIDWEST CITY ECONOMIC DEVELOPMENT
AUTHORITY
“Issuer”**

Chairman of Trustees

ATTEST: (Seal)

Secretary of Trustees

**BANCFIRST
“Trustee”**

Authorized Officer

SPECIAL MIDWEST CITY ECONOMIC DEVELOPMENT AUTHORITY AGENDA

City Hall - Midwest City Council Chambers, 100 N. Midwest Boulevard

January 30, 2018 - 6:00 PM

To make a special assistance request, call 739-1215 or email pmenefee@midwestcityok.org no less than 24 hours prior to the start of a meeting. If special assistance is needed during a meeting, call 739-1388.

A. CALL TO ORDER.

B. DISCUSSION ITEM.

1. Discussion and consideration of adopting a resolution authorizing the issuance of Midwest City Economic Development Authority Economic Development revenue bonds (Town Center Plaza Project) taxable refunding series 2018 in an aggregate amount of not to exceed \$50,000,000.00; waiving competitive bidding on said bonds and authorizing the sale of the bonds at a discount; authorizing and approving a bond placement agreement, trust indenture, replenishment agreement and authorizing other documents and agreements as may be necessary or required; authorizing a preliminary and final offering document; and containing other provisions relating thereto.

C. ADJOURNMENT.



City Manager
100 N. Midwest Boulevard
Midwest City, OK 73110
ghenson@midwestcityok.org
Office: 405-739-1204
Fax: 405-739-1208
www.midwestcityok.org

MEMORANDUM

TO: Chairman and Economic Development Authority Trustees

FROM: J. Guy Henson, City Manager

DATE: January 30, 2018

SUBJECT: Discussion and consideration of adopting a resolution authorizing the issuance of Midwest City Economic Development Authority Economic Development revenue bonds (Town Center Plaza Project) taxable refunding series 2018 in an aggregate amount of not to exceed \$50,000,000.00; waiving competitive bidding on said bonds and authorizing the sale of the bonds at a discount; authorizing and approving a bond placement agreement, trust indenture, replenishment agreement and authorizing other documents and agreements as may be necessary or required; authorizing a preliminary and final offering document; and containing other provisions relating thereto.

Please find attached the resolution authorizing the issuance of bonds for the refinancing of Town Center. In addition to the form of replenishment agreement, which was included in the Municipal Authority resolution, there is attached a form of Trust Indenture.

Mr. Greg Neito and Bond Counsel, John Weidman, will be at the meeting to answer any questions.

Waiving of competitive bidding will require an affirmative vote of six members of the Trust.

J. GUY HENSON
City Manager

**THE TRUSTEES OF THE MIDWEST CITY ECONOMIC DEVELOPMENT AUTHORITY
MET IN SPECIAL SESSION IN THE COUNCIL CHAMBERS OF CITY HALL, 100 N.
MIDWEST CITY BOULEVARD IN THE CITY OF MIDWEST CITY, OKLAHOMA, ON
THE 30TH DAY OF JANUARY, 2018, AT 6:00 O'CLOCK P.M.**

PRESENT:

ABSENT:

Notice of this special meeting of the trustees of the Authority having been given in writing to the Midwest City Clerk at least forty eight (48) hours prior to said meeting and public notice and agenda of this meeting having been posted in prominent view at the City Hall, 100 N. Midwest City Boulevard, Midwest City, Oklahoma, twenty-four (24) hours prior to this meeting, excluding Saturdays, Sundays and legal holidays, all in compliance with the Oklahoma Open Meeting Act.

(OTHER PROCEEDINGS)

THEREUPON, a Resolution was introduced and read in full and considered by sections. Upon motion of Trustee _____ seconded by Trustee _____, the Resolution was finally passed with the following vote:

AYE:

NAY:

The Resolution was thereupon signed by the Chairman of Trustees of the Authority and attested and sealed with the seal of the Authority by the Secretary of Trustees and is as follows:

RESOLUTION

A RESOLUTION AUTHORIZING THE ISSUANCE OF MIDWEST CITY ECONOMIC DEVELOPMENT AUTHORITY ECONOMIC DEVELOPMENT REVENUE BONDS (TOWN CENTER PLAZA PROJECT) TAXABLE REFUNDING SERIES 2018 IN AN AGGREGATE AMOUNT OF NOT TO EXCEED \$50,000,000.00; WAIVING COMPETITIVE BIDDING ON SAID BONDS AND AUTHORIZING THE SALE OF THE BONDS AT A DISCOUNT; AUTHORIZING AND APPROVING A BOND PLACEMENT AGREEMENT, TRUST INDENTURE, REPLENISHMENT AGREEMENT AND AUTHORIZING OTHER DOCUMENTS AND AGREEMENTS AS MAY BE NECESSARY OR REQUIRED; AUTHORIZING A PRELIMINARY AND FINAL OFFERING DOCUMENT; AND CONTAINING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Authority was created by a Trust Indenture, dated as of December 12, 2017, (the "Trust Indenture"), for the use and benefit of Midwest City, Oklahoma (the "City"), under authority of and pursuant to the provisions of Title 60, Oklahoma Statutes (Supp. 2017), Section 176 to 180.3, inclusive, as amended and supplemented, and other applicable statutes of the State of Oklahoma; and

WHEREAS, the Sooner Town Center, L.L.C., an Oklahoma limited liability company (the "Borrower") has requested a loan from the Authority in the aggregate principal amount of not to exceed \$50,000,000.00 for the purpose of providing refinancing of indebtedness of the Borrower in the outstanding principal amount of approximately \$42,500,000.00 (the "Prior Debt") initially used for the purpose of the development of a retail center located in the City of Midwest City, Oklahoma known as the Town Center Plaza and to make additional improvements thereto (the "Project"), to make deposits to reserve funds established with respect to the Bonds, and to pay costs in connection with the issuance of the Bonds and to pay the costs related to such refinancing; and

WHEREAS, the Borrower has requested that the Authority consider issuing its Economic Development Revenue Bonds (Town Center Plaza Project) Taxable Refunding Series 2018 (the "Bonds"), in such principal amounts as shall be agreed to by the Authority and the Borrower, presently estimated not to exceed in the aggregate \$50,000,000.00, to refinance all of the outstanding Prior Debt, and fund improvements to the Project, under a contractual arrangement whereby the Borrower will own the Project and make provision for payments to the Authority sufficient to pay the principal of such Bonds and the interest thereon and such other costs as may be incurred by the Authority in connection therewith; and

WHEREAS, in order to provide funds to refinance and refund the Prior Debt and fund improvements to the Project and to pay the costs related to such refinancing, the Authority intends to issue its Bonds in the aggregate principal amount of not to exceed \$50,000,000.00 and to loan the proceeds thereof to the Borrower; and

WHEREAS, the Authority has found and determined that the refinancing of the Prior Debt and funding improvements to the Projects, making the loan to the Borrower and issuance of the Bonds (“Project Financing”) by the Issuer will lessen the burdens of government, further the implementation of the public welfare and promote economic development within Midwest City, Oklahoma, which purposes are authorized and proper functions of Midwest City, Oklahoma, the Issuer and the Authority; and the Authority has further found and determined as follows:

a. among other powers, the Authority is authorized by the Trust Indenture to carry out redevelopment activities pursuant to the Oklahoma Constitution and Oklahoma Statutes, and the Project Financing is a redevelopment activity of the Authority as authorized by the Trust Indenture; and

b. the Town Center Project was developed, constructed and has operated in the City of Midwest City, Oklahoma (“Town Center Project”) by the Borrower on real property owned by the City pursuant to a ground lease dated October 26, 2004, (“City Ground Lease”); and

c. the Borrower’s current long-term loan financing for the Town Center Project (“Existing Loan”) is soon to mature and efforts to secure new long-term financing have proven unsuccessful; and, if not paid when due, the Existing Loan will accrue future interest at the increased interest rate of 18% per annum (“Increased Interest Rate”) and will cause the Town Center Project to be subject to other remedies available to the lender under the Existing Loan; and

d. rentals paid to City pursuant to the Ground Lease are impacted by the interest rate paid applicable to loans financing the Town Center Project, and if the Increased Interest Rate is applied to the Town Center Project, ground rent paid to the City will be reduced by a significant amount, and the Town Center Project will otherwise be negatively impacted; and

e. the Town Center Project (i) is the core and primary retail area of the City, and in point of fact, is the town center of Midwest City, (ii) is a focal point of community pride and activity providing retail and service stores and facilities which enhance the quality of life for the City and its citizens, (iii) fosters and provides facilities for economic development with impact within and beyond its borders, (iv) is a significant revenue source for the City through Ground Lease payments and tax revenues, and (iv) has been the object of significant public investment, the protection of which is in the public interest, all benefitting the City, its citizens and the Authority (collectively, the “Town Center Public Impact”); and

f. because of the Town Center Public Impact, including the loss of ground rental payments to the City, and prevention of application of the Increased Interest Rate under the Existing Loan, the Project Financing is in the public interest and is a public purpose, benefitting the City, its citizens and the Authority; and,

WHEREAS, there has been presented to this meeting a form of Bond Placement Agreement (the "Bond Placement Agreement"), between the Authority and Wells Nelson & Associates, LLC., (the "Placement Agent"), pursuant to which the Placement Agent has offered to place the Bonds under the terms and conditions set forth in the Bond Placement Agreement; and

WHEREAS, there has been presented to this meeting a form of Trust Indenture (the "Trust Indenture"), by and between the Authority and BancFirst, Oklahoma City, Oklahoma, as Trustee, authorizing the issuance of the Authority's Bonds; and

WHEREAS, the staff of the Authority and the Authority's legal counsel and Bond Counsel are directed to develop a form of Loan Agreement (the "Loan Agreement"), by and between the Authority and the Borrower, which shall be brought to the Authority for final approval at a later date; and

WHEREAS, there has been presented to this meeting a form of Replenishment Agreement (the "Replenishment Agreement") by and among the Authority, the Trustee and the Midwest City Municipal Authority, as Guarantor, of February 1, 2018 (the "Replenishment Agreement"), whereby the Guarantor has agreed to replenish the Debt Service Reserve Fund to the Debt Service Reserve Requirement at such times as may be necessary; and

WHEREAS, the Authority has previously determined in connection with the issuance of the Bonds that Hilborne & Weidman, a professional corporation, be appointed as Bond Counsel (the "Bond Counsel") and that The Baker Group be appointed as Municipal Advisor in connection with the issuance of the Bonds and that competitive bidding be waived for purposes of approving and contracting for the negotiated sale of the Bonds at a discount.

BE IT RESOLVED BY THE TRUSTEES OF THE MIDWEST CITY ECONOMIC DEVELOPMENT AUTHORITY THAT EACH OF THE "WHEREAS" PROVISIONS APPEARING ABOVE ARE ADOPTED AND APPROVED, AND FURTHER RESOLVE:

Section 1. The Placement Agent, Bond Counsel, Municipal Advisor, Authority Counsel and the staff of the Authority are hereby authorized and directed to prepare all documents and instruments necessary or convenient for the sale, issuance and delivery of the Bonds and the implementation of the Project.

Section 2. The form of Bond Placement Agreement, Trust Indenture, and Replenishment Agreement presented to this meeting be, and hereby are, approved, and the Chairman or Vice Chairman of Trustees and the Secretary or any Assistant Secretary of Trustees of the Authority be, and they hereby are, authorized, directed and empowered to execute and deliver in the name of the Authority the Bond Placement Agreement, Trust Indenture and Replenishment Agreement and other loan documents and agreements in said forms and containing substantially the terms and provisions as shall be approved by the officers executing the Bond Placement Agreement, Trust Indenture, and Replenishment Agreement, and other loan documents and agreements, the execution thereof by such officers being conclusive evidence of such approval, and to execute and deliver in the name and on behalf of the Authority all documents, closing papers, certificates and such other documents as are necessary to accomplish the issuance and sale of the Bonds.

Section 3. The signatures of the officers of the Authority appearing on the Bond Placement Agreement, Trust Indenture, Replenishment Agreement and loan documents and other agreements, documents, closing papers and certificates executed and delivered pursuant to this Resolution shall

be conclusive evidence of their approval thereof and of their authority to execute and deliver such agreements and documents on behalf of the Authority.

Section 4. The Chairman or Vice Chairman of Trustees is hereby authorized to review and approve for and on behalf of the Authority an offering document, in preliminary or final form, covering the offer and sale of the Bonds and the use of the offering document by the Placement Agent in the form approved in connection with the offer and sale of the Bonds is hereby approved.

Section 5. The Chairman or Vice Chairman of Trustees and the Secretary or any Assistant Secretary of Trustees of the Authority be, and they hereby are, authorized and empowered for and on behalf of the Authority, to execute and deliver such further agreements and documents and to take such action as such officer or officers may deem necessary or desirable in order to carry out and perform the Bond Placement Agreement, Trust Indenture, Replenishment Agreement and any contracts, documents, or instruments executed and delivered in connection with the issuance of the Bonds, and to effect the purposes thereof and to consummate the transactions contemplated thereby.

Section 6. It is hereby determined to be necessary and in the best interest of the trust estate that the Bonds be issued and the issuance thereof in the aggregate principal amount of not to exceed \$50,000,000.00 is hereby authorized and approved. The specific principal amount and denomination of the Bonds shall be determined by the Chairman or Vice Chairman of the Authority and set forth in a Certificate of Determination prior to the issuance and delivery of the Bonds. It is further hereby determined to be necessary and in the best interest of the trust estate that the aforesaid offer of the Placement Agent be accepted and that the Bonds be issued and sold to it at a price of not less than ninety eight and one half percent (98.50%) of the principal amount thereof, and competitive bidding is hereby specifically waived with respect to the sale of the Bonds and the sale of the Bonds for a purchase price determined as aforesaid, which purchase prices may constitute a discount of not to exceed one and one half percent (1.50%) of the principal amount of the Bonds, is hereby specifically approved. The Chairman or Vice Chairman of the Authority is hereby authorized, empowered and directed to determine and establish the interest rate or rates on the Bonds, which shall not exceed an average interest rate of six and one half percent (6.5%) per annum, and to establish the term or terms of the Bonds, which term or terms of the Bonds shall not exceed thirty (30) years and to set forth such interest rate or rates and term or terms in the Trust Indenture prior to the issuance of the Bonds.

ADOPTED the 30th day of January, 2018.

ATTEST:

Chairman of Trustees

Secretary of Trustees

[SEAL]

I, the undersigned, the duly qualified and acting Secretary of Trustees of the Midwest City Economic Development Authority, hereby certify that the foregoing is a true, correct and complete copy of a Resolution of the Trustees of the Authority held on the date therein stated as the same appears in the minutes of said meeting on file in my office as a part of the official records thereof.

I further certify that notice of this special meeting was given to me at least forty eight (48) hours prior to said meeting and that a true and complete copy of the Public Notice, attached hereto as Exhibit "A", was posted in prominent public view at the Midwest City City Hall, 100 N. Midwest City Boulevard, Midwest City, Oklahoma, twenty-four (24) hours prior to the date of the meeting therein described, excluding Saturdays, Sundays and legal holidays.

WITNESS my hand and seal of said Authority this 30th day of January, 2018.

Secretary of Trustees

[SEAL]

REPLENISHMENT AGREEMENT

THIS REPLENISHMENT AGREEMENT (the “Agreement”), is made as of this 1st day of February, 2018, by the Midwest City Municipal Authority (the “Guarantor”), a public trust of which the City of Midwest City, Oklahoma, is its beneficiary, the Midwest City Economic Development Authority (the “Issuer”), a public trust of which the City of Midwest City, Oklahoma, is its beneficiary, BancFirst, a state banking corporation, having its principal corporate trust office in Oklahoma City, Oklahoma, acting as Trustee under the Bond Indenture (as hereinafter defined), together with any successor trustee thereto (the “Trustee”),

WITNESSETH:

WHEREAS, the Sooner Town Center, L.L.C., an Oklahoma limited liability company (the "Borrower") has requested a loan from the Issuer in the aggregate principal amount of \$ _____ for the purpose of providing refinancing of indebtedness of the Borrower in the outstanding principal amount of \$ _____ (the “Prior Debt”) initially used for the purpose of the development of a retail center located in the City of Midwest City, Oklahoma known as the Town Center Plaza (the "Project"), to make deposits to reserve funds established with respect to the Bonds, and to pay costs in connection with the issuance of the Bonds and to pay the costs related to such refinancing; and

WHEREAS, the Issuer has entered into a Loan Agreement dated as of February 1, 2018 (the "Loan Agreement"), with the Borrower whereby the Issuer has agreed to loan the Borrower \$ _____ to be used by it to refinance the Prior Debt, and pursuant thereto, the Borrower has executed and delivered to the Issuer its promissory note dated February __, 2018, in the principal amount of \$ _____ (the "Note") and has granted a first mortgage lien in the leasehold interest of the Borrower pursuant to the terms of the Leasehold Mortgage (With Security Agreement and Assignment of Revenues) dated as of February 1, 2018 (the “Mortgage”); and

WHEREAS, the Issuer and the Guarantor have determined that the refinancing of the Project and the existence and operation of the Project will redound to the benefit of the citizens of the City of Midwest City, Oklahoma (the “City”), and which will augment the public purposes for which the Issuer and the Guarantor were formed, and thus also serve to benefit the Guarantor, and the City of Midwest City, Oklahoma and the prospect thereof is a proper inducement to the Guarantor entering into this Replenishment Agreement; and

WHEREAS, in order for the Issuer to issue its Economic Development Revenue Bonds (Town Center Plaza Project) Taxable Refunding Series 2018 (the “Series 2018 Bonds”) pursuant to its Trust Indenture dated of even date herewith (the “Bond Indenture”), and as additional security for the punctual payment of principal and interest due and payable with respect to the Series 2018 Bonds, the Guarantor is willing to enter into this Agreement, pursuant to which the Guarantor will be obligated to make up any deficiencies in the Debt Service Reserve Fund for the Series 2018 Bonds (the “Reserve Fund”);

NOW, THEREFORE, in consideration of the issuance of the Series 2018 Bonds, the Guarantor does hereby, subject to the terms hereof, covenant and agree as follows:

ARTICLE I DEFINITIONS

All terms used herein and not otherwise defined herein shall have the same meanings ascribed to them in the Bond Indenture.

ARTICLE II REPRESENTATIONS AND WARRANTIES OF GUARANTOR

Guarantor hereby represents and warrants that: (i) it has the power to enter into this Agreement; (ii) it has duly authorized the execution and delivery of this Agreement by all necessary and requisite action; and (iii) neither this Agreement nor the agreements herein contained contravene or constitute a default under any agreement, note, lease or indenture to which it is a party or any other requirement of law.

ARTICLE III COVENANTS AND AGREEMENTS

Section 3.1 Guarantor Performance.

Guarantor hereby covenants for the equal protection and benefit of all holders of the Series 2018 Bonds and for as long as any principal and interest is due to be paid pursuant to the Bond Indenture with respect to the Series 2018 Bonds:

Following an application by the Trustee of the monies in the Reserve Fund to make up a deficiency in the Bond Fund pursuant to Article IV of the Bond Indenture, Guarantor will upon demand, as specified herein and in the Bond Indenture, make full and prompt payment to the Trustee of all funds necessary to fully fund the Reserve Fund up to the Debt Service Reserve Requirement as such term is defined in the Bond Indenture (the "Reserve Requirement").

All payments by the Guarantor shall be paid in lawful money of the United States of America.

The obligations of the Guarantor set forth in clause (a) of this Section 3.1 shall in no event be subject to acceleration, notwithstanding the acceleration of the payment of the principal and interest on the Series 2018 Bonds. The sole obligation of the Guarantor is to make payment to the Trustee upon demand, of all monies necessary to fund the Reserve Fund up to the Reserve Requirement, the same to be calculated as though no acceleration of maturity of the Series 2018 Bonds had occurred.

The Guarantor waives notice of the issuance of the Series 2018 Bonds and notice from the Trustee or the holders from time to time of any of the Series 2018 Bonds of their acceptance and reliance on this Agreement. The Guarantor also waives presentment, demand for payment, protest and notice of nonpayment or dishonor and all other notices or demands whatsoever relating to the Series 2018 Bonds.

Section 3.2 Method of Guarantor Payment.

At least five (5) days prior to any monthly payment date as provided in the Bond Indenture, the Trustee shall notify the Guarantor if there will be, as a result of an anticipated application by the Trustee of monies in the Reserve Fund to make up a deficiency in the Bond Account, an anticipated shortfall in the Reserve Fund below the Reserve Requirement. In such instances, the Guarantor shall take such actions as are necessary to assure the availability of the amounts required hereunder to fully fund the Reserve Fund up to an amount equal to the Reserve Requirement. If the Trustee does withdraw monies from the Reserve Fund to make up a deficiency in the Bond Account, the Guarantor shall remit to the Trustee an amount sufficient to fully fund the Reserve Fund up to the Reserve Requirement. PROVIDED, at all times the sole obligation of the Guarantor is to make payment to the Trustee upon demand, of all monies necessary to fund the Reserve Fund up to the Reserve Requirement.

Section 3.3 Irrevocable.

This Agreement constitutes a continuing guarantee of payment and not of collection. The obligations of the Guarantor under this Agreement shall be absolute and unconditional and shall remain in full force and effect until either the latter of entire principal of, premium, if any, and interest on the Series 2018 Bonds shall have been paid in full or provision for their payment shall have been made as provided in the Bond Indenture or the expiration of any preference period as provided under the United States Bankruptcy Code. The obligations of Guarantor hereunder shall not be affected, modified, impaired, released, reduced or discharged upon the occurrence from time to time of any event, including without limitation any of the following, whether or not with notice to, or the consent of, the Guarantor:

- a) The waiver, compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the Issuer which are contained in the Bond Indenture or the Loan Agreement or the release, substitution or exchange of pledged assets or funds by the Trustee, or of the payment, performance or observance thereof;
- b) The failure to give notice to the Guarantor of the occurrence of an event of default under the provisions of this Agreement or the Loan Agreement;
- c) The transfer, assignment or mortgaging, or the purported transfer, assignment or mortgaging of all or any part of the interest of the Issuer, the Borrower or the Trustee in the Project facilities or any failure of title or security of the lien of the Bond Indenture the Loan Agreement or the Mortgage;
- d) The extension of the time for payment of the principal of, redemption premium, if any, or interest on the Series 2018 Bonds or of the time for performance of any obligations, covenants or agreements under or arising out of this Agreement, the Bond Indenture, the Loan Agreement, the Note or the Series 2018 Bonds;
- e) The modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Bond Indenture, this Agreement, the Loan Agreement or the Series 2018 Bonds;

- f) The taking or the omission to take, any of the actions required or permitted in the Bond Indenture, the Series 2018 Bonds, the Loan Agreement or this Agreement;
- g) Any failure, omission, delay or lack on the part of the Issuer or the Trustee to enforce, assert or exercise any right, power or remedy conferred on the Issuer or the Trustee in this Agreement, the Loan Agreement, the Mortgage or the Bond Indenture, or the inability of the Issuer or the Trustee to enforce any provision of this Agreement, the Loan Agreement, the Mortgage or the Bond Indenture for any reason, or any other act or omission on the part of the Issuer, the Trustee or any of the holders from time to time of the Series 2018 Bonds;
- h) The voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets, marshaling of assets and liabilities, receivership, conservatorship, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition, readjustment of or other similar proceeding affecting the Issuer, the Borrower, the Guarantor or the Trustee of any of the assets of any of them, or any allegation or contest of the validity of this Agreement, the Bond Indenture, the Loan Agreement or the Series 2018 Bonds in any such proceeding, or otherwise;
- i) The damage or partial or total destruction of the real and/or personal property constituting the Project facilities or any part thereof, or the taking by the power of eminent domain (or by agreement in lieu of such taking) of such property or any part thereof by any lawful authority, or the unavailability or non-use of the Project facilities (or portion thereof) for whatever reason;
- j) The surrender or impairment of any security for the performance or observance of any of the agreements, covenants, terms and conditions contained in this Agreement, the Bond Indenture, the Loan Agreement or the Series 2018 Bonds;
- k) The failure of the Issuer to perform and observe any agreement or covenant, or to discharge any duty or obligation, arising out of or connected with this Agreement, the Loan Agreement or any other agreement between the Issuer and the Guarantor, or the occurrence or pendency of any event of default thereunder or any proceedings or actions as a result of, or attendant upon, such default;
- l) The failure by the Issuer or the Trustee to give notice to the Guarantor under the provisions of this Agreement, the Bond Indenture or the Series 2018 Bonds; and
- m) To the extent permitted by law, any event or action that would, in the absence of this clause, result in the release or discharge by operation of law of the Guarantor from the performance or observance of any obligation, covenant or agreement contained in this Agreement.

Section 3.4 No Set-off.

No set-off, counterclaim, reduction or diminution of an obligation or any claim of any kind or nature which the Issuer has or may have against any entity shall be available hereunder to the Guarantor; PROVIDED, however, that nothing contained herein shall prohibit the Guarantor from asserting any claim against the Trustee in a legal proceeding, which proceeding shall in no way delay the prompt fulfillment by the Guarantor of its obligations hereunder.

Section 3.5 Default.

If the Borrower or the Issuer fails to pay to the Trustee the amounts required to be paid into the Bond Fund pursuant to the Bond Indenture at the regularly scheduled date for payment thereof (regardless of the reason for any such payment default) and the Trustee applies monies from the Reserve Fund to make up the deficiency in the Bond Fund, the Guarantor shall, upon demand by the Trustee, as set forth herein in Section 3.2, pay the amount necessary to fully fund the Reserve Fund to the Reserve Requirement in the manner and at the times set forth in the Bond Indenture. Upon the default in payment by the Issuer or the Borrower, the Trustee shall have the right to proceed first and directly against the Guarantor under this Agreement without proceeding against or pursuing any other remedies which it may have and without resorting to any security held by the Trustee under the Bond Indenture, the Loan Agreement or the Mortgage. The Issuer agrees to pay all costs, expenses and fees, including all reasonable attorney's fees, which may be incurred by the Trustee in enforcing or attempting to enforce this Agreement, whether the same shall be enforced by suit or otherwise.

Section 3.6 Discharge.

Anything contained in this Agreement to the contrary notwithstanding, all of the obligations of the Guarantor hereunder shall be deemed to be paid in full and fully discharged after any applicable preference period as provided under the United States Bankruptcy Code upon either (i) the payment by the Guarantor to the Trustee of an amount equal to the aggregate principal of, redemption premium, if any, and interest on the Series 2018 Bonds, including amounts theretofore deposited with the Trustee for the payment thereof in accordance with the provisions of the Bond Indenture; or (ii) the deposit by the Guarantor with the Trustee of monies in an amount which shall be sufficient, or direct obligations of or obligations guaranteed by the United States of America, the principal (or redemption price) of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, or previously deposited with the Trustee shall be sufficient to pay when due the principal of, redemption premium, if applicable, and interest due and to become due on the Series 2018 Bonds on and prior to the redemption date or maturity date thereof, as the case may be in accordance with the provisions of the Bond Indenture.

Section 3.7 Subordination.

All rights of the Guarantor superior to the rights of the Trustee, by subrogation or otherwise, shall be subordinate to all rights and claims of the Trustee prior to payment in full of the principal, redemption premium, if any, and interest on the Series 2018 Bonds.

Section 3.8 Subrogation.

To the extent the Guarantor makes payment as provided for hereunder in Section 3.2 or 3.6, it shall become subrogated to the rights of the Trustee under the Bond Indenture to receive payments to be made into the Reserve Fund.

Section 3.9 Financial Statements.

The Guarantor agrees that it will provide to the Trustee the same financial and other reports relating to the Guarantor as those set forth in the Bond Indenture with respect to the Issuer in the same forms and at the same times as therein set forth.

Section 3.10 Maintenance of Leasehold.

The Guarantor specifically covenants that it will maintain and renew its leasehold interest and estate in, and to all of the water and sanitary sewer systems and facilities owned by the City and leased to the Guarantor by a Lease (the "Lease"), dated May 22, 2001, and recorded in the office of the County Clerk of Oklahoma County, Oklahoma, in Book 8151, at Pages 1301-1322; and will not suffer or permit the termination, amendment or release of the Lease in whole, or in part.

Section 3.11 Additional Indebtedness.

The Guarantor shall not incur additional indebtedness secured by the revenues of the water and sewer systems demised to the Issuer by the Lease or a lien senior to this Agreement unless a Certified Public Accountant provides a written certificate verifying that net revenues for the prior fiscal year of the Guarantor and the Issuer equal at least one hundred twenty-five percent (125%) of the maximum annual debt service on the outstanding Series 2018 Bonds. Additionally, the Guarantor shall not incur additional indebtedness secured by the aforesaid revenues on a basis which is superior to this Agreement. Net revenues of the Issuer may be included only if the Issuer has produced positive net income, excluding depreciation for each of the prior three fiscal years. Maximum annual debt service, as provided in this Section, shall include any deposits made within the previous year or projected to be made to the Reserve Fund pursuant to this Agreement.

Section 3.12 Rate Covenant.

The Guarantor hereby covenants to maintain a schedule of rates and charges on its water and sanitary sewer systems and facilities which will insure that the Guarantor will have funds available to make the payments hereunder as needed pursuant to the terms hereof.

ARTICLE IV OBLIGATIONS OF ISSUER TO GUARANTOR

Section 4.1 Loan to Issuer.

Any payment by the Guarantor hereunder shall be considered a loan to the Issuer. After Guarantor makes any payments pursuant to this Agreement, the Issuer shall be responsible to make payments to Guarantor until Guarantor has been fully reimbursed for all payments it has made pursuant to this Agreement, plus interest at the per annum rate equal to the true interest cost on the Series 2018 Bonds, which interest shall accrue from the date of each such payment by the Guarantor until such loan is repaid by the Issuer to the Guarantor. Any payment by the Guarantor made while a previous payment so made shall not have been repaid to Guarantor shall constitute an additional advance upon the outstanding loan. The Guarantor and Issuer reasonably expect the Issuer to have

sufficient revenues to pay, when due, the principal, any premium, and interest on the Series 2018 Bonds, and to repay any amounts paid hereunder by the Guarantor.

Section 4.2 Notification of Default.

The Trustee shall notify the Guarantor immediately in writing of any event of default under the Bond Indenture.

Section 4.3 Rate Covenant.

The Issuer hereby covenants to the Guarantor that in the event payment is made under this Agreement, the Issuer will take all actions within its power necessary for it to reimburse the Guarantor as soon as possible as provided herein and in the Bond Indenture, including actions to fix charges and to raise fees and other revenues. The Guarantor agrees to take whatever actions it may take under law to assist the Issuer in this regard.

Section 4.4 Additional Debt Limitation.

As long as Series 2018 Bonds that are entitled to the benefit of this Agreement remain outstanding under the Bond Indenture, no additional bonds may be issued without the prior written consent of the Guarantor. Such consent to the issuance of such additional bonds will not constitute the agreement to guarantee such additional bonds. Also, the Issuer shall not incur any other additional indebtedness (other than accounts payable in the ordinary course of business or leasehold obligations of tenants of the Project facilities) of any kind at any time during the term of this Agreement without the express written consent of the Guarantor.

Section 4.5 Amendment to Bond Indenture.

As long as any Series 2018 Bonds are outstanding, the Bond Indenture may be amended only with the prior written consent of the Guarantor.

**ARTICLE V
MISCELLANEOUS**

Section 5.1 No Exclusive Remedy.

No remedy herein conferred upon the Guarantor is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement now or hereafter existing at law or in equity. No delay or failure to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be revised from time to time and as often as may be deemed expedient. In order to entitle the Guarantor to exercise any remedy reserved to it in this Agreement, it shall not be necessary to give any notice to the Trustee or Issuer prior to the demand for payment. In the event any provision contained in the Agreement should be breached by the Issuer and thereafter duly waived by the Guarantor, such waiver cannot be deemed to waive any other breach hereunder. No waiver, release or modification of this Agreement shall be established

by oral communication, custom or course of dealing, but solely by a written instrument executed and delivered.

Section 5.2 Severability.

The invalidity or unenforceability of any one or more phrases, sentences, paragraphs or sections in this Agreement shall not affect the validity or enforceability of the remaining portions of this Agreement.

Section 5.3 Construction.

This Agreement shall be governed by and construed in accordance with the laws of the State of Oklahoma.

Section 5.4 Execution in Several Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes; and all such counterparts shall together constitute but one and the same instrument.

Section 5.5 Beneficiaries of Agreement.

The holders of the Series 2018 Bonds shall be third party beneficiaries of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

**MIDWEST CITY MUNICIPAL AUTHORITY
“Guarantor”**

Chairman of Trustees

ATTEST: (Seal)

Secretary of Trustees

**MIDWEST CITY ECONOMIC DEVELOPMENT
AUTHORITY
“Issuer”**

Chairman of Trustees

ATTEST: (Seal)

Secretary of Trustees

**BANCFIRST
“Trustee”**

Authorized Officer

TRUST INDENTURE

among

MIDWEST CITY ECONOMIC DEVELOPMENT AUTHORITY

and

BANCFIRST

as Trustee

Dated as of February 1, 2018

Securing

\$ _____

in aggregate principal amount of

**Midwest City Economic Development Authority
Economic Development Revenue Bonds
(Town Center Plaza Project)
Taxable Refunding Series 2018**

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS.

Section 1.01. Definitions.....

Section 1.02. Certain Rules of Interpretation.

ARTICLE II THE BONDS......

Section 2.01. Authorized Amount of Bonds.....

Section 2.02. Issuance of Series 2018 Bonds; Priority.....

Section 2.03. Execution; Limited Obligation.

Section 2.04. Registration or Authentication.

Section 2.05. Form of Series 2018 Bonds.....

Section 2.06. Delivery of Series 2018 Bonds.....

Section 2.07. Mutilated, Lost, Stolen or Destroyed Bonds.....

Section 2.08. Exchangeability and Transfer of Bonds; Persons Treated as Owners.

Section 2.09. Temporary Bonds.

Section 2.10. Securities Depository Provisions.

ARTICLE III REDEMPTION OR PURCHASE OF SERIES 2018 BONDS......

Section 3.01. Extraordinary Redemption of Series 2018 Bonds.....

Section 3.02. Optional Redemption of Series 2018 Bonds.....

Section 3.03. Mandatory Sinking Fund Redemption.

Section 3.04. Selection of Bonds to be Redeemed.

Section 3.05. Notice of Redemption.....

Section 3.06. Payment of Redemption Price.....

Section 3.07. No Partial Redemption After Default.....

Section 3.08. Cancellation.

Section 3.09. Effect of Notice of Redemption.

Section 3.10. Redemption Payments.....

ARTICLE IV DEPOSIT OF BOND PROCEEDS; FUNDS; REVENUES......

Section 4.01. Creation of Funds and Deposit of Proceeds.

Section 4.02. Operating Fund.....

Section 4.03. Revenue Fund.....

Section 4.04. Deposits into the Bond Fund; Use of Money in the Bond Fund.....

Section 4.05. Debt Service Reserve Fund.....

Section 4.06. Cost of Issuance Fund

Section 4.07. Supplemental Reserve Fund.....

Section 4.08. Trustee Fee Fund.....

Section 4.09. Net Proceeds Fund.

Section 4.10. Bonds Not Presented for Payment.

Section 4.11. Money Held in Trust.

Section 4.12. Payment to the Borrower.

ARTICLE V INVESTMENTS.

Section 5.01. Investments.

ARTICLE VI GENERAL AGREEMENTS.

Section 6.01. Payment of Principal and Interest.

Section 6.02. Performance of Agreements; Authority.

Section 6.03. Recordation of Mortgage and Financing Statements.

Section 6.04. Priority of Pledge and Security Interest.

Section 6.05. Maintenance and Repair.

Section 6.06. Insurance and Condemnation Proceeds.

ARTICLE VII DISCHARGE OF LIEN.

Section 7.01. Discharge of Lien and Security Interests.

Section 7.02. Provision for Payment of Bonds.

Section 7.03. Discharge of the Indenture.

ARTICLE VIII DEFAULTS AND REMEDIES.

Section 8.01. Events of Default.

Section 8.02. Acceleration; Other Remedies.

Section 8.03. Restoration to Former Position.

Section 8.04. Cure by Owners or Borrower.

Section 8.05. Owners' Right to Direct Proceedings.

Section 8.06. Limitation on Owners' Right to Institute Proceedings.

Section 8.07. No Impairment of Right to Enforce Payment.

Section 8.08. Proceedings by Trustee Without Possession of Bonds.

Section 8.09. No Remedy Exclusive.

Section 8.10. No Waiver of Remedies.

Section 8.11. Application of Money.

Section 8.12. Severability of Remedies.

Section 8.13. Notice of Event of Default.

Section 8.14. Trustee May File Proofs of Claims.

Section 8.15. Undertaking for Costs.

ARTICLE IX TRUSTEE.

Section 9.01. Acceptance of the Trusts.

Section 9.02. Notice to Bondholders If Default Occurs.

Section 9.03. Intervention by Trustee.

Section 9.04. Fees, Charges and Expenses of Trustee.	
Section 9.05. Successor Trustee.	
Section 9.06. Resignation by the Trustee.	
Section 9.07. Removal of the Trustee.	
Section 9.08. Appointment of Successor Trustee by the Bondholders; Temporary Trustee.	
Section 9.09. Concerning Any Successor Trustee.	
Section 9.10. Right of Trustee to Pay Taxes and Other Charges.	
Section 9.11. Trustee Protected in Relying Upon Resolutions, etc.	
Section 9.12. Successor Trustee as Custodian of Funds, Paying Agent, Bond Registrar.	
Section 9.13. Filing of Certain Continuation Statements.	
Section 9.14. Supplying of Names and Addresses of Bondholders Desiring Certain Financial Information; Disseminating Information.	

ARTICLE X SUPPLEMENTAL INDENTURES.

Section 10.01. Supplemental Indentures Not Requiring Consent of Bondholders.	
Section 10.02. Supplemental Indentures Requiring Consent of Bondholders.	
Section 10.03. Trustee Authorized to Join in Supplements; Reliance on Counsel.	

ARTICLE XI AMENDMENT OF LOAN AGREEMENT REPLENISHMENT AGREEMENT AND MORTGAGE.

Section 11.01. Amendments, etc., to Loan Agreement, Replenishment Agreement and Mortgage Not Requiring Consent of Bondholders.	
Section 11.02. Amendments, etc., to Loan Agreement, Replenishment Agreement and Mortgage Requiring Consent of Bondholders.	
Section 11.03. Trustee Authorized to Join in Amendments, Reliance on Counsel.	

ARTICLE XII MISCELLANEOUS.

Section 12.01. Consents, etc., of Bondholders.	
Section 12.02. Issuer's Obligations Limited.	
Section 12.03. Immunity of Trustees, Directors, Officers and Employees of Issuer and Trustee.	
Section 12.04. Limitation of Rights.	
Section 12.05. Severability.	
Section 12.06. Notices.	
Section 12.07. Trustee as Bond Registrar.	
Section 12.08. Payments Due on Saturdays, Sundays and Holidays.	
Section 12.09. Counterparts.	
Section 12.10. Laws Governing Indenture.	

Exhibit A - Form of Bond

TRUST INDENTURE

THIS TRUST INDENTURE (the "Indenture"), dated as of February 1, 2018, made and entered into by and between the **MIDWEST CITY ECONOMIC DEVELOPMENT AUTHORITY** acting by and through its Trustees (the "Issuer"), a public trust duly organized and existing under the laws of the State of Oklahoma (the "State"), and **BANCFIRST**, a state banking corporation organized and existing under the laws of the State of Oklahoma, as trustee, which Trustee is authorized under such laws to exercise corporate trust powers (hereinafter, together with any bank or trust company appointed as successor Trustee hereunder called the "Trustee").

WITNESSETH:

WHEREAS, the Midwest City Economic Development Authority has been created by a Trust Indenture dated as of December 12, 2017, for the use and benefit of the City of Midwest City, Oklahoma (the "City"), under authority of and pursuant to the provisions of Title 60, Oklahoma Statutes 2011, Sections 176 to 180.3, inclusive, as amended and supplemented, the Oklahoma Trust Act and other applicable statutes of the State of Oklahoma; and

WHEREAS, the Sooner Town Center, L.L.C., an Oklahoma limited liability company (the "Borrower") has requested a loan from the Issuer in the aggregate principal amount of \$ _____ for the purpose of providing refinancing of indebtedness of the Borrower in the outstanding principal amount of \$ _____ (the "Prior Debt") initially used for the purpose of the development of a retail center located in the City of Midwest City, Oklahoma known as the Town Center Plaza (the "Project"), to make deposits to reserve funds established with respect to the Bonds, and to pay costs in connection with the issuance of the Bonds and to pay the costs related to such refinancing; and

WHEREAS, the Issuer has entered into a Loan Agreement dated as of February 1, 2018 (the "Loan Agreement"), with the Borrower whereby the Issuer has agreed to loan the Borrower \$ _____ to be used by it to refinance the Prior Debt, and pursuant thereto, the Borrower has executed and delivered to the Issuer its promissory note dated February __, 2018, in the principal amount of \$ _____ (the "Note"); and

WHEREAS, the Issuer, the Trustee and the Midwest City Municipal Authority, as Guarantor, have entered into a Replenishment Agreement dated as of February 1, 2018 (the "Replenishment Agreement"), whereby the Guarantor has agreed to replenish the Debt Service Reserve Fund to the Debt Service Reserve Requirement at such times as may be necessary; and

WHEREAS, the Issuer has determined that in order to provide refinancing for the Prior Debt it will issue its Series 2018 Bonds pursuant to this Trust Indenture; and

WHEREAS, the execution and delivery of this Trust Indenture (the "Indenture") has been duly authorized by the Issuer and the Trustee; and

WHEREAS, each of the parties hereto represents that it is fully authorized to enter into and perform and fulfill the obligations imposed upon it under this Indenture and the parties are now prepared to execute and deliver this Indenture; and

WHEREAS, all things required by the laws of the State of Oklahoma to make this Indenture a valid and binding agreement by and between the Trustee and the Issuer have been done, happened and performed.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants expressed herein and the issuance of the Bonds by the Issuer and other good and valuable consideration, receipt of which is hereby acknowledged by the parties hereto, the Trustee and the Issuer agree as follows:

That the Issuer, in consideration of the premises and of the mutual covenants herein contained and of the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Bonds by the holders thereof, and for other good and valuable considerations the receipt of which are hereby acknowledged, in order to secure the payment of the principal of, and the redemption premium (if any) and the interest on, the Bonds and all other amounts payable by the Issuer pursuant to the terms of the Bonds and/or this Indenture according to their tenor and effect and to insure the performance and observance by the Issuer of all the agreements expressed or implied herein and in the Bonds, has given, granted, assigned and pledged and does by these presents give, grant, assign and pledge to the Trustee, and to its successors in the trusts hereby created, and to them and their assigns forever:

GRANTING CLAUSE I.

All right, title and interest of the Issuer in the Loan Agreement, together with the Loan Agreement itself, and all amendments, modifications and renewals thereof, and the present and continuing right (i) to make claim for, collect or cause to be collected, receive or cause to be received all Revenues, receipts and other sums of money payable or receivable thereunder, (ii) to bring acts and proceedings thereunder or for the enforcement thereof and (iii) to do any and all things which the Issuer is or may become entitled to do under the Loan Agreement, reserving, however, the rights of the Issuer (a) providing that notices, approvals, consents, requests and other communications be given to the Issuer, and (b) under Sections 4.10, 5.04 and 7.07 of the Loan Agreement and provided that the Issuer shall retain the right to independently enforce any of the terms of the Loan Agreement.

GRANTING CLAUSE II.

All right, title and interest of the Issuer in the Mortgage, hereinafter defined, and the property described therein, together with the Mortgage itself reserving, however, the rights (a) providing that notices, approvals, consents, requests and other communications be given to the Issuer, and (b) of the Issuer under Sections 5.19 and 8.4 of the Mortgage.

GRANTING CLAUSE III.

All right, title and interest of the Issuer in the Replenishment Agreement, together with the Replenishment Agreement itself, and all amendments, modifications and renewals thereof, and the present and continuing right (i) to make claim for, collect or cause to be collected, receive or cause to be received all payments, receipts and other sums of money payable or receivable thereunder, (ii) to bring acts and proceedings thereunder or for the enforcement thereof and (iii) to do any and all things which the Issuer is or may become entitled to do under the Replenishment Agreement,

reserving, however, the rights of the Issuer (a) providing that notices, approvals, consents, requests and other communications be given to the Issuer, and (b) provided that the Issuer shall retain the right to independently enforce any of the terms of the Replenishment Agreement.

GRANTING CLAUSE IV.

All right, title and interest of the Issuer in the Revenues.

GRANTING CLAUSE V.

All amounts on deposit from time to time in all funds and accounts held under this Indenture, and the Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein and therein.

GRANTING CLAUSE VI.

Any and all other property of every name and nature from time to time hereafter by delivery or by writing of any kind, given, granted, assigned and pledged as and for additional security hereunder, by the Issuer or by anyone in its behalf or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof;

TO HAVE AND TO HOLD, all and singular, the Trust Estate and the rights and privileges hereby pledged, conveyed and assigned by the Issuer, or intended so to be, unto the Trustee and its successors and assigns forever, in trust, nevertheless, for the equal and pro rata benefit and security of each and every owner of the Bonds(as hereinafter defined) issued and to be issued hereunder, without preference, priority or distinction as to participation in the lien, benefit and protection hereof of one Bond over or from the others for any reason whatsoever, except as herein otherwise expressly provided, so that each and all of such Bonds shall have the same right, lien and privilege under this Indenture and shall be equally secured hereby with the same effect as if the same had all been issued simultaneously with the delivery hereof and were expressed to mature on one and the same date.

PROVIDED, HOWEVER, that when the principal of, and the interest on, all of the Bonds secured hereby have been paid or shall be deemed to have been paid in accordance with the terms and provisions of this Indenture, then this Indenture and the rights hereby granted shall cease, determine and be void; otherwise, this Indenture shall be of full force and effect.

THIS INDENTURE FURTHER WITNESSETH and it is expressly declared that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all property hereby given, granted, assigned or pledged is to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and **DOES HEREBY AGREE** with the Trustee and with the respective holders, from time to time, of the Bonds or any part thereof, as follows:

DEFINITIONS

Section 1.01. Definitions. In addition to the words and terms elsewhere defined herein, the following words and terms as used herein shall have the following meanings unless the context or use clearly indicates another or different meaning or intent, and any other words and terms defined in the Loan Agreement shall have the same meanings as assigned to them in the Loan Agreement when used herein unless the context or use clearly indicates another or different meaning or intent:

“Accredited Investor” means “accredited investor” as such term is defined in Rule 501(a)(1) of Regulation D under the Securities Act of 1933, as amended.

"Act" means, collectively, Title 60, Oklahoma Statutes, 2011, Sections 176 to 180.3, inclusive, as amended and supplemented, the Oklahoma Trust Act and other applicable statutes of the State of Oklahoma.

"Additional Loan Payments" means that portion of the Loan Payments described in subsection (b)(ii) of Section 3.02 of the Loan Agreement.

"Additional Security" means any and all other rights and interests in property pledged by the Issuer or the Borrower as additional security for the Bonds in addition to the interests in the property pledged pursuant to subclause (v) of the granting clause hereof.

"Affiliate," with respect to any Person, shall mean an entity controlling, controlled by or under common control with such Person. For purposes of this definition, control means the power to direct the management and policies of an entity through the ownership of a majority of its voting securities, or through the right to designate or elect or remove a majority of the members of its governing body, or by contract or otherwise.

"Authorized Denomination" means \$25,000 and any integral multiple of \$5,000 in excess thereof.

"Authorized Representative" means one or more authorized representatives of the Trustee and the Borrower, as the case may be, authorized to perform the act or discharge the duty required by this Indenture or the Loan Agreement and with respect to the Issuer, the Chairman or Vice Chairman of Trustees of the Issuer and, when used with reference to an act or document, also means any other person authorized by resolution of the Issuer to act or execute such document. The Borrower shall file with the Trustee, from time to time, a certificate designating one or more persons who shall be its Authorized Representative. Such designations shall remain effective until the Trustee is notified in writing to the contrary.

“Bankruptcy Code” means Title 11 of the United States Code, as amended.

"Basic Loan Payments" means that portion of the Loan Payments described in subsection (b)(i) of Section 3.02 of the Loan Agreement.

"Beneficial Owner" means the owner of a Bond as recorded by the respective systems of DTC and each of the DTC Participants.

"Bond Counsel" means a law firm, appointed by the Issuer, having a national reputation in the field of municipal finance law whose opinions are generally accepted by purchasers of municipal bonds.

"Bond Documents" means the Indenture, the Bonds, the Control Agreement, the Replenishment Agreement and the Borrower Documents.

"Bond Fund" refers to the Bond Fund established pursuant to Section 4.01 of this Indenture.

"Bond Obligation" means as of any date of calculation, the principal amount of all Outstanding Bonds.

"Bond Placement Agreement" means the Bond Placement Agreement among the Issuer, the Borrower and the Placement Agent providing for the private placement of the Series 2018 Bonds by the Placement Agent.

"Bond Registrar" means the Trustee when acting as registrar for the Bonds.

"Bondholder" or **"holder"** or **"owner of the Bonds"** means the registered owner of any Bond as shown on the records maintained by the Bond Registrar.

"Bonds" means the Series 2018 Bonds.

"Borrower" means, Sooner Town Center, L.L.C., an Oklahoma limited liability company and its successors and assigns under the Loan Agreement.

"Borrower Documents" means the Loan Agreement, the Note, the Mortgage, the Disclosure Undertaking, the Control Agreement, together with all other documents or instruments executed by the Borrower which evidence or secure the Borrower's obligations under the Loan Agreement, all as amended or supplemented from time to time.

"Business Day" means any day other than a Saturday, a Sunday, a legal holiday or a day on which banking institutions in the States of New York and Oklahoma are authorized or required by law to remain closed.

"Closing Date" means the date of issuance and delivery of the Series 2018 Bonds in accordance with Section 2.06 of this Indenture.

"Condemnation" means the taking, in whole or in part, of title to, or the use of, property under the exercise of the power of eminent domain by a governmental entity or any other Person acting under governmental authority, or the voluntary transfer under the threat of taking by such governmental entity or authority.

“Control Agreement” means that certain Control Agreement dated as of February 1, 2018 between the Borrower, the Issuer, the Trustee and the depository of the Operating Agreement.

"Cost of Issuance Fund" refers to the Cost of Issuance Fund established pursuant to Section 4.01 of this Indenture.

"Counsel" means an attorney, or firm thereof, admitted to practice law before the highest court of any state in the United States of America or the District of Columbia and acceptable to the Trustee.

"Coverage Ratio" for any period means the ratio of EBITDAR to Debt Service Expense for the period in question.

"Debt Service Expense" means for any period, without duplication, the sum of the amounts required for such period to pay principal of, to fund any sinking fund requirement for, and to pay interest on any Debt of the Borrower and its subsidiaries, if any, calculated on a consolidated basis in accordance with GAAP secured by a mortgage, security interest or other encumbrance in or on the Project or any portion thereof.

"Debt Service Reserve Fund" refers to the Debt Service Reserve Fund established pursuant to Section 4.01 of this Indenture.

"Debt Service Reserve Requirement" means \$_____.

"Default Rate" with respect to the Bonds means the interest rate on the Bonds plus 5% per annum, and with respect to any other amounts due means 12% per annum, not to exceed, however, the Maximum Rate.

"Disclosure Undertaking" means the Continuing Disclosure Undertaking dated as of February 1, 2018 by the Borrower.

"DTC" means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

"DTC Participants" means banks, brokers or dealers who are participants of DTC.

“EBITDAR” means, for any period (the “Calculation Period”), the following for the Project in the aggregate (determined without duplication in accordance with GAAP):

- (a) total revenues for the Calculation Period, less
- (b) total operating expenses for the Calculation Period (excluding any depreciation and amortization expense or income tax expense), plus

(c) the aggregate amount of non-cash expenses for the Calculation Period associated with the closure and post-closure reserves of a lease, plus

(d) the aggregate amount of all other non-cash expenses for the Calculation Period, to the extent not specifically described above in this definition, plus

(e) the aggregate amount of Debt Service Expense for the Calculation Period, plus

(f) the aggregate amount of Pre-Opening Expenses and Start-up Expenses for the Calculation Period;

provided that with respect to:

(1) any Project expansion or construction that is made after the date of the Loan Agreement and is subject to the Loan Agreement, "EBITDAR" shall include the actual EBITDAR attributable to the acquired, expanded or constructed Project for the 12 month period ending on the last day of the Calculation Period, including, if necessary, EBITDAR prior to consummation of such acquired, expanded or constructed Project so that it represents the equivalent of 12 months of EBITDAR (and may reflect Pro Forma Adjustments); and

(2) any new expansion or construction that is entered into after the date of the Loan Agreement and is subject to the Loan Agreement, "EBITDAR" shall include the following:

(i) if Borrower will begin providing services pursuant to such new expansion or construction within eleven months after the end of the Calculation Period, an amount equal to one-twelfth (1/12) of 100% of the estimated annual "EBITDAR" attributable to the operations resulting from such new expansion or construction (which may reflect Pro Forma Adjustments) as of the end of the Calculation Period for each calendar month completed after the date that is twelve months prior to the date on which services are scheduled to commence under such new expansion or construction as of the end of the Calculation Period,

(ii) if Borrower has provided service pursuant to such new expansion or construction for less than six calendar months after the end of the Start-up Period, and amount equal to the estimated "EBITDAR" attributable to the operations resulting from such new expansion or construction (which may reflect Pro Forma Adjustments) for the 12 -month period beginning on the date on which Borrower began providing services pursuant to such new expansion or construction, or

(iii) if Borrower has provided services pursuant to such new expansion or construction for six calendar months or more after the end of the Start-up Period, an amount equal to actual EBITDAR attributable to the operations resulting from such new expansion or construction for each complete month that has elapsed since the date three months after the end of the Start-up Period (such amount to be annualized so that it represents the equivalent of 12 months of EBITDAR).

"Event of Default" means the occurrence of any of the events of default specified in Article VIII hereof.

"Extraordinary Trustee Fees and Expenses" means all those fees, expenses and disbursements, payable to the Trustee as set forth in Section 9.04 of this Indenture, during any year in excess of Ordinary Trustee Fees and Expenses, including, but not limited to, any costs of giving notice pursuant to Section 3.05 of this Indenture.

"Financing Statements" means any and all financing statements (including continuation statements) filed of record from time to time to perfect the security interests created or assigned.

"Fiscal Year" means with respect to the Borrower, each 12 month period beginning as of January 1 and ending on December 31, and with respect to the Issuer, each 12 month period beginning as of July 1, and ending on June 30.

"Fund" or **"Funds"** means any one or more, as the case may be, of the separate trust funds created and established in Article IV of this Indenture.

"Government Obligations" means (a) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America is pledged, or (b) obligations issued by a person controlled or supervised by and acting as an instrumentality of the United States of America, the payment of the principal of, premium, if any, and the interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (a) or (b) issued or held in book-entry form on the books of the Issuer of the Treasury of the United States of America), which obligations, in either case, are not subject to redemption prior to maturity at less than par by anyone other than the holder.

"Guarantor" means the Midwest City Municipal Authority, a public trust, created for the benefit of the City of Midwest City, Oklahoma acting as Guarantor under the Replenishment Agreement.

"Indenture" means this Trust Indenture, as the same may have been amended from time to time or modified, together with all indentures supplemental thereto.

"Independent Auditor" means a certified public accountant, or firm thereof, who or which is "independent" as that term is defined in Rule 101 and related interpretations of the Code of Professional Ethics of the American Institute of Certified Public Accountants, of recognized standing, who or which does not devote his or its full time to either the Issuer or the Borrower (but who or which may be regularly retained by either).

"Interest Payment Date" means for the Series 2018 Bonds each February 1 and August 1, commencing August 1, 2018.

"Investment Agreement" means any investment agreement entered into by the Trustee with an investment agreement provider at the written direction of the Borrower, provided that such other investment agreement provider or its guarantor at the time of the investment has a long-term unsecured credit rating of "A" or better by either Rating Service.

"Issuer" means the Midwest City Economic Development Authority.

"Land" means the real property described in Exhibit A to the Mortgage.

"Letter of Representations" means the Letter of Representations from the Issuer to the Securities Depository and any amendments thereto or successor agreements between the Issuer and any successor Securities Depository, relating to a book-entry system to be maintained by the Securities Depository with respect to the Bonds.

"Loan Agreement" means the Loan Agreement, dated as of the date hereof, between the Issuer and the Borrower, as from time to time supplemented or amended in accordance with the provisions of the Loan Agreement and Article XI of this Indenture.

"Loan Payments" means, collectively, the **"Basic Loan Payments"** and the **"Additional Loan Payments"** as described in Section 3.02 of the Loan Agreement.

"Mail" means either (i) regular mail by the United States Postal Service, postage prepaid, to the Owners at their respective addresses which appear on the registration books of the Trustee on the date of mailing, or (ii) actual delivery to the Owners or their representatives evidenced by receipt signed by such Owners or their representatives.

"Maximum Rate" has the meaning contained in Section 2.02(b).

"Moody's" means Moody's Investors Service, Inc., or its successors and assigns.

"Mortgage" means the Mortgage (With Security Agreement and Assignment of Revenues) dated as of February 1, 2018 granted by the Borrower for the benefit of the Trustee and the Issuer.

"Net Proceeds" means so much of the proceeds of insurance or condemnation awards as remains after payment of all expenses, costs and taxes, including reasonable attorney's fees and extraordinary expenses, incurred in obtaining such proceeds or award.

"Net Proceeds Fund" refers to the Net Proceeds Fund established pursuant to Section 4.01 of this Indenture.

"Note" means the mortgage note dated February 27, 2018 executed by the Borrower in the principal amount of the Series 2018 Bonds, repayment of which is secured by the Mortgage.

"Notice Address" means as to:

Issuer: Midwest City Economic Development Authority
100 N. Midwest City Boulevard
Midwest City, OK 73110
Attn: Chairman of Trustees

Borrower: Sooner Town Center, L.L.C.
1111 Metropolitan Ave.
Charlotte, North Carolina 28204
Attn:

Trustee: BANCFIRST
101 N. Broadway
Oklahoma City, Oklahoma, 73102
Attn: Corporate Trust Department

“Operating Fund” means an account established by the Borrower in the name of the Borrower, the Issuer and the Trustee into which all Revenues shall be deposited by the Borrower upon receipt. Such account shall be established in a bank determined by the Borrower and in addition to the rights of the Borrower to deposit and withdrawal funds therein shall specifically allow for the withdrawal of funds therein by the Issuer and Trustee pursuant to the provisions of the Indenture and the Loan Agreement.

"Ordinary Trustee Fees and Expenses" means an annual fee equal to \$_____.

"Outstanding Bonds," means, as of any particular date, the aggregate principal amount of each series of Bonds authenticated and delivered under this Indenture, except:

(a) Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation after purchase in the open market or because of payment at or redemption prior to Stated Maturity;

(b) Bonds for the payment or redemption of which sufficient moneys shall have been theretofore deposited by the Borrower on behalf of the Issuer with the Trustee pursuant to Article VII hereof (whether upon or prior to the Stated Maturity or the Redemption Date of any such Bonds); provided that if such Bonds are to be redeemed prior to the Stated Maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(c) Bonds otherwise paid or deemed to be paid in accordance with Sections 7.01 and 7.02; and

(d) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to this Indenture; provided, however, that in determining whether the owners of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds registered in the name of or beneficially owned by the Issuer or the Borrower or any other obligor upon the Bonds or any

Affiliate of the Borrower or such other obligor shall be disregarded and deemed not to be Outstanding unless such party owns 100% of the Bonds then Outstanding. Bonds so owned which have been pledged in good faith, and such pledge has been recorded in the register for the Bonds at the request or direction of the pledgor, shall be regarded as Outstanding if the pledgee is not the Borrower or any other obligor upon the Bonds or any Affiliate of the Borrower or such other obligor. The Trustee shall not be required to take notice of the beneficial ownership of the Bonds of a person (or whether the Bonds are registered in the name of any other obligor or an Affiliate of the Borrower or such other obligor) for this purpose, unless such fact is certified to the Trustee in writing.

"Owner" or "Owners" means the person or persons in whose name any Bond is registered on the registration books of the Issuer maintained by the Trustee as Bond Registrar.

"Permitted Encumbrances" means the encumbrances which relate to the Project and are described in Exhibit "B" attached to and incorporated in the Mortgage.

"Permitted Investments" shall include any of the following securities, if and to the extent the same are at the time legal under Oklahoma law for investment of Issuer funds:

(a) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (b) below), or

(b) Government Obligations;

(c) Bonds, notes or other evidences of indebtedness rated "AAA" by Standard & Poor's and "Aaa" by Moody's issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(d) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by Standard & Poor's;

(e) Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (A) which are rated, based on the escrow, in the highest rating category of each Rating Service or any successors thereto; or (B)(1) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or obligations described in paragraph (b) above, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (2) which fund is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate;

(f) repurchase agreements with banks which are members of the Federal Deposit Insurance Corporation ("**Repurchasers**") provided that each such repurchase agreement (A) is in commercially reasonable form and is for a commercially reasonable period, and (B) results in transfer to the Trustee of legal title to, or the grant to the Trustee of a prior perfected security interest in, securities which are obligations described in clauses (a) through (b) above, inclusive, or bonds of the State of Oklahoma or any agency or subdivision thereof which have deposited in an irrevocable trust escrow account established therefor obligations described in clauses (a) through (b) above scheduled to mature at such time or times so as to provide sufficient funds with which to pay the bonds so pledged at or prior to maturity, which are free and clear of any claims by third parties and are segregated in a custodial or trust account held by a third party (other than the Repurchaser) as the agent solely of, or in trust solely for the benefit of, the Trustee; provided that such securities acquired pursuant to such repurchase agreements shall be valued at the lower of the then current market value of such securities or the repurchase price thereof set forth in the applicable repurchase agreement;

(g) certificates of deposit issued by any bank or trust company organized under the laws of the State of Oklahoma, or any other state, or any national banking association including the Trustee in any amount; provided that such certificates shall be either: (A) continuously and fully insured by the Federal Deposit Insurance Corporation, or (B) continuously and fully secured by such securities as are described in clauses (a) through (b) above, which shall have a market value (not including accrued interest) at all times at least equal to the principal amount of such certificates of deposit and such certificates of deposit shall be lodged with the Issuer or the bank responsible for the derivative fund invested, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit, and the bank, trust company or national banking association issuing each such certificate of deposit required to be so secured shall furnish the Trustee with either the securities pledged to the Issuer as security therefor or a prior perfected security interest in such pledged securities which are free and clear of any claims by third parties and are segregated in a custodial or trust account held by a third party (other than the bank, trust company or national banking association issuing the certificate of deposit required to be so secured) as the agent solely of, or in trust solely for the benefit of, the Trustee, or (C) in the event any bank, trust company or national banking association has purchased any of the Bonds, such Bonds may be used as security up to the principal amount thereof, provided the Issuer shall obtain an accompanying right of set-off of such Bonds, against the resulting deposit;

(h) obligations of or investment contracts with any national or state banking institution or any other qualified financial institution with the unsecured short-term indebtedness of such institution being rated in one of the three highest major rating categories established by Standard & Poor's or Moody's.

The value of the above investments shall be determined as follows:

"Value", which shall be determined on each Interest Payment Date, means that the value of any investments shall be calculated as follow:

(i) As to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid

and asked prices for such investments so published on or most recently prior to such time of determination;

(ii) As to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(iii) As to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and

(iv) As to any investment not specified above: the value thereof established by prior agreement between the Issuer, the Trustee and any Support Facility provider.

"Person" shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Placement Agent" means Wells Nelson & Associates, LLC

"Project" means the financing of an existing retail center located in the City of Midwest City, Oklahoma known as the Town Center Plaza, located on the land described on Exhibit A attached to the Mortgage, including the buildings, improvements and equipment as presently existing and which may be constructed and installed thereon, to make deposits to reserve funds established with respect to the Bonds, and to pay costs in connection with the issuance of the Bonds .

"QIB" means a "qualified institutional buyer" as such term is defined in Rule 144A under the Securities Act of 1933, as amended.

"Rating Service" means Moody's or Standard & Poor's, or their successors or assigns.

"Record Date" means, as applicable, a Regular Record Date or a Special Record Date.

"Redemption Date" shall mean any date on which Bonds may be called for redemption pursuant to Article III.

"Regular Record Date" means the fifteenth (15th) calendar day of the month prior to any Interest Payment Date on the Bonds, whether or not a Business Day.

"Replenishment Agreement" means that certain Replenishment Agreement by and among the Issuer, the Trustee and the Midwest City Municipal Authority, as Guarantor, dated as of February 1, 2018, which provides for the replenishment of the Debt Service Reserve Fund by the Guarantor to the Debt Service Reserve Requirement as set forth therein as from time to time supplemented or amended in accordance with the provisions of the Replenishment Agreement and Article XI of this Indenture.

"Revenue Fund" means the Revenue Fund established pursuant to Section 4.01 of this Indenture.

"Revenues" means all amount pledged hereunder to the payment of principal of, premium, if any, and interest on the Bonds, consisting of the following: (i) any portion of the net proceeds of the Series 2018 Bonds deposited with the Trustee; (ii) any income earned on investments pursuant to Section 5.01 hereof; (iii) all receipts, revenues, income, rent, and other money received by or on behalf of the Borrower or the Issuer from or in connection with the Project, including but not limited to amounts realized by the Trustee pursuant to the exercise of remedies under the Mortgage, rentals paid by occupants, any commercial receipts derived from commercial operations of the Project, and all rights to receive the same whether in the form of accounts receivable, contract rights, chattel paper, instruments, general intangibles or other rights and the proceeds thereof, and any insurance thereon, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by or on behalf of the Borrower or the Issuer; and (iv) any Basic Loan Payments and Additional Loan Payments required to be made by the Borrower pursuant to the Loan Agreement and as set forth in Exhibit B (Schedule of Loan Payments) to the Loan Agreement but such term shall not include any fee or indemnity payments to the Issuer or the Trustee pursuant to this Indenture or the Loan Agreement and excluding the proceeds of any refunding bonds or other refinancing proceeds.

"Securities Depository" means DTC and any other securities depository for the Bonds appointed pursuant to Section 2.10 of this Indenture, and their successors.

"Security Interest" or **"security interests"** means the security interests created herein and in the Mortgage and shall have the meaning set forth in the U.C.C.

"Series 2018 Bonds" means the \$_____ original aggregate principal amount of Midwest City Economic Development Authority Economic Development Revenue Bonds, (Town Center Plaza Project) Taxable Refunding Series 2018 which shall be issued pursuant to and secured by the sources specified under this Indenture

"Special Record Date" means that date defined in Section 2.02 hereof.

"Standard & Poor's" means Standard & Poor's, a division of the McGraw-Hill Companies, Inc., or its successors and assigns.

"State" means the State of Oklahoma.

"Supplemental Indenture" means any amendment or supplement to this Indenture entered into in accordance with Article X hereof.

"Supplemental Reserve Fund" means the fund established pursuant to Section 4.01 of this Indenture.

"Trust Estate" means the property rights, money, securities and other amounts pledged and assigned to the Trustee pursuant to the Granting Clauses of this Indenture.

"Trust Officer" means the Chairman of the Board, the President, or any other officer or assistant officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

"Trustee" means BANCFIRST, Oklahoma City, Oklahoma, and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party or a corporation to which the Trustee or a successor shall sell or transfer substantially all of its corporate trust business and any successor at the time serving as successor trustee or any co-trustee hereunder.

"U.C.C." means the Uniform Commercial Code of the State, as now or hereafter amended.

Section 1.02. Certain Rules of Interpretation. The definitions set forth in Section 1.01 shall be equally applicable to both the singular and plural forms of the words and terms therein defined and shall cover all genders.

"Herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and other equivalent words refer to this Indenture and not solely to the particular Article, Section or subdivision hereof in which such word is used.

Reference herein to an Article number (e.g., Article IV) or a Section number (e.g., Section 7.2) shall be construed to be a reference to the designated Article number or Section number hereof unless the context or use clearly indicates another or different meaning or intent.

Any headings or titles preceding the texts of the several Articles and Sections of this Indenture, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall neither constitute a part of this Indenture nor affect its meaning, construction or effect.

ARTICLE II
THE SERIES 2018 BONDS

Section 2.01. Authorized Amount of Series 2018 Bonds. No Series 2018 Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total principal amount of Series 2018 Bonds that may be issued hereunder is expressly limited to \$ _____, and the principal amount is limited to the amount authorized in Section 2.02, in each case subject to the provisions of Sections 2.07 and 2.08.

Section 2.02. Issuance of Series 2018 Bonds; Priority. (a) The Series 2018 Bonds (i) shall be designated "Midwest City Economic Development Authority Economic Development Revenue Bonds (Town Center Plaza Project), Taxable Refunding Series 2018; (ii) as originally issued hereunder shall be dated the Closing Date, (iii) shall bear interest from their date (or, in the event a Bond is authenticated after a Regular Record Date but before the next Interest Payment Date, such Bond shall bear interest from such next Interest Payment Date), until paid, at the rates per annum (computed on the basis of a 360-day year of twelve 30-day months), payable on February 1 and August 1 of each year, commencing August 1, 2018, and (iv) shall mature on February 1 as set forth below:

<u>Date</u>	<u>Amount</u>	<u>Interest Rate</u>
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(b) The Series 2018 Bonds (including Series 2018 Bonds issued in exchange therefor) shall be initially issued as registered bonds without coupons, in Authorized Denominations. The Series 2018 Bonds shall be lettered "R", and shall be numbered separately from 1 consecutively upward according to the records of the Trustee, as Bond Registrar. The Series 2018 Bonds shall be dated the Closing Date.

Anything herein or in the Series 2018 Bonds to the contrary notwithstanding, the obligation of the Issuer hereunder shall be subject to the limitation that payments of interest to the holder of any Bond shall not be required to the extent that the receipt of any such payment by such holder would be contrary to the provisions of law applicable to such holder which limit the maximum rate of interest which may be charged or collected by such holder ("Maximum Rate").

Every Bond issued in exchange for a Bond as originally issued shall be dated the date of its authentication. The first payment of interest on a Bond shall be due on the Interest Payment Date next succeeding the date of such Bond unless such Bond is dated on an Interest Payment Date, in which case the first payment of interest thereon shall be due on the next succeeding Interest Payment

Date, or unless such Bond is dated after a Record Date but before the next Interest Payment Date, in which case the first payment of interest thereon shall be due on the second succeeding Interest Payment Date. The interest to be paid on an Interest Payment Date shall be computed from the date through which interest was last paid on the Series 2018 Bonds or, if interest has not previously been paid on the Series 2018 Bonds, from the date of original issuance and delivery thereof.

Subject to the provisions of Section 2.10 with respect to the Series 2018 Bonds, the person in whose name a Bond is registered on the books maintained by the Bond Registrar at the close of business on any Record Date with respect to any Interest Payment Date shall be entitled to receive the interest payable on such Interest Payment Date notwithstanding the cancellation of such Bond upon any transfer or exchange subsequent to such Record Date and prior to such Interest Payment Date; provided, however, that if and to the extent that the Issuer shall default in the payment of interest due on such Interest Payment Date, such past due interest shall be paid as provided in the paragraph following the next paragraph.

The principal of the Series 2018 Bonds shall be payable in lawful money of the United States of America at the corporate trust office of the Trustee designated by the Trustee from time to time, upon surrender thereof and interest on the Series 2018 Bonds shall be payable by check or draft drawn upon the Trustee and mailed on the Interest Payment Date to the persons in whose names the Series 2018 Bonds are registered on the registration books maintained by the Trustee, as Bond Registrar, at the close of business on the Record Date next preceding such Interest Payment Date. The Trustee shall maintain a record of the amount and date of any payment of principal and/or interest on the Series 2018 Bonds (whether at the maturity date or the redemption date prior to maturity or upon the maturity thereof by declaration or otherwise).

Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Owner of such Bond on the relevant Regular Record Date by virtue of having been such Owner. The Trustee may elect to make payment of any Defaulted Interest to the persons in whose names the Series 2018 Bonds (or their respective predecessor Series 2018 Bonds) are registered at the close of business on a Special Record Date (as defined below) for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Trustee shall determine the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, shall fix the "Special Record Date" for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment, and shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed first class, postage prepaid, to each Owner at his address as it appears in the registration books of the Bond Registrar not less than ten (10) days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Series 2018 Bonds (or their respective predecessor Series 2018 Bonds) are registered on such Special Record Date.

At the written request and expense of the registered owner of \$1,000,000.00 or more in aggregate principal amount of Series 2018 Bonds or in the case of Series 2018 Bonds held by the DTC, payment to such owner of the principal, premium, if any, and interest on such Series 2018

Bonds shall be paid in federal funds by wire transfer; provided, however, that such owner shall make prior arrangements for such wire transfer with the Trustee at least thirty days prior to an Interest Payment Date.

Section 2.03. Execution; Limited Obligation. The Series 2018 Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of the Chairman of Trustees and attested by the manual or facsimile signature of the **Secretary** of Trustees and shall have impressed or imprinted thereon the seal (or facsimile thereof), if any, of the Issuer. If any officer of the Issuer who shall have executed any Bond shall cease to be such officer before the Bond so executed (by manual or facsimile signature) shall be authenticated and delivered by the Trustee, such Bond nevertheless may be authenticated and delivered as though the person who executed such Bond had not ceased to be such officer of the Issuer, and also any Bond may be executed on behalf of the Issuer by such persons as at the actual time of such execution of such Bond shall be the proper officers of the Issuer, although at the date of such Bond such persons may not have been officers of the Issuer.

The obligation of the Issuer to pay the Series 2018 Bonds and the interest thereon shall not be a general obligation of the Issuer but shall be a limited obligation which shall be payable from, and wholly secured by, the Trust Estate.

No recourse shall be had for the payment of the principal of or interest on the Series 2018 Bonds or for any claim based thereon or on this Indenture against any officer, director, trustee or employee of the Trustee, the Issuer or any officer or employee thereof. The covenants and representations contained herein do not and shall never constitute a personal or pecuniary liability or charge against the general credit of the Issuer or the individual Trustees thereof. **THE SERIES 2018 BONDS ARE NOT OBLIGATIONS OR DEBTS OF THE STATE OF OKLAHOMA, MIDWEST CITY, OKLAHOMA, OR ANY MUNICIPALITY, COUNTY, POLITICAL SUBDIVISION, OR GOVERNMENTAL UNIT OR AGENCY OF THE STATE OF OKLAHOMA, BUT ARE LIMITED AND SPECIAL OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES AND ASSETS PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF OKLAHOMA, NOR ANY COUNTY, MUNICIPALITY, SUBDIVISION, OR GOVERNMENTAL UNIT OR AGENCY THEREOF OR THEREIN IS PLEDGED FOR THE PAYMENT OF THE SERIES 2018 BONDS. THE ISSUER HAS NO TAXING POWER.**

Section 2.04. Registration or Authentication. Except as described below, only such Series 2018 Bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinafter set forth executed by the Trustee shall be entitled to any right or benefit hereunder. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been executed by the Trustee, and such executed certificate upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered hereunder. Said certificate of authentication on any Bond shall be deemed to have been executed by the Trustee if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Series 2018 Bonds issued hereunder.

Section 2.05. Form of Series 2018 Bonds. The Series 2018 Bonds, the Trustee's certificate of authentication, and the form of assignment shall be in substantially the form and format set forth in Exhibit A, with such appropriate variations, omissions, substitutions and insertions as are

permitted or required hereby and may have such letters, numbers or other marks of identification and such legends and endorsements placed thereon, as may be required to comply with any applicable laws or rules or regulations, or as may, consistently herewith, be determined to be required by the officers executing such Series 2018 Bonds, as evidenced by their execution of the Series 2018 Bonds.

Section 2.06. Delivery of Series 2018 Bonds. Upon the execution and delivery hereof, the Issuer shall execute the Series 2018 Bonds and deliver them to the Trustee, and the Trustee shall authenticate the Series 2018 Bonds and deliver them to the purchaser or purchasers as shall be directed by the Issuer as hereinafter in this Section provided.

Prior to the delivery by the Trustee of any of the Series 2018 Bonds there shall be filed with the Trustee:

(a) A copy, certified by the Secretary of Trustees or any Assistant Secretary of Trustees of the Issuer, of all resolutions and ordinances adopted and proceedings had by the Issuer authorizing the issuance of the Series 2018 Bonds, including the resolution authorizing the execution, delivery and performance of this Indenture, the Loan Agreement, the Replenishment Agreement and the Mortgage;

(b) A copy, certified by the Secretary of Trustees or any Assistant Secretary of Trustees of the Guarantor, of all resolutions and ordinances adopted and proceedings had by the Guarantor and the City authorizing the Replenishment Agreement, including the resolutions incurring the debt of the Guarantor relating to the Replenishment Agreement and the approval of the incurring of such debt by the City;

(c) An original executed counterpart of this Indenture, the Loan Agreement, the Note, the Replenishment Agreement, the Control Agreement and the Mortgage;

(d) Copies of the Financing Statements filed to perfect the security interests created by this Indenture and the Mortgage and a copy of the commitment to provide the mortgagee title insurance policy with respect to the Loan;

(e) The approved commitment to issue title insurance required under Section 4.11 of the Loan Agreement with the title policy to follow as soon as thereafter possible (hereinafter referred to as the "Title Policy");

(f) An opinion of Counsel for the Borrower to the effect that the Loan Agreement, the Note, the Bond Placement Agreement, the Disclosure Undertaking, the Control Agreement and the Mortgage have been duly authorized, executed and delivered by the Borrower and are valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms subject to customary qualifications and exceptions and addressing such other matters as may be required by Bond Counsel;

(g) An opinion of Counsel for the Authority to the effect that the Indenture, the Loan Agreement, the Replenishment Agreement, the Control Agreement and the Bonds have been duly

authorized, executed and delivered by the Authority and are valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms subject to customary qualifications and exceptions; that the Authority has all requisite powers and authority to accomplish the transactions contemplated by the Indenture, the Loan Agreement, the Replenishment Agreement, the Control Agreement and the Bonds and performance of such transactions are fully part of the public purpose for which the Authority was formed and exists and addressing such other matters as may be required by Bond Counsel;

(h) An opinion of Counsel for the Guarantor to the effect that the Replenishment Agreement has been duly authorized, executed and delivered by the Guarantor and is a valid and binding obligation of the Guarantor enforceable against the Guarantor in accordance with their respective terms subject to customary qualifications and exceptions; that the Guarantor has all requisite powers and authority to accomplish the transactions contemplated by the Replenishment Agreement and performance of such transactions are fully part of the public purpose for which the Guarantor was formed and exists and addressing such other matters as may be required by Bond Counsel;

(i) An opinion of Bond Counsel, to the effect that the Series 2018 Bonds have been duly authorized, executed and delivered by the Issuer and constitute legal, valid, binding and enforceable limited obligations of the Issuer entitled to the benefits of and secured by this Indenture, the Replenishment Agreement and the Mortgage;

(j) A request and authorization to the Trustee on behalf of the Issuer and signed by its Chairman of Trustees to authenticate and deliver the Series 2018 Bonds in such specified denominations as permitted herein to the initial purchaser or purchasers therein identified upon payment to the Trustee, but for the account of the Issuer, of a specified sum of money;

(k) Evidence of insurance coverage and payment of insurance premiums in accordance with the terms of the policies insuring the Project;

(l) An executed certificate, executed by an Authorized Representative of the Borrower, acceptable to the Issuer and Trustee certifying among other things: (i) as to the payment of property taxes due on the Project in reliance on the Title Policy and the payment or provision for payment thereof; and (ii) that there are funds sufficient to pay all insurance premiums on policies payable in accordance with the terms of the policies insuring the Project and all taxes accruing on the Project; and

(m) Such other documents and opinions of counsel as the Issuer, the Placement Agent or Bond Counsel may reasonably request with notice thereof in writing to the Trustee.

The proceeds from the sale of the Series 2018 Bonds shall be paid over to the Trustee and deposited to the credit of the funds and accounts as described in Section 4.01 hereof and as otherwise provided in a letter of instructions from the Issuer, if deemed necessary.

Section 2.07. Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate and deliver a new Bond

of the same maturity, interest rate, aggregate principal amount and tenor in lieu of and in substitution for the Bond mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, as Bond Registrar, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Trustee evidence satisfactory to it of the ownership of such Bond and of such loss, theft or destruction, together with indemnity satisfactory to it. If any such Bond shall have matured or a redemption date pertaining thereto shall have passed, instead of issuing a new Bond the Issuer may pay the same without surrender thereof. The Issuer and the Trustee may charge the holder of such Bond with their reasonable fees and expenses in this connection.

Section 2.08. Exchangeability and Transfer of Bonds; Persons Treated as Owners. The Issuer shall cause books for the registration and for the transfer of the Bonds as provided herein to be kept by the Trustee which is hereby constituted and appointed the Bond Registrar of the Issuer.

Bonds may be transferred on the books of registration kept by the Trustee by the holder in person or by his duly authorized attorney, upon surrender thereof, together with a written instrument of transfer executed by the holder or his duly authorized attorney. Upon surrender for transfer of any Bond with all partial redemptions endorsed thereon at the designated office of the Trustee, the Issuer shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of the same maturity, interest rate, aggregate principal amount and tenor and of any authorized denomination or denominations and numbered consecutively in order of issuance according to the records of the Bond Registrar.

Bonds may be exchanged at an office of the Trustee designated by the Trustee, from time to time, for an equal aggregate principal amount of Bonds of the same maturity, interest rate, aggregate principal amount and tenor and of any authorized denomination or denominations. The Issuer shall execute and the Trustee shall authenticate and deliver Bonds which the bondholder making the exchange is entitled to receive, bearing numbers not contemporaneously then outstanding.

Such transfers of registration or exchanges of Bonds shall be without charge to the holders of such Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the holder of the Bond requesting such transfer or exchange as a condition precedent to the exercise of such privilege.

The Trustee shall not be required to transfer or exchange any Bond after the giving of notice calling such Bond for redemption has been made.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of either principal or interest shall be made only to or upon the order of the registered owner thereof or his duly authorized attorney, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

If there is a Securities Depository for the Bonds, transfers of ownership and exchanges shall be effected on the records of the Securities Depository and its participants pursuant to rules and

procedures established by the Securities Depository and its participants. In such case, the Trustee shall deal with the Securities Depository as representative of the beneficial owners of the Bonds for purposes of exercising the rights of Holders hereunder, and the rights of the beneficial owners of such Bonds held by the Securities Depository shall be limited to those established by law and agreements between such beneficial owners and the Securities Depository and its participants. Requests, consents and directions from, and votes of, the Securities Depository as representative shall not be deemed inconsistent if they are made with respect to different participants or beneficial owners.

All Bonds issued upon any transfer or exchange of Bonds shall be legal, valid and binding limited obligations of the Issuer, evidencing the same debt, and entitled to the same security and benefits under this Indenture as the Bonds surrendered upon such transfer or exchange.

In executing any Bond upon exchange or transfer provided for in this Section, the Issuer may rely conclusively on a representation of the Trustee that such execution is required.

Section 2.09. Temporary Bonds.

(a) Until definitive Bonds are ready for delivery, there may be executed, and upon the request of the Issuer, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, temporary printed, engraved or lithographed Bonds, in such denomination or denominations as shall be determined by the Issuer in fully registered form, in substantially the tenor hereinafter set forth and with such appropriate omissions, insertions and variations as may be required.

(b) If temporary Bonds shall be issued, the Issuer shall cause at the Borrower's expense the definitive Bonds to be prepared and to be executed and delivered to the Trustee, and the Trustee, upon presentation to it at its designated office of any temporary Bond, shall cancel the same and authenticate and deliver in exchange therefor, without charge to the owner thereof, a definitive Bond or Bonds of an equal aggregate principal amount, of the same series and same maturity and bearing interest at the same rate as the temporary Bond surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefit and security of this Indenture as the definitive Bonds to be issued and authenticated hereunder.

Section 2.10. Securities Depository Provisions. The registration of the Bonds, in accordance with the terms of this Section, will be committed to a book entry only system. One Bond certificate for each maturity of each series of the Bonds (collectively, the "Book-Entry Bonds") will be issued and registered to the Securities Depository, or its nominee, and, if it has not done so already, the Issuer will enter into a Letter of Representations relating to a book-entry system to be maintained by the Securities Depository with respect to the Book-Entry Bonds.

In the event that the Securities Depository determines not to continue to act as a securities depository for the Book-Entry Bonds by giving notice to the Trustee and the Issuer discharging its responsibilities hereunder, then the Issuer shall, at the expense of the Borrower, attempt to locate another qualified securities depository to serve as Securities Depository and authenticate and deliver certificated Bonds to the new Securities Depository or its nominee, or authenticate and deliver certificated Bonds to the beneficial owners or to the Securities Depository participants on behalf of

beneficial owners substantially in the form provided for in Section 2.05. In delivering certificated Bonds, the Trustee shall be entitled to conclusively rely on the records of the Securities Depository as to the beneficial owners or the records of the Securities Depository participants acting on behalf of beneficial owners. Such certificated Bonds will then be registrable, transferable and exchangeable as set forth in this Article II.

So long as there is a Securities Depository for the Book-Entry Bonds (1) it or its nominee shall be the registered owner of the Book-Entry Bonds, (2) notwithstanding anything to the contrary in this Indenture, determinations of persons entitled to payment of principal, premium, if any, and interest, transfers of ownership and exchanges and receipt of notices shall be the responsibility of the Securities Depository and shall be effected pursuant to rules and procedures established by such Securities Depository, (3) the Issuer and the Trustee shall not be responsible or liable for maintaining, supervising or reviewing the records maintained by the Securities Depository, its participants or persons acting through such participants, (4) references in this Indenture to registered owners of the Book-Entry Bonds shall mean such Securities Depository or its nominee and shall not mean the beneficial owners of the Book-Entry Bonds and (5) in the event of any inconsistency between the provisions of this Indenture and the provisions of the Letter of Representations such provisions of the Letter of Representations, except to the extent set forth in this paragraph and the next preceding paragraph, shall control.

Neither the Issuer, the Trustee, nor the Borrower will have any responsibility or obligation to the owners of the beneficial interests of the Book-Entry Bonds. Without limiting the foregoing, neither the Issuer, the Trustee, nor the Borrower shall have any responsibility to such beneficial owners with respect to: (a) the accuracy of the records of the Securities Depository or any Participant with respect to any beneficial interests in the Book-Entry Bonds; (b) the delivery to any Participant, beneficial owner of the Book-Entry Bonds or other Person, other than the Securities Depository, of any notice with respect to the Book-Entry Bonds; (c) the payment to any Participants, the beneficial owner of the Book-Entry Bonds or other Person, other than the Securities Depository, of any amount with respect to the principal of, or interest on, the Book-Entry Bonds; (d) any consent given by the Securities Depository as registered owner; (e) the selection by the Securities Depository or any Participant of any beneficial owners to receive payment if the Book-Entry Bonds are redeemed or purchased in part; or (f) the failure of the Securities Depository to furnish the Trustee with position listings pursuant to the terms hereof and the Letters of Representations.

If there is a Securities Depository for the Book-Entry Bonds, transfers of ownership and exchanges for the Book-Entry Bonds shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. In such case, the Trustee shall deal with the Securities Depository as representative of the beneficial owners of the Book-Entry Bonds for purposes of exercising the rights of Holders hereunder, and the rights of the beneficial owners of such Book-Entry Bonds held by the Securities Depository shall be limited to those established by law and agreements between such beneficial owners and the Securities Depository and its participants. Requests, consents and directions from, and votes of, the Securities Depository as representative shall not be deemed inconsistent if they are made with respect to different participants or beneficial owners.

ARTICLE III
REDEMPTION OR PURCHASE OF SERIES 2018 BONDS

Section 3.01. Extraordinary Redemption of Series 2018 Bonds. The Series 2018 Bonds shall be called for redemption at any time (1) in whole or in part at the earliest practicable date in the event the Project or any portion thereof is damaged or destroyed or taken in a condemnation proceeding and Net Proceeds resulting therefrom are in an amount equal to at least \$100,000 and Net Proceeds are to be used to redeem the Series 2018 Bonds at the election of the Borrower made pursuant to the Loan Agreement, (2) as a whole, at the earliest practicable date, in the event the Borrower exercises its option to terminate the Loan Agreement pursuant to Article VI thereof, (3) as a whole at the earliest practicable date, if the Borrower is required to prepay the Note following a default under the Loan Agreement.

If called for redemption at any time pursuant to (2) or (3) above, the Series 2018 Bonds shall be redeemed as a whole at any time, or in the case of redemption pursuant to clause (1) above, in part on any Interest Payment Date (less than all of such Series 2018 Bonds to be selected in accordance with the provisions of Section 3.04), at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

Section 3.02. Optional Redemption of Series 2018 Bonds. The Series 2018 Bonds are subject to optional redemption by the Issuer, at the written direction of the Borrower, in whole or in part on any date on or after February , 20 , at a redemption price (expressed as a percentage of the principal amount so redeemed) as set forth in the table below, together with accrued interest to the date of redemption.

Redemption Date

Redemption Price

Section 3.03. Mandatory Sinking Fund Redemption. The Series 2018 Bonds maturing on February 1, _____, are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, plus accrued but unpaid interest to the date of redemption, on the dates and in the principal amounts shown below:

**Redemption
Date**

**Principal
Amount**

*Stated Maturity

The Series 2018 Bonds maturing on February 1, _____, are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, plus accrued but unpaid interest to the date of redemption, on the dates and in the principal amounts shown below:

<u>Redemption Date</u>	<u>Principal Amount</u>
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*Stated Maturity

At its option, to be exercised not less than 45 days before any sinking fund redemption, the Borrower may (i) deliver to the Trustee for cancellation Series 2018 Bonds in any aggregate principal amount desired, or (ii) receive a credit in respect of a sinking fund redemption obligation for any Series 2018 Bonds that, prior to said date, have been purchased or redeemed (other than at the stated maturity thereof of through the operation of a sinking fund redemption) and canceled by the Trustee and not theretofore applied as a credit against such sinking fund redemption obligation. Each Series 2018 Bond so delivered or previously purchased or redeemed shall be credited by the Trustee at 100% of the principal amount thereof on the obligation of the Borrower on the related sinking fund redemption date and any excess amount shall be credited on future sinking fund redemption obligations in chronological order, and the principal amount of the Series 2018 Bonds to be redeemed by operation of the sinking fund shall be accordingly reduced.

Section 3.04. Selection of Bonds to be Redeemed. Subject to the above mandatory sinking fund redemption provisions, Bonds may be redeemed only in Authorized Denominations. If less than all of the Bonds are being redeemed (except pursuant to mandatory sinking fund redemption), the Bonds of such series or portions thereof to be redeemed are to be selected by the Trustee (and the mandatory sinking fund redemption schedule is to be adjusted) on a pro rata basis from among all maturities of Bonds then outstanding, and within a maturity of a series by lot.

The Issuer shall exercise its option to have the Bonds redeemed under Section 3.02 at the written direction of the Borrower by giving written direction to the Trustee at least forty-five (45) days prior to the date fixed for redemption. Subject to the next sentence hereof, if less than all of the Bonds are being redeemed under Section 3.02 the principal amount of the Bonds to be redeemed shall be designated by the Borrower in writing to the Trustee at least forty-five (45) days prior to the date fixed for redemption. If it is determined that less than all of the principal amount represented by any Bond is to be called for redemption, then, following notice of intention to redeem such principal amount, the Owner thereof shall surrender such Bond to the Trustee on or before the applicable redemption date for (a) payment on the redemption date to such Owner of the redemption price of the amount called for redemption and (b) delivery to such Owner of a new Bond or Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such Bond, which shall be an Authorized Denomination. A new Bond representing the unredeemed balance of such Bond shall be issued to the Owner thereof, without charge therefor. If the Owner of any Bond

or Authorized Denominations thereof selected for redemption shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the amount called for redemption (and to that extent only), and interest shall cease to accrue on the redeemed portion from the date fixed for redemption.

Section 3.05. Notice of Redemption. (a) In the event any of the Bonds are called for redemption, upon the deposit in the Bond Fund required by Section 3.06 hereof if such redemption is not pursuant to mandatory sinking fund redemption, the Trustee shall give notice, in the name of the Issuer, of the redemption of such Bonds, which notice shall (i) specify the Bonds to be redeemed, the redemption date, the redemption price and the place or places where amounts due upon such redemption will be payable (which shall be a corporate trust office of the Trustee designated by the Trustee) and, if less than all of the Bonds are to be redeemed, the numbers of the Bonds, and the portions of the Bonds, to be so redeemed, (ii) if the Bonds are redeemed pursuant to Section 3.02, state that such redemption is conditioned upon receipt by the Trustee of sufficient moneys to redeem the Bonds so called for redemption and (iii) state that on the redemption date, and upon the satisfaction of any such condition, the Bonds to be redeemed shall cease to bear interest. Such notice may set forth any additional information relating to such redemption. Such notice shall be given by Mail to the Owners of the Bonds to be redeemed, at least thirty (30) days but no more than sixty (60) days prior to the date fixed for redemption. If a notice of redemption shall be unconditional, or if the conditions of a conditional notice of redemption shall have been satisfied, then upon presentation and surrender of the Bonds so called for redemption at the place or places of payment, such Bonds shall be redeemed.

(b) Any Bonds or Authorized Denominations thereof which have been duly selected for redemption and which are deemed to be paid in accordance with Article VII hereof shall cease to bear interest on the specified redemption date.

Section 3.06. Payment of Redemption Price. For the redemption of any of the Bonds, the Borrower shall cause to be deposited in the Bond Fund, an amount sufficient to pay the principal of, premium, if any, and interest to become due on the date fixed for such redemption. The obligation of the Borrower to cause any such deposit to be made hereunder shall be reduced by the amount of money in the Bond Fund available for and used on such redemption date for payment of the principal of, premium, if any, and accrued interest on the Bonds to be redeemed.

Section 3.07. No Partial Redemption After Default. Anything herein to the contrary notwithstanding, if there has occurred and is continuing an Event of Default described in Section 8.01 hereof, with respect to the Bonds there shall be no redemption (other than mandatory sinking fund payments) of less than all of the Outstanding Bonds.

Section 3.08. Cancellation. All Bonds which have been redeemed shall be cancelled by the Trustee, and shall not be reissued. A counterpart of the certificates of destruction evidencing any destruction of cancelled Bonds shall upon the Issuer's request be furnished by the Trustee to the Issuer.

Section 3.09. Effect of Notice of Redemption. Notice of redemption having been given in the manner provided in this Article III, and money for the redemption being held by the Trustee for that purpose, thereupon the Bonds so called for redemption shall become due and payable on the redemption date, and interest thereon shall cease to accrue on such date; and such Bonds shall thereafter no longer be entitled to any security or benefit under this Indenture except to receive payment of the redemption price thereof.

Section 3.10. Redemption Payments. At the written request by any Bondholder upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent possible, bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer. In addition, if such check or other transfer of funds includes more than one series of Bonds being redeemed, such check or other transfer must set forth the dollar amount of each such series being redeemed.

ARTICLE IV
DEPOSIT OF BOND PROCEEDS; FUNDS; REVENUES

Section 4.01 Creation of Funds and Deposits of Proceeds. (a) There are hereby created by the Issuer and ordered established the following Funds to be held by the Trustee:

- (i) Bond Fund: (including an Interest Account, Principal Account and Redemption Account)
- (ii) Debt Service Reserve Fund;
- (iii) Revenue Fund;
- (iv) Cost of Issuance Fund;
- (v) Supplemental Reserve Fund;
- (vi) Trustee Fee Fund; and
- (vii) Net Proceeds Fund.

The Trustee or the Issuer may also create such other Funds or Accounts as it deems necessary or desirable in the administration of this Indenture.

(b) Upon initial execution and delivery of the Series 2018 Bonds, the proceeds of the Series 2018 Bonds shall be deposited as follows:

(i) \$_____ of the proceeds of the Series 2018 Bonds along with \$____ of funds from the Prior Debt shall be paid to _____ for the payment of the principal and interest of the Prior Debt to the date of redemption thereof.

(ii) \$_____ of the proceeds of the Prior Debt Funds shall be _____; and

(iii) \$_____ of the proceeds of the Series 2018 Bonds shall be deposited in the Cost of Issuance Fund; and

(iv) the balance of any bond proceeds shall be deposited into the Interest Account of the Bond Fund and used to pay interest due and owing on the Series 2018 Bonds.

Section 4.02. Operating Fund. The Borrower shall establish and maintain an account designated the Operating Account in a depository bank approved by the Trustee. All Revenues shall be deposited daily, as received, in the Operating Fund, which shall at all times be subject to a perfected first priority security interest in favor of the Trustee. The Operating Fund shall be subject to the provisions of the Control Agreement and shall specifically allow for the withdrawal of funds therefrom by the Trustee in the event that the Borrower has failed to make the Loan Payments or any

other amounts required to be paid by the Borrower to the Issuer or the Trustee under the terms of the Loan Agreement.

Pursuant to the Loan Agreement, the Borrower shall on or before the twentieth (20th) day of each month, beginning March 20, 2018, transfer from the Operating Fund to the Revenue Fund the following sums: (i) all Loan Payments; (ii) any amounts derived from the Loan Agreement to be applied to payment of amounts intended to be paid from the Operating Fund, (iii) all amounts paid to the Trustee under the Loan Agreement (other than prepayments required to redeem Series 2018 Bonds pursuant to Sections 3.01 or 3.02 hereof, which shall be deposited in the related Bond Fund), (iv) all other amounts required to be so deposited pursuant to the terms hereof, or Section 4.07 hereof, including investment earnings to the extent provided in Article V, and (v) such other money as is delivered to the Trustee by or on behalf of the Issuer or the Borrower with written directions for deposit of such money in the Revenue Fund.

Section 4.03. Revenue Fund. (a) There shall be deposited in the Revenue Fund all Revenues received by the Trustee from the Borrower or from the Operating Fund pursuant to the provisions of the Control Agreement as set forth above and pursuant to the provisions of the Loan Agreement and this Indenture.

(b) Money on deposit in the Revenue Fund shall be disbursed on or before the twenty fifth (25th) day of each month in the following order of priority:

FIRST: to the Interest Account of the Bond Fund an amount (after taking into consideration amounts then on deposit in the Interest Account) equal to: (a) commencing March 25, 2018 until and including July 25, 2018 one fifth 1/5th, and thereafter one sixth 1/6th, of the interest due on the Bonds on the next Interest Payment Date; plus (b) all amounts due as to interest on the Bonds on the twentieth day of any preceding month that have not otherwise been credited to the Interest Account of the Bond Fund pursuant to this paragraph;

SECOND: to the Principal Account of the Bond Fund an amount (after taking into consideration amounts then on deposit in the Principal Account) equal to: (a) beginning March 25, 2018, to January 25, 2019, 1/11th of the principal due on the Bonds on the next date for the payment thereof, and thereafter 1/12th of the principal due on the Bonds on the next date for the payment thereof plus (b) all amounts due as to principal on the Bonds on the twentieth day of any preceding month that have not otherwise been credited to the Principal Account of the Bond Fund pursuant to this paragraph;

THIRD: to the Trustee Fee Fund, an amount equal to one-twelfth (1/12th) of the Ordinary Trustee Fees and Expenses;

FOURTH: to the Debt Service Reserve Fund, the amount necessary to replenish the Debt Service Reserve Fund as provided in Section 4.05(c);

FIFTH: to the payment of any other properly documented expenses of the Issuer or the Trustee not yet paid; and

SIXTH: to the Borrower (provided, however, if, prior to the twenty fifth day of the month, the Trustee has on hand sufficient funds in the Revenue Fund to cover the amounts due under FIRST through FIFTH of this Section, then the Trustee may forward the remaining balance to the Borrower at that time without waiting for the twenty fifth day of the month).

If on the twenty fifth day of the month, money in the Revenue Fund is insufficient to make any of the transfers, deposits or disbursements described in Paragraphs FIRST through FIFTH of this Section, the Trustee shall notify the depository of the Operating Fund that pursuant to the provisions of the Control Agreement, the Trustee is withdrawing funds from the Operating Fund necessary to provide money in the Revenue Fund sufficient to make the transfers, deposits or disbursements described Paragraphs FIRST through FIFTH of this Section.

If money in the Operating Fund is insufficient to make any of the transfers, deposits or disbursements described in Paragraphs FIRST through FIFTH of this Section, the Trustee shall use money in the Supplemental Reserve Fund to make all or a portion of such transfers, deposits or disbursements and thereafter the Trustee shall use money in the Debt Service Reserve Fund to make all or a portion of such transfers, deposits or disbursements. The Trustee shall immediately notify the Guarantor of any use of the funds held in the Debt Service Reserve Fund and demand replenishment of such funds pursuant to the terms of the Replenishment Agreement.

Section 4.04. Deposits into the Bond Fund; Use of Money in the Bond Fund. (a) The Trustee shall deposit in the Bond Fund when and as received;

- (i) all amounts transferred from the Revenue Fund pursuant to Section 4.03 hereof;
- (ii) all amounts transferred from the Debt Service Reserve Fund pursuant to Section 4.05 hereof;
- (iii) all amounts transferred from the Supplemental Reserve Fund pursuant to Section 4.07 hereof;
- (iv) any additional security to be deposited in the Bond Fund or any other amounts received by the Trustee that are subject to the lien and pledge of the Indenture; and
- (v) insurance proceeds from damage to or destruction of the Project and condemnation awards that are applied to the redemption of all or part of the Series 2018 Bonds subject to the priority set forth in Section 2.02(b) hereof.

(b) Money in the Interest Account shall be used to pay interest on the Bonds as it becomes due. The Trustee shall deposit to the Interest Account money from the following sources, in the following order of priority, so that on or before the last Business Day before each Interest Payment Date there is on deposit in the Interest Account an amount that is at least equal to the amount of interest payable on the Bonds on such Interest Payment Date:

- (i) From the Revenue Fund, in accordance with Paragraph FIRST of Section 4.03;

- (ii) From the Supplemental Reserve Fund or the Redemption Account;
- (iii) From the Debt Service Reserve Fund, in accordance with Section 4.05.

(c) Money in the Principal Account shall be used to retire Bonds by payment at their scheduled maturity, to pay sinking fund redemption requirements for Series 2018 Bonds on sinking fund Redemption Dates as provided in Section 3.03 hereof. The Trustee shall deposit to the Principal Account money from the following sources, in the following order of priority, so that on or before the last Business Day before each date on which Bonds mature, that is a mandatory sinking fund Redemption Date for the Series 2018 Bonds, there is on deposit in the Principal Account an amount that is at least equal to the principal payable on the Bonds on such Interest Payment Date:

- (i) From the Revenue Fund, in accordance with Paragraph SECOND of Section 4.03;
- (ii) From the Supplemental Reserve Fund or the Redemption Account;
- (iii) From the Debt Service Reserve Fund, in accordance with Section 4.05.

(d) Upon receipt by the Trustee of money accompanied by a certificate of a Borrower Representative stating that such money is to be applied to redeem Bonds in accordance with Section 6.01 of the Loan Agreement and specifying the subseries, the amount and the maturities, if applicable, of Bonds to be redeemed, such money shall be credited to the Redemption Account and applied promptly by the Trustee to retire Bonds by purchase, redemption or both purchase and redemption in accordance with the Borrower's directions. Any such purchase shall be made at the best price obtainable with reasonable diligence and no Bond shall be so purchased at a cost or price (including brokerage fees or commissions or other charges) which exceeds the redemption price at which such Bond could be redeemed on the date of purchase or on the next succeeding date upon which such Bond is subject to redemption plus accrued interest to the date of purchase. Any such redemption shall be of Bonds then subject to redemption at the redemption price then applicable for redemption of such Bonds.

Any balance remaining in the Redemption Account after the purchase or redemption of Bonds in accordance with the Borrower's directions shall be transferred to the Interest Account of the Bond Fund.

Any moneys held in the Bond Fund shall be invested and reinvested by the Trustee in accordance with Article V of this Indenture, and the income derived from the investment of amounts in the Bond Fund shall be held in such fund with a corresponding credit against the Borrower's obligation to make Loan Payments under the Loan Agreement

Section 4.05. Debt Service Reserve Fund. (a) On the Closing Date, pursuant to Section 4.01 hereof, there shall be deposited in the Debt Service Reserve Fund the Debt Service Reserve Requirement. In addition to the money transferred to such Debt Service Reserve Fund pursuant to Section 4.01 hereof, there shall be deposited in the Debt Service Reserve Fund (i) money transferred from the Revenue Fund pursuant to Sections 4.03 hereof, (ii) money transferred by the Guarantor to the Trustee pursuant to the Replenishment Agreement; and (iii) any other money received by the

Trustee with directions to deposit the same in such Debt Service Reserve Fund. Such money shall be held in the Debt Service Reserve Fund and disbursed as hereinafter provided.

(b) The Trustee shall use amounts in the Debt Service Reserve Fund solely to pay the principal of (including mandatory sinking fund redemption) and interest on the Series 2018 Bonds on any Interest Payment Date to the extent the amount on deposit in the Bond Fund is not sufficient to pay such amounts due on such Interest Payment Date. If the Debt Service Reserve Fund is used for any reason, the Trustee shall immediately give notice thereof to the Issuer, the Guarantor and the Borrower, and the Guarantor shall replenish the Debt Service Reserve Fund in accordance with the Replenishment Agreement or the Borrower shall replenish the Debt Service Reserve Fund in accordance with the Loan Agreement.

(c) Amounts held in the Debt Service Reserve Fund shall be held therein as cash or Permitted Investments in an amount equal to the Debt Service Reserve Requirement. No letter of credit, surety bond, insurance policy or other credit facility may be credited to the Debt Service Reserve Fund. The weighted average maturity of investments in the Debt Service Reserve Fund at any time may not exceed ten (10) years. The Trustee is hereby directed to determine the market value of the Debt Service Reserve Fund investments on each Interest Payment Date or monthly beginning on the first Business Day of the month succeeding the occurrence of any Event of Default or a draw from the Debt Service Reserve Fund until such Event of Default is cured or the amount in the Debt Service Reserve Fund is fully replenished to the Debt Service Reserve Fund Requirement. Accrued but unpaid interest on any Investment Securities in the Debt Service Reserve Fund shall be disregarded in calculating the balance on deposit therein.

The Guarantor must make payments sufficient to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement upon demand of the Trustee pursuant to the Replenishment Agreement but in no event later than (a) the third Business Day of the month next succeeding any withdrawal from the Debt Service Reserve Fund that causes the amount therein to be less than the Debt Service Reserve Requirement, or (b) the fifth Business Day of the month next succeeding any calculation of the market value of the Permitted Investments plus cash on deposit in the Debt Service Reserve Fund if the market value of such Permitted Investments together with any cash on deposit therein is less than the Debt Service Reserve Fund Requirement.

(d) Interest earned on the investment of money in the Debt Service Reserve Fund shall be retained therein to the extent the amount therein is less than the original deposit of the Debt Service Reserve Requirement and then transferred to the Bond Fund and applied on the next Interest Payment Date to the payment of principal, premium, if any, and interest on the Series 2018 Bonds.

Any moneys held in the Debt Service Reserve Fund shall be invested by the Trustee in accordance with Article V hereof.

(e) Once the amount on deposit in the Debt Service Reserve Fund, together with the amount on deposit in the Bond Fund, is sufficient to redeem all Series 2018 Bonds Outstanding or to pay all Series 2018 Bonds at their maturity or earlier redemption plus all interest accruing on such Series 2018 Bonds prior to payment, the Trustee shall transfer all amounts in the Debt Service

Reserve Fund to the Bond Fund to be held solely for such redemption or payment, if the Series 2018 Bonds are then subject to optional redemption as permitted by Section 3.02 hereof.

Section 4.06. Cost of Issuance Fund. The Trustee shall apply money on deposit in the Cost of Issuance Fund to pay the costs of issuing the Series 2018 Bonds pursuant to a written request of the Issuer. Any final balance in the Cost of Issuance Fund remaining therein one hundred eighty (180) days after the Closing Date shall be transferred to the Interest Account of the Bond Fund.

Section 4.07. Supplemental Reserve Fund. (a) There shall be deposited into the Supplemental Reserve Fund those moneys so designated in Section 4.13 of the Loan Agreement. Moneys in the Supplemental Reserve Fund shall be used solely for transfer to the Bond Fund for the payment of the principal of and interest on the Bonds whether at maturity (including Mandatory Sinking Fund Redemption) or upon prior redemption, all as further provided herein.

(b) Any moneys held in the Supplemental Reserve Fund shall be invested by the Trustee in accordance with Article V hereof. The income derived from the investment of the Supplemental Reserve Fund shall be retained therein.

(c) At such time as the Borrower has been in compliance with the minimum Coverage Ratio, as defined in the Loan Agreement, for a period of six (6) consecutive months and no Event of Default under the Loan Agreement has occurred and is continuing, the Trustee shall make monthly transfers of amounts equal to one-third (1/3) of the initial total Supplemental Reserve Fund plus interest thereon to the Revenue Fund for disbursement until such time as the balance in the Supplemental Reserve Fund has been reduced to zero (-0-) or the Borrower again fails to meet the minimum Coverage Ratio.

Section 4.08. Trustee Fee Fund. The Trustee shall deposit amounts to the Trustee Fee Fund transferred from the Revenue Fund. The Trustee shall use amounts in the Trustee Fee Fund to pay on each Interest Payment Date one-half (1/2) of the Ordinary Trustee Fees and any Expenses and Extraordinary Trustee Fees and Expenses from time to time.

Section 4.09. Net Proceeds Fund. Net Proceeds paid to the Trustee by the Borrower pursuant to Section 4.06 (d) of the Loan Agreement shall be held in the Net Proceeds Fund. Net Proceeds held in the Net Proceeds Fund shall be disbursed from time to time by the Trustee for the repair, replacement, or improvement of the Project upon the receipt by the Trustee from the Borrower of (i) an architect's certificate stating that such repairs, replacements or improvements are practical and necessary, have been completed in accordance with plans and specifications previously provided to the Trustee and that such repairs, replacements or improvements comply with all applicable statutes, codes and regulations; (ii) a certificate stating that sufficient moneys are available to cause such repair, restoration, replacements or improvements; (iii) requisitions and certificates from the Borrower in the form reasonably acceptable to the Trustee; (iv) applicable lien waivers; and (v) an endorsement to the title insurance policy insuring the continued priority of the lien of the Mortgage. The Trustee shall retain ten percent (10%) of the requested disbursements to be disbursed upon final completion of the repairs, replacements or improvements as certified by an independent architect and receipt of certificates of occupancy, waivers of liens and an endorsement to the title policy for the Project insuring the continued priority of the Borrower. If at any time during the

restoration, the Net Proceeds are less than the estimated costs to restore the Project, the Borrower shall provide to the Trustee cash or cash equivalents in an amount equal to the shortfall.

Section 4.10. Bonds Not Presented for Payment. In the event any Bonds shall not be presented for payment when the principal thereof becomes due on any Interest Payment Date, if money sufficient to pay such Bonds is held by the Trustee, the Trustee shall segregate and hold such money in trust, without liability for interest thereon subsequent to such Interest Payment Date, for the benefit of Owners of such Bonds who shall, except as provided in Section 4.11, thereafter be restricted exclusively to such funds for the satisfaction of any claim of whatever nature on their part under this Indenture or relating to said Bonds. Except as may otherwise be required by the unclaimed property laws of the State of Oklahoma, in case any moneys deposited with the Trustee for the payment of the purchase price or principal of, premium if any, and interest on any Bond remains unclaimed for two years after such purchase price, principal, premium, or interest has been paid or has become due and payable, the Trustee may, and upon receipt of a written request by an Authorized Representative of the Borrower shall (and in both instances upon being indemnified by the Borrower to the satisfaction of the Trustee), pay over to the Borrower the amount so deposited. Thereupon, the Trustee and the Issuer shall be released from any further liability with respect to payment of such purchase price or principal, premium, or interest and the Owner shall be entitled (subject to any applicable statute of limitations) to look only to the Borrower as an unsecured creditor for the payment thereof.

Section 4.11. Money Held in Trust. All money required to be deposited with or paid to the Trustee for deposit into any Fund or Account shall be held by the Trustee in trust, and such money (other than money held pursuant to Section 4.10 hereof) shall, while so held, constitute part of the Trust Estate and be subject to the lien hereof.

Section 4.12. Payment to the Borrower. After the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Issuer to the Owners shall have ceased, terminated and become void and shall have been satisfied and discharged in accordance with Article VII hereof, and all fees, expenses and other amounts payable to the Trustee pursuant to any provision hereof or in the Loan Agreement shall have been paid in full, any money remaining in the Funds and Accounts hereunder shall be paid or transferred to the Borrower upon its written request.

ARTICLE V INVESTMENTS

Section 5.01. Investments. All amounts held in the Funds established hereunder shall, at the written direction of the Borrower at least two Business Days before the making of such investment, be invested and reinvested by the Trustee in Permitted Investments. If moneys are not received by the Trustee in sufficient time to invest such moneys pursuant to the written instructions that have been received, the Trustee shall, to the extent timing permits, invest such money in its cash management funds, or comparable fund so long as such funds are rated at least A- or its equivalent by either Rating Service. Further, in the absence of such written directions from the Borrower, the Trustee is specifically authorized to implement its automated cash investment system to ensure that cash on hand is invested and to charge its normal cash investment fees, which may be deducted from income earned on investments. Subject to the further provisions of this Article, such investments shall be made by the Trustee as directed and designated by the Borrower in a certificate of an Authorized Representative. As long as no Event of Default under Section 8.01(a), (b), (d), or (e) hereof shall have occurred and be continuing and Borrower shall have certified to such effect in a certificate, the Borrower shall have the right to designate the investments to be sold and otherwise to direct the Trustee in the sale or conversion to cash of the investments made with the money in any Fund or Account. Unless otherwise confirmed in writing or unless contrary to the written investment directions previously submitted to the Trustee by the Borrower, an account statement delivered by the Trustee to the Borrower shall be deemed written confirmation by the Borrower that the investment transactions identified therein accurately reflect the investment directions given to the Trustee by the Borrower, unless the Borrower notifies the Trustee in writing to the contrary within 30 days after the date of such statement.

Money in any Fund shall be invested in Permitted Investments with respect to which payments of principal thereof and interest thereon are scheduled to be paid or are otherwise payable (including Permitted Investments payable at the option of the holder) not later than the earlier of (i) the date on which it is estimated that such money will be required by the Trustee, or (ii) six (6) months after the date of acquisition thereof by the Trustee.

The Trustee may make any and all such investments through its own banking department or of any affiliate. All income attributable to money deposited in any Fund created hereunder shall be credited to the particular Fund for whose account such investment was made. Any net loss realized and resulting from any such investment shall be charged to the particular Fund for whose account such investment was made. The Trustee is authorized and directed to sell and reduce to cash funds a sufficient amount of such investments whenever the cash balance in any Fund is insufficient to make any withdrawal therefrom as required under this Indenture. The Trustee shall not be liable for any depreciation of the value of any investment made pursuant to this Article V or for any loss resulting from any such investment on the redemption, sale and maturity thereof.

All Permitted Investments shall be valued as set forth herein. For purposes of amounts invested pursuant to the Investment Agreement, cost means the cost of such amounts invested pursuant to the Investment Agreement.

The Trustee shall at all times maintain accurate records of deposits into each Fund.

ARTICLE VI GENERAL AGREEMENTS

Section 6.01. Payment of Principal and Interest. The Issuer agrees that it will promptly pay the principal of, and the interest on, the Bonds at the place, on the dates and in the manner provided herein and in the Bonds according to the true intent and meaning hereof and thereof; provided, however, such principal and interest are payable solely from the Trust Estate, and the Issuer is obligated to pay the principal of, and the interest on, the Bonds solely from the Trust Estate. The Bonds and the interest thereon shall not be deemed to constitute a debt or a general obligation or a pledge of the faith and credit of the State or of any political subdivision thereof and the Bonds do not directly, indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation whatever for the payment of the principal of, or the interest on, the Bonds.

No recourse shall be had for the payment of the principal of, premium, if any, or interest on the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in this Indenture contained, against any past, present or future member, official, officer, director or employee of the Issuer, or any successor organization to either, as such, either directly or through the Issuer or any successor organization to either, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such member, official, officer, director, agent or employee as such is hereby expressly waived and released as a condition of and in consideration for the execution of this Indenture and the issuance of the Bonds.

Section 6.02. Performance of Agreements; Authority. The Issuer agrees that it will faithfully perform at all times any and all agreements, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond, and in all proceedings of the Issuer pertaining thereto. The Issuer agrees that it is authorized under the Constitution and laws of the State (a) to issue the Bonds and to execute, deliver and perform this Indenture, and (b) to grant to the Trustee a security interest in the Trust Estate in the manner and to the extent herein set forth; and that all action on its part for the issuance of the Bonds and the execution, delivery and performance of this Indenture has been effectively taken; and that the Bonds are and will be legal, valid, binding and enforceable limited obligations of the Issuer according to the import thereof.

Section 6.03. Recordation of Mortgage and Financing Statements. The Issuer shall cause the Mortgage and all Financing Statements and all amendments and supplements thereto and other instruments as may be required at all times to be recorded, registered and filed by the Trustee and to be kept, recorded, registered and filed in such manner and in such places as may be required by law in order fully to preserve and protect the security of the Bondholders and all rights of the Trustee hereunder. Pursuant to Section 9.13, the Trustee has agreed to file or cause to be filed certain continuation statements.

Section 6.04. Priority of Pledge and Security Interest. The pledge herein made of the Trust Estate and the security interest created herein with respect thereto constitutes a first and prior pledge of, and a security interest in, the Trust Estate. Said pledge and security interest shall at no time be impaired directly or indirectly by the Issuer or the Trustee, and the Trust Estate shall not

otherwise be pledged and, except as provided herein and in the Loan Agreement and in the Mortgage, no persons shall have any rights with respect thereto.

Section 6.05. Maintenance and Repair. Pursuant to the provisions of the Mortgage, and the Loan Agreement, the Borrower has agreed at its own expense to cause the Project to be maintained, preserved and kept in good condition, repair and working order, and that it will, from time to time, cause to be made all needed repairs so that the Project shall at all times be kept in good condition and repair, and that the Borrower may, at its own expense, make, from time to time, additions, modifications and improvements to the Project under the terms and conditions set forth in the Mortgage and the Loan Agreement.

Section 6.06. Insurance and Condemnation Proceeds. Reference is hereby made to Section 4.7 of the Mortgage and Section 4.06 (d) of the Loan Agreement whereunder it is provided that under certain circumstances the respective Net Proceeds of insurance and condemnation awards (or Net Proceeds from a sale in lieu of condemnation) are to be paid to the Trustee and deposited in separate trust accounts (but not in the Bond Fund) and to be disbursed and paid out as therein provided. The Trustee and the Issuer hereby accept and agree to perform the duties and obligations as therein specified.

**ARTICLE VII
DISCHARGE OF LIEN**

Section 7.01. Discharge of Lien and Security Interests. If the Issuer shall pay or cause to be paid the principal of, and the interest on, the Bonds at the times and in the manner stipulated therein and herein, and all of the Trustee fees and expenses, and if the Issuer shall keep, perform and observe all and singular the agreements in the Bonds and herein expressed as to be kept, performed and observed by it or on its part, then the lien hereof, these presents and the Trust Estate and the security interests shall cease, determine and be void, and thereupon the Trustee, upon receipt by the Trustee of an opinion of Bond Counsel stating that in the opinion of the signer all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, shall cancel and discharge this Indenture, the Mortgage and the security interests, and shall execute and deliver to the Issuer such instruments in writing as shall be required to cancel and discharge this Indenture, the Mortgage and the security interests, and reconvey to the Issuer (subject to Section 4.12 hereof) the Trust Estate, and assign and deliver to the Issuer (subject to Section 4.12 hereof) so much of the Trust Estate as may be in its possession or subject to its control, except for money and Government Obligations held in the special account in the Bond Fund for the purpose of paying Bonds which have not yet been presented for payment; provided, however, such cancellation and discharge of the Indenture shall not terminate the powers and rights granted to the Trustee with respect to the payment, transfer and exchange of the Bonds.

Section 7.02. Provision for Payment of Bonds. Bonds shall be deemed to have been paid within the meaning of Section 7.01 if

- (a) there shall have been irrevocably deposited in the Bond Fund either:
 - (i) sufficient and immediately available money, or
 - (ii) Non-callable Government Obligations of such maturities and interest payment dates and bearing such interest as will, according to a verification report of an Independent Auditor or other expert acceptable to the Trustee, be sufficient without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon (said earnings to be held in trust also), together with any money referred to in subsection (i) above, for the payment at their respective maturities or redemption dates prior to maturity, of the principal thereof and the interest to accrue thereon to such maturity or redemption dates, as the case may be;
- (b) there shall have been paid to the Issuer all Issuer Fees and to the Trustee all Trustee's fees and expenses due or to become due in connection with the payment or redemption of the Bonds or there shall be sufficient money available hereunder to make said payments; and
- (c) if any Bonds are to be redeemed on any date prior to their maturity, the Issuer at the direction of the Borrower shall have given to the Trustee in form satisfactory to the Trustee irrevocable instructions to redeem such Bonds on such date and either evidence satisfactory to the Trustee that all redemption notices required by this Indenture have been given or irrevocable power authorizing the Trustee to give such redemption notices.

Section 7.03. Discharge of the Indenture. Notwithstanding the fact that the lien of this Indenture upon the Trust Estate may have been discharged and canceled in accordance with Section 7.01, this Indenture and the rights granted and duties imposed hereby, to the extent not inconsistent with the fact that the lien upon the Trust Estate may have been discharged and canceled, shall nevertheless continue and subsist until the principal of, and the interest on, all of the Bonds shall have been paid in full or the Trustee shall have returned to the Borrower pursuant to Section 4.12 of this Indenture all funds theretofore held by the Trustee for payment of any Bonds not theretofore presented for payment.

ARTICLE VIII
DEFAULTS AND REMEDIES

Section 8.01. Events of Default. Each of the following events shall constitute an "Event of Default" hereunder with respect to the Bonds:

(a) a failure to pay the principal of or premium, if any, on any of the Bonds when the same shall become due and payable at maturity or upon redemption;

(b) a failure to pay an installment of interest on any of the Bonds when the same shall become due and payable;

(c) a failure by the Issuer or the Borrower to observe and perform any other covenant, condition, agreement or provision (other than as specified in subparagraphs (a) and (b) of this Section) contained in the Bonds or in this Indenture on the part of the Issuer or the Borrower to be observed or performed, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Issuer, or the Borrower, as the case may be, by the Trustee with a copy to the Borrower or the Issuer, as the case may be, which may give such notice in its discretion and shall give such notice at the written request of Owners of two thirds (2/3) of the Bond Obligation, unless the Trustee, or the Trustee and Owners which requested such notice, as the case may be, shall agree in writing to an extension of such period prior to its expiration; and

(d) the failure of the Guarantor to make payments pursuant to the Replenishment Agreement.

Section 8.02. Acceleration; Other Remedies. (a) Upon the occurrence and continuance of an Event of Default pursuant to Section 8.01(a) or 8.01(b), the Trustee, subject to the provisions of subparagraph (b) below and Section 8.04 hereof, may, and at the written request of the Owners of two thirds (2/3) of the Bond Obligation, shall, by written notice to the Issuer and the Borrower, declare the Bonds to be immediately due and payable, whereupon such Bonds shall, without further action, become and be immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding, and the Trustee shall give notice thereof to the Issuer and the Borrower, and shall give notice thereof by Mail to Owners of the Bonds.

(b) The provisions of the preceding paragraph are subject to the condition that if, after the principal of the Bonds shall have been so declared to be due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered as hereinafter provided, (i) the Issuer shall deposit with the Trustee a sum sufficient to pay all matured installments of interest on all Bonds and the principal of any and all Bonds which shall have become due otherwise than by reason of such declaration (with interest on such principal and, to the extent permissible by law, on overdue installments of interest, at the Default Rate) and such amount as shall be sufficient to cover compensation and reimbursement of expenses payable to the Trustee and the Issuer, and (ii) all Events of Default hereunder other than nonpayment of the principal of the Bonds which shall have become due by said declaration shall have been remedied, then, in every such case, upon the written consent of the Owners of not less than two thirds (2/3) of the Bond Obligation

Outstanding, such Event of Default shall be deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee shall promptly give written notice of such waiver, rescission or annulment to the Issuer and the Borrower, and shall give notice thereof by Mail to all Owners of the Bonds; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(c) Upon the occurrence of an Event of Default the Trustee shall have the power to proceed with any right or remedy granted by the Constitution and laws of the State, as it may deem best, including any suit, action or special proceeding in equity or at law for the specific performance of any agreement contained herein or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect the rights aforesaid, insofar as such may be authorized by law, and the right to the appointment, as a matter of right and without regard to the sufficiency of the security afforded by the Trust Estate, of a receiver for all or any part of the Trust Estate; the rights herein specified are to be cumulative to all other available rights, remedies or powers and shall not exclude any such rights, remedies or powers. Without intending to limit the foregoing rights, remedies and powers by virtue of such specification, the Trustee is authorized to exercise any and all rights available from time to time under the U.C.C. including the right to further assign the Issuer's right, title and interest in the Loan Agreement, the Replenishment Agreement and the Mortgage to a third party.

(d) Notwithstanding anything herein to the contrary, neither the Owners of the Bonds nor the Trustee acting on behalf of the Owners of the Bonds shall have any right, and hereby waive any right, to institute a proceeding under the Bankruptcy Code seeking to adjudge the Issuer insolvent or a bankrupt or seeking a reorganization of the Issuer.

Section 8.03. Restoration to Former Position. In the event that any proceeding taken by the Trustee to enforce any rights under this Indenture shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then the Issuer, the Trustee, the Borrower and the Owners shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Section 8.04. Cure by Owners or Borrower. Any Owner of Bonds or the Borrower may, but shall not be obligated to, cure an Event of Default under this Indenture, including the advancing of funds to the Trustee for payments required under this Indenture, or to indemnify the Trustee under Sections 9.01(i) hereof. Any funds so advanced are to be applied by the Trustee in accordance with the written instructions of the Owner or the Borrower providing the same.

Section 8.05. Owners' Right to Direct Proceedings. Except as otherwise provided in Section 8.02(a) hereof with respect to acceleration of the Bonds, the Owners of at least two thirds (2/3) of the Bond Obligation shall have the right, by an instrument in writing executed and delivered to the Trustee and upon indemnifying the Trustee pursuant to Section 9.01(i), to direct the time, method and place of conducting all remedial proceedings available to the Trustee under this Indenture or exercising any trust or power conferred on the Trustee by this Indenture, the Loan Agreement, the Replenishment Agreement and the Mortgage.

Section 8.06. Limitation on Owners' Right to Institute Proceedings. Subject to the provisions of Section 8.02(c), no Owner shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power hereunder, or any other remedy hereunder or on said Bonds, unless such Owner previously shall have given to the Trustee written notice of an Event of Default as hereinabove provided and unless also the Owners of not less than two thirds (2/3) of the Bond Obligation shall have made written request of the Trustee to do so after the right to institute said suit, action or proceeding under Section 8.02 hereof shall have accrued, and shall have afforded the Trustee a reasonable opportunity to proceed to institute the same in either its or their name, and the Trustee shall not have complied with such request within sixty (60) days of such request, and shall have offered the Trustee the indemnity required by Section 9.01(i). No one or more of the Owners of the Bonds shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder or under the Bonds, except in the manner herein provided, and all suits, actions and proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided. Notwithstanding anything to the contrary, the furnishing of indemnity to the Trustee as provided in Section 9.01(i) hereof is hereby declared in every such case, at the option of the Trustee, to be a condition precedent to the institution of said suit, action or proceeding by the Trustee.

Section 8.07. No Impairment of Right to Enforce Payment. Notwithstanding any other provision in this Indenture, the right of any Owner of a Bond as set forth herein to receive payment of the principal of and interest on such Bond, on or after the respective due dates expressed therein, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the written consent of such Owner.

Section 8.08. Proceedings by Trustee Without Possession of Bonds. All rights of action under this Indenture or under any of the Bonds secured hereby which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the equal and ratable benefit of the Owners of Bonds, subject to the provisions of this Indenture.

Section 8.09. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee or to Owners is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute; provided, however, that any conditions set forth herein to the taking of any remedy to enforce the provisions of this Indenture or the Bonds shall also be conditions to seeking any remedies under any of the foregoing pursuant to this Section.

Section 8.10. No Waiver of Remedies. No delay or omission of the Trustee or of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article to the Trustee and to the Owners, respectively, may be exercised from time to time and as often as may be deemed prudent.

Section 8.11. Application of Money. (a) If an Event of Default pursuant to Section 8.01(a) or 8.01(b) exists with respect to the Bonds, any money held in any Fund hereunder or received by the Trustee, by any receiver or by any Owner pursuant to any right given or action taken under the provisions of this Article, after payment of (i) the costs and expenses of the proceedings resulting in the collection of such money, and (ii) the fees, expenses, liabilities or advances payable to or incurred or made by the Trustee, the Issuer or any Owner, shall be deposited in the Revenue Fund; and all money so deposited in such Revenue Fund during the continuance of an Event of Default (other than money for the payment of Bonds which had matured or otherwise become payable prior to such Event of Default or for the payment of interest due prior to such Event of Default) shall be applied (except as otherwise provided in Sections 4.04 and 4.05 hereof with respect to money deposited in the Bond Fund or the Debt Service Reserve Fund for the benefit of the Owners of a particular Series of Bonds) as follows:

(i) Unless the principal of all the Bonds shall have been declared due and payable, all such money shall be applied (A) first, to the payment to the persons entitled thereto of all installments of interest then due on the Bonds on a parity and pro rata basis with interest on overdue installments, if lawful, at the Default Rate, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment of interest on the Bonds on a parity and pro rata basis; and (B) second, to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds on a parity and pro rata basis which shall have become due (other than the Bonds called for redemption the payment of which money is held pursuant to the provisions of this Indenture) with interest on such Bonds at the Default Rate from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full the Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege of all installments of interest then due on the Bonds, with interest on overdue installments, if lawful, at the Default Rate, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably;

(ii) If the principal of all the Bonds shall have been declared due and payable, all such money shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds on a parity and pro rata basis, with interest on overdue interest, if lawful, and principal, as aforesaid at the Default Rate, without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege;

(iii) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of clause (ii) of this Section 8.11(a) which shall be applicable in the event that the principal of all the Bonds shall later become due and

payable, the money shall be applied in accordance with the provisions of clause (ii) of this Section 8.11(a).

(b) Whenever money is to be applied pursuant to the provisions of this Section, such money shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal and interest to be paid on such date shall cease to accrue. The Trustee shall give notice of the deposit with it of any such money and of the fixing of any such date by Mail to all Owners of the Bonds as shown at such time on the registration books maintained by the Trustee and shall not be required to make payment to any Owner of a Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 8.12. Severability of Remedies. It is the purpose and intention of this Article to provide rights and remedies to the Trustee and the Owners which may be lawfully granted under the provisions of the Act, but should any right or remedy herein granted be held to be unlawful, the Trustee and the Owners shall be entitled, as above set forth, to every other right and remedy provided in this Indenture and by law.

Section 8.13. Notice of Event of Default. If an Event of Default occurs and continues for five (5) Business Days after the Trustee has notice of the same as provided in Section 9.01(e)(iv) hereof, then the Trustee shall give notice thereof by Mail to the Owners, the Borrower and the Issuer.

Section 8.14. Trustee May File Proofs of Claims. The Trustee may file such proof of claim and other papers or documents as may be necessary or advisable in order to preserve claims of the Trustee and the Owners allowed in any judicial proceeding relative to the Issuer or the Borrower, their creditors, or the Project.

Section 8.15. Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigants. This Section does not apply to a suit by the Trustee, a suit by the Owner pursuant to Section 8.07, or a suit by holders of more than ten percent (10%) in principal amount of Outstanding Bond Obligation.

ARTICLE IX TRUSTEE

Section 9.01. Acceptance of the Trusts. The Trustee hereby accepts the trusts imposed upon it hereby, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied agreements or obligations shall be read into this Indenture against the Trustee. In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. The Trustee may not be relieved from liability for its negligent action, its negligent failure to act, or its willful misconduct, except that (1) this sentence does not limit the effect of the first sentence of this paragraph (a), (2) the Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts, and (3) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 8.06. Every provision of the Indenture that in any way relates to the Trustee is subject to this subparagraph (a).

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, or receivers but shall be answerable for the conduct of the same and shall be entitled to advice of Counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Issuer or the Borrower), approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(c) The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the authentication certificate of the Trustee endorsed on the Bonds), or in any preliminary or final official statement relating to the Bonds, or except as is specifically provided in Section 9.13 with respect to the filing of continuation statements, for the recording or re-recording, filing or re-filing of the Mortgage, or for insuring the Trust Estate or any part of the Project or collecting any insurance money, or for the validity of the execution hereof by the Issuer or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any agreements or conditions on the part of the Issuer or on the part of the Borrower hereunder or under the Loan Agreement, the Replenishment Agreement or the Mortgage, except as hereinafter set forth; but the Trustee may require of the Issuer or the Borrower full information and advice as to the performance of the agreements and conditions aforesaid and as to the condition of the Trust Estate.

(d) Except to the extent herein specifically provided, the Trustee shall not be accountable for the use of the proceeds of any of the Bonds. The Trustee may become the holder of any of the Bonds with the same rights which it would have if it were not Trustee.

(e) Except as is otherwise provided in subsection (a) above:

(i) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. The Trustee need not investigate any fact or matter stated in such document. Any action taken by the Trustee, pursuant hereto upon the request, authority or consent of any person who at the time of making such request or giving such authority or consent is the holder of any Bond, shall be conclusive and binding upon all future holders of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(ii) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed on behalf of the Issuer as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (e)(iv) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the Secretary of Trustees of the Issuer under its seal to the effect that a resolution in the form therein set forth has been adopted by the Issuer as conclusive evidence that such resolution has been adopted and is in full force and effect.

(iii) The right of the Trustee to do things enumerated herein shall not be construed as a duty and the Trustee shall not be answerable or liable for other than its negligence or willful misconduct.

(iv) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder or under the Mortgage, or the except failure by the Issuer or the Borrower to cause to be made any of the payments to the Trustee required to be made pursuant to this Indenture or the unless a Trust Officer of the Trustee shall be specifically notified in writing of such default by the Issuer or by the holders of at least twenty-five per centum (25%) in principal amount of the Bonds. All notices or other instruments required to be delivered to the Trustee must, in order to be effective, be delivered at the designated office of the Trustee (initially the office designated as the "Notice Address" of the Trustee in Section 1.01), and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid. In the event that any payment required to be made by Article VI is not paid when due, the Trustee shall immediately notify the Borrower by telephone notice that such payment has not been made and shall immediately confirm such notice by facsimile transmission or telecopy to the Borrower.

(f) At reasonable times and as often as reasonably requested in connection with its rights under this Indenture, the Trustee, the Borrower and the Issuer, as applicable, and their respective duly authorized agents who are acceptable to the Borrower shall have the right to inspect all books, papers and records of the Issuer and the Borrower pertaining to the Bonds and to make copies of and take such memoranda from and in regard thereto as may be desired.

(g) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(h) Notwithstanding anything elsewhere herein contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash or any action whatsoever within the purview hereof, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that required by the terms hereof as a condition of such action by the Trustee which the Trustee deems desirable for the purpose of establishing the right of the Issuer to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(i) Before taking such action hereunder or under the or the Mortgage, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put (including, without limitation, attorney fees and expenses) and to protect it against all liability, except liability which is adjudicated to have resulted from the negligence or willful misconduct of the Trustee by reason of any action so taken. If the Trustee does not receive such indemnification or if the Trustee for any reason in its sole discretion determines that such indemnity is unsatisfactory, the Trustee will not be required to take any action hereunder or under the Loan Agreement or the Mortgage which the Trustee, in its sole discretion determines could subject it to liability or expense.

(j) All money received by the Trustee for the Bonds shall, until used or applied or invested as herein provided, be held in trust for the purposes for which it was received but need not be segregated from other funds except to the extent required herein or by law. The Trustee shall be under no liability for interest on any money received hereunder.

(k) Whether or not an Event of Default has occurred and is continuing, no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured.

Section 9.02. Notice to Bondholders If Default Occurs. If a default occurs of which the Trustee is by subsection (e)(iv) of Section 9.01 required to take notice or if notice of a default be given as in said subsection (e)(iv) provided, then the Trustee shall give written notice thereof by Mail to the holders of all Bonds then outstanding, and, as to defaults described in Section 8.01(c), to the Issuer.

Section 9.03. Intervention by Trustee. In any judicial proceeding to which the Issuer is a party which, in the opinion of the Trustee and its Counsel, has a substantial bearing on the interest

of the bondholders, the Trustee may intervene on behalf of the bondholders and shall do so if requested in writing by the holders of at least two thirds (2/3) of the Bond Obligation. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction if such approval is required by law as a condition to such intervention.

Section 9.04. Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment of and/or reimbursement for reasonable fees for their ordinary services rendered hereunder and all advances, Counsel fees and other ordinary expenses reasonably and necessarily made or incurred by the Trustee in connection with such ordinary services and, if it should become necessary that the Trustee perform extraordinary services, it shall be entitled to reasonable extra compensation therefor, and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith; provided, that if such extraordinary services or extraordinary expenses are occasioned by its negligence or willful misconduct, it shall not be entitled to compensation or reimbursement therefor. The ordinary fees referenced in this Section 9.04 to be paid to the Trustee will be an annual fee equal to \$_____. The Trustee shall have a first lien on the Trust Estate with right of payment prior to payment of, the principal of, and the interest on, any Bond for the foregoing advances, fees, costs and expenses incurred. The resignation or removal of the Trustee under Sections 9.06 or 9.07 herein shall be without prejudice to the rights of the Trustee to receive compensation and fees earned and reimbursement for charges, fees or expenses incurred.

Section 9.05. Successor Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or any corporation or association resulting from any such conversion, merger or consolidation to which it is a party, shall be and become successor Trustee hereunder and be vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding; Provided however, that any such corporation or association shall maintain a trust office in Oklahoma County, Oklahoma during the term of the Bond or shall upon written notice from the Issuer, cease to be successor Trustee herein and shall transfer all funds, accounts, papers, correspondence, reports, and files pertaining to this transaction to the successor Trustee appointed by the Issuer.

Section 9.06. Resignation by the Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving thirty (30) days written notice to the Issuer and the Borrower and by first class mail to each bondholder, and such resignation shall take effect at the end of such thirty (30) day period, or upon the earlier appointment of a successor Trustee by the bondholders or by the Issuer. Such notice to the Issuer may be served personally or sent by registered or certified mail.

Section 9.07. Removal of the Trustee. The Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Trustee and to the Issuer, and signed by the holders of two thirds (2/3) of the Bond Obligation, or, so long as no Event of Default exists, signed by the Issuer upon consultation with the Borrower.

Section 9.08. Appointment of Successor Trustee by the Bondholders; Temporary Trustee. If the Trustee shall resign, be removed, be dissolved, be in course of dissolution or

liquidation, or shall otherwise become incapable of acting hereunder or in case it shall be taken under the control of any public officer, officers or a receiver appointed by a court, a successor shall be appointed by the Issuer after consultation with the Borrower so long as no Event of Default exists or, in the event an Event of Default exists, by the holders of two thirds (2/3) of the Bond Obligation, by an instrument or concurrent instruments in writing signed by such holders, or by their attorneys-in-fact, duly authorized; provided, nevertheless, that in case of such vacancy the Issuer, by an instrument signed by its Chairman of Trustees and attested by its Secretary of Trustees under its seal, shall appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the bondholders in the manner above provided; and any such temporary Trustee shall immediately and without further act be superseded by the Trustee so appointed by such bondholders. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank (having trust powers) in good standing, shall be located within the State and maintain a corporate trust office in Oklahoma County, Oklahoma and shall have an unimpaired capital and surplus of not less than \$50,000,000, if there be such an institution willing, qualified and able to accept the trusts upon reasonable or customary terms.

Section 9.09. Concerning Any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer and the Borrower an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Issuer, or of its successor, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee, upon being paid its proper charges, shall deliver all securities and money held by it as Trustee hereunder to its successor. Should any instrument in writing from the Issuer be required by any successor Trustee in order to more fully and certainly vest in such successor the estates, properties, rights, powers and trusts hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, and delivered by the Issuer. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed and/or recorded by the successor Trustee in each recording office where this Indenture, the Mortgage and the Financing Statements shall have been filed and/or recorded.

Section 9.10. Right of Trustee to Pay Taxes and Other Charges. If any tax, assessment or governmental or other charge upon any part of the Trust Estate or the Project is not paid as required herein, the Trustee may pay such tax, assessment or charge, without prejudice, however, to any rights of the Trustee or the bondholders hereunder arising in consequence of such failure; and any amount at any time so paid under this Section, with interest thereon from the date of payment at the rate per annum borne by the Bonds plus two per centum (2%) per annum, shall become so much additional indebtedness secured hereby, and the same shall be given a preference in payment over the principal of, and the interest on, the Bonds and shall be paid out of the revenues and receipts from the Trust Estate, if not otherwise caused to be paid; but the Trustee shall not be under obligation to make any such payment unless it shall have been requested to do so by the holders of at least twenty-five per centum (25%) in principal amount of the Bonds then outstanding and shall have been provided with sufficient money for the purpose of making such payment.

Section 9.11. Trustee Protected in Relying Upon Resolutions, etc. The resolutions, opinions, certificates and other instruments provided for herein may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for the withdrawal of money hereunder.

Section 9.12. Successor Trustee as Custodian of Funds, Paying Agent and Bond Registrar. Upon a change in the office of Trustee the predecessor paying agent which has resigned or has been removed shall cease to be the holder of the Bond Fund, Trustee for the principal of, and the interest on, the Bonds and Bond Registrar, and the successor Trustee shall become such holder, paying agent and Bond Registrar.

Section 9.13. Filing of Certain Continuation Statements. From time to time, the Trustee shall file or cause to be filed continuation statements for the purpose of continuing without lapse the effectiveness of (i) those Financing Statements which shall have been filed at or prior to the issuance of the Bonds in connection with the security for the Bonds pursuant to the authority of the U.C.C., and (ii) any previously filed continuation statements which shall have been filed as herein required. The Issuer and the Borrower shall sign and deliver to the Trustee or its designee such continuation statements as may be requested of them from time to time by the Trustee. Upon the filing of any such continuation statement the Trustee shall promptly notify the Issuer that the same has been accomplished.

Section 9.14. Supplying of Names and Addresses of Bondholders Desiring Certain Financial Information; Disseminating Information. The Trustee shall promptly notify the Borrower of the name and address of any Bondholder who has notified the Trustee of his desire to receive the financial information referred to in Section 2 of the Disclosure Undertaking, which information the Borrower has agreed to forward to each such Bondholder at the specified address. In addition, upon written request of any individual or entity identifying itself as a Bondholder, the Trustee shall provide such individual or entity with a copy of the Borrower's financial statements provided to the Trustee pursuant to Section 4.02 of the Loan Agreement. In determining whether an individual or entity is a Bondholder, the Trustee may conclusively rely upon the representation to that effect by the individual or entity.

ARTICLE X
SUPPLEMENTAL INDENTURES

Section 10.01. Supplemental Indentures Not Requiring Consent of Bondholders. The Issuer and the Trustee may without the consent of, or notice to, any of the Bondholders, but only with the prior written consent of the Borrower in each case, enter into an indenture or indentures supplemental hereto which shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes, provided that in the opinion of Independent Counsel acceptable to the Trustee the change effected thereby is not to the prejudice of the interests of the Trustee or the Bondholders:

- (a) to cure any ambiguity or formal defect or omission herein;
- (b) to grant to or confer upon the Trustee for the benefit of the bondholders any additional rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the bondholders or the Trustee or either of them;
- (c) to subject to the lien and pledge hereof additional payments, revenues, properties or collateral;
- (d) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar Federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States of America, and, if they so determine, to add hereto or to any indenture supplemental hereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar Federal statute;
- (e) to evidence the appointment of a separate Trustee or Co-Trustee or the succession of a new Trustee hereunder; or
- (f) to make any such other changes under the Indenture which in the opinion of Independent Counsel shall not materially adversely affect the interests of the Holders of the Bonds.

Section 10.02 Supplemental Indentures Requiring Consent of Bondholders. Exclusive of supplemental indentures covered by Section 10.01 and subject to the terms and provisions contained in this Section, and not otherwise, the holders of not less than two-thirds (2/3) of the Bond Obligation shall have the right, from time to time, anything contained herein to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Issuer and with the prior written consent of the Borrower in each case, for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein or in any supplemental indenture; provided, however, that nothing in this Section contained shall permit, or be construed as permitting, (a) an extension of the maturity date on which the principal of or the interest on any Bond is, or is to become, due and payable, (b) a reduction in the principal amount of any Bond, the rate of interest thereon or any redemption premium, (c) a

privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the principal amount of the Bonds required for consent to such supplemental indenture.

Notwithstanding the foregoing, upon the occurrence and during the continuance of an Event of Default, the holders of not less than two thirds (2/3) of the Bond Obligation shall have the right, to consent to and approve the execution by the Issuer and the Trustee of an indenture or indentures supplemental hereto (a) extending of the maturity date on which the principal of or the interest on any Bond is, or is to become, due and payable, (b) reducing the principal amount of any Bond, the rate of interest thereon or any redemption premium, (c) reducing the redemption price of any Bond, and/or (d) creating a lien ranking prior to or on a parity with the lien of this Indenture on the Trust Estate; provided that any changes or amendments provided by any such indenture must apply to or affect all Bonds of the same series and maturity at the time Outstanding ratably; and provided further that no such indenture may be entered into pursuant to this provision unless, prior thereto, the Trustee and the Issuer have received an opinion in form satisfactory to the Trustee and the Issuer to the effect that such indenture is permitted by applicable law and will not adversely affect the legality or validity of the Bonds and the Trustee and the Issuer have received indemnity satisfactory to them in their sole discretion holding the Trustee and the Issuer harmless from any and all claims, liability, charges, exposure, costs or expense relating to any action relating to such indenture or the transactions contemplated thereby. If any such indenture affects the interest rate, maturity, redemption price or any other aspect of any Bond at the time Outstanding, the holder thereof, is to promptly tender such Bond to the Trustee in exchange for a Bond that reflects such changes.

If the Issuer shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause written notice of the proposed execution of such supplemental indenture together with a copy of such proposed supplemental indenture to be given by first class mail, postage prepaid, to the Borrower and to the holders of the Bonds at their addresses shown on the Trustee's books of registration. If, within sixty (60) days or such longer period as shall be prescribed by the Issuer following the mailing of such notice, the holders of not less than two-thirds (2/3) of the Bond Obligation shall have consented to and approved the execution of such supplemental indenture as herein provided, no holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be modified and amended in accordance therewith.

Anything herein to the contrary notwithstanding, a supplemental indenture under this Article X shall not become effective unless and until the Borrower shall have consented to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such supplemental indenture together with a copy of the proposed supplemental indenture to be mailed by certified or registered mail to the Borrower at least twenty (20) days prior to the proposed date of execution and delivery of any such supplemental indenture. The Borrower shall be deemed to have consented to the execution and delivery of any such supplemental indenture if the Trustee does not receive a letter of protest or objection thereto signed by or on behalf of the Borrower on or before 4:30 P.M., prevailing Central time, of the

twentieth (20th) day after the mailing of said notice and a copy of the proposed supplemental indenture.

This Indenture may not be amended, changed or modified except by the execution and delivery of a supplemental indenture entered into in accordance with the provisions of this Article X.

Section 10.03. Trustee Authorized to Join in Supplements; Reliance on Counsel. The Trustee is authorized to join with the Issuer in the execution and delivery of any supplemental indenture permitted by this Article X and, in so doing, shall be fully protected by an opinion of Independent Counsel that such supplemental indenture is so permitted and has been duly authorized by the Issuer and that all things necessary to make it a valid and binding supplemental indenture have been done. The Trustee may, but shall not (except to the extent required in the case of a supplemental indenture entered into under Section 10.01(d)) be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

ARTICLE XI
AMENDMENT OF LOAN AGREEMENT, REPLENISHMENT AGREEMENT
AND MORTGAGE

Section 11.01. Amendments, etc., to Loan Agreement, Replenishment Agreement and Mortgage Not Requiring Consent of Bondholders. The Trustee shall without the consent of, or notice to, the Bondholders, but with the consent of the Borrower, consent to any amendment, change or modification of the Loan Agreement, Replenishment Agreement and/or the Mortgage as may be required

(a) by the provisions of the Loan Agreement, the Replenishment Agreement, the Mortgage or hereby;

(b) for the purpose of curing any ambiguity or formal defect or omission in the Loan Agreement, the Replenishment Agreement or the Mortgage; or

(c) for any purpose consistent with the purposes set forth in Section 10.01 hereof or necessary or appropriate in conjunction with any supplemental indenture entered into pursuant to Section 10.01 hereof;

provided that in the opinion of Bond Counsel satisfactory to the Trustee the amendment, change or modification effected thereby is not to the prejudice of the interests of the Trustee or the Bondholders.

Section 11.02. Amendments, etc., to Loan Agreement, Replenishment Agreement and Mortgage Requiring Consent of Bondholders. Except for the amendments, changes or modifications as provided in Section 11.01, neither the Issuer nor the Trustee shall consent to any other amendment, change or modification of the Loan Agreement, Replenishment Agreement or the Mortgage without the giving of notice and the written approval or consent of the holders of not less than two-thirds (2/3) of the Bond Obligation given and procured in accordance with the procedure set forth in Section 10.02; provided, however, nothing contained in this Article shall permit, or be construed as permitting, any amendment, change or modification of the Borrower's unconditional obligation to make the payments required under the Loan Agreement or the Borrower's agreements with respect to the use of Bond proceeds or the Guarantor's unconditional obligation to make the payments required under the Replenishment Agreement. If at any time the Issuer and the Borrower shall request the consent of the Trustee to any such proposed amendment, change or modification of the Loan Agreement, Replenishment Agreement or the Mortgage, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided by Section 10.02 with respect to proposed supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Trustee for inspection by bondholders.

Section 11.03. Trustee Authorized to Join in Amendments, Reliance on Counsel. The Trustee is authorized to join with the Issuer in the execution and delivery of any amendment permitted by this Article XI and, in so doing, shall be fully protected by an opinion of Independent Counsel that such amendment is so permitted and has been duly authorized by the Issuer and that all things necessary to make it a valid and binding agreement have been done.

ARTICLE XII
MISCELLANEOUS

Section 12.01. Consents, etc., of Bondholders. (a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided to be given or taken by bondholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such bondholders in person or by agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the Issuer and the Borrower. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose hereof and conclusive in favor of the Trustee, the Borrower and the Issuer, if made in the manner provided in this Section.

(b) The fact and date of the execution by any person of any such instrument or writing may be proved by the affidavit of a witness of such execution by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or a member of a partnership, on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority.

(c) The ownership of Bonds shall be proved by the registration books kept by the Trustee as Bond Registrar.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by any bondholder shall bind every future holder of the same Bond in respect of anything done or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Bond.

Section 12.02. Issuer's Obligations Limited. No recourse under or upon any obligation or agreement contained in this Indenture or in any Bond or under any judgment obtained against the Issuer, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of this Indenture, shall be had against the Issuer.

Anything in this Indenture to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that (a) the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee or the Borrower as to the existence of any fact or state of affairs required hereunder to be noticed by the Issuer; (b) the Issuer shall not be under any obligation hereunder to perform any record-keeping or to provide any legal services, it being understood that such services shall be performed either by the Trustee or the Borrower; and (c) none of the provisions of this Indenture shall require the Issuer to expend or risk its own funds or to otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless it shall first have been adequately indemnified to its satisfaction against the cost, expenses and liability which may be incurred thereby.

Notwithstanding anything herein contained to the contrary, any obligation which the Issuer may incur under this Indenture or under any instrument executed in connection herewith which shall entail the expenditure of money shall not be a general obligation of the Issuer but shall be a limited obligation payable solely from the revenues pledged hereunder and under the Loan Agreement and the Replenishment Agreement.

No agreements or provisions contained herein nor any agreement, covenant, or undertaking by the Issuer in connection with the Project or the issuance, sale and delivery of the Bonds, including the Series 2018 Bonds, shall give rise to any pecuniary liability of the Issuer or a charge against its general credit or taxing power, or shall obligate the Issuer financially in any way, except as may be payable from the Revenues pledged hereby for the payment of the Bonds and their application as provided in this Indenture. No failure of the Issuer to comply with any term, covenant or agreement contained in the Bonds, the Loan Agreement, this Indenture or in any document executed by the Issuer in connection with the Project or the issuance and sale of the Bonds, shall subject the Issuer to liability for any claim for damages, costs or other financial or pecuniary charge, except to the extent that the same can be paid or recovered from the Revenues pledged for the payment of the Bonds or other Revenues derived under the Loan Agreement and the Replenishment Agreement. No provision, covenant or agreement contained in, or any obligations imposed upon the Issuer, or the breach thereof, shall constitute an indebtedness of the City within the meaning of any State constitutional or statutory limitation. In making the agreements, provisions and covenants set forth in this Indenture, the Issuer has not obligated itself, except with respect to the application of the Revenues pledged in the Indenture for the payment of the Bonds.

Section 12.03. Immunity of Trustees, Directors, Officers and Employees of Issuer and Trustee. No recourse shall be had for the enforcement of any obligation, promise or agreement of the Issuer or the Trustee contained in the Loan Agreement, this Indenture or in any Bond issued hereunder for any claim based thereon or otherwise in respect thereof, against any trustee, director, board member, officer, employee, or stockholder, as such, in his individual capacity, past, present or future, of the Issuer, the Trustee or of any successor organization of either of them, either directly or through the Issuer, the Trustee or any successor organization of either of them, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assignment or penalty or otherwise; it being expressly agreed and understood that the Bonds, the Loan Agreement, the Replenishment Agreement, the Mortgage and this Indenture are solely corporate obligations, and that no personal liability whatsoever shall attach to, or be incurred by, any trustee, director, officer, stockholder, or employee as such, past, present or future, of the Issuer or the Trustee or of any successor organization of either of them, either directly or through the Issuer, the Trustee or any successor organization, under or by reason of any of the obligations, promises or agreements entered into between the Issuer, the Trustee and the Borrower whether contained herein, in the Loan Agreement, the Replenishment Agreement or the Mortgage or to be implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against every such trustee, director, board member, officer, stockholder, and employee is, by the execution of the Loan Agreement, the Replenishment Agreement and this Indenture, and as a condition of, and as part of the consideration for, the execution of the Loan Agreement, the Replenishment Agreement, the Mortgage and this Indenture, expressly waived and released.

Section 12.04. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied herefrom or from the Bonds is intended or shall be construed to give to any person other than the parties hereto, the Borrower and the holders of the Bonds, any legal or equitable right, remedy or claim under or in respect hereto or any agreements, conditions and provisions herein contained; this Indenture and all of the agreements, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto, the Borrower and the holders of the Bonds as herein provided.

Section 12.05. Severability. If any provision hereof shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

Section 12.06. Notices. It shall be sufficient service of any notice, approval, consent, request, complaint, demand or other communication if the same shall be delivered or mailed by registered United States mail or registered overnight delivery service to the applicable Notice Address. A duplicate copy of each notice, approval, consent, request, complaint, demand or other communication given hereunder by the Issuer, the Borrower or the Trustee to any one of the others shall also be given to all of the others. The Issuer, the Borrower and the Trustee may, by notice given hereunder, designate any further or different Notice Addresses to which subsequent notices, approvals, consents, requests, complaints, demands or other communications shall be sent or persons to whose attention the same shall be directed.

Section 12.07. Trustee as Bond Registrar. The Trustee is hereby designated and agrees to act as Bond Registrar for and in respect to the Series 2018 Bonds.

Section 12.08. Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of principal of and/or interest on the Bonds or the date fixed for the redemption of any Bonds shall be, in the city of payment, a Saturday, a Sunday, a legal holiday or a day on which banking institutions are authorized by law to close, then payment of principal and/or interest need not be made on such date in such city but may be made on the next succeeding business day not a Saturday, a Sunday, a legal holiday or a day on which banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity or the date fixed for the redemption, and if such payment is made on the next succeeding business day no interest shall accrue for the period after such date.

Section 12.09. Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

Section 12.10. Laws Governing Indenture. The effect and meaning hereof and the rights of all parties hereunder shall be governed by, and construed according to, the laws of the State.

IN WITNESS WHEREOF, the Issuer has caused this Indenture to be executed in its name and its seal to be affixed hereto and attested by its authorized officers, and to evidence its acceptance of the trusts hereby created the Trustee has caused these presents to be executed in its corporate name and its corporate seal to be affixed hereto and attested by its authorized officers, all as of the date first above written.

**MIDWEST CITY ECONOMIC DEVELOPMENT
AUTHORITY**

By: _____
Chairman of Trustees

(SEAL)

Attest:

Secretary of Trustees

BANCFIRST
as Trustee

By: _____
Authorized Signatory

EXHIBIT A

[FORM OF BOND]

THE HOLDER HEREOF, BY PURCHASING OR OTHERWISE ACQUIRING THIS BOND, ACKNOWLEDGES AND AGREES THAT THIS BONDS IS A “RESTRICTED SECURITY” THAT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR APPLICABLE STATE SECURITIES LAWS (COLLECTIVELY, THE “ACTS”), HAS BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION OR SALE THEREOF, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER OF THIS BOND (“HOLDER”) (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULES 144A UNDER THE SECURITIES ACT); OR (B) IT IS AN “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501(A) UNDER THE SECURITIES ACT) (AN “ACCREDITED INVESTOR”); (2) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS BOND EXCEPT (A) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT; (B) TO AN ACCREDITED INVESTOR IN COMPLIANCE WITH REGULATION D UNDER THE SECURITIES ACT OR (C) PURSUANT TO EFFECTIVE REGISTRATION STATEMENTS UNDER THE ACTS; AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS BOND IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

R- _____

\$ _____

**UNITED STATES OF AMERICA
STATE OF OKLAHOMA**

**MIDWEST CITY ECONOMIC DEVELOPMENT AUTHORITY
ECONOMIC DEVELOPMENT REVENUE BOND
(TOWN CENTER PLAZA PROJECT)
TAXABLE REFUNDING SERIES 2018**

**THIS BOND AND THE ISSUE OF WHICH IT FORMS A PART ARE NOT
GENERAL OBLIGATIONS OF THE ISSUER BUT ARE LIMITED
OBLIGATIONS PAYABLE SOLELY FROM THE MONEYS AND
PROPERTIES PLEDGED FOR PAYMENT THEREOF.**

Maturity Date:
February 1, ____

Dated Date:
February 27, 2018

Interest Rate:
%

CUSIP No.:

REGISTERED OWNER: CEDE & CO., INC.

PRINCIPAL AMOUNT:

The **MIDWEST CITY ECONOMIC DEVELOPMENT AUTHORITY** (the "Issuer"), a municipal corporation duly organized and existing under the laws of the State of Oklahoma (the "State"), for value received, promises to pay, subject to the provisions hereof and of the Indenture (as hereinafter defined), to the Registered Owner named above on the Maturity Date specified above, or upon earlier redemption as described herein, the Principal Amount shown above and to pay interest on the unpaid principal amount hereof at the Interest Rate specified above from the Dated Date above until payment of the principal or redemption price hereof has been made. Interest on this Bond is payable on each February 1 and August 1, commencing August 1, 2018 (each such date being hereinafter referred to as an "Interest Payment Date") and on any other date on which payment of principal of this Bond is due. Interest hereon will be computed on the basis of a 360-day year of twelve 30-day months.

This Bond is payable in lawful money of the United States of America. Interest on this Bond will be paid by check or draft mailed on each Interest Payment Date by BANCFIRST, a state banking corporation, (together with its successors and assigns in such capacity, the "Trustee") to the Registered Owner of this Bond as of the Record Date at such Owner's address as it appears on the registration books maintained by or on behalf of the Issuer or at such other address as is furnished to the Trustee in writing by such Registered Owner prior to such Record Date. "Record Date" means the 15th day (whether or not a Business Day) of the calendar month preceding each Interest Payment Date. In the case of Bonds held by the Depository Trust Company, interest on this Bond shall be paid in federal funds by wire transfer on the Interest Payment Date to such Registered Owner to the bank account number at a bank located within the continental United States on file with the Trustee as of the Record Date. The principal of and premium, if any, on this Bond is payable at the corporate trust office of the Trustee, in Oklahoma City, Oklahoma, upon presentation and surrender of this Bond.

This Bond is one of a duly authorized issue of revenue bonds of the Issuer, aggregating _____ Thousand and No/100s Dollars (\$ _____) in principal amount, designated as "Midwest City Economic Development Authority Economic Development Revenue Bonds (Town Center Plaza Project) Taxable Refunding Series 2018" (the "Bonds"). The Bonds are issued under and pursuant to the Constitution and laws of the State, particularly Oklahoma Statutes 2011, Title 60, Sections 176 to 180.3, inclusive, as amended (collectively, the "Act"), and a Trust Indenture dated as of February 1, 2018 (as amended and supplemented from time to time, the "Indenture"), between the Issuer and BANCFIRST, Oklahoma City, Oklahoma (together with its successors and assigns in such capacity, the "Trustee").

This Bond and the Bonds of the series of which it is one shall not in any manner or to any extent be (i) an indebtedness of the State of Oklahoma, Midwest City, or of any municipality or political subdivision of the State of Oklahoma, (ii) a general obligation of the Issuer nor a charge upon any other revenues or assets of the Issuer not specifically pledged thereto in the Bond Indenture, or (iii) a personal obligation of any of the Trustees of the Issuer.

THIS BOND DOES NOT REPRESENT OR CONSTITUTE A DEBT OR PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, THE STATE OF OKLAHOMA OR ANY POLITICAL SUBDIVISION THEREOF. THE HOLDERS OR OWNERS OF THIS BOND HAVE

NO RIGHT TO HAVE TAXES LEVIED BY THE STATE OF OKLAHOMA, MIDWEST CITY, OKLAHOMA OR ANY POLITICAL SUBDIVISION THEREOF FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM (IF ANY) OR INTEREST ON THIS BOND. PRINCIPAL OF AND PREMIUM (IF ANY) AND INTEREST ON THIS BOND ARE PAYABLE SOLELY FROM THE REVENUES PLEDGED PURSUANT TO THE INDENTURE. THE ISSUER HAS NO TAXING POWER.

This Bond shall not constitute the personal obligation, either jointly or severally, of the members of the Issuer, or of any officer, employee or official of the Issuer. No recourse under or upon any obligation, covenant, acceptance or agreement contained in the Indenture, or in any of the Bonds, or under any judgment obtained against the Issuer, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise, or under any circumstances, shall be had against any member or officer, as such, past, present, or future, of the Issuer, whether directly or through the Issuer, or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to any Holder of any Bond, or otherwise of any sum that may be due and unpaid by the Issuer upon any of the Bonds. Any and all personal liability of any nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such member or officer, as such, to respond by reason of any act or omission on his or her part, or otherwise, for, directly or indirectly, the payment for or to the Issuer or any receiver thereof, or for or to the owner or any Holder of any Bond, or otherwise, of any sum that may remain due and unpaid upon any Bond, shall be deemed to be and is hereby expressly waived and released as a condition of and consideration for the execution and delivery of the Indenture and the issuance of the Bonds.

Reference is hereby made to the Indenture for a description of the rights, duties and obligations of the Issuer, the Trustee and the owners of the Bonds, the terms upon which the Bonds are issued, a description of the property and interests pledged for the payment of the Bonds, the relative claims of the various series of Bonds against such property and interests, the terms upon which such property and interest are pledged and the terms and conditions upon which the Bonds will be deemed to be paid, at or prior to maturity or redemption of the Bonds, if any, upon the making of provision for the payment thereof in the manner set forth in the Indenture. The terms and provisions contained in the Indenture are hereby incorporated herein by reference and the owner of this Bond, by purchase hereof, assents to all of such terms and provisions. All capitalized, undefined terms used herein will have the meanings ascribed to them in the Indenture.

The Bonds are being issued for the purpose of providing financing of an existing retail center located in the City of Midwest City, Oklahoma known as the Town Center Plaza (the "Project"), to make deposits to reserve funds established with respect to the Bonds, and to pay costs in connection with the issuance of the Bonds. The proceeds of the Bonds are being used by the Issuer to make a loan (the "Loan") to Sooner Town Center, L.L.C., an Oklahoma limited liability company (the "Borrower"), pursuant to a Loan Agreement dated as of February 1, 2018 (as amended and supplemented from time to time, the "Loan Agreement") between the Issuer and the Borrower. Pursuant to the Loan Agreement, the Borrower is obligated to make payments sufficient to pay principal of, premium, if any, and interest on the Bonds. The liability of the Borrower under the Loan Agreement is limited as provided therein.

The Loan with respect to the Bonds is secured by a mortgage lien on and security interest in the Project, granted pursuant to a mortgage with respect to the Project (the "Mortgage").

The Bonds are additionally secured by a Debt Service Reserve Fund funded with a portion of the proceeds of the Bonds at closing in the amount of the Debt Service Reserve Requirement. The Issuer, the Trustee and the Midwest City Municipal Authority, as Guarantor, have entered into a Replenishment Agreement dated as of February 1, 2018 (the "Replenishment Agreement"), whereby the Guarantor has agreed to replenish the Debt Service Reserve Fund to the Debt Service Reserve Requirement at such times as may be necessary.

The Bonds shall be called for redemption at any time (1) in whole or in part on the earliest practicable date in the event the Project or any portion thereof is damaged or destroyed or taken in a condemnation proceeding and Net Proceeds resulting therefrom are in an amount equal to at least \$100,000 and Net Proceeds are to be used to redeem the Bonds at the election of the Borrower made pursuant to the Loan Agreement, (2) as a whole, on the earliest practicable date in the event the Borrower exercises its option to terminate the Loan Agreement pursuant to Article VI thereof, (3) as a whole at the earliest practicable date, if the Borrower is required to prepay the Note following a default under the Loan Agreement.

If called for redemption at any time pursuant to clauses (2) through (3) above, the Bonds shall be redeemed as a whole at any time, or if called for redemption in part in the case of redemption pursuant to clause (1) above, on any Interest Payment Date (less than all of such Bonds to be selected in accordance with the provisions of Section 3.04 of the Indenture), at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

This Bonds is subject to optional redemption by the Issuer, at the written direction of the Borrower, in whole or in part on any date on or after February _____, 20__, at a redemption price (expressed as a percentage of the principal amount so redeemed) as set forth in the table below, together with accrued interest to the date of redemption.

Redemption Date

Redemption Price

The Bonds maturing on February 1, 20__, February 20__, February 1, 20__ and February 1, 20__, are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the date of redemption on the dates and in the principal amounts set forth in the Indenture.

If less than all of the Bonds are being redeemed at any time, the Indenture sets forth the procedure for the selection of Bonds for redemption.

If provision is made for the payment and redemption of this Bond in accordance with the Indenture, this Bond will thereupon cease to be entitled to the lien of the Indenture and will cease to bear interest from and after the date fixed for redemption.

Except as may otherwise be provided in the Indenture, in the event any of the Bonds are called for redemption, the Trustee will give notice of the redemption of such Bonds, not less than 30 days nor more than 60 days prior to the date fixed for redemption. Notice of any redemption must be given either (i) by first class mail by the United States Postal Service, postage prepaid, to the Registered Owners thereof at their respective addresses which appear on the registration books of the Trustee on the date of mailing, or (ii) by actual delivery to such Registered Owners or their representatives evidenced by receipt signed by such owners or their representatives.

The Bonds are issuable in the form of registered Bonds in the denomination of \$25,000 or any integral multiple of \$5,000 in excess thereof. This Bond will be registered on the books of the Issuer to be kept for that purpose by the Trustee, who will act as bond registrar with respect to the Bonds, at its principal corporate trust operations office. Upon surrender for transfer of this Bond at its principal corporate trust operations office, the Trustee will enter the name or names and address of the transferee upon the registration books of the Issuer and will deliver such Bond to the transferee, or, upon request of the transferee, will deliver a new fully authenticated and registered Bond or Bonds in the name or names of the transferee, such new Bond or Bonds to be of the same series, of authorized denominations and of the same maturity and for the aggregate principal amount which the Registered Owner is entitled to receive. In addition, this Bond, upon surrender hereof at the principal corporate trust operations office of the Trustee, duly endorsed in blank, may at the option of the registered owner be exchanged for an equal aggregate principal amount of Bonds of authorized denominations and of the same form and tenor of this Bond. All Bonds presented for transfer, exchange, redemption or payment (if so required by the Issuer or the Trustee), must be accompanied by a written instrument or instruments of transfer, in form and with guaranty of signature as set forth hereon or as may be satisfactory to the Trustee, duly executed by the Registered Owner or by its duly authorized attorney. The Trustee may require payment from the Owner of a sum sufficient to cover any tax or other governmental fee or charge that may be imposed in relation thereto. Such taxes, fees and charges must be paid before any such new Bond will be delivered.

The Issuer and the Trustee are not required to transfer any Bonds selected, called or being called for redemption in whole or in part.

The Issuer and the Trustee may deem and treat the person in whose name this Bond is registered on the registration books of the Issuer maintained by the Trustee as the absolute owner hereof for all purposes, whether or not this Bond is overdue; and neither the Issuer nor the Trustee will be affected by any notice to the contrary.

The stated maturity of this Bond and the stated dates for the payment of interest may be accelerated upon the occurrence of certain "Events of Default" as defined in the Indenture. The Registered Owner of this Bond has no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

If the date for making any payment hereunder or under the Indenture or the last date for performance of any act or the exercising of any right, as provided in the Indenture, is not a Business Day, such payment may, unless otherwise provided in the Indenture, be made or act performed or

right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided herein or in the Indenture, and no interest will accrue for the period after such nominal date.

Neither the Issuer nor any person executing this Bond shall be personally liable on this Bond or be subject to any personal liability or accountability by reason of the issuance of this Bond.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of the Chairman of Trustees of the Issuer, and has caused its seal or a facsimile thereof to be reproduced hereon and attested by the manual or facsimile signature of the **Secretary** of Trustees of the Issuer.

**MIDWEST CITY ECONOMIC DEVELOPMENT
AUTHORITY**

[SEAL]

By _____
Chairman of Trustees

Attest:

Secretary of Trustees

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the Indenture referred to herein.

Date of Authentication: _____.

BANCFIRST,
as Authenticating Agent

By _____
Authorized Signature

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____

(Please print or typewrite Name and Address,
including Zip Code, and Federal Taxpayer Identification or
Social Security Number of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____

Attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature guaranteed by:

NOTICE: Signature must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program.

NOTICE: The signature to this Assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

SPECIAL MIDWEST CITY COUNCIL MEETING

City Hall – 100 N. Midwest Blvd. – Council Chamber

January 30, 2018 – 6:00 PM

To make a special assistance request, call 739-1215 or email pmenefee@midwestcityok.org no less than 24 hours prior to the start of a meeting. If special assistance is needed during a meeting, call 739-1388.

A. CALL TO ORDER.

B. DISCUSSION ITEMS.

1. Discussion and consideration of accepting the financial audit of the City of Midwest City as of and for the year ended June 30, 2017. (Finance - C. Barron)
2. Discussion and consideration of a resolution relating to the incurring of indebtedness by the Trustees of the Midwest City Economic Development Authority, waiving competitive bidding and authorizing the sale of the bonds at a discount; approving a bond placement agreement; and authorizing such other documents as may be necessary or required.
3. Discussion and consideration of a resolution relating to the incurring of indebtedness by the Trustees of the Midwest City Municipal Authority; approving a replenishment agreement; and authorizing such other documents as may be necessary or required.

C. ADJOURNMENT.



THE CITY OF MIDWEST CITY

Finance Department

TO: Honorable Mayor and City Council

FROM: Christy Barron, Finance Director

DATE: January 30, 2018

SUBJECT: Discussion and consideration of accepting the financial audit of the City of Midwest City as of and for the year ended June 30, 2017.

The financial audit for the City of Midwest City as of and for the year ended June 30, 2017 and the required communications by the auditor are attached to your council agenda. The financial audit report expressed an unmodified opinion for the year ending June 30, 2017 with one reportable audit finding. The audit finding resulted from a misunderstanding about expenditures incurred in FY 15-16 related to the economic development agreement for Sooner Rose Phase I. The Hospital Authority's beginning fund balance on the FY 16-17 financial statements was adjusted to account for this misunderstanding, and the FY 16-17 financial statements presented to you for approval are materially correct.

In addition, the auditors performed a Federal Single Audit on the City's major Federal grant programs for FY 16-17. The report indicated that the City materially complied with grant compliance requirements that could have a direct and material effect on major Federal grant programs.

The auditors will be present to answer any questions that you have.

Christy Barron
Finance Director

Attachments: Financial & Single Audit Report – FY16-17
Required Communications by Auditor – FY16-17



**CITY OF
MIDWEST CITY, OKLAHOMA**

ANNUAL FINANCIAL REPORT

JUNE 30, 2017

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017**

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CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

TABLE OF CONTENTS

	Page
Independent Auditor’s Report on Financial Statements	5-6
Management’s Discussion and Analysis	7-17
The Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	19
Statement of Activities	20
Governmental Funds Financial Statements:	
Balance Sheet	22
Reconciliation of Governmental Fund and Government-Wide Financial Statements.....	23
Statement of Revenues, Expenditures and Changes in Fund Balances.....	24
Reconciliation of Governmental Fund and Government-Wide Financial Statements.....	25
Proprietary Funds Financial Statements:	
Statement of Net Position.....	27
Statement of Revenues, Expenses, and Changes in Net Position.....	28
Statement of Cash Flows.....	29
Footnotes to the Basic Financial Statements	30-73
Required Supplementary Information:	
Budgetary Comparison Information	
Budgetary Comparison Schedule – General Fund.....	75
Budgetary Comparison Schedules – Police and Fire Funds.....	76
Footnotes to Budgetary Comparison Schedule.....	76-78
Pension Information	78-80
Other Post Employment Benefits Information	81
Other Supplementary Information:	
Combining Schedules	
Combining Balance Sheet – General Fund Accounts.....	83
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts.....	84

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017**

Combining Balance Sheet - Non-Major Governmental Funds.....	85-86
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Governmental Funds.....	87-88
Combining Schedule of Net Position – Midwest City Municipal Authority Accounts.....	89
Combining Schedule of Revenues, Expenses and Changes in Net Position – Midwest City Municipal Authority Accounts.....	90
Combining Schedule of Cash Flows – Midwest City Municipal Authority Accounts	91
Combining Statement of Net Position - Non-Major Enterprise Funds.....	92
Combining Statement of Revenues, Expenses and Changes in Net Position – Non-Major Enterprise Funds.....	93
Combining Statement of Cash Flows – Non-Major Enterprise Funds.....	94
Combining Statement of Net Position – Internal Service Funds.....	95
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds.....	96
Combining Statement of Cash Flows – Internal Service Funds.....	97
Debt Service Coverage Schedule.....	98

Statistical Information:

Statistical Tables.....	99-112
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Independent Auditors' Report

RSM US LLP

Honorable Mayor and City Council
The City of Midwest City
Midwest City, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Midwest City, Oklahoma, (the City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Midwest City, Oklahoma, as of June 30, 2017, 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.

Emphasis of Matters

As discussed in Note 7 to the financial statements, the City restated Governmental Activities net position and The Midwest City Hospital Authority Major Governmental Fund fund balance as of July 1, 2016 to correct an error. The City also restated beginning net position due to a reclassification of certain non-major enterprise funds into the Midwest City Municipal Authority major enterprise fund. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, and the schedule of debt service requirements, listed in the table of contents as other supplementary information, 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 related directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules have 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. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of debt service coverage requirements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying statistical section, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2018, on our consideration of the City'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. 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 City'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 City's internal control over financial reporting and compliance.

RSM US LLP

Oklahoma City, Oklahoma
January 12, 2018

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017**

MANAGEMENT DISCUSSION AND ANALYSIS

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017**

The City of Midwest City's Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the City's financial statements beginning on page 19.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended June 30, 2017, by \$519,448,517 (net position). Of this amount, unrestricted net position of the governmental activities was a deficit of \$20,377,632 with the business type activities reporting an unrestricted net position of \$11,514,896. The unrestricted net position, if not in a deficit position, may be used to meet the government's ongoing obligations to citizens and creditors.
- The Primary Government's total net position increased by \$2,519,116 or .49% from the prior year. This was a result of a decrease of \$1,217,693 in the governmental activities while the business-type activities had an increase of \$3,736,809. Both revenues and expenses increased over the prior year. The detailed changes made from the Governmental Fund Statements to the Statement of Net Position can be found on page 23.
- The City's total deferred inflows decreased by \$5,123,399 or, 86.38%. This is mainly due to decreases of police and fire pension related deferred inflows.
- Sales tax is the major source of revenue for governmental activities. Sales and use tax collections for fiscal year 2017 totaled \$32,765,177 compared to FY 2016 which totaled \$33,475,086. The total decrease in sales and use tax collection was \$709,909. A historical review of governmental activity revenues can be found in statistical information of the report.
- The City's total deferred outflows increased by \$2,733,291 or, 33.03%. This is mainly due to increases of police and fire pension related deferred outflows.
- At the end of the fiscal year 2017, the unassigned fund balance of the General Fund was \$1,846,876 or 6.6% of General Fund revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis is intended to serve as an introduction to the City of Midwest City's basic financial statements. The City's basic financial statements comprise of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to the private-sector business.

The Statement of Net Position presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows with the difference between the four elements reported as net position. Over time, increases or decreases in net position serve as a useful indicator on whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and fines and earned but not used vacation and sick leave as stated in City policy and union contracts). Both the Statement of Net Position and the Statement of Activities are prepared using the accrual basis of accounting as opposed to the modified accrual basis used for Fund Financial Statements of the governmental funds.

In the Statement of Net Position and the Statement of Activities, the City is divided between two types of activities:

- **Governmental activities.** Most of the City's basic services are reported here, including general government, public safety, streets, culture and recreation, health and welfare and economic development. Sales taxes and franchise taxes finance most of these activities as reflected on page 19.
- **Business-type activities.** The City charges a fee to customers to cover the cost of services it provides. The City's utility system (water, sewer, sanitation, and drainage), conference center/hotel, golf, trailer park and industrial park activities are reported here.

Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide detailed information about the most significant funds, but not the City as a whole. Some funds are required to be established by state law or bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other monies. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- **Governmental funds.** The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements on page 23 and 25 of this report.

The City of Midwest City maintains individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, Police, Fire, and Hospital Authority funds. Data from the debt service fund, 15 special revenue funds, and 6 capital project funds, all of which are considered to be governmental, are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements starting on page 83 of this report.

- **Proprietary funds.** The City charges customers for certain services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are similar to the business-type activities that are reported in the Government-wide statements but provide more detail and additional information, such as cash flows. The internal service funds (the other component of proprietary funds) are utilized to report activities that provide supplies and services for the City's other programs and activities, such as the risk management functions, health self-insurance fund, fleet services, surplus property activities and public works function. Because these services benefit both governmental and business-type functions, they have been included in both the governmental and business-type activities in the government-wide financial statements.

The City of Midwest City maintains one major enterprise fund. The City uses this fund to account for its water, sewer, sanitation, conference center/hotel, debt service, utility services, utility capital, customer deposits, golf and drainage operations. The fund provides the same type of information as the government-wide financial statements, only in more detail and includes some of the internal service fund-type activity. The City considers this enterprise fund activity to be a major fund. Data from 2 non-major enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements starting on page 92 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As of June 30, 2017, the City's combined net position is \$519,448,507, of which \$400,575,914 can be attributed to governmental activities and \$118,872,593 is attributed to business-type activities. This analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

The largest portion of the City's net position, 81.3%, reflects its net investment in capital assets (e.g., land, water rights, building, machinery and equipment, less any related debt used to acquire those assets that is still outstanding). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The net change in capital assets can be reviewed in Table 1 with key element changes shown in Table 3.

TABLE 1
NET POSITION
(In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	2017	2016		2017	2016		2017	2016	
Current and other assets	\$ 156,720	\$ 155,954	0%	\$ 21,675	\$ 22,327	-3%	\$ 178,395	\$ 178,281	0%
Capital assets	318,064	324,230	-2%	160,373	163,369	-2%	478,437	487,599	-2%
Total assets	474,784	480,184	-1%	182,048	185,696	-2%	656,832	665,880	-1%
Deferred outflow of resources	10,133	7,346	38%	874	928	-6%	11,007	8,274	33%
Long-term debt outstanding	12,700	64,473	-80%	61,497	65,962	-7%	74,197	130,435	-43%
Other liabilities	70,835	15,333	362%	2,552	5,527	-54%	73,387	20,860	252%
Total liabilities	83,535	79,806	5%	64,049	71,489	-10%	147,584	151,295	-2%
Deferred inflow of resources	807	5,931	-86%	-	-	0%	807	5,931	-86%
Net position:									
Net investment in capital assets	316,764	322,494	-2%	105,420	103,868	1%	422,184	426,362	-1%
Restricted	104,189	99,560	5%	1,938	1,871	4%	106,127	101,431	5%
Unrestricted (deficit)	(20,378)	(20,261)	1%	11,515	9,396	23%	(8,863)	(10,865)	-18%
Total net position	\$ 400,575	\$ 401,793	0%	\$ 118,873	\$ 115,135	3%	\$ 519,448	\$ 516,928	0%

Governmental activities decreased the City's net position by \$1,217,693 or .24%. The business type activities increased the City's net position by \$3,736,809 or .72% for a net increase of \$2,519,116, or .49%. The key elements of these changes are contained in Table 2.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

TABLE 2
CHANGES IN NET POSITION
(In Thousands)

	<u>Governmental Activities</u>		<u>% Inc. (Dec.)</u>	<u>Business-Type Activities</u>		<u>% Inc. (Dec.)</u>	<u>Total Primary Government</u>		<u>% Inc. (Dec.)</u>
	<u>2017</u>	<u>2016</u>		<u>2017</u>	<u>2016</u>		<u>2017</u>	<u>2016</u>	
Revenues:									
Program revenues:									
Charges for services	\$ 7,709	\$ 8,233	-6%	\$ 28,977	\$ 28,074	3%	\$ 36,686	\$ 36,307	1%
Operating grants and contributions	4,960	4,724	5%	-	-	0%	4,960	4,724	5%
Capital grants and contributions	2,604	125	1983%	-	-	0%	2,604	125	1983%
General revenues:									
Sales and use taxes	32,765	33,475	-2%	-	-	0%	32,765	33,475	-2%
Other taxes	5,004	7,308	-32%	-	-	0%	5,004	7,308	-32%
Other general revenue	14,227	3,704	284%	(32)	962	-103%	14,195	4,666	204%
Total revenues	<u>67,269</u>	<u>57,569</u>	17%	<u>28,945</u>	<u>29,036</u>	0%	<u>96,214</u>	<u>86,605</u>	11%
Program expenses:									
General government	7,449	7,167	4%	-	-	-	7,449	7,167	4%
Public safety	29,356	28,732	2%	-	-	-	29,356	28,732	2%
Streets	15,169	15,404	-2%	-	-	-	15,169	15,404	-2%
Cultural, parks and recreation	1,887	1,909	-1%	-	-	-	1,887	1,909	-1%
Health and welfare	405	465	-13%	-	-	-	405	465	-13%
Economic development	6,773	4,361	55%	-	-	-	6,773	4,361	55%
Interest expense	1,347	1,462	-8%	-	-	-	1,347	1,462	-8%
Water	-	-	-	6,717	7,008	-4%	6,717	7,008	-4%
Sewer	-	-	-	8,077	9,408	-14%	8,077	9,408	-14%
Sanitation	-	-	-	4,439	4,596	-3%	4,439	4,596	-3%
Drainage	-	-	-	657	688	-5%	657	688	-5%
Conference center	-	-	-	8,053	7,400	9%	8,053	7,400	9%
Other activities	-	-	-	1,228	1,247	-2%	1,228	1,247	-2%
Total expenses	<u>62,386</u>	<u>59,500</u>	5%	<u>29,171</u>	<u>30,347</u>	-4%	<u>91,557</u>	<u>89,847</u>	2%
Excess (deficiency) before transfers	4,883	(1,931)	-353%	(226)	(1,311)	-83%	4,657	(3,242)	-244%
Transfers	(3,963)	(3,916)	1%	3,963	3,916	1%	-	-	
Increase (decrease) in net position	\$ 920	\$ (5,847)	-116%	\$ 3,737	\$ 2,605	43%	\$ 4,657	\$ (3,242)	-244%

Governmental Activities. The revenues reflect an increase over last year of \$9,700,044. This significant increase is primarily the result of increase in investment income of \$9,641,994. The Hospital Authority had an increase of \$11,516,153 in unrealized investment gain over last year. The Hospital Authority is the only fund authorized to invest in the stock market which can result in large fluctuations based on the market performance. All other fund investments are FDIC insured, collateralized or direct obligations of the United State Government. City received \$2,522,094 in capital contributions from Oklahoma department of transportation in FY 2017.

The most significant governmental activities expense was providing public safety with a cost of \$29,355,902. These expenses were funded by revenue collected from a variety of sources with the largest being a transfer from General Fund in the amount of \$17,800,209 and dedicated sales tax of \$5,348,810 for the fiscal year ended June 30, 2017. The most significant portion of public safety expense is the cost of personnel. Salaries and benefits totaled \$25,548,698 Other significant governmental expenses are for the streets in the amount of \$15,169,319 of which \$11,920,788 is depreciation expense.

Business-type Activities. Business-type revenue decreased by \$90,008 or 0.3% from the prior year. The investment income decreased from \$889,843 to (\$34,574) due to the unrealized loss on investments in FY 2017.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Budgetary Highlights. For fiscal year 2016-2017, General Fund revenue (including transfers) budget was amended by \$173,863 or .45% of the original budget of \$38,464,280. The actual revenue (including transfers) is less than the final budget projection by \$1,345,530, or 3.48%. General Fund actual expenditures (including transfers) on a budgetary basis was \$37,706,564 compared to the final budget of \$39,944,461. See page 75 of the report for more detail.

The Police Fund revenue (including transfers) budget was increased by \$32,491, or .25%, of the original budget of \$12,960,447. The actual revenue (including transfers) is less than the final budget projection by \$456,151 or 3.51%. The actual expenditures (including transfers) on a budgetary basis were \$12,917,020 compared to the final budget of \$13,791,515. Actual expenditures (including transfers) were \$874,494 or 6.34% below budget projections. Capital outlay of \$404,561 for equipment was not spent.

The Fire Fund revenues (including transfers) budget was amended by \$14,435 or .54%. The actual revenue (including transfers) was less than the final budget projection by \$349,061. The actual expenditures (including transfers) on a budgetary basis were \$10,451,922 compared to the final budget of \$11,410,601. Actual expenditures (including transfers) were \$958,679 or 8.53% below projections. Capital outlay appropriation of \$564,481 was not spent.

The budget to actual comparisons for these funds can be found on pages 75-78 of the report.

Capital Assets At the end of fiscal year 2017, the City had \$478,437,785 invested in a broad range of capital assets, including police and fire equipment, buildings, conference center and hotel, park facilities, roads, bridges, water and sewer facilities and distribution systems. This amount represents a net decrease (including additions and deductions) of \$6,165,993 for the governmental activities. Although the City had land additions of \$84,283, building additions of \$67,847, equipment additions of \$665,361, vehicle additions of \$445,535, construction in progress additions of \$3,584,985 and infrastructure additions of \$5,728,467; the depreciation expense of \$14,408,693 caused the current year reduction, with street depreciation for the year amounting to of \$11,920,788.

The business activities had a net decrease of \$2,995,994. Table 3 reflects the net key elements that make up the capital assets by type and source.

TABLE 3
Capital Assets
(In Thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	2017	2016	2017	2016	2017	2016
Land	\$ 32,767	\$ 32,682	\$ 7,572	\$ 7,572	\$ 40,339	\$ 40,254
Water rights	-	-	4,673	4,673	4,673	4,673
Construction in progress	5,947	4,661	2,693	2,443	8,640	7,104
Buildings	29,619	29,551	32,111	31,966	61,730	61,517
Machinery and equipment	20,535	19,998	13,774	13,182	34,309	33,180
Vehicles	9,400	9,235	8,765	8,367	18,165	17,602
Infrastructure	446,307	440,578	179,949	178,922	626,256	619,500
	544,575	536,705	249,537	247,125	794,112	783,830
Less: Depreciation	(226,510)	(212,476)	(89,164)	(83,755)	(315,674)	(296,231)
Totals	\$ 318,065	\$ 324,229	\$ 160,373	\$ 163,370	\$ 478,438	\$ 487,599

Additional information on the City's capital assets can be found on pages 48-49 of this report.

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017**

Debt Administration. At year end, the City had \$86,959,222 in long term debt outstanding compared to \$93,076,634 at the end of the prior fiscal year, a decrease of 6.6% as shown in Table 4. See pages 52-55 for a more in depth review of long-term debt.

**TABLE 4
Long-Term Debt
(In Thousands)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 1,300	\$ 2,700	\$ -	\$ -	\$ 1,300	\$ 2,700
Notes payable	21,336	21,983	53,675	57,860	75,011	79,843
Accrued compensated absences	5,517	5,044	2,087	2,353	7,604	7,397
Revenue bonds	-	-	1,482	1,468	1,482	1,468
Revenue bonds premium	-	-	1,492	1,374	1,492	1,374
Refundable deposits	70	78	-	-	70	78
Totals	\$ 28,223	\$ 29,805	\$ 58,736	\$ 63,055	\$ 86,959	\$ 92,860

FACTORS AFFECTING FINANCIAL CONDITION

Economic Outlook - The Oklahoma City Metro unemployment rate is just .2% behind the national average, and the city has good reason to be optimistic this number will improve slightly before the end of fiscal year 2018. Previously offshored capital is trickling back into the country fueling job opportunities not seen in some time. New energy exploration in the STACK and SCOOP regions has also rejuvenated Oklahoma drillers. Most of the new job growth is occurring outside our municipal boundaries; nevertheless, unemployment is a regional statistic with a localized impact. The city recently came up short on two attractive industrial projects; however, both are well within driving distance of our residents and should still boost our local economy. These new companies promise several hundred jobs over the next year. Midwest City is also still in the running for two other industrial projects being touted by the Oklahoma Department of Commerce.

We offer the following review of local economic sectors:

- **Retail** - Midwest City's newer retail space continues to perform exceptionally well; however, our retail vacancy rate remains one of the highest in the metropolitan area. We have a sizeable amount of older product, most of which has significant deferred maintenance and/or difficult configurations. According to Price Edwards & Company's 2017 Mid -Year Eastern Oklahoma County Submarket report, most of our vacancies are found within five centers:

<u>Shopping Center</u>	<u>Vacancy Rate*</u>
Heritage Plaza, 351 N Air Depot Blvd	36.73%
Uptown Plaza, 7431 SE 15 th St	28.54%
Holiday Square, 1100 S Air Depot Blvd	25.39%
Boulevard Marketplace, 101 N Douglas Ave	24.73%
Village Oak, 1000 S. Douglas Blvd	22.55%

*As of June 30, 2017.

It is important to note the vacancy rate does not include any of the Heritage Park Mall real estate.

Sooner Rose Center

Hobby Lobby is performing much better at its new location in the Sooner Rose Shopping Center and Academy Sports+Outdoors reports good sales. The BancFirst building is coming along rapidly at the corner of SE 15th St and S Sooner Rd. Burlington Coat Factory is expected to open within a year.

Town Center Plaza

There are two vacancies at the time of this report: the former Payless Shoe Source at 7199 SE 29th St, Suite # 210, and the former Mutt's Amazing Hot Dogs & Hamburgers at 7199 SE 29th St, Suite # 209. The property owner is optimistic both locations can be leased to new restaurants in the near future. In addition, there is another restaurant interested in the Town Center IV Out Parcel #10, the undeveloped property directly east of Raising Cane's Chicken Fingers.

Town & Country Center, Uptown Center and Other

Payless Shoe Source also exited its corner location at Town & Country Center ("TCC" - E Reno Ave and N Air Depot Blvd). Nevertheless, TCC's vacancies still remain classified as "average" for typical Metro area Class C space. Heritage Plaza on N Air Depot Blvd and the Uptown Plaza on SE 15th St still have a lot of empty space. Representatives for these centers are working to fill the open space as quickly as possible. The completion of the SE 15th street construction project will certainly help Uptown Plaza flourish in the future. Heritage Plaza is a much more complicated puzzle because of its connection with Heritage Park Mall ("HPM"). Sears' Labor Day shuttering at HPM was not unexpected and there will be a negative impact to both sales tax and personal property tax collections.

A major facelift was completed at the Village Oaks Plaza, 1040 S Douglas Blvd, and representatives working to fill vacancies.

There have been three new strip shopping centers completed in the past six months: 2301 S Douglas Blvd, 2601 S Douglas Blvd and 1011 S Air Depot Blvd. The strip center at 2301 S Douglas Blvd started well behind the others but is filling up quickly. Midwest Wine & Spirits has moved from its SE 15th St and S Midwest Blvd location and Dunkin Donuts is under construction at the south end of the center. 2601 S Douglas Blvd and 1011 S Air Depot Blvd have a few tenants, but there is still plenty of room.

WinCo Foods opened Labor Day weekend but its true impact has yet to be realized. We have not received enough sales tax data to provide accurate insight as to the current status of the local grocery market.

A few months ago, our third OnCue Express opened at 2301 N Douglas Blvd.

- **Hospitality**

Dining Establishments

Jimmy John's Gourmet Sandwiches and Zaxby's Chicken both opened on S Douglas Blvd. Johnny's Charbroiler Express plans to debut in Midwest City near the intersection of SE 29th St and Planet Blvd soon. In the next few months, the first Shipley's Donuts in Oklahoma may arrive. The Wedge Pizzeria and the Drum Room are both scheduled to open this winter on S Air Depot.

Entertainment

In October, North Pole Adventure ("NPA") began moving from the late Crossroads Mall to the former Hobby Lobby space at SE 15th St and S Air Depot Blvd. NPA owners plan to have year round activities which should draw well over 45,000 patrons to Gateway Plaza and increase visitor traffic from surrounding cities. City staff continues working with representatives from Sooner Investment to plan the third phase of Sooner Rose Center.

Hotels

The Hilton Home2 Suites ("HH2S") opened in late September 2017 and its' impact on tax revenues is not yet known. The Midwest City Hospital Authority is set to sell land adjacent to HH2S to another hotelier and a construction date has not been released.

Progress on the Warren Theatre will accentuate tax revenues in the first half of 2018 as Key Construction Co, Wichita, KS, brings hundreds of workers to Midwest City to build Oklahoma's most luxurious, most modern cinema. Business from construction crews working on the Sooner Rose project will help offset the overabundance of hotel rooms found in the OKC Metro market.

- **Industrial** - The final plat of the Soldier Creek Industrial Park ("SCIP") is being presented for approval. We have fielded a few inquiries specific to the park but most did not fit our goals and objectives. A number of leads have also arrived from the Oklahoma Department of Commerce, which provides some assurance we will see job creation at SCIP in the forthcoming year.

The sale of the former Chromalloy building, 1720 National Ave, last summer has renewed hopes that something good is about to happen at that location. The 107,500 sq. ft. building, vacant since 2011, has reportedly been cleared of any environmental or structural issues and over the past three months two prospects have shown interest in the facility.

- **Other** - Price Edwards' 2017 Mid -Year Oklahoma City Industrial Market Summary revealed a 19.7% vacancy rate for properties in the Southeast Metro submarket, which was well behind the North submarket (10.19% vacant). The higher occupancies found in the Southwest submarket (only 7.06% vacancy) are likely attributable to its close proximity to Will Rogers World Airport and energy sector growth.

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017**

FY 2017-2018 Budgets and Rates - The fiscal year 2017-2018 expenditure budgets presented to the Council and Board of Trustees was \$96,518,643, which is net of \$48,304,635 inter/intra-fund transfers.

The three major governmental funds reflect the following budgets adopted for FY 17-18:

	<u>Revenues</u>	<u>Transfers In</u>	<u>Expenditures</u>	<u>Transfer Out</u>	<u>(Use) of Fund Balance</u>
General	\$25,932,149	\$11,574,312	\$12,359,249	\$25,793,324	(\$646,112)
Police	\$ 2,771,959	\$ 9,814,127	\$12,886,942	\$ 100,000	(\$400,856)
Fire	\$ 2,282,444	\$ 7,934,063	\$10,355,922	\$ 210,000	(\$349,415)

Personal services were budgeted with merit steps included for all pay plans; non-represented, police and fire. No cost of living (COLA) was included for non-represented employees. The non-represented employees participate in a defined contribution plan; the contribution by the City is 14%.

Through union negotiations, a total of 0.5% COLA and a \$1,675 increase in each merit step was implemented for police. The statutory contribution requirement for the police defined benefit pension plan will remain the same at 21% in which 13% is to be paid by the City and 8% by the employee.

The Fire union rolled their existing contract and received no COLA increase. The statutory contribution requirement for fire defined benefit pension plan will remain the same at 23%. The City currently pays 18% and the employee pays 5%.

The City through self-insurance sponsors medical, prescription and dental insurance to full time employees and qualifying retirees and their families. Annual health insurance premium amounts are established by the City Council. The “Affordable Care Act” (ACA) has certain costs that are not to be passed on to the employee or retiree. For FY 2017-2018, the budgeted amount is \$141,685.

The City is currently offering one medical insurance plan. The Blue Preferred Plan has a lower premium and reduced provider network compared to the Blue Option Plan which was previously provided as an option to City employees.

Emergency reserves are contained in the operational fund budgets of the City. The General fund is required to maintain a 10% reserve while all others are required to maintain a 5% reserve. The reserves are equal to the annual operating budget less transfer outs and capital outlay. The reserves are only accessible if a significant event should occur such as a downturn in the economy greatly affecting the funding of the City’s operations, uses for natural disasters or one-time non-recurring emergency that disrupts the cash receipts of the City. With this resolution in place for maintaining a reserve, the City becomes more financially stable and better equipped to handle any unforeseen emergencies or major loss of revenues.

Sales tax – Voters approved an increase in the City’s sales tax rate from 3.85% to 4.6% effective January 1, 2018.

Request for Information. This financial report is designed to provide a general overview of the City’s finances, comply with finance-related laws, regulations and demonstrate the City’s commitment to public accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Midwest City, Finance Department, 100 N. Midwest Boulevard, Midwest City, Oklahoma 73110.

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Statement of Net Position– June 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 21,226,146	\$ 3,748,034	\$ 24,974,180
Cash and cash equivalents, restricted	-	2,959,658	2,959,658
Investments	100,797,109	10,551,894	111,349,003
Accounts receivable, net	4,945,558	3,616,808	8,562,366
Interest receivable	62,193	21,511	83,704
Other receivable	19,489	144,984	164,473
Inventory	110,297	261,215	371,512
Internal balances	728,048	(728,048)	-
Prepaid items	4,200	-	4,200
Due from other governments	5,041,174	-	5,041,174
Lease receivable	19,637,373	-	19,637,373
Deposits held by others	708,575	-	708,575
Land held for economic development	3,439,804	-	3,439,804
Investments, non- current, restricted	-	1,098,504	1,098,504
Capital assets:			
Land, water rights, and construction in progress	38,713,216	14,938,456	53,651,672
Other capital assets, net of depreciation	279,351,169	145,434,944	424,786,113
Total assets	<u>474,784,351</u>	<u>182,047,960</u>	<u>656,832,311</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	-	873,932	873,932
Deferred amount related to pensions	10,133,360	-	10,133,360
Total deferred outflows	<u>10,133,360</u>	<u>873,932</u>	<u>11,007,292</u>
LIABILITIES			
Accounts payable and accrued liabilities	844,184	1,334,785	2,178,969
Wages payable	1,565,314	486,560	2,051,874
Claims payable	2,276,396	-	2,276,396
Due to other governments	7,900	-	7,900
Accrued interest payable	8,558	731,021	739,579
Unearned revenue	7,997,658	-	7,997,658
Long-term liabilities:			
Due within one year	2,900,519	5,087,369	7,987,888
Due in more than one year	67,933,986	56,409,564	124,343,550
Total liabilities	<u>83,534,515</u>	<u>64,049,299</u>	<u>147,583,814</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amount related to pensions	504,229	-	504,229
Deferred amount related to property taxes	303,043	-	303,043
Total deferred inflows	<u>807,272</u>	<u>-</u>	<u>807,272</u>
NET POSITION			
Net investment in capital assets	316,764,385	105,420,137	422,184,522
Restricted for:			
Debt service	449,735	1,937,560	2,387,295
Hospital	84,216,373	-	84,216,373
Capital improvements	9,271,536	-	9,271,536
Public Safety	7,191,855	-	7,191,855
Street operations	891,073	-	891,073
Culture and recreation	1,382,767	-	1,382,767
Economic Development	756,947	-	756,947
Other	28,887	-	28,887
Unrestricted (deficit)	(20,377,634)	11,514,896	(8,862,738)
Total net position	<u>\$ 400,575,924</u>	<u>\$ 118,872,593</u>	<u>\$ 519,448,517</u>

See accompanying notes to the basic financial statements.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Statement of Activities –Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
General government	\$ 7,449,483	\$ 3,512,414	\$ 318,357	\$ -	\$ (3,618,712)	\$ -	\$ (3,618,712)
Public safety	29,355,902	1,861,094	3,446,289	21,273	(24,027,246)	-	(24,027,246)
Streets	15,169,319	574,913	487,915	2,522,094	(11,584,397)	-	(11,584,397)
Culture and recreation	1,886,875	477,568	241,432	-	(1,167,875)	-	(1,167,875)
Health and welfare	405,224	-	-	-	(405,224)	-	(405,224)
Economic development	6,771,651	1,282,773	466,241	60,423	(4,962,214)	-	(4,962,214)
Interest expense	1,346,832	-	-	-	(1,346,832)	-	(1,346,832)
Total governmental activities	<u>62,385,286</u>	<u>7,708,762</u>	<u>4,960,234</u>	<u>2,603,790</u>	<u>(47,112,500)</u>	<u>-</u>	<u>(47,112,500)</u>
Business-type activities:							
Water	6,717,313	8,025,588	-	-	-	1,308,275	1,308,275
Wastewater	8,077,426	8,037,169	-	-	-	(40,257)	(40,257)
Sanitation	4,439,219	6,039,417	-	-	-	1,600,198	1,600,198
Drainage	656,626	482,840	-	-	-	(173,786)	(173,786)
Conference center	8,053,338	5,313,318	-	-	-	(2,740,020)	(2,740,020)
Golf	1,162,659	1,079,019	-	-	-	(83,640)	(83,640)
Mobile home park	8,354	15	-	-	-	(8,339)	(8,339)
Industrial park	57,073	-	-	-	-	(57,073)	(57,073)
Total business-type activities	<u>29,172,008</u>	<u>28,977,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(194,642)</u>	<u>(194,642)</u>
Total primary government	<u>\$ 91,557,294</u>	<u>\$ 36,686,128</u>	<u>\$ 4,960,234</u>	<u>\$ 2,603,790</u>	<u>(47,112,500)</u>	<u>(194,642)</u>	<u>(47,307,142)</u>
General revenues:							
Taxes:							
Sales and use taxes					32,765,177	-	32,765,177
Property tax					361,940	-	361,940
Payment in lieu of taxes					965,723	-	965,723
Franchise and public service taxes					2,634,976	-	2,634,976
Hotel/motel taxes					571,404	-	571,404
Intergovernmental revenue not restricted to specific programs					469,872	-	469,872
Investment income					12,655,813	(34,581)	12,621,232
Miscellaneous					1,570,382	3,039	1,573,421
Transfers - internal activity					(3,962,993)	3,962,993	-
Total general revenues and transfers					<u>48,032,294</u>	<u>3,931,451</u>	<u>51,963,745</u>
Change in net position					919,794	3,736,809	4,656,603
Net position - beginning, restated					399,656,130	115,135,784	514,791,914
Net position - ending					<u>\$ 400,575,924</u>	<u>\$ 118,872,593</u>	<u>\$ 519,448,517</u>

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Governmental Funds Balance Sheet - June 30, 2017

	<u>General Fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Midwest City Hospital Authority</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 1,451,702	\$ 593,661	\$ 360,790	\$ 10,482,680	\$ 3,470,386	\$ 16,359,219
Investments	4,147,609	1,633,566	1,179,788	82,573,158	10,476,822	100,010,943
Receivables:						
Accounts receivable	1,134,481	63,803	417	2,920,320	788,914	4,907,935
Accrued interest receivable	9,928	2,844	-	18,530	18,976	50,278
Due from other funds	97,918	1,659,312	1,278,246	2,689	209,992	3,248,157
Deposits held by others	-	-	-	-	708,575	708,575
Prepaid items	4,200	-	-	-	-	4,200
Other receivable	14,876	4,439	1,197	-	-	20,512
Due from other governments	2,911,709	358,613	320,523	-	1,450,329	5,041,174
Inventory	-	-	-	-	60,000	60,000
Land held for economic development	-	-	-	3,439,804	-	3,439,804
Advance to other funds	1,082,128	-	-	65,063	96,650	1,243,841
Total assets	<u>\$ 10,854,551</u>	<u>\$ 4,316,238</u>	<u>\$ 3,140,961</u>	<u>\$ 99,502,244</u>	<u>\$ 17,280,644</u>	<u>\$ 135,094,638</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 200,803	\$ 42,924	\$ 9,692	\$ 172,868	\$ 238,983	\$ 665,270
Wages payable	429,739	553,189	444,630	3,642	70,716	1,501,916
Unearned revenue	-	-	-	7,997,658	-	7,997,658
Refundable deposits - court	70,333	-	-	-	-	70,333
Due to other funds	2,824,261	-	-	-	906,480	3,730,741
Due to other governments	7,900	-	-	-	-	7,900
Advance from other funds	96,650	-	1,082,128	-	-	1,178,778
Total liabilities	<u>3,629,686</u>	<u>596,113</u>	<u>1,536,450</u>	<u>8,174,168</u>	<u>1,216,179</u>	<u>15,152,596</u>
Deferred inflows of resources:						
Unavailable revenue	877,954	55,137	-	627,538	567,110	2,127,739
Fund balances:						
Nonspendable	1,086,328	-	-	3,439,804	768,575	5,294,707
Restricted	1,683,663	3,664,988	1,604,511	85,836,679	12,775,521	105,565,362
Committed	-	-	-	1,424,055	-	1,424,055
Assigned	1,730,044	-	-	-	1,953,259	3,683,303
Unassigned	1,846,876	-	-	-	-	1,846,876
Total fund balances	<u>6,346,911</u>	<u>3,664,988</u>	<u>1,604,511</u>	<u>90,700,538</u>	<u>15,497,355</u>	<u>117,814,303</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 10,854,551</u>	<u>\$ 4,316,238</u>	<u>\$ 3,140,961</u>	<u>\$ 99,502,244</u>	<u>\$ 17,280,644</u>	<u>\$ 135,094,638</u>

See accompanying notes to the basic financial statements.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation – June 30, 2017:

Fund balances of governmental funds \$ 117,814,303

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, net of accumulated depreciation of \$225,400,213 317,150,917

Certain long-term assets are not available to pay for current fund liabilities and, therefore, along with deferred outflows, are either reported as deferred outflows of resources in the funds or not reported in the funds at all:

Due from other governments	134
Other receivable, net of allowance	1,824,562
HMA hospital receivable	<u>19,637,373</u>
	<u>21,462,069</u>

Certain deferred outflows are not available to pay current period expenditures and certain long-term liabilities and deferred inflows are not due and payable from current financial resources, and therefore, are not reported in these fund financial statements, but are reported in the governmental activities of the Statement of Net Position.

Pension related deferred outflows	10,133,360
Net pension liability	(35,579,656)
Pension related deferred inflows	<u>(504,229)</u>
	<u>(25,950,525)</u>

Internal service funds are used by management to charge the cost of certain activities to individual funds. An allocation of the assets and liabilities of the internal service funds are included in governmental activities in the statement of net position, net of amount allocated to business-type activities. 4,791,506

Certain long-term liabilities are not due and payable from current financial resources and, therefore, along with deferred inflows, are not reported in the funds:

General obligation bonds payable	(1,300,000)
Notes payable	(21,336,110)
Accrued compensated absences	(5,353,260)
OPEB Obligation - obligation shared by governmental function \$2,387,550, police function \$2,574,735, and fire function \$1,732,133	(6,694,418)
Accrued interest payable	<u>(8,558)</u>
	<u>(34,692,346)</u>

Net position of governmental activities \$ 400,575,924

See accompanying notes to the basic financial statements.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Year Ended June 30, 2017

	<u>General Fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Midwest City Hospital Authority</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	\$ 22,894,067	\$ 2,824,401	\$ 2,524,409	\$ 965,723	\$ 8,119,050	\$ 37,327,650
Intergovernmental	523,162	691,229	2,257,612	-	1,539,806	5,011,809
Charges for services	2,277,916	36,382	26,638	-	2,223,138	4,564,074
Fines and forfeitures	1,354,250	101,781	-	-	125,607	1,581,638
Licenses and permits	384,330	1,300	9,300	-	109,902	504,832
Investment income	(16,134)	(1,622)	20,688	12,653,756	(68,968)	12,587,720
Miscellaneous	523,472	61,283	29,952	2,068,903	172,392	2,856,002
Total revenues	<u>27,941,063</u>	<u>3,714,754</u>	<u>4,868,599</u>	<u>15,688,382</u>	<u>12,220,927</u>	<u>64,433,725</u>
EXPENDITURES						
Current:						
General government	5,679,964	-	-	1,050,766	561,087	7,291,817
Public safety	938,494	13,223,038	12,259,757	-	708,246	27,129,535
Streets	2,819,266	-	-	-	80,790	2,900,056
Culture and recreation	961,990	-	-	-	558,642	1,520,632
Health and welfare	387,911	-	-	-	-	387,911
Economic development	2,890,929	-	-	2,406,230	1,128,947	6,426,106
Capital outlay	202,939	452,733	110,324	-	5,403,430	6,169,426
Debt service:						
Principal retirement	-	-	-	646,956	1,400,000	2,046,956
Interest and fiscal charges	6,056	-	44,455	1,206,608	122,529	1,379,648
Total expenditures	<u>13,887,549</u>	<u>13,675,771</u>	<u>12,414,536</u>	<u>5,310,560</u>	<u>9,963,671</u>	<u>55,252,087</u>
Excess (deficiency) of revenues over expenditures	<u>14,053,514</u>	<u>(9,961,017)</u>	<u>(7,545,937)</u>	<u>10,377,822</u>	<u>2,257,256</u>	<u>9,181,638</u>
OTHER FINANCING SOURCES (USES)						
Repayment of lease receivable	-	-	-	532,464	-	532,464
Transfers in	10,792,190	9,998,948	8,094,015	365,000	959,911	30,210,064
Transfers out	(26,312,761)	-	(166,000)	(175,000)	(7,645,504)	(34,299,265)
Total other financing sources and uses	<u>(15,520,571)</u>	<u>9,998,948</u>	<u>7,928,015</u>	<u>722,464</u>	<u>(6,685,593)</u>	<u>(4,089,201)</u>
Net change in fund balances	(1,467,057)	37,931	382,078	11,100,286	(4,428,337)	5,092,437
Fund balances - beginning, restated	7,813,968	3,627,057	1,222,433	79,600,252	19,925,692	112,721,866
Fund balances - ending	<u>\$ 6,346,911</u>	<u>\$ 3,664,988</u>	<u>\$ 1,604,511</u>	<u>\$ 90,700,538</u>	<u>\$ 15,497,355</u>	<u>\$ 117,814,303</u>

See accompanying notes to the basic financial statements.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Changes in Fund Balances – Changes in Net Position Reconciliation – Year Ended June 30, 2017:

Net change in fund balances - total governmental funds: \$ 5,092,437

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	5,737,722
Capital asset donated	2,522,094
Loss on disposal of capital assets	(34,714)
Depreciation expense	(14,341,070)
	(6,115,968)

In the Statement of Activities, the net cost of pension benefits earned is calculated and reported as pension expense. The fund financial statements report pension contributions as pension expenditures. This amount represents the difference between pension contributions and calculated pension expense.

169,901

Repayment of debt principal is an expenditure and collections of leasehold receivables are a revenue in the governmental funds. However, the repayments reduce long-term liabilities or the long-term assets in the Statement of Net Position:

Leasehold receivable receipts	(532,464)
Note payable principal payments	646,956
General obligation bond principal payments	1,400,000
	1,514,492

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Change in unavailable revenue	31,988
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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:

Change in net OPEB obligation	(183,798)
Change in accrued interest payable	25,656
Change in accrued compensated absences	(448,394)
	(606,536)

Internal service fund activity is reported as a proprietary fund in fund financial statements, but certain net revenues/expenses are reported in governmental activities on the Statement of Activities, net of amount allocated to business-type activities

Total change in net position for internal service funds	301,016
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Change in net position of governmental activities	\$ 387,330
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See accompanying notes to the basic financial statements.

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017**

Proprietary Funds Statement of Net Position - June 30, 2017

	Midwest City Municipal Authority	Nonmajor Enterprise Funds	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,464,560	\$ 215,302	\$ 3,679,862	\$ 1,271,179
Cash and cash equivalents, restricted	2,959,658	-	2,959,658	-
Investments	9,624,675	704,235	10,328,910	4,673,070
Accounts receivable, net	3,616,808	-	3,616,808	36,600
Other receivable	144,984	-	144,984	-
Accrued interest receivable	21,511	-	21,511	11,915
Inventory	261,215	-	261,215	50,297
Due from other funds	768,656	-	768,656	1
Total current assets	<u>20,862,067</u>	<u>919,537</u>	<u>21,781,604</u>	<u>6,043,062</u>
Non-current assets:				
Investments, restricted	1,098,504	-	1,098,504	-
Advance to other funds	1,210,681	-	1,210,681	-
Land, construction in progress, and water rights	8,758,403	6,177,029	14,935,432	3,024
Other capital assets, net	142,544,163	2,751,070	145,295,233	1,053,179
Total non-current assets	<u>153,611,751</u>	<u>8,928,099</u>	<u>162,539,850</u>	<u>1,056,203</u>
Total assets	<u>174,473,818</u>	<u>9,847,636</u>	<u>184,321,454</u>	<u>7,099,265</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred amount on refunding	873,932	-	873,932	-
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	1,313,427	17,594	1,331,021	195,643
Claims liability	-	-	-	885,396
Wages payable	449,468	-	449,468	87,525
Due to other funds	1,923	-	1,923	284,150
Accrued interest payable	731,021	-	731,021	-
Accrued compensated absences	514,231	-	514,231	110,276
Refundable deposits	192,503	-	192,503	-
Revenue bonds payable	4,325,000	-	4,325,000	-
Total current liabilities	<u>7,527,573</u>	<u>17,594</u>	<u>7,545,167</u>	<u>1,562,990</u>
Non-current liabilities:				
Accrued compensated absences	810,472	-	810,472	220,551
Claims liability	-	-	-	1,391,000
Net OPEB obligation	2,592,347	-	2,592,347	505,795
Advance from other funds	1,210,681	65,063	1,275,744	-
Refundable deposits	1,289,354	-	1,289,354	-
Revenue bonds payable, net	51,437,132	-	51,437,132	-
Total non-current liabilities	<u>57,339,986</u>	<u>65,063</u>	<u>57,405,049</u>	<u>2,117,346</u>
Total liabilities	<u>64,867,559</u>	<u>82,657</u>	<u>64,950,216</u>	<u>3,680,336</u>
NET POSITION				
Net investment in capital assets	96,414,366	8,863,036	105,277,402	1,056,203
Restricted for debt service	1,937,560	-	1,937,560	-
Restricted for other purposes	98,135	216,134	314,269	-
Unrestricted	12,030,130	685,809	12,715,939	2,362,726
Total net position	<u>\$ 110,480,191</u>	<u>\$ 9,764,979</u>	<u>\$ 120,245,170</u>	<u>\$ 3,418,929</u>

Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal service fund balances are included with business-type activities and reported as interfund balances

(1,372,577)

Total net position per Government-Wide financial statements

\$ 118,872,593

See accompanying notes to the basic financial statements.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2017

	Midwest City Municipal Authority	Nonmajor Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 28,752,264	\$ -	\$ 28,752,264	\$ 10,346,690
Fees, licenses and permits	138,120	-	138,120	-
Miscellaneous	100,167	-	100,167	202,018
Total operating revenues	<u>28,990,551</u>	<u>-</u>	<u>28,990,551</u>	<u>10,548,708</u>
OPERATING EXPENSES				
Personal services	10,720,944	-	10,720,944	1,887,868
Materials and supplies	4,091,074	-	4,091,074	1,274,296
Other services and charges	6,601,443	8,354	6,609,797	1,991,036
Insurance claims and expense	-	-	-	5,019,395
Depreciation and amortization	5,743,347	57,073	5,800,420	92,189
Total operating expenses	<u>27,156,808</u>	<u>65,427</u>	<u>27,222,235</u>	<u>10,264,784</u>
Operating income (loss)	<u>1,833,743</u>	<u>(65,427)</u>	<u>1,768,316</u>	<u>283,924</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income (loss)	(52,124)	17,543	(34,581)	(80,286)
Interest expense and fiscal charges	(2,023,005)	-	(2,023,005)	-
Gain (loss) on asset retirement	28,180	-	28,180	-
Total non-operating revenue (expenses)	<u>(2,046,949)</u>	<u>17,543</u>	<u>(2,029,406)</u>	<u>(80,286)</u>
Income (loss) before contributions and transfers	<u>(213,206)</u>	<u>(47,884)</u>	<u>(261,090)</u>	<u>203,638</u>
Capital contributions	6,076	-	6,076	-
Transfers in	15,661,820	324,773	15,986,593	133,085
Transfers out	<u>(12,030,477)</u>	<u>-</u>	<u>(12,030,477)</u>	<u>-</u>
Change in net position	3,424,213	276,889	3,701,102	336,723
Total net position - beginning	107,055,978	9,488,090	116,544,068	3,082,206
Total net position - ending	<u>\$ 110,480,191</u>	<u>\$ 9,764,979</u>	<u>\$ 120,245,170</u>	<u>\$ 3,418,929</u>
Change in net position per above			\$ 3,701,102	
Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities			35,707	
Change in Business-Type Activities in Net Position per Government-Wide Financial Statements			<u>\$ 3,736,809</u>	

See accompanying notes to the basic financial statements.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2017

	Midwest City Municipal Authority	Nonmajor Enterprise Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 28,470,864	\$ -	\$ 28,470,864	\$ 10,596,274
Payments to suppliers	(14,957,643)	(29,883)	(14,987,526)	(1,557,675)
Payments to employees	(14,089,858)	-	(14,089,858)	(1,821,034)
Receipts (payments) from interfund loans	62,186	-	62,186	47,226
Receipt of customer deposits	570,774	-	570,774	-
Return of customer deposits	(558,002)	-	(558,002)	-
Claims and benefits paid	-	-	-	(6,934,710)
Net cash provided by operating activities	(501,679)	(29,883)	(531,562)	330,081
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	15,661,820	324,773	15,986,593	-
Transfers to other funds	(12,030,477)	-	(12,030,477)	133,085
Net cash provided by noncapital financing activities	3,631,343	324,773	3,956,116	133,085
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	(2,551,040)	(261,967)	(2,813,007)	(30,115)
Principal paid on capital debt	(60,037,132)	-	(60,037,132)	-
Payments of interfund loan for capital purchases	(1,273,021)	(115,996)	(1,389,017)	-
Interest and fiscal charges paid on capital debt	(2,101,325)	-	(2,101,325)	-
Proceeds from sale of capital assets	1,192	-	1,192	-
Net cash provided by (used in) capital and related financing activities	(65,961,326)	(377,963)	(66,339,289)	(30,115)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale (Purchase) of investments	1,797,949	103,360	1,901,309	(147,799)
Interest and dividends	290,990	17,543	308,533	103,927
Net cash provided by (used in) investing activities	2,088,939	120,903	2,209,842	(43,872)
Net increase in cash and cash equivalents	(60,742,723)	37,830	(60,704,893)	389,179
Balances - beginning of year	5,572,520	177,472	5,749,992	882,000
Balances - end of year	\$ (55,170,203)	\$ 215,302	\$ (54,954,901)	\$ 1,271,179
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 3,464,560	\$ 215,302	\$ 3,679,862	\$ 1,271,179
Restricted cash and cash equivalents	2,959,658	-	2,959,658	-
Total cash and cash equivalents	\$ 6,424,218	\$ 215,302	\$ 6,639,520	\$ 1,271,179
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 1,833,743	\$ (65,427)	\$ 1,768,316	\$ 283,924
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	5,743,347	57,073	5,800,420	92,189
Change in assets and liabilities:				
Receivables, net	(414,292)	-	(414,292)	47,566
Other receivable	(57,187)	-	(57,187)	-
Due from other funds	1,546,691	-	1,546,691	(1)
Inventory	(11,626)	-	(11,626)	3,342
Accounts payable	(4,253,500)	(21,529)	(4,275,029)	(134,308)
Claims liability	-	-	-	(76,692)
Due to other funds	(513,489)	-	(513,489)	47,227
Due to employees	(418,851)	-	(418,851)	11,191
Refundable deposits	(1,172,908)	-	(1,172,908)	-
Net OPEB obligation	(1,724,830)	-	(1,724,830)	12,878
Accrued compensated absences	(1,225,233)	-	(1,225,233)	42,765
Net cash provided by operating activities	\$ (668,135)	\$ (29,883)	\$ (698,018)	\$ 330,081
Noncash activities:				
Contributed capital assets - from governmental funds	\$ 6,076	\$ -	\$ 6,076	\$ -

See accompanying notes to the basic financial statements.

FOOTNOTES TO BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The City of Midwest City's (the "City") accounting and financial reporting policies conform to accounting principles generally accepted in the United State of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

1.A. Financial Reporting Entity

The City of Midwest City – operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities

The City of Midwest City is an incorporated municipality located in central Oklahoma. The City operates under a council-manager form of government with a charter that provides for three branches of government:

- Legislative – the governing body includes an elected seven-member City Council and Mayor
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judges are practicing attorneys appointed by the City Council

In determining the financial reporting entity, the City of Midwest City complies with the provisions of Governmental Accounting Standards Board and includes all component units for which the City is financially accountable. The City's financial reporting entity primary government presentation includes the City of Midwest City and certain component units as follows:

Blended Component Units: Separate legal entities for which the City Council members serve as the trustees/governing body of the City and /or the City is able to impose its will on the Authorities through required approval of all debt obligations issued by these entities. These component units funds are blended into the City's by appropriate fund type to comprise part of the primary government presentation.

Midwest City Utilities Authority –created for industrial development.

Midwest City Municipal Authority – created to operate the water, wastewater, sanitation and conference center/hotel.

Midwest City Hospital Authority – created to operate the hospital, however, in 1996 the hospital was leased for a 30 year term. In March 2009, this lease was extended to May 2048. The Trustees manage activities related to the hospital lease. Economic development is also a principal mission of the Authority.

Urban Renewal Authority – created for economic development.

Each of these component units listed above are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing

assets at the creation for the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

In accordance with state law, the City Council must approve, by two-thirds vote, all debt obligations of these public trusts prior to incurring the obligation. This is considered sufficient imposition of will to demonstrate financial accountability and to include the trusts within the City's financial reporting entity. The public trusts do not issue separate annual financial statements.

1.B. Basis of Presentation and Accounting

This annual report is presented in a format that substantially meets the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles. The presentation includes financial statements that communicate the City's financial condition and changes therein at two distinct levels:

- **The City as a Whole** (a government-wide presentation)
- **The City's Funds** (a presentation of the City's major and aggregate non-major funds)

Government-Wide Financial Statements:

The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. In the Statement of Net Position and the Statement of Activities, the City presents two kinds of activities:

Governmental activities - Most of the City's basic services are reported here, including the police, fire, general administration, streets, parks and recreation. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.

Business-type activities – Services where the City charges a fee to customers to help cover all or most of the cost of the services it provides. The City's water, sewer, sanitation systems and the hotel/conference center activities are reported here.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The statements of net position and activities are reported on the accrual basis of accounting and economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic asset used.

Fund Financial Statements:

Governmental Funds:

Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances remaining at year-end. Governmental funds report their activities on the modified accrual basis of accounting and current financial resources measurement focus that is different from other funds. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for reimbursement type grants that are recorded as revenues when the related expenditures are recognized and available within 120 days of year end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, judgments, and net pension liabilities are recorded only when payment is due.

Sales and use taxes, property taxes, franchise taxes, licenses, court fines and interest associated with the current fiscal period are all considered to be susceptible to accrual, and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps one determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The City's governmental funds include:

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds. For reporting purposes the General Fund also includes the activities of the Reimbursed Projects Account, Employee Activity Account, Activity Account, Animals Best Friend Account, Disaster Relief Account, and Retiree Health Claims Account.
- Police Fund – is a special revenue fund that accounts for police services funded by a restricted sales tax, a transfer of 34.21% of General Fund revenues per ordinance legally restricted for police operations, and fines and fees restricted for traffic enforcement operations. For reporting purposes, the Police Fund includes the Jail Fund.
- Fire Fund — is a special revenue fund that accounts for fire protection services funded by sales tax legally restricted for fire and a transfer of 27.66% of General Fund revenues per ordinance legally restricted for fire operations.
- Midwest City Hospital Authority – is a special revenue fund that manages activities related to the hospital lease, funded by interest income and in lieu of taxes. The Hospital Authority also makes investments and expenditures in economic development activities.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Aggregated Non-Major Funds (reported as Other Governmental Funds):

Special Revenue Funds include Grants, Juvenile, Parks and Recreation, Emergency Operations, Technology, Welcome Center, Police Impound Fees, Street and Alley, Police Special Projects, Police Lab Fee, Convention/Visitors Bureau, Urban Renewal Authority Funds, Tax Increment Financing, Street Light Fee, and General Government Sales Tax.

Debt Service Fund – accounts for ad-valorem taxes levied by the City for use in retiring general obligation bonds, and their related interest expenses.

Capital Project Funds:

- Capital Improvement Fund – accounts for assessed fees that help fund capital projects for various functions of the City.
- Downtown Redevelopment Authority – accounts for the lease proceeds from the 29th street redevelopment. Proceeds are used to fund various needs of the City.
- 2002 Street Project Fund – accounts for the proceeds from the 2002 General Obligation Street Bonds which funds capital street projects.
- Dedicated Tax 2012 Fund – accounts for the sales tax restricted for street, parks, trails, sidewalks and public transportation projects.
- Sales Tax Capital Improvement Fund – accounts for sales tax restricted by a vote of the citizens for capital improvements, including debt retirements.
- Capital Outlay Reserve Fund – accounts for funds set aside to fund the five year capital needs projects.

The reconciliation of the governmental funds financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the accrual basis of accounting and economic resources measurement focus at the government-wide level.

Proprietary Funds:

When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds include enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-like activities provided to other funds or departments of the City. Proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. The principal operating revenues of the Midwest City Municipal Authority (Municipal Authority), non major enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City's proprietary funds include the following:

Enterprise Funds

Major:

The Municipal Authority includes the following accounts:

- Water Account (includes the Water Operating Account and the Water Capital Projects Account) accounts for the activities providing water services to the public.
- Sewer Account (includes the Sewer Operating Account and the Sewer Capital Projects Account) accounts for the activities providing sewer services to the public.
- Sanitation Account (includes the Sanitation Operating Account) accounts for the activities providing sanitation services to the public.
- Conference Center/Hotel Account (includes the Conference and Hotel Operating Account) accounts for the activities related to the Conference Center and Hotel.
- Drainage Account (includes the Drainage Operating Fund and the Capital Projects Account) accounts for the activities providing drainage services to the public.
- Debt Service Account accounts for the debt activities related to the 2011 and 2011A Revenue Bonds.
- Utility Services Fund – accounts for activities related to billing for water, sewer, sanitation, storm water, and drainage.
- Utilities Capital Fund – accounts for capital purchases for the water, sewer, and sanitation systems.
- Customer Deposit Fund –accounts for utility customer deposits.
- Golf Course Fund –accounts for activities of the John Conrad and the Hidden Creek golf courses.

Non-Major:

- Utilities Authority Fund –accounts for industrial development activities.
- 29th and Douglas –accounts for activities of the trailer park at 29th and Douglas.

Internal Service Funds (aggregated in a single column for reporting purposes)

- Risk Management Fund - accounts for the cost of providing various insurance services (i.e workers compensation, general liability, vehicle and property) to other funds and departments of the City
- Public Works Administration Fund - accounts for the cost of centralization of administrative resources to various departments of the City. This fund primarily serves the business-type activities.
- Fleet Services Fund - accounts for fuel, maintenance and repairs for the City's fleet.
- Surplus Property Fund - accounts for the disposal of surplus property on behalf of all departments.
- L&H Benefits Fund - accounts for health and life benefits to employees.

1.C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Deposits and Investments:

Cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three months or less, and money market investments. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

Investments, other than Hospital Authority investments, consist of long-term certificates of deposit, U.S. Treasury bonds and notes, and U.S. agency securities. Certificates of deposit are reported at cost, while the U.S. Treasury and agency securities are reported at fair value. Hospital investment consist of mutual funds, equities, and foreign equities. Investments are reported at fair value.

Restricted Assets:

Certain proceeds of the enterprise funds promissory notes, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because they are maintained in separate bank accounts, and their use is limited by applicable loan covenants. The debt service fund accounts are used to segregate resources accumulated for debt service payments over the next 12 months. In addition, amounts held for meter deposit refunds are considered restricted.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants and court fines. Business-type activities report utilities as its major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues. Non-exchange transactions collectible but not available are reported as a deferred inflow of resources in the fund financial statements in accordance with the modified accrual basis of accounting, but not reported as a deferred inflow of resources in the government-wide financial statements in accordance with the accrual basis. Interest on investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventories:

Inventories are valued at average cost. Governmental fund inventory is related to parts of vehicle and equipment maintenance. Proprietary fund inventory is related to material on hand for repairs and improvements to the utility system. The cost of inventories are recorded as expenditures when consumed rather than when purchased.

Land Held for Economic Development:

The Hospital Authority owns land that is being held for future economic development. This land is carried at the lower of cost or market.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The City capitalizes interest on construction in progress for enterprise funds that have outstanding long term debt. The City capitalized \$95,468 in interest costs.

Depreciable capital assets are depreciated on a straight-line basis over their useful lives. The range of estimated lives by type of assets is as follows:

- Buildings/improvements 25-60 years
- Utility systems 25-99 years
- Infrastructure 25-99 years
- Machinery and equipment 5-20 years
- Vehicles 5-25 years

Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset.

Unearned Revenue

In 1996, the Hospital Authority entered into a long-term lease agreement with a third party to lease the Midwest City Municipal Hospital for a 30 year period. The lessee prepaid the entire amount of the rent for the 30 years, a total of \$26.9 million. This amount is being recognized in income over the 30 year period.

Long-term obligations:

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statements of Net Position. Bond premiums and discounts are amortized over the life of the bonds using the straight line method. Bonds payable are reported net of bond premium or discount. Deferred amount on refundings are amortized over the shorter of the life of the new debt or the remaining life of the refunded debt using the straight line method. Deferred amounts are shown as deferred inflows or outflows.

Long-term obligations of governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

The City's long term debt consists of general obligation bonds, revenue bonds and notes, accrued compensated absences, contracts payable, net pension liability, net OPEB obligation, and refundable deposits.

Compensated Absences:

Under the terms of union contracts and City personnel policies, City employees are granted vacation and sick leave in varying amounts. Regular full-time civilian employees earn vacation leave per pay period in varying amounts from 80.08 hours per year to 204.10 hours per year based upon years of service. Upon separation from the city, a civilian employee is paid for accrued vacation up to a maximum of 192 hours plus current year accrual earned to date of separation. Civilian employees earn sick leave per pay period of 3.7 hours, for a total of 96.20 hours per year with the exception of Fire Rookies working 24 hour shifts who earn 5.54 hours per pay period for an annual total of 144.04 hours per year. Civilian employees who separate from employment with the city will be compensated for all accrued but unused sick leave as follows: Upon separation from the city after 10 years of service, a civilian employee is paid for accrued sick leave up to a maximum of 960 hours plus current year accrual earned to date of separation at 1/2 his/her hourly rate of pay. Civilian employees who separate from employment prior to 10 years of service shall receive no compensation for accrued sick leave benefits.

Police union employees earn vacation leave per pay period in varying amounts from 80.08 hours per year to 204.10 hours per year based upon years of service. Upon separation from the city, a police union employee is paid for accrued vacation up to a maximum of 216 hours plus current year accrual earned to date of separation. Police union employees earn sick leave per pay period of 4.6 hours for an annual total of 119.60 hours. Police union employees who separate from employment with the city will be compensated for all accrued but unused sick leave as follows: Upon separation from the city after 10 years or more of service, a police union employee is paid for accrued sick leave up to a maximum of 11,000 hours plus current year accrual earned to date of separation at 1/2 his/her hourly rate of pay. Police union employees who separate from employment prior to 10 years of service shall receive no compensation for accrued sick leave benefits. 100% of the sick leave balance shall be paid to the police union employee's named beneficiary in the event an employee is killed in the line of duty.

Fire union employees earn vacation leave per pay period in varying amounts from 80.08 hours per year to 301.34 hours per year based upon shift worked and years of service. Upon separation from the city, a fire union employee is paid for accrued vacation up to a maximum of 300 hours plus current year accrual earned to date of separation for 24 hour workers; up to a maximum of 216 hours plus current year accrual earned to date of separation for 8 hour workers. Fire union employees earn sick leave per pay period of 5.54 for a total of 144.04 hours per year for 24 hour workers and 96.20 hours per year for 8 hour workers. Fire union employees who separate from employment with the city will be compensated for all accrued but unused sick leave as follows: Upon separation from the city after 10 years or more of service or with an on-the-job injury, a fire union employee is paid for accrued sick leave up to a maximum of 1,314 hours for 24 hour workers; up to a maximum of 939 hours for 8 hour workers at 1/3 his/her hourly rate of pay. Hours accumulated over the maximum are paid at the rate of 1/2 his/her hourly rate of pay each bi-weekly pay period. Employees, regardless of years of service, will be paid out at 1/2 for separation due to on the job injury. Fire union employees who separate from

employment prior to 10 years of service and without an on-the-job injury shall receive no compensation for accrued sick leave benefits.

Deferred Outflow/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources until then. The City has two items that qualify for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The city also reports deferred outflows for pension-related amounts.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenues) until that time. The governmental funds report unavailable revenues from court fines and property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the City's government-wide statements the property tax revenues remain as a deferred inflow under the full accrual basis of accounting and will become an inflow in the year for which they are levied. The government-wide Statement of Net Position also reports deferred inflows for pension-related amounts.

Fund Equity:

Government-Wide and Proprietary Fund Financial Statements:

Net position is displayed in three components:

- a. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets, plus the remaining construction proceeds of debt issued for capital improvements.
- b. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

It is the City's policy to first use unrestricted net position prior to the use of restricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Governmental Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance. The Municipal Authority, Hospital Authority and Urban Renewal Authority highest level of decision-making authority is made by resolution.
- d. Assigned – includes amounts that are constrained by the city’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for revenues in other governmental funds are made through budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the General Fund.

It is the City’s policy to first use unrestricted fund balance prior to the use of the restricted fund balance when an expenditure is incurred for purposes for which both restricted and unrestricted resources are available. The City’s policy for the use of fund balance amounts require that unassigned amounts would be reduced first followed by assigned amounts and then committed amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

1.D. Revenues, Expenditures and Expenses

Program Revenues:

Program revenues within the Statement of Activities that are derived directly from each activity or from parties outside of the City’s taxpayers are reported as program revenues. The City has the following program revenues in each activity:

- Public Safety – Fire, Police, 911 –fines and forfeitures, restricted operating grants, 911 revenue, and restricted capital grants, property seizure, donations, state on-behalf pension contributions
- Streets – commercial vehicle and gasoline excise tax shared by the State.
- Culture and recreation – pool fees, rental of community center and senior center, programming fees, park fees, softball fees, operating and capital grants
- Health and Welfare – FEMA grants
- Economic Development – rental income and operating grants

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017**

- General Government – license and permits, technology and false alarm fees, impact fees, and operating grants

All other governmental revenues are reported as general revenues. All taxes are classified as general revenue even if restricted for a specific purpose.

Sales Tax Revenue:

Sales tax revenue represents a 3.85 cents tax on each dollar of taxable sales which is collected by the Oklahoma Tax Commission and remitted to the City. Upon final allocation the sales tax is broken down as follows:

General Government	1.04	27.01%
Police	1.10	28.57%
Fire	.92	23.90%
911	.04	1.04%
Capital Improvements	.25	6.49%
Parks and Recreation	.05	1.30%
Sewer Plant	.40	10.39%
Streets/Parks/Sidewalks/Trails/and Public Transportation	.05	1.30%
Totals	3.85	100%

During fiscal year 2017 the voters approved an increase in sales tax effective January 1, 2018, increasing the total tax rate from 3.85% to 4.6%. The additional .75% tax can be used for police, fire and general government operations and capital outlay.

Property Tax Revenue:

In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City. Property taxes levied by the City are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property tax is levied each October 1st on the assessed valuation of non-exempt real property located in the City as of the preceding January 1st, the lien date. Property taxes are due on November 1st following the levy date, although they may be paid in two equal installments (if the first installment is paid prior to January 1st, the second installment is not delinquent until April 1st). Property taxes are collected by the County Treasurer and are remitted to the City. Property tax receivables are recorded on the lien date, although the related revenue is reported as a deferred inflow of resources and will not be recognized as revenue until the year for which it is levied. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October. For the year ended June 30, 2017, the City's net assessed valuation of taxable property was \$304,059,153. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2017 was \$0.96.

Property tax accrued on the lien date of January 1, 2017 and recorded as a deferred inflow of resources was \$303,043.

Expenditures and Expenses:

In the government-wide financial statements, expenses, including depreciation of capital assets, are reported by function or activity. In the governmental fund financial statements, expenditures are reported by class as current (further reported by function), capital outlay and debt service. In the proprietary fund financial statements, expenses are reported by object or activity.

1.E. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Government-Wide Financial Statements:

Interfund activity, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. *Internal balances* – amounts reported in the fund financial statements as interfund receivable and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. *Internal activities* - amounts reported in the fund financial statements as interfund transfers are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effect of interfund services between funds is not eliminated in the statement of activities.

Fund Financial Statements:

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans - amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

1.F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

1.G. New Accounting Pronouncements

The City implemented the following new accounting standards during the year ended June 30, 2017.

The City implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* – GASB No. 73 was issued in June 2015 and establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. Implementation had no material impact on the financial statements.

The City implemented GASB Statement No. 77, *Tax Abatement Disclosures* - GASB 77 was issued in August 2015, and establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments and that reduce the reporting government's tax revenues. Implementation had no material impact on the financial statements.

The City implemented GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14* – GASB 80 was issued in January 2016, and amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. Implementation had no material impact on the financial statements.

2. Cash and Cash Equivalents, Deposits and Investments

Deposits and Investments Risks

Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017**

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
US agency securities	\$ -	\$ 34,940,661	\$ -	\$ 34,940,661
Real Estate	-	-	1,013,891	1,013,891
Mutual Fund - equities	23,611,769	-	-	23,611,769
Mutual Fund - Fixed Income	5,615,404	-	-	5,615,404
	<u>\$ 29,227,173</u>	<u>\$ 34,940,661</u>	<u>\$ 1,013,891</u>	<u>\$ 65,181,725</u>

As of June 30, 2017, the City's investments in U.S. agency securities are valued using Level 2 inputs. The value is determined using quoted prices for similar assets or liabilities in active markets.

Real estate investments classified in Level 3 are valued using the change in assessed property tax land values for similar properties from the county assessor.

Certain investments that do not have a readily determinable fair value are measured at net asset value (NAV), or its equivalent. NAV per share is calculated as of the City's year-end in a manner consistent with the Governmental Accounting Standards Board's measurement principles. The valuation method for investments measured at the NAV per share (or its equivalent) is presented on the following table.

Investments Measured at Net Asset Value	Fair Value	Redemption Frequency	Redemption Notice Period
US equity index funds ⁽¹⁾	\$ 37,205,947	Daily	2 days
US fixed income debt funds ⁽²⁾	8,472,625	Daily	2 days
	<u>\$ 45,678,572</u>		

- (1) **US equity index funds** – The Fund is an index fund that seeks investment results that correspond generally to the S&P 500 Index. The Fund is invested and reinvested in a portfolio of equity securities with the objective of approximating as closely as practicable the capitalization weighted total rate of return of that segment of the U.S. market for publicly traded equity securities represented by the larger capitalized companies. The investment is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.
- (2) **US fixed income debt funds** – The US fixed income debt fund is an index fund that establishes an objective of delivering investment performance approximating as closely as practicable the total rate of return of the market for debt securities as defined by the Barclays U.S. Aggregate Bond Index. The Fund uses a "passive" or indexing approach to try to achieve the Fund's investment objective. The investment is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

The City of Midwest City primary government and blended component units are governed by the deposit and investment limitations of state law and trust indentures. The deposits and investments held at June 30, 2017 by these entities are as follows:

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017**

Type	Carrying Value	Credit Rating	Maturities in Years				
			On Demand	Less Than One	1 - 5	6 - 10	More than 10
Demand deposits	\$ 15,448,550	n/a	\$ 15,448,550	\$ -	\$ -	\$ -	\$ -
Time deposits	5,326,222	n/a	-	2,000,000	3,326,222	-	-
Government Money Market Accounts	8,746,276	AAAm	8,746,276	-	-	-	-
U.S. Agencies Obligations	34,940,661	n/a	-	-	-	209,661	34,731,000
Sub-total	64,461,709		\$ 24,194,826	\$ 2,000,000	\$ 3,326,222	\$ 209,661	\$ 34,731,000
Real Estate	1,013,891						
Mutual Funds - equities	60,817,716						
Fixed Income	14,088,029						
Sub-total	75,919,636						
Total Deposits and Investments	\$ 140,381,345						
Reconciliation to Financial Statements:							
Cash and cash equivalents	\$ 24,974,180						
Cash and cash equivalents, restricted	2,959,658						
Investments	111,349,003						
Investments, restricted	3,439,804						
	\$ 142,722,645						

Custodial Credit Risk – Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City’s name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City’s name.

The City’s policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at a minimum level of 110% of the uninsured deposits and accrued interest thereon. The City’s policy limits acceptable collateral to U.S. Treasury securities, federally insured obligations, or direct debt obligations of municipalities, counties, and school districts in Oklahoma. Also, as required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement

At June 30, 2017, the City had no exposure to custodial credit risk as defined above.

Investment Credit Risk – The City’s investment policy limits investments, excluding Hospital Authority and Municipal Authority, to the following:

- a. Obligations of the U. S. Government, its agencies and instrumentalities;
- b. Collateralized or insured non-negotiable certificates of deposit or other evidences of deposit that are either insured or secured with acceptable collateral with an in-state financial institution, and fully insured deposits in out-of-state institutions;
- c. Insured or fully collateralized negotiable certificates of deposit;
- d. Repurchase agreements that have underlying collateral consisting of those items specified in paragraph a above; and
- e. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraph a.

Investment credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. The City has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—

as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City’s investment policy indicates that the investment portfolio, shall remain sufficiently liquid to enable the City to meet all operating requirements as anticipated. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments by date range.

As noted in the preceding schedule of deposits and investments, at June 30, 2017, the investments held by the City mature between 2017 through 2030.

Concentration of Investment Credit Risk - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City’s investments in Blackrock (classified as mutual funds – equities) and Vanguard mutual funds each exceed 5%.

Hospital Authority Investments:

The Hospital Authority policy provides that assets be invested to preserve its principal, produce a proscribed level of income, and provide for growth of principal with no outside additions to the fund being anticipated. Assets are to be invested in a diversified portfolio to achieve attractive real rates of return. The investment policy of the Hospital Authority allows for the investment of funds in domestic and international common stocks, government and corporate bonds, short-term fixed income securities maturing in one year or less (cash equivalents); by utilizing primarily index funds, mutual funds, or collective trust funds. In addition, the Hospital Authority may invest portions of the fund corpus, or income, in real estate. Such real estate investments would typically include developed or undeveloped real property located in Midwest City, Oklahoma or its environs, or commingled funds which invest in various kinds of property located throughout the United States. The overall rate of return objective of the portfolio is a highest possible rate of return consistent with the risk levels established by the Board.

The acceptable long-term rate of return is expected to provide equal or superior results, using a three to five year moving average, relative to the following benchmarks:

1. An absolute return objective of the Consumer Price Index plus 4% compounded annually.
2. An income return sufficient to meet any disbursement requirement as stipulated by the Board.
3. A return exceeding the 90 Day U.S. Treasury Bill rate (risk-free rate).
4. Domestic equity fund returns which exceed the S&P 500 Stock index return by 1% (100 basis points), per year and fixed income return which exceed the Barclays Capital Aggregate Bond Index by ½% per year (50 basis points).
5. Stock and bond returns which fall into the top 25% of the Consultant’s Universe (or other representative universe approved by The Board) of common stock and bond funds (referred to as equity and fixed income), with some consistency.
6. Passive domestic returns which replicate the return of the Standard and Poor’s 500 Stock Index, passive fixed returns which replicate the return of the Barclays Capital Aggregate Bond Index,

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017**

and passive international returns which replicate the return of the MSCI EAFE International Index.

7. Active international equity returns which exceeds the MSCI EAFE Index by 1% per year.

Asset allocation guidelines for the Hospital Authority are as follows:

Class	Target	Maximum	June 2017 Percent
Equities - Domestic	20%-70%	85%	72.7%
Fixed Income	2.5%-30%	80%	16.8%
Real Estate	0%	20%	0%
Cash Equivalents	0%	36%	10.5%

Restricted Cash and Investments

The amounts reported as restricted assets of the Enterprise Funds on the Statement of Net Position are comprised of amounts held by the Midwest City Proprietary Debt Service accounts of the trustee bank for revenue bond retirement, and the Customer Deposit Account for refundable deposits held by others. The restricted assets as of June 30, 2017 are as follows:

Cash and Cash Equivalents:	
Pooled Cash Restricted for Debt Service	\$ 2,668,581
Pooled Cash Restricted for Refundable Deposits	<u>291,077</u>
	<u>\$ 2,959,658</u>
Investments:	
Pooled Investments Restricted for Refundable Deposits	\$ 1,098,504
	<u>\$ 1,098,504</u>

3. Lease Receivable

The Hospital Authority entered into an agreement with the Midwest Regional Medical Center (now known as Alliance Health Midwest) to provide funds up to \$25,000,000 to construction two additional floors onto the existing six floor patient tower. The loan is amortized over a 25 year period with an interest rate of 7.5%, will be repaid within 9 years from December 2010, with a balloon payment in November 2019. The loan is secured with a lease receivable for future rental of the facility. At the end of the fiscal year, the City reflects a \$19.6 million receivable in the governmental activities.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

4. Capital Assets and Depreciation

Capital Assets:

For the year ended June 30, 2017, capital assets balances changed as follows:

	Balance at July 1, 2016	Additions	Disposals	Balance at June 30, 2017
PRIMARY GOVERNMENT:				
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 32,682,407	\$ 84,283	\$ -	\$ 32,766,690
Construction in progress	4,660,605	3,584,985	2,299,064	5,946,526
Total capital assets not being depreciated	<u>37,343,012</u>	<u>3,669,268</u>	<u>2,299,064</u>	<u>38,713,216</u>
Capital assets being depreciated:				
Buildings	29,551,161	67,847	-	29,619,008
Machinery and equipment	19,998,437	665,361	129,030	20,534,768
Vehicles	9,235,204	445,535	280,436	9,400,303
Infrastructure	440,578,139	5,728,467	-	446,306,606
Total other capital assets at historical cost	<u>499,362,941</u>	<u>6,907,210</u>	<u>409,466</u>	<u>505,860,685</u>
Less accumulated depreciation for:				
Buildings	11,697,767	656,930	-	12,354,697
Machinery and equipment	14,199,131	1,050,596	125,731	15,123,996
Vehicles	4,787,128	603,356	249,021	5,141,463
Infrastructure	181,791,549	12,097,811	-	193,889,360
Total accumulated depreciation	<u>212,475,575</u>	<u>14,408,693</u>	<u>374,752</u>	<u>226,509,516</u>
Capital assets being depreciated, net	<u>286,887,366</u>	<u>(7,501,483)</u>	<u>34,714</u>	<u>279,351,169</u>
Governmental activities capital assets, net	<u>\$ 324,230,378</u>	<u>\$ (3,832,215)</u>	<u>\$ 2,333,778</u>	<u>\$ 318,064,385</u>

	Balance at July 1, 2016	Additions	Disposals	Balance at June 30, 2017
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 7,572,449	\$ -	\$ -	\$ 7,572,449
Water rights	4,672,610	-	-	4,672,610
Construction in progress	2,443,374	770,588	520,565	2,693,397
Total capital assets not being depreciated	<u>14,688,433</u>	<u>770,588</u>	<u>520,565</u>	<u>14,938,456</u>
Capital assets being depreciated:				
Buildings	31,966,106	145,035	-	32,111,141
Machinery and equipment	13,181,574	872,595	280,330	13,773,839
Vehicles	8,366,688	537,344	138,959	8,765,073
Utility systems	178,921,899	1,026,662	-	179,948,561
Total other capital assets at historical cost	<u>232,436,267</u>	<u>2,581,636</u>	<u>419,289</u>	<u>234,598,614</u>
Less accumulated depreciation for:				
Buildings	9,911,516	719,496	-	10,631,012
Machinery and equipment	8,769,516	639,255	277,663	9,131,108
Vehicles	4,456,576	449,383	138,959	4,767,000
Utility systems	60,617,698	4,016,852	-	64,634,550
Total accumulated depreciation	<u>83,755,306</u>	<u>5,824,986</u>	<u>416,622</u>	<u>89,163,670</u>
Capital assets being depreciated, net	<u>148,680,961</u>	<u>(3,243,350)</u>	<u>2,667</u>	<u>145,434,944</u>
Business-type activities capital assets, net	<u>\$ 163,369,394</u>	<u>\$ (2,472,762)</u>	<u>\$ 523,232</u>	<u>\$ 160,373,400</u>

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017**

Depreciation:

Depreciation expense has been allocated as follows:

Governmental Activities:

General government	\$ 426,366
Public safety	1,313,759
Streets	11,920,788
Culture and recreation	346,788
Health and welfare	27,413
Economic development	<u>305,956</u>
Sub-total governmental funds depreciation	14,341,070

Depreciation on capital assets held by the City's internal service funds is charged to the various functions based upon usage	<u>67,623</u>
Total	<u><u>\$ 14,408,693</u></u>

Business-Type Activities:

Water	\$ 1,077,059
Sewer	2,912,687
Sanitation	459,746
Drainage	275,039
Conference center/hotel	908,590
Golf	110,226
Industrial park	<u>57,073</u>
Total Business Type Activities	5,800,420

Depreciation on capital assets held by the City's internal service funds is charged to the various functions based upon usage	<u>24,566</u>
Total	<u><u>\$ 5,824,986</u></u>

5. Internal and Interfund Balances and Transfers

Internal and Interfund Balances:

Interfund receivables and payables at June 30, 2017 were as follows:

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Receivable Fund	Payable Fund	Amount	Nature of Interfund Balance			
General Gov Sales Tax	Surplus Property	\$ 56,392	Surplus properties sales proceeds to be distributed			
General Fund	Grant Fund	53,251	To cover negative balance in pooled cash			
General Fund	Grant Fund	44,667	To cover negative balance in pooled cash			
General Fund	Fire Fund	1,082,128	Long-term loan for capital improvements			
Police Fund	General Fund	1,561,629	Restricted sales tax payable			
Police Fund	Surplus Property	97,683	Surplus properties sales proceeds to be distributed			
Juvenile Fund	Surplus Property	780	Surplus properties sales proceeds to be distributed			
Fire Fund	General Fund	1,262,632	Restricted sales tax payable			
Fire Fund	Surplus Property	15,614	Surplus properties sales proceeds to be distributed			
Welcome Center	Surplus Property	324	Surplus properties sales proceeds to be distributed			
Convention & Visitor Bureau	Surplus Property	148	Surplus properties sales proceeds to be distributed			
Emergency Operating Fund	Surplus Property	287	Surplus properties sales proceeds to be distributed			
Emergency Operating Fund	Grant Fund	3,750	Grant to be transferred			
Grant Fund	Surplus Property	1,222	Surplus properties sales proceeds to be distributed			
Grant Fund	Police Impound Fee	472	Revenue accrued to be transferred			
Downtown Redevelopment	Reimbursed Project	96,650	Long-term loan for capital improvements			
Hospital Authority	29th and Douglas	65,063	Long-term loan			
Hospital Authority	Surplus Property	2,689	Surplus properties sales proceeds to be distributed			
Capital Improvements Fund	Debt Service	34,617	Revenue accrued to be transferred			
Capital Improvements Fund	Grant Fund	112,000	Grant to be transferred			
Fleet Services Fund	Surplus Property	1	Surplus properties sales proceeds to be distributed			
Storm Water Quality	Surplus Property	54	Surplus properties sales proceeds to be distributed			
Construction Loan Payment	Utilities Capital Outlay	1,210,681	Long-term loan for economic improvements			
Sewer Construction Fund	Capital Imp Revenue Bond	1,923	To cover negative balance in pooled cash			
Sanitation Fund	Surplus Property	69,985	Surplus properties sales proceeds to be distributed			
Water Fund	Surplus Property	14,709	Surplus properties sales proceeds to be distributed			
Sewer	Surplus Property	11,294	Surplus properties sales proceeds to be distributed			
Hotel	Surplus Property	12,365	Surplus properties sales proceeds to be distributed			
Golf	Surplus Property	603	Surplus properties sales proceeds to be distributed			
Debt Service	Debt Service	657,723	Revenue accrued to be transferred			
		<u>\$ 6,471,336</u>				
Reconciliation to Fund Financial Statements:						
		Due From Other Funds	Advance From Other Funds	Due To Other Funds	Advance To Other Funds	Net Internal Balances
Governmental Funds		\$ 3,248,157	\$ 3,439,804	\$ 70,333	\$ 7,900	\$ 6,609,728
Proprietary Funds		768,656	1,210,681	1,923	1,275,744	\$ 701,670
Internal Service Funds		1	-	284,150	-	\$ (284,149)
Total		<u>\$ 4,016,814</u>	<u>\$ 4,650,485</u>	<u>\$ 356,406</u>	<u>\$ 1,283,644</u>	<u>\$ 7,027,249</u>
Reconciliation to Statement of Net Position:						
Net Internal Balances		\$ 701,670				
Internal Service Fund Activity reported in Business-Type Activities		(1,429,718)				
Net Internal Balances		<u>\$ (728,048)</u>				

Internal and Interfund Transfers:

The City's policy is to eliminate interfund transfers between funds in the Statement of Activities to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and then offset in the total column. Internal activities between funds and activities for the year ended June 30, 2017 were as follows:

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017**

Transfer In	Transfer Out	Amount	Nature of Transfer
General Fund	Fire Fund	\$ 166,000	Code Enforcement Allocation
General Fund	Storm Water Quality Fund	41,907	Indirect Cost Allocation
General Fund	Sanitation Fund	763,936	Indirect Cost Allocation
General Fund	Water Fund	748,459	Indirect Cost Allocation
General Fund	Sewer Fund	772,099	Indirect Cost Allocation
General Fund	Capital Improvement Revenue Bond Fund	8,066,558	Debt Service Subsidy
General Fund	Community Development Block Grant	5,489	Grant Subsidy
General Fund	Downtown Redevelopment Authority	16,581	Retired Employee Insurance Subsidy
General Fund	Hospital Authority	16,580	Retired Employee Insurance Subsidy
General Gov Sales Tax	General Fund	4,485	Capital Outlay Subsidy
General Gov Sales Tax	G.O.Debt Services	15,531	Capital Outlay Subsidy
Street and Alley Fund	General Fund	250,000	Capital Outlay Subsidy
Street and Alley Fund	Water Fund	104,761	Capital Outlay Subsidy
Technology Fund	General Gov Sales Tax	4,800	Reimburse Cost
Technology Fund	Emergency Operations Fund	47,957	Contract Cost Allocation
General Fund	General Gov Sales Tax	92,500	Reimburse Cost
General Fund	Housing Grants	268	Grant Subsidy
Police Fund	General Fund	9,886,401	Ordinance Obligation
Police Fund	Downtown Redevelopment Authority	53,773	Retired Employee Insurance Subsidy
Police Fund	Hospital Authority	53,774	Retired Employee Insurance Subsidy
Juvenile Fund	General Fund	42,000	Operating Subsidy
Fire Fund	Grants Fund	7,913,808	Ordinance Obligation
Fire Fund	Downtown Redevelopment Authority	90,103	Retired Employee Insurance Subsidy
Fire Fund	Hospital Authority	90,104	Retired Employee Insurance Subsidy
Emergency Management Fund	Grants Fund	15,000	Grant Subsidy
General Fund	Park and Recreation	25,000	Operating Subsidy
Grants Fund	General Fund	149,509	City Match of CDBG Program
Grants Fund	Downtown Redevelopment Authority	1,647	Retired Employee Insurance Subsidy
Grants Fund	Hospital Authority	1,646	Retired Employee Insurance Subsidy
Grants Fund	Police Impound Fee	3,608	Grant Subsidy
General Fund	Grant Fund	76,813	Grant Subsidy
Hospital Authority	Downtown Redevelopment Authority	325,000	Return on owners investment
Hospital Authority	Convention and Visitor Bureau	40,000	Operating Subsidy
Police Capitalization	Police Impound Fee	5,000	Capital Outlay Subsidy
Capital Improvement Fund	Grants Fund	112,000	Grant Subsidy
Capital Improvement Fund	Revenue Bond Sinking Fund	206,967	Capital Outlay Subsidy
Public Works Administration	Downtown Redevelopment Authority	400	Retired Employee Insurance Subsidy
Public Works Administration	Hospital Authority	401	Retired Employee Insurance Subsidy
Fleet Services Fund	Downtown Redevelopment Authority	2,741	Retired Employee Insurance Subsidy
Fleet Services Fund	Hospital Authority	2,741	Retired Employee Insurance Subsidy
Risk Management	Downtown Redevelopment Authority	600	Retired Employee Insurance Subsidy
Risk Management	Hospital Authority	601	Retired Employee Insurance Subsidy
L&H Benefit	Downtown Redevelopment Authority	125,301	Operating Subsidy
L&H Benefit	Hospital Authority	300	Retired Employee Insurance Subsidy
Trailer Park Fund	Downtown Redevelopment Authority	124,350	Debt Service Subsidy
Storm Water Quality Fund	Downtown Redevelopment Authority	400	Retired Employee Insurance Subsidy
Storm Water Quality Fund	Hospital Authority	401	Retired Employee Inst
Capital Water Improve	Capital Improvement Revenue Bond Fund	49,441	Capitalize Interest Cost
Construction Loan Payment	Capital Improvement Revenue Bond Fund	44,883	Capitalize Interest Cost
Utility Services	Downtown Redevelopment Authority	715	Retired Employee Insurance Subsidy
Utility Services	Hospital Authority	714	Retired Employee Insurance Subsidy
Utilities Capital Outlay	Grants Fund	209,444	Grant Subsidy
Sanitation	Downtown Redevelopment Authority	1,429	Retired Employee Insurance Subsidy
Water Fund	Downtown Redevelopment Authority	1,521	Retired Employee Insurance Subsidy
Water Fund	Hospital Authority	1,520	Retired Employee Insurance Subsidy
Sewer Fund	Downtown Redevelopment Authority	4,788	Retired Employee Insurance Subsidy
Sewer Fund	Hospital Authority	4,788	Retired Employee Insurance Subsidy
Utility Authority	Grant Fund	60,423	Capital Outlay Subsidy
Utility Authority	Capital Sewer	140,000	Capital Outlay Subsidy
Hotel/Conference Center	Capital Improvement Fund	740,000	Eliminate Inter-Funds Due to/Due from
Hotel/Conference Center	Capital Improvement Revenue Bond Fund	1,144	Capitalize Interest Cost
Capital Improvement Revenue Bond Fund	Sewer Construction Fund	1,297,290	Debt Service Subsidy
Capital Improvement Revenue Bond Fund	Revenue Bond Sinking Fund	5,235,354	Debt Service Subsidy
Capital Improvement Revenue Bond Fund	General Fund	8,066,558	Debt Service Subsidy
		\$ 46,329,742	

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Internal and Interfund Transfers:

	Transfers From Other Funds	Transfers To Other Funds	Net Transfers
Reconciliation to Fund Financial Statements:			
Governmental Funds	\$ 532,464	\$ 30,210,064	\$ 30,742,528
Proprietary Funds	15,986,593	(12,030,477)	3,956,116
Internal Service Funds	133,085	-	133,085
Total	\$ 16,652,142	\$ 18,179,587	\$ 34,831,729
 Reconciliation to Statement of Activities:			
Net Transfers			\$ 3,956,916
Capital Contributions to Enterprise Fund			6,077
Transfers - Internal Activity			\$ 3,962,993

6. Long-Term Liabilities

The City's long term debt consists of general obligation bonds, notes payable, revenue bonds payable accrued compensated absences, net OPEB obligation and net pension liabilities. For the year ended June 30, 2017, the City's long-term debt balances changed as follows:

Primary Government:

<u>Type of Debt</u>	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 2,700,000	\$ -	\$ 1,400,000	\$ 1,300,000	\$ 325,000
Notes Payable	21,983,066	-	646,956	21,336,110	683,969
Accrued Compensated Absences	5,043,849	3,204,139	2,730,806	5,517,182	1,821,217
Refundable Deposits	78,055	-	7,722	70,333	70,333
Total Governmental Activities	\$ 29,804,970	\$ 3,204,139	\$ 4,777,762	28,223,625	2,900,519
 Reconciliation to Statement of Net Position:					
Plus: Net OPEB Obligation				7,031,224	-
Net Pension Liability				35,579,656	-
				\$ 70,834,505	\$ 2,900,519
 Business-Type Activities:					
Notes Payable	\$ 216,090	\$ -	\$ 216,090	\$ -	\$ -
Revenue Bonds Payable	57,860,000	-	4,185,000	53,675,000	4,325,000
Revenue Bonds Premium	2,353,024	-	265,891	2,087,133	-
Refundable Deposits	1,468,052	491,149	477,345	1,481,856	192,503
Accrued Compensated Absences	1,374,312	898,668	781,372	1,491,608	569,866
Total Business-Type Activities	\$ 63,271,478	\$ 1,389,817	\$ 5,925,698	\$ 58,735,597	\$ 5,087,369
 Reconciliation to Statement of Net Position:					
Plus: Net OPEB Obligation				2,761,336	-
				\$ 61,496,933	\$ 5,087,369

Accrued compensated absences liability of the governmental activities is liquidated by the General Fund, Police Fund, the Fire Fund, Juvenile Fund, Grant Fund, Welcome Center Fund, Convention and Visitors Bureau Fund, Technology Fund, Park and Recreation Fund, Downtown Redevelopment Fund, Hospital

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017**

Authority, and the Emergency Operations Fund. Net pension liability and OPEB are paid from the General Fund, Police Fund and fire Fund.

Governmental activities long-term debt payable from property tax levies or other governmental revenues includes the following:

General Obligation Bonds:

\$4,500,000 general obligation bonds dated May 1, 2006 for public safety, payable in annual installments of \$275,000 the first year and \$325,000, thereafter, with interest rates of 3.75% to 3.95%, repaid by property tax levies. Final maturity in May 2021. Current portion \$325,000.

		<u>\$ 1,300,000</u>
Total general obligation bonds		<u>\$ 1,300,000</u>
Current	\$	325,000
Non-current		<u>975,000</u>
Total	\$	<u><u>1,300,000</u></u>

Notes Payable:

\$25,000,000 construction loan for hospital addition, payable in monthly installments beginning December 2010 of \$154,710; final payment due November 2019 of \$19,773,124; interest rate equal to the variable rate equal to the "Prime Rate," as quoted in the Money Rates Section of The Wall Street Journal, adjusted daily, with a minimum interest rate of five and one-half percent (5.50%) per annum and a maximum interest rate of eleven percent (11%) per annum with payments adjusted annually; current rate is 5.5%; construction interest rate of 5.5%. Secured by a first mortgage lien on the property. Current portion \$683,969.

		<u>\$ 21,336,110</u>
Total notes payable		<u>\$ 21,336,110</u>
Current	\$	683,969
Non-current		<u>20,652,141</u>
Total	\$	<u><u>21,336,110</u></u>

Business-type activities long-term debt payable from net revenues generated and taxes pledged to the City's business-type activities include the following:

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Revenue Bonds Payable:

\$26,630,000 Series 2011 Capital Improvement Revenue Bonds, due in annual principal installments of \$855,000 to \$1,740,000 through September 1, 2033; interest rate from 0.4% to 5.0%.

	\$ 22,175,000
Unamortized Revenue Bond Premium	<u>92,494</u>
Total Revenue Bonds, Net	<u><u>\$ 22,267,494</u></u>

	\$ 970,000
Current	<u>21,205,000</u>
Non-current	<u>\$ 22,175,000</u>
Total	<u><u>\$ 22,175,000</u></u>

\$46,550,000 Series 2011A Capital Improvement Revenue Bonds, due in annual principal installments of \$2,605,000 to \$4,530,000 through June 30, 2025; interest rate from 0.5% to 5.0%.

	\$ 31,500,000
Unamortized Revenue Bond Premium	<u>1,994,637</u>
Total Revenue Bonds, Net	<u><u>\$ 33,494,637</u></u>

	\$ 3,355,000
Current	<u>28,145,000</u>
Non-current	<u>\$ 31,500,000</u>
Total	<u><u>\$ 31,500,000</u></u>

Long-term debt service requirements to maturity are as follows:

Governmental-Type Activities				
Year Ending June 30,	G.O. Bonds Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2018	\$ 325,000	\$ 51,350	\$ 683,969	\$ 1,172,560
2019	325,000	38,513	723,100	1,133,429
2020	325,000	25,675	19,929,041	462,927
2021	325,000	12,837	-	-
	<u><u>\$ 1,300,000</u></u>	<u><u>\$ 128,375</u></u>	<u><u>\$ 21,336,110</u></u>	<u><u>\$ 2,768,916</u></u>

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Business-Type Activities

<u>Year Ending June 30,</u>	Revenue Bonds Payable	
	Principal	Interest
2018	\$ 4,325,000	\$ 2,185,788
2019	4,495,000	2,000,538
2020	4,715,000	1,774,662
2021	4,925,000	1,575,288
2022	5,130,000	1,366,350
2023-2027	19,275,000	3,787,275
2028-2032	7,405,000	1,485,566
2033-2034	3,405,000	142,003
	\$ 53,675,000	\$ 14,317,470

Pledge of Future Revenues

Sales Tax Pledge - The City has pledged one-fourth of one percent (or .25%) of future sales tax revenues to repay the 2011 Revenue Bonds which are payable through 2033. Proceeds from the bond provided financing to advance refund the 2003 Revenue Bonds which were originally used for construction and equipping the Sheraton Hotel and the Reed Conference Center. The total principal and interest payable for the remainder of the life of the bond is \$30,320,019. Pledged sales taxes transferred in the current year was \$13,506,337. Debt service payments on 2011 Revenue Bonds of \$1,794,800 for the current fiscal year were 13.3% of pledged sales tax. Other sources of revenues such as water and sewer are also pledged. Total net revenues including utilities and sales tax pledged was \$18,757,621.

Sales Tax Pledge - The City has pledged one-fourth of one percent (or .25%) of future sales tax revenues to repay the 2011A Revenue Bonds which are payable through 2025. Proceeds from the bond provided financing for construction and improvements to the wastewater treatment plant. The total principal and interest payable for the remainder of the life of the bond is \$37,672,450. Pledged sales taxes transferred in the current year was \$13,506,337. Debt service payments on the bonds were \$4,708,963 for the current fiscal year or 34.9% of pledged sales tax. Other sources of revenues such as water and sewer are also pledged. Total net revenues including utilities and sales tax pledged was \$18,757,621.

7. Net Position and Fund Balances

The following table shows the net position that is restricted:

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Fund	Restricted By	Amount
Hospital Authority	Enabling legislation	\$ 84,216,371
Technology Fund	Enabling legislation	385,604
Police Impound Fund	Enabling legislation	189,991
Urban Renewal Authority	Enabling legislation	3,804
Capital Outlay Reserve Fund	Enabling legislation	746,652
General Fund	Enabling legislation	153,025
Street Lighting Fund	Enabling legislation	579,338
		<u>86,274,785</u>
Street and Alley Fund	Statutory requirements	891,073
Juvenile Fund	Statutory requirements	17,718
Police Special Projects	Statutory requirements	203,609
Police Lab Fee	Statutory requirements	18,494
		<u>1,130,894</u>
Grant Fund	External contracts	168,639
General Fund	External contracts	1,514,891
Police Fund	External contracts	3,664,988
Fire Fund	External contracts	1,604,511
Park and Recreation Fund	External contracts	660,899
Emergency Operation Fund	External contracts	621,366
Welcome Center	External contracts	359,974
Convention and Visitors Bureau	External contracts	178,550
GO Debt Service Fund	External contracts	449,735
2002 GO Street Bond	External contracts	546,646
Downtown Redevelopment	External contracts	1,818,804
Dedicated Tax Fund	External contracts	1,262,788
Capital Improvement Fund	External contracts	2,252,558
General Government Sales Tax Fund	External contracts	1,679,145
		<u>16,783,494</u>
Total Restricted Net Position		<u>\$ 104,189,173</u>

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017**

The following table shows the fund balance classifications as shown on the Governmental Funds Balance Sheet:

	Major Special Revenue Funds				Other	
	General Fund	Police Fund	Fire Fund	Hospital Authority	Governmental Fund	Total
Fund Balance:						
Nonspendable:						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ 60,000
Deposits held by others	1,082,128	-	-	3,439,804	708,575	5,230,507
Prepaid expenses	4,200	-	-	-	-	4,200
	1,086,328	-	-	3,439,804	768,575	5,294,707
Restricted:						
Public safety	871,178	3,664,988	1,604,511	-	1,051,178	7,191,855
Hospital	-	-	-	85,836,679	-	85,836,679
General obligation debt service	-	-	-	-	189,868	189,868
Capital improvements	-	-	-	-	6,497,159	6,497,159
Street improvements	-	-	-	-	2,388,773	2,388,773
Street operations	-	-	-	-	891,073	891,073
Technology improvements	-	-	-	-	385,604	385,604
Culture and rec programs	361,894	-	-	-	1,020,873	1,382,767
Economic development	405,954	-	-	-	350,993	756,947
Public works	15,750	-	-	-	-	15,750
Health and welfare programs	28,887	-	-	-	-	28,887
Sub-total restricted	1,683,663	3,664,988	1,604,511	85,836,679	12,775,521	105,565,362
Committed to:						
Economic development	-	-	-	1,424,055	-	1,424,055
Assigned to:						
Capital improvements	-	-	-	-	163,679	163,679
Culture and rec programs	99,573	-	-	-	-	99,573
Health and welfare programs	73,444	-	-	-	-	73,444
Capital improvements	-	-	-	-	1,730,124	1,730,124
Public safety	502,578	-	-	-	-	502,578
Economic development	-	-	-	-	59,456	59,456
General government	26,745	-	-	-	-	26,745
Public works	76,905	-	-	-	-	76,905
Appropriation for use in FY 17-18 budget	646,112	-	-	-	-	646,112
General government - encumbrances	17,946	-	-	-	-	17,946
Public safety - encumbrances	1,212	-	-	-	-	1,212
Public works - encumbrances	37,142	-	-	-	-	37,142
Culture and rec - encumbrances	663	-	-	-	-	663
Economic development - encumbrances	45,567	-	-	-	-	45,567
Health and welfare - encumbrances	202,157	-	-	-	-	202,157
Sub-total assigned	1,730,044	-	-	-	1,953,259	3,683,303
Unassigned:	1,846,876	-	-	-	-	1,846,876
TOTAL FUND BALANCE	\$ 6,346,911	\$ 3,664,988	\$ 1,604,511	\$ 90,700,538	\$ 15,497,355	\$ 117,814,303

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

The following is a breakdown of encumbrances at June 30, 2017:

Fund	Balance
Major Funds:	
General Fund	\$ 229,271
Police Fund	227,870
Fire Fund	27,972
Hospital Authority	581,260
	<u>\$ 1,066,373</u>
Non Major Fund:	
General Govt Sales Tax	\$ 95,327
Street and Alley Fund	65,615
Technology Fund	14,020
Police Federal Projects	72
Police Lab Fund	1,797
Police Impound Fund	3,780
Welcome Center Fund	11,598
Convention and Visitor Bureau	3,725
Street Tax Fund	139,249
Emergency Operations Fund	23,254
Park and Recreation Fund	26,890
Grant Fund	12,374
Capital Improvement Fund	75,937
Downtown Redevelopment Fund	106,634
Debt Service	
	<u>\$ 580,272</u>

Per resolution, the City Council has established a minimum fund balance policy for the General Fund equal to ten percent (10%) of the fund's budgetary operating expenditures each fiscal year. In addition, a reserve equal to five percent (5%) of the budgetary operating expenditures for each fund has been established for the following funds: Police Fund, Fire Fund, Welcome Center Fund, Convention and Visitors Bureau Fund and the Juvenile Fund. The reserves are to ensure the fiscal solvency of the City as a safeguard and all or a portion of the reserves may be appropriated by the city council as necessary in the event of a natural disaster or other catastrophic circumstances, or in the event of significant accounting errors.

The City restated beginning net position of the governmental activities and the Hospital Authority fund balance as follows:

	Governmental Activities	Governmental Funds/ Hospital Authority
Beginning net position/fund balance, as previously reported	\$ 401,793,617	\$ 81,737,739
Correction of economic development activity incorrectly classified as an investment	(2,137,487)	(2,137,487)
Beginning net position/fund balance, restated	<u>\$ 399,656,130</u>	<u>\$ 79,600,252</u>

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017**

The net position and fund balance were restated to correct an error. The City recorded payments for economic development activities during the fiscal year ended June 30, 2016 as the purchase of land; the payments should have been reported as economic development expenses.

In addition, the City consolidated four enterprise fund accounts previously classified as non-major enterprise funds into the Municipal Authority major enterprise fund. This restatement increased beginning net position of the Municipal Authority and reduced beginning net position of the non-major enterprise funds by \$7,984,857.

8. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City manages these various risks of loss as follows:

- General Liability – Covered through self-insurance with stop-loss for individual claims in excess of \$250,000 and aggregate stop loss of \$1,000,000.
- Physical Property – Covered through purchased insurance with deductibles, by coverage as follows:

Wind/hail	\$100,000
All other losses	25,000
EDP	1,000
Inland marine	5,000
Fine arts deductible	1,000
Automobile physical damage	2,500

- Workers’ Compensation – Workers’ compensation is covered through self-insurance with the a third party administering the claims process. The City carry’s stop-loss insurance for individual claims in excess of \$450,000 for non-uniform employees and \$500,000 for uniform employees with an aggregate stop loss of \$1,000,000.
- Employee’s Group Medical –Covered through self-insurance using a third party administrator to process medical claims. The City uses the third party processor’s estimates to record group insurance claims payable. The City also has a stop-loss policy which covers individual claims in excess of \$150,000 during any year with aggregate stop loss of \$7,591,989.

Management believes the insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

Claims Liability Analysis

The claims liabilities related to the above noted risks of loss that are retained are determined in accordance with the requirements of Statement of Financial Accounting Standards No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. For the internal service self-insurance funds, changes in the claims liability for the City from June 30, 2014, to June 30, 2017, are as follows:

	<u>Risk Fund</u>	<u>Health Care</u>	<u>Total</u>
Claims liability, June 30, 2014	2,241,000	532,770	2,773,770
Claims and changes in estimates	806,158	6,799,627	7,605,785
Claims payments	<u>(842,158)</u>	<u>(6,792,826)</u>	<u>(7,634,984)</u>
Claims liability, June 30, 2015	2,205,000	539,571	2,744,571
Claims and changes in estimates	597,468	5,761,091	6,358,559
Claims payments	<u>(998,468)</u>	<u>(5,751,574)</u>	<u>(6,750,042)</u>
Claims liability, June 30, 2016	1,804,000	549,088	2,353,088
Claims and changes in estimates	1,307,827	4,848,703	6,156,530
Claims payments	<u>(1,213,827)</u>	<u>(5,019,395)</u>	<u>(6,233,222)</u>
Claims liability, June 30, 2017	<u>\$ 1,898,000</u>	<u>\$ 378,396</u>	<u>\$ 2,276,396</u>

9. Retirement Plan Participation

The City of Midwest City participates in three pension or retirement plans:

1. Oklahoma Police Pension and Retirement System (OPPRS) - a statewide cost-sharing plan
2. Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
3. Oklahoma Municipal Retirement Fund (OMRF-DCP) – an agent multiple-employer defined contribution plan

Summary Defined Benefit Plans Balances:

	<u>Governmental</u> <u>Activities</u>
Net Pension Liability	
Police Pension System	\$ 3,490,072
Firefighter's Pension System	<u>32,089,584</u>
Total Net Pension Liability	<u>\$ 35,579,656</u>
Deferred Outflows of Resources	
Police Pension System	\$ 4,287,107
Firefighter's Pension System	<u>5,846,253</u>
Total Deferred Outflows of Resources	<u>\$ 10,133,360</u>
Deferred Inflows of Resources	
Police Pension System	\$ 441,376
Firefighter's Pension System	<u>62,853</u>
Total Deferred Inflows of Resources	<u>\$ 504,229</u>

Oklahoma Police Pension and Retirement Systems

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Police Pension & Retirement System (OPPRS) and additions to/deductions from OPPRS's fiduciary net position have been determined on the same basis as they are reported by OPPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan description - The City of Midwest City, as the employer, participates in the Oklahoma Police Pension and Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at www.ok.gov/OPPRS.

Benefits provided - OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$788,522. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$691,229 is reported as both revenue and expenditure in the Police Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$818,484. These on-behalf payments do not meet the criteria of a special funding situation.

The City's contract with the union provides that member contributions will be 3% and employer contributions will be 18%.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2017, the City reported a liability of \$3,490,072 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2016. Based upon this information, the City's proportion was 2.279% at June 30, 2016, which was a decrease of .000459% compared to its proportion at June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$1,274,892. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,196	\$ 392,040
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	3,353,365	-
Changes in proportion and differences between City contributions and proportionate share of contributions City contributions subsequent to the measurement date	134,024	49,336
	<u>788,522</u>	<u>-</u>
Total	<u>\$ 4,287,107</u>	<u>\$ 441,376</u>

The \$788,522 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other deferred outflows and deferred inflows of resources related to pensions are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period. The net deferred outflows related to the difference between expected and actual investment earnings and is being

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017**

amortized over a closed 5-year period as of the beginning of each measurement period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2018	\$	510,922
2019		510,922
2020		1,197,285
2021		843,620
2022		(5,540)
Thereafter		-
	<u>\$</u>	<u>3,057,209</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all prior periods included in the measurement:

- Inflation: 3%
- Salary increases: 4.5% to 17% average, including inflation
- Investment rate of return: 7.5% net of pension plan investment expense
- Mortality rates:
 - Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.
 - Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.
 - Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.
- Cost-of-living Adjustment: Police officers eligible to receive increased benefits according to repealed Section 50-150 of Title 11 of the Oklahoma Statutes pursuant to a court order receive and 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.

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017**

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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, are summarized in the following table:

<u>Asset Class</u>	<u>Real Rate of Return</u>
Fixed income	3.27%
Domestic equity	5.16%
International equity	8.61%
Real estate	4.97%
Private equity/debt	8.32%
Commodities	2.42%

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

Discount Rate-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate-The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	(6.5%)	Rate (7.5%)	(8.5%)
Employers' net pension liability (asset)	\$ 9,156,813	\$ 3,490,072	\$ (1,294,625)

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

Oklahoma Fire Pension and Retirement Systems

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Firefighters Pension & Retirement System (FPRS) and additions to/deductions from FPRS's fiduciary net position have been determined on the same basis as they are reported by FPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan description - The City of Midwest City, as the employer, participates in the Firefighters Pension & retirement—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at www.ok.gov/fprs.

Benefits provided - FPRS provides retirement, disability, and death benefits to members of the plan. Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have complete 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more of service

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have complete 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more of service

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$1,144,695. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$2,257,612 this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017**

on-behalf contributions on an accrual basis of \$2,425,148. These on-behalf payments did not meet the criteria of a special funding situation.

The City's contract with the union provides that member contributions will be 5% and employer contributions will be 18%.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2017, the City reported a liability of \$32,089,584 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2016. Based upon this information, the City's proportion was 2.627%, at June 30, 2016, which was an increase of .013706% compared to its proportion at June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$3,732,056. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 860,234	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,963,390	-
Changes in proportion and differences between City contributions and proportionate share of contributions	1,877,934	-
City contributions during the measurement period		62,853
City contributions subsequent to the measurement date	1,144,695	-
Total	\$ 5,846,253	\$ 62,853

The \$1,144,695 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other deferred outflows of resources related to pensions are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period. The net deferred outflows of resources related to the difference between expected and actual investment earnings and is being amortized over a closed 5-year period as of the beginning of each measurement period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017**

Year ended June 30:

	2018	\$	667,423
	2019		667,423
	2020		1,689,589
	2021		1,367,006
	2022		222,524
	Thereafter		24,740
		\$	4,638,705

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	3.5% to 9.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, 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%	5.18%
Domestic equity	47%	8.70%
International equity	15%	10.87%
Real estate	10%	7.23%
Other assets	8%	6.24%

Discount Rate-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017**

of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate-The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability	\$ 40,622,739	\$ 32,089,584	\$ 24,935,259

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

OMRF Defined Contribution Plan:

The City has provided a defined contribution plan and trust known as the City of Midwest City Plan and Trust (the "Plan") in the form of the Oklahoma Municipal Retirement System Master Defined Contribution Plan an agent multiple employer defined contribution plan. OMRF operations are supervised by a nine-member Council of Trustees elected by the participating municipalities. The Plan is administered by JPMorgan Chase of Oklahoma City. The defined contribution plan is available to all full-time employees on a voluntary basis who are not participating in a state sponsored plan. According to City Ordinance, the employee and employer are required to contribute amounts equal to 0.0% and 14%, respectively, of the employee's salary each month. The employer's contributions for each employee are 50% vested after five years, with 10% vesting for each subsequent year thereafter. If an employee terminates before becoming fully vested, the employer's contributions that are forfeited are allocated to the remaining fund participants based on percentage of contribution. The authority to establish and amend the provisions of the plan rests with the City Council. For the year ended June 30, 2017, the City contributed \$2,129,773 to the plan, while the employee contributions totaled \$8,338.

OMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 525 Central Park Drive, Suite 320, Oklahoma City, Oklahoma, 73105, by calling (405) 606-7880, or at www.okmrf.org.

10. Postemployment Healthcare Plan

Plan Description. The City sponsors Medical, Rx, and Dental insurance to qualifying retirees and their dependents. Coverage is provided through self-insurance that collectively operates as a substantive single-employer defined benefit plan. Qualifying retirees are those employees who are eligible for immediate disability or retirement benefits under the Oklahoma Police Pension and Retirement System, Oklahoma Firefighter's Pension and Retirement System, or the City of Midwest City Retirement Plan. Retirees may continue coverage with the City by paying the determined rate. Coverage is available for each of the lifetimes of retirees and their spouses. Authority to establish and amend benefit provisions rest with the City Council. Retirees may continue coverage with the City by paying the premium rate.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Benefits are paid from general operating assets of the City as assessed by the self-insurance fund. The plan does not issue separate financial statements.

Funding Policy. The contribution requirements of plan members and the City are established by the City Council. Annual health insurance premium amounts are established by the City Council. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2017, the actuarially expected City contribution in the form of net age adjustment was \$620,842 to the Plan. Plan members receiving benefits contributed \$990,439 of the total premiums, through their payment of the full determined premium in FY 2017.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The following table shows the components of the City's annual OPEB cost, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the year ended June 30, 2017:

Amortization of Actuarial Accrued Liability (AAL)	\$	1,407,356
Normal Cost		348,690
Interest on Net OPEB Obligation		452,663
Amortization of Net OPEB Obligation		(588,554)
Annual OPEB cost (expense)		1,620,155
Expected net benefits during the year		(1,357,335)
Increase in net OPEB obligation		262,820
Net OPEB obligation—beginning of year		9,529,740
Net OPEB obligation—end of year	\$	9,792,560

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/15	\$ 1,498,968	81%	\$ 8,370,342
6/30/16	\$ 1,498,968	81%	\$ 9,529,740
6/30/17	\$ 1,620,155	83.78%	\$ 9,792,560

Funded Status and Funding Progress. As of July 1, 2017, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$22,655,086, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$22,655,086. The covered payroll (annual payroll of active employees covered by the plan) was \$30.5 million, and the ratio of the UAAL to the covered payroll was 74.18 percent. Because the plan is a substantive plan there are no plan assets.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2017, actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 4.75 percent (1.75% real rate of return plus 3.00% inflation) investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the Plan at the valuation date, and an annual healthcare cost trend rate of 7 percent initially, reduced by decrements to an ultimate rate of 5 percent in 2021. The UAAL is being amortized over 30 years based on a level dollar basis on an open basis. The remaining amortization period at July 1, 2017, was thirty years. As of the date of this valuation, there are no plan assets.

The Net OPEB Obligation is shared by the governmental activities and the proprietary funds based upon their percentage of current employees. The governmental activities and the proprietary funds record \$7,031,244 and \$2,761,336, respectively, of the Net OPEB Obligation. In the governmental activities the obligation is shared by the general government function \$2,387,570, the police function \$2,574,735, and the fire function \$1,732,133 and internal service allocation \$336,806.

11. Commitments and Contingencies

Construction Contracts Outstanding

The following construction contracts were outstanding at June 30, 2017:

Utility Line Relocation- 15th Sooner/Buena Vista	\$ 250,000
	<u>\$ 250,000</u>

Litigation

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court assessed judgment rendered against the City. While the outcome of the above noted proceedings cannot be predicted, due to the

insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

Grant Programs

The City of Midwest City participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Hospital Lease

Midwest Regional Medical Center, now known as Alliance Health Midwest, is being operated by a private for-profit corporation under a lease agreement with the Midwest City Memorial Hospital Authority and the City of Midwest City. In January 2014, that corporation was acquired by a third party. Under the terms of the lease agreement, the Hospital Authority had to be provided a right of first refusal which provided an opportunity to terminate the lease under certain circumstances. As part of the right of first refusal process, the Hospital Authority paid a good faith deposit of \$4,193,251 but rescinded its exercise of its right of first refusal allowing the acquiring company to continue operating the hospital. This matter was settled in late November 2016 and the Hospital Authority recovered the deposit and legal fees.

12. Subsequent Event

The Hospital Authority issued \$16,475,000 in bond anticipation notes in July, 2017 for the Sooner Rose TIF District. The notes will be repaid on or before July 1, 2018 when the Hospital Authority obtains long-term financing. It is expected that the Hospital Authority will issue two series of bonds with a 20 year term. 50% of the debt will be repaid with ad valorem increment generated within the TIF district and the other 50% will be repaid with a portion of the sales tax generated within the district.

In November 2018, voters approved an increase in the City's sales tax rate from 3.85% to 4.6%, effective January 1, 2018.

13. Future Accounting Pronouncements

The GASB has issued several new accounting pronouncements, which will be effective in subsequent years. A description of the new accounting pronouncements, the fiscal year in which they are effective, and the City's consideration of the impact of these pronouncements are described below:

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – GASB No., 75 was issued in June 2015, and addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For a defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement is effective for fiscal years beginning after June 15, 2017. The City has not yet determined the impact that implementation of GASB 75 will have on its net position, although it will be material.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* – GASB 81 was issued in March 2016, to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. At this time, the impact to the city is unknown.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued December 2016, will be effective for the City beginning with its fiscal year ending June 30, 2019. Under Statement No. 83, a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets is required to recognize a liability and a corresponding deferred outflow of resources. The Statement identifies the circumstances that trigger the recognition of these transactions. The Statement also requires the measurement of an asset retirement obligation to be based on the best estimate of the current value of outlays expected to be incurred while the deferred outflow of resources associated with the asset retirement obligation will be measured at the amount of the corresponding liability upon initial measurement and generally recognized as an expense during the reporting periods that the asset provides service. The Statement requires disclosures including a general description of the asset retirement obligation and associated tangible capital assets; the source of the obligation to retire the assets; the methods and assumptions used to measure the liability; and other relevant information. The City has not yet determined the impact that implementation of GASB 80 will have on its net position.

GASB Statement 84, *Fiduciary Activities*, issued January 2017, will be effective for the City for the City beginning with its fiscal year ending June 30, 2019. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The City has not yet determined the impact that implementation of GASB 80 will have on its net position.

GASB Statement 85, *Omnibus 2017*, issued March 2017, will be effective for the City beginning with its fiscal year ending December 31, 2018. This Statement address a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The City has not yet determined the impact that implementation of GASB 85 will have on its net position.

GASB Statement 86, *Certain Debt Extinguishment Issues*, issued May 2017, will be effective for the City beginning with its fiscal year ending December 31, 2018. The primary objective of this Statement is to improve the consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The City has not yet determined the impact that implementation of GASB 86 will have on its net position.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

GASB Statement 87, *Leases*, issued June 2017, will be effective for the City beginning with its fiscal year ending December 31, 2020. The primary objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City has not yet determined the impact that implementation of GASB 87 will have on its net position.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017**

Budgetary Comparison Schedules – Year Ended June 30, 2017

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 756,610	\$ 647,421	\$ 4,698,438	\$ 4,051,017
Resources (Inflows):				
Taxes	23,550,854	23,550,854	22,855,725	(695,129)
Charges for services	478,099	632,390	564,808	(67,582)
Fines and forfeitures	784,743	703,943	691,548	(12,395)
Licenses and permits	1,737,078	1,737,078	1,369,741	(367,337)
Investment income	379,123	379,123	384,328	5,205
Intergovernmental	165,118	163,638	140,049	(23,589)
Miscellaneous	316,375	412,469	474,939	62,470
Total Resources (Inflows)	<u>27,411,390</u>	<u>27,579,495</u>	<u>26,481,138</u>	<u>(1,098,357)</u>
Amounts available for appropriation	<u>28,168,000</u>	<u>28,226,916</u>	<u>31,179,576</u>	<u>2,952,660</u>
Charges to Appropriations (Outflows):				
City Manager	493,393	490,105	480,452	9,653
City Clerk	94,319	94,240	88,247	5,993
Personnel	444,401	437,269	376,685	60,584
City Attorney	103,468	101,808	92,777	9,031
Community Development	1,939,088	2,171,475	1,817,558	353,917
Park & Recreation	827,068	986,163	819,610	166,553
Finance	689,144	681,168	616,721	64,447
Animal Welfare	487,732	481,130	390,240	90,890
Municipal Court	499,746	507,165	494,621	12,544
Streets	2,940,103	2,961,691	2,832,215	129,476
General Government	1,156,272	1,204,997	1,063,742	141,255
Neighborhood Services	1,462,714	1,660,423	1,477,873	182,550
Information Technology	489,421	504,111	462,833	41,278
Emergency Response	977,934	1,113,561	1,057,601	55,960
Swimming Pools	297,997	297,212	250,156	47,056
Total Charges to Appropriations	<u>12,902,800</u>	<u>13,692,518</u>	<u>12,321,331</u>	<u>1,371,187</u>
Other financing sources (uses)				
Transfers from other funds	11,052,890	11,058,648	10,811,475	(247,173)
Transfers to other funds	(26,234,943)	(26,251,943)	(25,385,233)	866,710
Total other financing sources (uses)	<u>(15,182,053)</u>	<u>(15,193,295)</u>	<u>(14,573,758)</u>	<u>619,537</u>
Ending Budgetary Fund Balance	<u>\$ 83,147</u>	<u>\$ (658,897)</u>	<u>\$ 4,284,487</u>	<u>\$ 4,943,384</u>

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017**

POLICE FUND				
	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$ (158,186)	\$ (644,355)	\$ 2,297,263	\$ 2,941,618
Resources (Inflows):				
Taxes	2,892,728	2,892,728	2,817,505	(75,223)
Charges for services	49,152	49,153	36,383	(12,770)
License and permits	-	3,500	1,300	(2,200)
Investment income	53,129	53,129	45,105	(8,024)
Fines and forfeitures	136,847	136,847	106,115	(30,732)
Miscellaneous	3,500	32,490	57,475	24,985
Total Resources (Inflows)	3,135,356	3,167,847	3,063,883	(103,964)
Amounts available for appropriation	2,977,170	2,523,492	5,361,146	2,837,654
Charges to Appropriations (Outflows):				
Public Safety	13,457,531	13,791,515	12,917,020	874,495
Total Charges to Appropriations	13,457,531	13,791,515	12,917,020	874,495
Other financing sources (uses)				
Transfers from other funds	9,825,091	9,825,091	9,472,904	(352,187)
Total other financing sources (uses)	9,825,091	9,825,091	9,472,904	(352,187)
Ending Budgetary Fund Balance	\$ (655,270)	\$ (1,442,932)	\$ 1,917,030	\$ 3,359,962

FIRE FUND				
	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 333,364	\$ (666,809)	\$ 1,709,798	\$ 2,376,607
Resources (Inflows):				
Taxes	2,585,478	2,585,478	2,518,245	(67,233)
Charges for services	17,783	17,783	26,638	8,855
Investment income	37,323	37,323	32,002	(5,321)
Licenses and permits	11,243	11,243	9,300	(1,943)
Miscellaneous	9,628	24,063	25,400	1,337
Total Resources (Inflows)	2,661,455	2,675,890	2,611,585	(64,305)
Amounts available for appropriation	2,994,819	2,009,081	4,321,383	2,312,302
Charges to Appropriations (Outflows):				
Public Safety	10,951,199	11,244,601	10,285,922	958,679
Total Charges to Appropriations	10,951,199	11,244,601	10,285,922	958,679
Other financing sources (uses)				
Transfers from other funds	7,957,488	7,957,488	7,672,732	(284,756)
Transfers to other funds	(166,000)	(166,000)	(166,000)	-
Total other financing sources (uses)	7,791,488	7,791,488	7,506,732	(284,756)
Ending Budgetary Fund Balance	\$ (164,892)	\$ (1,444,032)	\$ 1,542,193	\$ 2,986,225

Footnotes to Budgetary Comparison Schedule:

1. The budgetary comparison schedules and budgetary fund balance amounts are reported on the modified cash basis of accounting. In addition, obligations that are required to be funded from ending budgetary fund balances are subtracted from total ending budgetary fund balances to arrive at the unreserved budgetary fund balance. This presentation of unreserved fund balances on a budgetary basis is used to demonstrate compliance with Article 10, § 26 of the Oklahoma State Constitution.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation between departments and object categories require the approval of the City Manager. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.

3. The Hospital Authority does not present and budget to actual comparison because it is a Title 60 Public Trust. Title 60 Trust are required to prepare a budget and submit to the beneficiary, but there are no requirements related to form, content or monitoring.

4. The budgetary basis differs from the modified accrual (GAAP) basis as shown in the schedules below:

GENERAL FUND	<u>Fund Balance</u> <u>June 30, 2016</u>	<u>Net Change in</u> <u>Fund Balance</u>	<u>Fund Balance</u> <u>June 30, 2017</u>
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$ 7,813,968	\$ (1,467,057)	\$ 6,346,911
Increases (Decreases):			
Revenues:			
Receivable	(3,913,420)	(35,272)	(3,948,692)
Change in fair value of investments	(6,720)	4,080	(2,640)
Other misc items	-	72,066	72,066
Expenditures:			
Payables	3,311,658	919,868	4,231,526
Encumbrances	(160,340)	55,545	(104,795)
Impact of combining accounts:			
Reimbursed Projects Account	(654,288)	(6,016)	(660,304)
Employee Activity Account	(17,714)	(1,892)	(19,606)
Activity Account	(268,609)	(64,867)	(333,476)
Animals Best Friend Account	(78,332)	(21,895)	(100,227)
Disaster Relief Account	(1,327,765)	131,495	(1,196,270)
Fund Balance - Budgetary Basis	<u><u>\$ 4,698,438</u></u>	<u><u>\$ (413,945)</u></u>	<u><u>\$ 4,284,493</u></u>

POLICE FUND	<u>Fund Balance</u> <u>June 30, 2016</u>	<u>Net Change in</u> <u>Fund Balance</u>	<u>Fund Balance</u> <u>June 30, 2017</u>
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$ 3,627,057	\$ 37,931	\$ 3,664,988
Increases (Decreases):			
Revenues:			
Receivable	(1,564,790)	(524,221)	(2,089,011)
Change in fair value of investments	(3,046)	2,010	(1,036)
Other misc items	(348,158)	38,997	(309,161)
Expenditures:			
Payables	586,200	65,050	651,250
Fund Balance - Budgetary Basis	<u><u>\$ 2,297,263</u></u>	<u><u>\$ (380,233)</u></u>	<u><u>\$ 1,917,030</u></u>

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017**

FIRE FUND	<u>Fund Balance June 30, 2016</u>	<u>Net Change in Fund Balance</u>	<u>Fund Balance June 30, 2017</u>
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$ 1,222,433	\$ -	\$ 1,222,433
Increases (Decreases):			
Revenues:			
Receivable	(1,175,749)	(423,019)	(1,598,768)
Change in fair value of investments	(2,339)	2,339	-
Expenditures:			
Payables	1,665,450	(129,000)	1,536,450
Fund Balance - Budgetary Basis	<u>\$ 1,709,795</u>	<u>\$ (549,680)</u>	<u>\$ 1,160,115</u>

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017**

Required Supplementary Information – Pensions

Schedules of Required Supplementary Information

**SCHEDULE OF THE CITY OF MIDWEST CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years***

	<u>2015</u>	<u>2016</u>	<u>2017</u>
City's proportion of the net pension liability	2.392%	2.613%	2.627%
City's proportionate share of the net pension liability	\$ 24,598,661	\$ 27,733,504	\$ 32,089,584
City's covered-employee payroll	\$ 6,734,825	\$ 7,151,904	\$ 6,922,999
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	365%	388%	464%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%

*The amounts present for each fiscal year were determined as of 6/30

Notes to Schedule:

Only the previous three fiscal years are presented because 10-year data is not yet available.

Schedules of Required Supplementary Information

**SCHEDULE OF THE CITY OF MIDWEST CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years***

	<u>2015</u>	<u>2016</u>	<u>2017</u>
City's proportion of the net pension liability (asset)	2.2929%	2.3249%	2.2789%
City's proportionate share of the net pension liability (asset)	\$ (772,001)	\$ 94,795	\$ 3,490,072
City's covered-employee payroll	\$6,171,257	\$ 6,571,604	\$ 6,720,857
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.51%	1.44%	51.93%
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.53%	99.82%	93.50%

*The amounts present for each fiscal year were determined as of 6/30

Notes to Schedule:

Only the three previous fiscal years are presented because 10-year data is not yet available.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

SCHEDULE OF CITY CONTRIBUTIONS
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Statutorily required contribution	\$ 1,001,267	\$ 969,220	\$ 1,016,333
Contributions in relation to the statutorily required contribution	<u>1,064,424</u>	<u>969,270</u>	<u>1,016,378</u>
Contribution deficiency (excess)	<u>\$ (63,157)</u>	<u>\$ (50)</u>	<u>\$ (45)</u>
City's covered-employee payroll	\$ 7,151,904	\$ 6,922,999	\$ 7,259,523
Contributions as a percentage of covered-employee payroll	14.88%	14.00%	14.00%

*The amounts present for each fiscal year were determined as of 6/30

Notes to Schedule:

Only three previous fiscal years are presented because 10-year data is not yet available.

The City's contract with the union provides that member contributions will be 5% and employer contributions will be 18%.

There were no changes in the trends that affected the amounts reported in the schedules.

SCHEDULE OF CITY CONTRIBUTIONS
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Statutorily required contribution	\$ 854,309	\$ 873,711	\$ 786,165
Contributions in relation to the statutorily required contribution	<u>1,021,780</u>	<u>873,705</u>	<u>786,167</u>
Contribution deficiency (excess)	<u>\$ (167,471)</u>	<u>\$ 6</u>	<u>\$ (2)</u>
City's covered-employee payroll	\$ 6,571,604	\$ 6,720,857	\$ 6,047,423
Contributions as a percentage of covered-employee payroll	15.55%	13.00%	13.00%

*The amounts present for each fiscal year were determined as of 6/30

Notes to Schedule:

Only the three previous fiscal years are presented because 10-year data is not yet available.

The City's contract with the union provides that member contributions will be 3% and employer contributions will be 18%.

There were no changes in the trends that affected the amounts reported in the schedules.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Required Supplementary Information – Other Post Employment Benefit (OPEB)

The funded status and funding progress of the City’s defined benefit OPEB plan for the most recent actuarial valuations is as follows:

	<u>July 1, 2010</u>	<u>July 1, 2012</u>	<u>July 1, 2014</u>	<u>July 1, 2016</u>
Actuarial accrued liability - AAL (a)	\$ 29,797,397	\$ 32,591,119	\$ 20,823,987	\$ 22,655,086
Actuarial value of plan assets (b)	-	-	-	-
Unfunded actuarial accrued liability - UAAL (funding excess) (a)-(b)	29,797,397	32,591,119	20,823,987	22,655,086
Funded ratio (b)/(a)	0%	0%	0%	0%
Covered payroll (c)	\$ 25,016,000	\$ 28,628,580	\$ 30,280,298	\$ 30,539,200
UAAL (funding excess) as a % of covered payroll [UAAL/(c)]	119%	114%	69%	74%

Notes to Schedule:

There were no changes in the trends that affected the amounts reported in the schedules.

OTHER SUPPLEMENTARY INFORMATION

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Combining Balance Sheet – General Fund Accounts – June 30, 2017

	General Fund Accounts						Totals
	General Fund	Reimbursed Projects Account	Employee Activity Account	Activity Account	Animals Best Friend Account	Disaster Relief Account	
ASSETS							
Cash and cash equivalents	\$ 840,066	\$ 171,222	\$ 19,645	\$ 78,533	\$ 95,010	\$ 247,226	\$ 1,451,702
Investments	2,397,668	560,054	-	256,875	-	933,012	4,147,609
Accounts receivable	913,470	25,684	-	-	9,553	185,774	1,134,481
Accrued interest receivable	7,147	-	-	-	-	2,781	9,928
Other receivable	14,686	-	-	190	-	-	14,876
Due from other governments	2,911,271	-	-	-	-	438	2,911,709
Due from other funds	97,918	-	-	-	-	-	97,918
Prepaid items	4,200	-	-	-	-	-	4,200
Advance from other funds	1,082,128	-	-	-	-	-	1,082,128
Total assets	<u>\$ 8,268,554</u>	<u>\$ 756,960</u>	<u>\$ 19,645</u>	<u>\$ 335,598</u>	<u>\$ 104,563</u>	<u>\$ 1,369,231</u>	<u>\$ 10,854,551</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 191,020	\$ 6	\$ 39	\$ 1,419	\$ -	\$ 8,319	\$ 200,803
Wages payable	422,058	-	-	703	-	6,978	429,739
Due to other governments	7,900	-	-	-	-	-	7,900
Refundable deposits	70,333	-	-	-	-	-	70,333
Due to other funds	2,824,261	-	-	-	-	-	2,824,261
Advance to other funds	-	96,650	-	-	-	-	96,650
Total liabilities	<u>3,515,572</u>	<u>96,656</u>	<u>39</u>	<u>2,122</u>	<u>-</u>	<u>15,297</u>	<u>3,629,686</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	715,954	-	-	-	4,336	157,664	877,954
Fund balances:							
Nonspendable	1,086,328	-	-	-	-	-	1,086,328
Restricted	153,025	556,653	-	253,509	26,782	693,694	1,683,663
Assigned	950,799	103,651	19,606	79,967	73,445	502,576	1,730,044
Unassigned	1,846,876	-	-	-	-	-	1,846,876
Total fund balances	<u>4,037,028</u>	<u>660,304</u>	<u>19,606</u>	<u>333,476</u>	<u>100,227</u>	<u>1,196,270</u>	<u>6,346,911</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 8,268,554</u>	<u>\$ 756,960</u>	<u>\$ 19,645</u>	<u>\$ 335,598</u>	<u>\$ 104,563</u>	<u>\$ 1,369,231</u>	<u>\$ 10,854,551</u>

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts – Year Ended June 30, 2017

	General Fund Accounts						Totals
	General Fund	Reimbursed Projects Account	Employee Activity Account	Activity Account	Animals Best Friend Account	Disaster Relief Account	
REVENUES							
Taxes	\$ 22,894,067	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,894,067
Intergovernmental	469,872	53,290	-	-	-	-	523,162
Charges for services	2,079,771	87,599	-	64,846	-	45,700	2,277,916
Investment income	(15,695)	13,955	343	5,314	1,593	(21,644)	(16,134)
Fines & forfeitures	1,330,843	-	-	-	23,407	-	1,354,250
Licenses & permits	384,330	-	-	-	-	-	384,330
Miscellaneous	247,382	82,126	3,096	98,896	1,145	90,827	523,472
Total revenues	27,390,570	236,970	3,439	169,056	26,145	114,883	27,941,063
EXPENDITURES							
Current:							
General government	5,278,763	68,963	9,047	-	-	323,191	5,679,964
Public Safety	938,384	110	-	-	-	-	938,494
Streets	2,819,266	-	-	-	-	-	2,819,266
Culture and recreation	832,260	541	-	129,189	-	-	961,990
Health & welfare	383,661	-	-	-	4,250	-	387,911
Economic development	2,835,816	55,113	-	-	-	-	2,890,929
Capital outlay	-	202,939	-	-	-	-	202,939
Debt service:							
Interest and fiscal charges	-	6,056	-	-	-	-	6,056
Total expenditures	13,088,150	333,722	9,047	129,189	4,250	323,191	13,887,549
Revenues over (under) expenditures	14,302,420	(96,752)	(5,608)	39,867	21,895	(208,308)	14,053,514
OTHER FINANCING SOURCES (USES)							
Transfers in	10,597,609	92,768	-	25,000	-	76,813	10,792,190
Transfers out	(26,312,761)	-	-	-	-	-	(26,312,761)
Transfers in - interaccount	-	10,000	7,500	-	-	-	17,500
Transfers out - interaccount	(17,500)	-	-	-	-	-	(17,500)
Total other financing sources (uses)	(15,732,652)	102,768	7,500	25,000	-	76,813	(15,520,571)
Net change in fund balances	(1,430,232)	6,016	1,892	64,867	21,895	(131,495)	(1,467,057)
Fund balances - beginning of year	5,467,260	654,288	17,714	268,609	78,332	1,327,765	7,813,968
Fund balances - end of year	\$ 4,037,028	\$ 660,304	\$ 19,606	\$ 333,476	\$ 100,227	\$ 1,196,270	\$ 6,346,911

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2017

	Special Revenue Funds										
	Grant Fund	Juvenile Fund	Park & Recreation Fund	Emergency Operations Fund	Technology Fund	Welcome Center Fund	Police Impound Fund	Street & Alley Fund	Police Special Projects Fund	Police Lab Fee Fund	Convention/Visitors Bureau Fund
ASSETS											
Cash and cash equivalents	\$ 231,297	\$ 10,774	\$ 149,916	\$ 140,202	\$ 94,536	\$ 82,434	\$ 46,324	\$ 200,355	\$ 203,834	\$ 17,610	\$ 39,016
Investments	-	-	490,364	458,591	309,219	269,635	151,521	655,346	-	-	127,620
Accrued interest receivable	-	-	-	-	-	-	-	-	-	-	-
Deposits held by others	-	-	-	-	-	-	-	-	-	-	-
Other receivable	142,817	52,875	1,800	-	156,547	-	4,650	-	-	5,473	-
Due from other governments	88,471	-	61,596	43,763	-	16,218	-	47,056	-	-	30,273
Due from other funds	1,694	780	-	4,037	-	324	-	-	-	-	148
Inventory	60,000	-	-	-	-	-	-	-	-	-	-
Advance from other funds	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 524,279</u>	<u>\$ 64,429</u>	<u>\$ 703,676</u>	<u>\$ 646,593</u>	<u>\$ 560,302</u>	<u>\$ 368,611</u>	<u>\$ 202,495</u>	<u>\$ 902,757</u>	<u>\$ 203,834</u>	<u>\$ 23,083</u>	<u>\$ 197,057</u>
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable and accrued liabilities	8,682	-	39,382	5,360	48,110	1,305	12,032	11,684	225	315	8,866
Wages payable	20,332	1,019	3,395	19,867	6,796	7,332	-	-	-	-	9,641
Due to other funds	213,668	-	-	-	-	-	472	-	-	-	-
Total liabilities	<u>242,682</u>	<u>1,019</u>	<u>42,777</u>	<u>25,227</u>	<u>54,906</u>	<u>8,637</u>	<u>12,504</u>	<u>11,684</u>	<u>225</u>	<u>315</u>	<u>18,507</u>
Deferred inflows:											
Unavailable revenue	52,958	45,692	-	-	119,792	-	-	-	-	4,274	-
Fund balances:											
Nonspendable	60,000	-	-	-	-	-	-	-	-	-	-
Restricted	168,639	17,718	660,899	621,366	385,604	359,974	189,991	891,073	203,609	18,494	178,550
Assigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>228,639</u>	<u>17,718</u>	<u>660,899</u>	<u>621,366</u>	<u>385,604</u>	<u>359,974</u>	<u>189,991</u>	<u>891,073</u>	<u>203,609</u>	<u>18,494</u>	<u>178,550</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 524,279</u>	<u>\$ 64,429</u>	<u>\$ 703,676</u>	<u>\$ 646,593</u>	<u>\$ 560,302</u>	<u>\$ 368,611</u>	<u>\$ 202,495</u>	<u>\$ 902,757</u>	<u>\$ 203,834</u>	<u>\$ 23,083</u>	<u>\$ 197,057</u>

(continued)

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2017

	Special Revenue Funds				Capital Project Funds					Debt Service Fund		Totals
	Urban Renewal Authority	General Government Sales Tax Fund	Street Light Fee	Tax Increment Financing Fund	Downtown Development Authority	2002 Street Project Fund	Dedicated Tax 2012 Fund	Sales Tax Capital Improvement Fund	Capital Improvement Fund	Capital Outlay Reserve Fund	G.O. Debt Services Fund	
	ASSETS											
Cash and cash equivalents	\$ 63,260	\$ 340,907	\$ 117,044	\$ -	\$ 652,656	\$ 131,121	\$ 252,718	\$ -	\$ 440,558	\$ 213,146	\$ 42,678	\$ 3,470,386
Investments	-	1,286,560	382,843	-	2,463,080	428,886	953,739	-	1,662,636	697,185	139,597	10,476,822
Accrued interest receivable	-	3,835	-	-	7,342	-	2,843	-	4,956	-	-	18,976
Deposits held by others	-	-	-	-	687,800	300	-	-	20,475	-	-	708,575
Other receivable	-	-	79,451	-	345,301	-	-	-	-	-	-	788,914
Due from other governments	-	53,488	-	-	-	-	53,488	692,340	11,649	-	351,987	1,450,329
Due from other funds	-	56,392	-	-	-	-	-	-	146,617	-	-	209,992
Inventory	-	-	-	-	-	-	-	-	-	-	-	60,000
Advance from other funds	-	-	-	-	96,650	-	-	-	-	-	-	96,650
Total assets	<u>63,260</u>	<u>1,741,182</u>	<u>579,338</u>	<u>-</u>	<u>4,252,829</u>	<u>560,307</u>	<u>1,262,788</u>	<u>692,340</u>	<u>2,286,891</u>	<u>910,331</u>	<u>534,262</u>	<u>17,280,644</u>
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable and accrued liabilities	-	62,037	-	-	13,767	13,360	-	-	13,858	-	-	238,983
Wages payable	-	-	-	-	2,334	-	-	-	-	-	-	70,716
Due to other funds	-	-	-	-	-	-	-	692,340	-	-	-	906,480
Total liabilities	<u>-</u>	<u>62,037</u>	<u>-</u>	<u>-</u>	<u>16,101</u>	<u>13,360</u>	<u>-</u>	<u>692,340</u>	<u>13,858</u>	<u>-</u>	<u>-</u>	<u>1,216,179</u>
Deferred inflows:												
Unavailable revenue	-	-	-	-	-	-	-	-	-	-	344,394	567,110
Fund balances:												
Nonspendable	-	-	-	-	687,800	300	-	-	20,475	-	-	768,575
Restricted	3,804	1,679,145	579,338	-	1,818,804	546,647	1,262,788	-	2,252,558	746,652	189,868	12,775,521
Assigned	59,456	-	-	-	1,730,124	-	-	-	-	163,679	-	1,953,259
Total fund balances	<u>63,260</u>	<u>1,679,145</u>	<u>579,338</u>	<u>-</u>	<u>4,236,728</u>	<u>546,947</u>	<u>1,262,788</u>	<u>-</u>	<u>2,273,033</u>	<u>910,331</u>	<u>189,868</u>	<u>15,497,355</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 63,260</u>	<u>\$ 1,741,182</u>	<u>\$ 579,338</u>	<u>\$ -</u>	<u>\$ 4,252,829</u>	<u>\$ 560,307</u>	<u>\$ 1,262,788</u>	<u>\$ 692,340</u>	<u>\$ 2,286,891</u>	<u>\$ 910,331</u>	<u>\$ 534,262</u>	<u>\$ 17,280,644</u>

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds – Year Ended June 30, 2017

	Special Revenue Funds										
	Grant Fund	Juvenile Fund	Park & Recreation Fund	Emergency Operations Fund	Technology Fund	Welcome Center Fund	Police Impound Fund	Street & Alley Fund	Police Special Projects Fund	Police Lab Fee Fund	Convention/Visitors Bureau Fund
REVENUES											
Taxes	\$ -	\$ -	\$ 505,519	\$ 344,673	\$ -	\$ 171,421	\$ -	\$ -	\$ -	\$ -	\$ 319,986
Intergovernmental	1,045,703	-	-	-	-	-	-	487,915	-	-	-
Charges for services	-	-	-	27,250	270,606	-	68,850	-	-	-	-
Investment income	72	548	12,039	11,761	7,710	6,482	3,277	(2,785)	3,066	329	3,678
Fines & forfeitures	-	72,313	-	-	18,825	-	-	-	23,326	11,143	-
Licenses & permits	-	-	-	-	23,400	-	-	-	-	-	-
Miscellaneous	23,056	-	60,797	-	-	23,055	-	-	32,490	-	7,450
Total revenues	1,068,831	72,861	578,355	383,684	320,541	200,958	72,127	485,130	58,882	11,472	331,114
EXPENDITURES											
Current:											
General government	-	-	-	-	464,311	-	-	-	-	-	-
Public safety	102,892	172,220	-	380,293	-	-	28,646	-	15,103	9,092	-
Streets	-	-	-	-	-	-	-	47,388	-	-	-
Culture and recreation	-	-	373,874	-	-	184,768	-	-	-	-	-
Economic development	646,535	-	-	-	-	-	-	-	-	-	321,237
Capital outlay	26,700	-	111,370	37,597	14,000	15,318	10,332	1,407,568	15,578	1,354	5,000
Debt service:											
Principal retirement	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	776,127	172,220	485,244	417,890	478,311	200,086	38,978	1,454,956	30,681	10,446	326,237
Revenues over (under) expenditures	292,704	(99,359)	93,111	(34,206)	(157,770)	872	33,149	(969,826)	28,201	1,026	4,877
OTHER FINANCING SOURCES (USES)											
Transfers in	156,410	42,000	-	15,000	52,757	-	-	354,761	-	-	-
Transfers out	(479,437)	-	(25,000)	(47,957)	-	-	(8,608)	-	-	-	(40,000)
Total other financing sources (uses)	(323,027)	42,000	(25,000)	(32,957)	52,757	-	(8,608)	354,761	-	-	(40,000)
Net change in fund balances	(30,323)	(57,359)	68,111	(67,163)	(105,013)	872	24,541	(615,065)	28,201	1,026	(35,123)
Fund balances - beginning of year	258,962	75,077	592,788	688,529	490,617	359,102	165,450	1,506,138	175,408	17,468	213,673
Fund balances - end of year	<u>\$ 228,639</u>	<u>\$ 17,718</u>	<u>\$ 660,899</u>	<u>\$ 621,366</u>	<u>\$ 385,604</u>	<u>\$ 359,974</u>	<u>\$ 189,991</u>	<u>\$ 891,073</u>	<u>\$ 203,609</u>	<u>\$ 18,494</u>	<u>\$ 178,550</u>

(continued)

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds – Year Ended June 30, 2017

	Special Revenue Funds					Capital Project Funds					Debt Service Fund	Totals
	General Government			Tax Increment Financing Fund	Downtown Development Authority	2002 Street Project Fund	Dedicated Tax 2012 Fund	Sales Tax Capital	Capital	Capital Outlay Reserve Fund	G.O. Debt Services Fund	
	Urban Renewal Authority	Sales Tax Fund	Street Light Fee					Improvement Fund	Improvement Fund			
REVENUES												
Taxes	\$ -	\$ 421,266	\$ -	\$ 64,944	\$ -	\$ -	\$ 421,266	\$ 5,439,779	\$ 104,770	\$ -	\$ 325,426	\$ 8,119,050
Intergovernmental	-	-	-	-	-	-	-	-	-	-	6,188	1,539,806
Charges for services	-	-	574,913	-	1,281,519	-	-	-	-	-	-	2,223,138
Investment income	1,162	(28,411)	4,425	2	(46,919)	(10,753)	(21,592)	2,542	(34,687)	16,631	2,455	(68,968)
Fines & forfeitures	-	-	-	-	-	-	-	-	-	-	-	125,607
Licenses & permits	-	-	-	-	-	-	-	-	86,502	-	-	109,902
Miscellaneous	-	23,466	-	-	2,044	-	-	-	-	-	34	172,392
Total revenues	1,162	416,321	579,338	64,946	1,236,644	(10,753)	399,674	5,442,321	156,585	16,631	334,103	12,220,927
EXPENDITURES												
Current:												
General government	-	95,274	-	1,502	-	-	-	-	-	-	-	561,087
Public safety	-	-	-	-	-	-	-	-	-	-	-	708,246
Streets	-	-	-	-	-	(1,165)	32,849	-	1,718	-	-	80,790
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	558,642
Economic development	525	-	-	-	160,650	-	-	-	-	-	-	1,128,947
Capital outlay	-	500,749	-	-	229,008	2,231,397	400,197	-	397,262	-	-	5,403,430
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	1,400,000	1,400,000
Interest and fiscal charges	-	-	-	1,104	-	-	-	-	-	-	121,425	122,529
Total expenditures	525	596,023	-	2,606	389,658	2,230,232	433,046	-	398,980	-	1,521,425	9,963,671
Revenues over (under) expenditures	637	(179,702)	579,338	62,340	846,986	(2,240,985)	(33,372)	5,442,321	(242,395)	16,631	(1,187,322)	2,257,256
OTHER FINANCING SOURCES (USES)												
Transfers in	-	20,016	-	-	-	-	-	-	318,967	-	-	959,911
Transfers out	-	(97,300)	-	-	(749,350)	-	-	(5,442,321)	(740,000)	-	(15,531)	(7,645,504)
Total other financing sources (uses)	-	(77,284)	-	-	(749,350)	-	-	(5,442,321)	(421,033)	-	(15,531)	(6,685,593)
Net change in fund balances	637	(256,986)	579,338	62,340	97,636	(2,240,985)	(33,372)	-	(663,428)	16,631	(1,202,853)	(4,428,337)
Fund balances - beginning of year	62,623	1,936,131	-	(62,340)	4,139,092	2,787,932	1,296,160	-	2,936,461	893,700	1,392,721	19,925,692
Fund balances - end of year	\$ 63,260	\$ 1,679,145	\$ 579,338	\$ -	\$ 4,236,728	\$ 546,947	\$ 1,262,788	\$ -	\$ 2,273,033	\$ 910,331	\$ 189,868	\$ 15,497,355

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

Combining Schedule of Net Position – Midwest City Municipal Authority Accounts – June 30, 2017

Midwest City Municipal Authority											
	Water Account	Sewer Account	Sanitation Account	Conference Center/Hotel Account	Drainage Account	Debt Service Account	Utility Services	Utilities Capital Fund	Customer Deposit Fund	Golf Courses Fund	Total
ASSETS											
Current assets:											
Cash and cash equivalents	\$ 516,321	\$ 1,266,689	\$ 399,727	\$ 578,313	\$ 157,262	\$ -	\$ 78,283	\$ 352,780	\$ -	\$ 115,185	\$ 3,464,560
Cash and cash equivalents, restricted	-	-	-	-	-	2,668,581	-	-	291,077	-	2,959,658
Investments	1,688,845	3,977,141	1,508,542	549,337	313,384	-	256,058	1,331,368	-	-	9,624,675
Accounts receivable, net	1,194,152	1,115,215	831,282	278,229	62,873	-	132,500	-	2,557	-	3,616,808
Other receivable	-	-	-	140,141	-	-	-	-	-	4,843	144,984
Accrued interest receivable	-	9,773	4,496	-	-	-	-	3,968	3,274	-	21,511
Inventory	165,312	93,841	-	-	-	-	-	-	-	2,062	261,215
Due from other funds - interaccount	-	-	-	-	-	-	58,958	-	37,204	-	96,162
Due from other funds	14,709	13,271	69,985	12,365	-	657,723	-	-	-	603	768,656
Total current assets	<u>3,579,339</u>	<u>6,475,930</u>	<u>2,814,032</u>	<u>1,558,385</u>	<u>533,519</u>	<u>3,326,304</u>	<u>525,799</u>	<u>1,688,116</u>	<u>334,112</u>	<u>122,693</u>	<u>20,958,229</u>
Non-current assets:											
Investments, restricted	-	-	-	-	-	-	-	-	1,098,504	-	1,098,504
Due from other funds	1,210,681	-	-	-	-	-	-	-	-	-	1,210,681
Land, construction in progress, and water rights	6,683,861	929,895	700,000	211,340	1,250	-	-	-	-	232,057	8,758,403
Other capital assets, net	17,254,322	78,270,182	3,817,753	21,448,046	13,890,387	-	18,109	6,378,563	-	1,466,801	142,544,163
Total non-current assets	<u>25,148,864</u>	<u>79,200,077</u>	<u>4,517,753</u>	<u>21,659,386</u>	<u>13,891,637</u>	<u>-</u>	<u>18,109</u>	<u>6,378,563</u>	<u>1,098,504</u>	<u>1,698,858</u>	<u>153,611,751</u>
Total assets	<u>28,728,203</u>	<u>85,676,007</u>	<u>7,331,785</u>	<u>23,217,771</u>	<u>14,425,156</u>	<u>3,326,304</u>	<u>543,908</u>	<u>8,066,679</u>	<u>1,432,616</u>	<u>1,821,551</u>	<u>174,569,980</u>
DEFERRED OUTFLOWS OF RESOURCES											
Deferred amount on refunding	-	-	-	-	-	873,932	-	-	-	-	873,932
LIABILITIES											
Current liabilities:											
Accounts payable and accrued liabilities	368,902	246,202	139,059	463,295	20	-	13,461	67,621	-	14,867	1,313,427
Wages payable	97,318	137,452	48,688	79,566	11,571	-	36,976	-	-	37,897	449,468
Due to other funds - interaccount	37,204	-	-	-	-	-	-	58,958	-	-	96,162
Due to other funds	-	-	-	-	-	1,923	-	-	-	-	1,923
Accrued interest payable	-	-	-	-	-	731,021	-	-	-	-	731,021
Accrued compensated absences	126,090	142,322	32,320	113,545	13,996	-	36,181	-	-	49,777	514,231
Refundable deposits	-	-	-	49,241	-	-	-	-	143,262	-	192,503
Revenue bonds payable	-	-	-	-	-	4,325,000	-	-	-	-	4,325,000
Total current liabilities	<u>629,514</u>	<u>525,976</u>	<u>220,067</u>	<u>705,647</u>	<u>25,587</u>	<u>5,057,944</u>	<u>86,618</u>	<u>126,579</u>	<u>143,262</u>	<u>102,541</u>	<u>7,623,735</u>
Non-current liabilities:											
Accrued compensated absences	252,181	284,643	64,641	9,099	27,992	-	72,362	-	-	99,554	810,472
Net OPEB obligation	653,075	1,052,667	337,978	-	84,494	-	295,144	-	-	168,989	2,592,347
Due to other funds	-	-	-	-	-	-	-	1,210,681	-	-	1,210,681
Refundable deposits	-	-	-	-	-	-	-	-	1,289,354	-	1,289,354
Revenue bonds payable, net	-	-	-	-	-	51,437,132	-	-	-	-	51,437,132
Total non-current liabilities	<u>905,256</u>	<u>1,337,310</u>	<u>402,619</u>	<u>9,099</u>	<u>112,486</u>	<u>51,437,132</u>	<u>367,506</u>	<u>1,210,681</u>	<u>1,289,354</u>	<u>268,543</u>	<u>57,339,986</u>
Total liabilities	<u>1,534,770</u>	<u>1,863,286</u>	<u>622,686</u>	<u>714,746</u>	<u>138,073</u>	<u>56,495,076</u>	<u>454,124</u>	<u>1,337,260</u>	<u>1,432,616</u>	<u>371,084</u>	<u>64,963,721</u>
NET POSITION											
Net investment in capital assets	23,938,183	79,200,077	4,517,753	21,659,386	13,891,637	(54,888,200)	18,109	6,378,563	-	1,698,858	96,414,366
Restricted for debt service	-	-	-	-	-	1,937,560	-	-	-	-	1,937,560
Restricted for other purposes	-	-	-	-	-	-	46,589	-	-	51,546	98,135
Unrestricted	3,255,250	4,612,644	2,191,346	843,639	395,446	655,800	25,086	350,856	-	(299,937)	12,030,130
Total net position	<u>\$ 27,193,433</u>	<u>\$ 83,812,721</u>	<u>\$ 6,709,099</u>	<u>\$ 22,503,025</u>	<u>\$ 14,287,083</u>	<u>\$ (52,294,840)</u>	<u>\$ 89,784</u>	<u>\$ 6,729,419</u>	<u>\$ -</u>	<u>\$ 1,450,467</u>	<u>\$ 110,480,191</u>

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

Combining Schedule of Revenues, Expenses and Changes in Net Position – Midwest City Municipal Authority Accounts – Year Ended June 30, 2017

Midwest City Municipal Authority											
	Water Account	Sewer Account	Sanitation Account	Conference Center/Hotel Account	Drainage Account	Debt Service Account	Utility Services	Utilities Capital Fund	Customer Deposit Fund	Golf Courses Fund	Total
OPERATING REVENUES											
Charges for services	\$ 7,147,690	\$ 7,830,882	\$ 5,864,158	\$ 5,310,855	\$ 449,652	\$ -	\$ 1,067,399	\$ -	\$ -	\$ 1,081,628	\$ 28,752,264
Fees, licenses and permits	8,250	12,660	-	-	-	-	117,210	-	-	-	138,120
Miscellaneous	66,791	935	18,602	10,000	3,839	-	-	-	-	-	100,167
Total operating revenues	<u>7,222,731</u>	<u>7,844,477</u>	<u>5,882,760</u>	<u>5,320,855</u>	<u>453,491</u>	<u>-</u>	<u>1,184,609</u>	<u>-</u>	<u>-</u>	<u>1,081,628</u>	<u>28,990,551</u>
OPERATING EXPENSES											
Personal services	2,149,510	3,225,284	1,146,909	2,386,143	298,335	-	777,600	-	-	737,163	10,720,944
Materials and supplies	941,245	648,335	874,529	1,349,030	44,433	-	33,440	-	-	200,062	4,091,074
Other services and charges	1,540,888	1,317,767	1,984,733	1,446,741	40,075	-	154,041	-	-	117,198	6,601,443
Depreciation and amortization	647,546	2,912,687	459,746	908,590	275,039	-	4,561	424,952	-	110,226	5,743,347
Total operating expenses	<u>5,279,189</u>	<u>8,104,073</u>	<u>4,465,917</u>	<u>6,090,504</u>	<u>657,882</u>	<u>-</u>	<u>969,642</u>	<u>424,952</u>	<u>-</u>	<u>1,164,649</u>	<u>27,156,808</u>
Operating income (loss)	<u>1,943,542</u>	<u>(259,596)</u>	<u>1,416,843</u>	<u>(769,649)</u>	<u>(204,391)</u>	<u>-</u>	<u>214,967</u>	<u>(424,952)</u>	<u>-</u>	<u>(83,021)</u>	<u>1,833,743</u>
NON-OPERATING REVENUES (EXPENSES)											
Investment income	57,091	(49,992)	(30,601)	(10,125)	10,223	4,742	6,032	(16,761)	(24,537)	1,804	(52,124)
Interest expense and fiscal charges	(4,291)	-	-	-	-	(1,970,860)	-	(47,854)	-	-	(2,023,005)
Gain on asset retirement	1,030	10,356	19,241	162	-	-	-	-	-	(2,609)	28,180
Total non-operating revenue (expenses)	<u>53,830</u>	<u>(39,636)</u>	<u>(11,360)</u>	<u>(9,963)</u>	<u>10,223</u>	<u>(1,966,118)</u>	<u>6,032</u>	<u>(64,615)</u>	<u>(24,537)</u>	<u>(805)</u>	<u>(2,046,949)</u>
Income (loss) before transfers	<u>1,997,372</u>	<u>(299,232)</u>	<u>1,405,483</u>	<u>(779,612)</u>	<u>(194,168)</u>	<u>(1,966,118)</u>	<u>220,999</u>	<u>(489,567)</u>	<u>(24,537)</u>	<u>(83,826)</u>	<u>(213,206)</u>
Capital contributions	-	-	-	-	-	-	-	-	-	6,076	6,076
Transfers in - interaccount	12,291	-	-	-	-	-	588,216	-	36,828	-	637,335
Transfers out - interaccount	(36,828)	-	(420,258)	-	-	-	(167,958)	-	(12,291)	-	(637,335)
Transfers in	97,365	10,378	2,859	741,144	-	14,599,201	1,429	209,444	-	-	15,661,820
Transfers out	(853,220)	(2,251,295)	(763,936)	-	-	(8,162,026)	-	-	-	-	(12,030,477)
Change in net position	<u>1,216,980</u>	<u>(2,540,149)</u>	<u>224,148</u>	<u>(38,468)</u>	<u>(194,168)</u>	<u>4,471,057</u>	<u>54,470</u>	<u>308,093</u>	<u>-</u>	<u>(77,750)</u>	<u>3,424,213</u>
Total net position - beginning, restated	25,976,453	86,352,870	6,484,951	22,541,493	14,481,251	(56,765,897)	35,314	6,421,326	-	1,528,217	107,055,978
Total net position - ending	<u>\$ 27,193,433</u>	<u>\$ 83,812,721</u>	<u>\$ 6,709,099</u>	<u>\$ 22,503,025</u>	<u>\$ 14,287,083</u>	<u>\$ (52,294,840)</u>	<u>\$ 89,784</u>	<u>\$ 6,729,419</u>	<u>\$ -</u>	<u>\$ 1,450,467</u>	<u>\$ 110,480,191</u>

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

Combining Schedule of Cash Flows – Midwest City Municipal Authority Accounts – June 30, 2017

	Midwest City Municipal Authority										
	Water Account	Sewer Account	Sanitation Account	Conference Center/Hotel Account	Drainage Account	Debt Service Account	Utility Services	Utilities Capital Fund	Customer Deposit Fund	Golf Courses Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES											
Receipts from customers	\$ 7,015,379	\$ 7,823,342	\$ 5,857,014	\$ 5,122,106	\$ 453,531	\$ -	\$ 1,120,516	\$ -	\$ (1,158)	\$ 1,080,134	\$ 28,470,864
Payments to suppliers	(3,010,769)	(5,030,774)	(3,069,933)	(3,094,972)	(84,543)	-	(204,217)	(135,763)	-	(326,672)	(14,957,643)
Payments to employees	(3,007,759)	(4,539,609)	(1,553,052)	(2,498,068)	(400,847)	-	(1,115,185)	-	-	(975,338)	(14,089,858)
Receipts (payments) from interfund loans	48,382	(12,278)	(19,241)	(740,162)	-	(11,891)	-	846,845	(49,412)	(57)	62,186
Receipt of customer deposits	-	-	-	-	-	-	-	-	570,774	-	570,774
Return of customer deposits	-	-	-	-	-	-	-	-	(558,002)	-	(558,002)
Net cash provided by (used in) operating activities	1,045,233	(1,759,319)	1,214,788	(1,211,096)	(31,859)	(11,891)	(198,886)	711,082	(37,798)	(221,933)	(501,679)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES											
Transfers from other funds - interaccount	12,291	-	-	-	-	-	-	588,216	36,828	-	637,335
Transfers to other funds - interaccount	(36,828)	-	(420,258)	-	-	-	(167,958)	-	(12,291)	-	(637,335)
Transfers from other funds	97,365	10,378	2,859	741,144	-	14,599,201	1,429	209,444	-	-	15,661,820
Transfers to other funds	(853,220)	(2,251,295)	(763,936)	-	-	(8,162,026)	-	-	-	-	(12,030,477)
Net cash provided by (used in) noncapital financing activities	(780,392)	(2,240,917)	(1,181,335)	741,144	-	6,437,175	(166,529)	797,660	24,537	-	3,631,343
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES											
Capital assets purchased	(693,087)	(91,007)	(532,543)	(378,165)	(197,399)	-	-	(563,243)	-	(95,596)	(2,551,040)
Principal paid on capital debt	(90,000)	-	-	-	-	(59,947,132)	-	-	-	-	(60,037,132)
Payments of interfund loan for capital purchases	120,104	(62,340)	-	-	-	-	-	(1,330,785)	-	-	(1,273,021)
Interest and fiscal charges paid on capital debt	32,913	-	-	-	-	(2,086,384)	-	(47,854)	-	-	(2,101,325)
Proceeds from sale of capital assets	1,030	-	-	162	-	-	-	-	-	-	1,192
Net cash provided by (used in) capital and related financing activities	(629,040)	(153,347)	(532,543)	(378,003)	(197,399)	(62,033,516)	-	(1,941,882)	-	(95,596)	(65,961,326)
CASH FLOWS FROM INVESTING ACTIVITIES											
Sale (purchase) of investments	(516,325)	2,319,349	(4,248)	337,444	161,794	-	(300)	(671,176)	42,487	128,924	1,797,949
Interest and dividends	57,090	126,170	39,331	(5,684)	10,223	4,742	6,032	23,906	27,376	1,804	290,990
Net cash provided by (used in) investing activities	(459,235)	2,445,519	35,083	331,760	172,017	4,742	5,732	(647,270)	69,863	130,728	2,088,939
Net increase (decrease) in cash and cash equivalents	(823,434)	(1,708,064)	(464,007)	(516,195)	(57,241)	(55,603,490)	(359,683)	(1,080,410)	56,602	(186,801)	(60,742,723)
Balances - beginning of year	257,664	1,396,110	305,689	379,762	104,422	2,652,850	56,204	154,888	234,475	30,456	5,572,520
Balances - end of year	\$ (565,770)	\$ (311,954)	\$ (158,318)	\$ (136,433)	\$ 47,181	\$ (52,950,640)	\$ (303,479)	\$ (925,522)	\$ 291,077	\$ (156,345)	\$ (55,170,203)
Reconciliation to Statement of Net Position:											
Cash and cash equivalents	\$ 516,321	\$ 1,266,689	\$ 399,727	\$ 578,313	\$ 157,262	\$ -	\$ 78,283	\$ 352,780	\$ -	\$ 115,185	\$ 3,464,560
Restricted cash and cash equivalents	-	-	-	-	-	2,668,581	-	-	291,077	-	2,959,658
Total cash and cash equivalents	\$ 516,321	\$ 1,266,689	\$ 399,727	\$ 578,313	\$ 157,262	\$ 2,668,581	\$ 78,283	\$ 352,780	\$ 291,077	\$ 115,185	\$ 6,424,218
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:											
Operating income (loss)	\$ 1,943,542	\$ (259,596)	\$ 1,416,843	\$ (769,649)	\$ (204,391)	\$ -	\$ 214,967	\$ (424,952)	\$ -	\$ (83,021)	\$ 1,833,743
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:											
Depreciation expense	647,546	2,912,687	459,746	908,590	275,039	-	4,561	424,952	-	110,226	5,743,347
Change in assets and liabilities:											
Receivables, net	(207,352)	(21,135)	(25,746)	(93,354)	40	-	(64,093)	-	(1,158)	(1,494)	(414,292)
Other receivable	-	-	-	(57,187)	-	-	-	-	-	-	(57,187)
Due from other funds	27,271	993	50,744	12,203	-	643,909	-	846,845	(35,820)	546	1,546,691
Inventory	(14,752)	2,067	-	-	-	-	-	-	-	1,059	(11,626)
Accounts payable	(513,884)	(3,066,739)	(210,671)	(299,201)	(35)	-	(16,736)	(135,763)	-	(10,471)	(4,253,500)
Due to other funds	95,934	-	48,688	(660,434)	-	36,976	-	(58,958)	(13,592)	37,897	(513,489)
Due to employees	(98,874)	(131,986)	(38,490)	(69,313)	(10,368)	-	(34,065)	-	-	(35,755)	(418,851)
Refundable deposits	-	-	-	(48,208)	-	-	295,144	-	(1,419,844)	-	(1,172,908)
Unfunded OPEB obligation	(384,504)	(742,269)	(263,971)	-	(54,161)	-	(215,173)	-	-	(64,752)	(1,724,830)
Accrued compensated absences	(374,871)	(440,070)	(103,682)	(42,612)	(37,983)	-	(88,347)	-	-	(137,668)	(1,225,233)
Net cash provided by (used in) operating activities	\$ 1,120,056	\$ (1,746,048)	\$ 1,333,461	\$ (1,119,165)	\$ (31,859)	\$ 643,909	\$ 133,234	\$ 652,124	\$ (1,470,414)	\$ (183,433)	\$ (668,135)
Noncash activities:											
Contributed capital assets - from governmental funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,076	\$ 6,076

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

Combining Statement of Net Position - Nonmajor Enterprise Funds – June 30, 2017

	<u>Utilities Authority</u>	<u>29th & Douglas Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 215,302	\$ -	\$ 215,302
Investments	704,235	-	704,235
Total current assets	919,537	-	919,537
Non-current assets:			
Land, construction in progress, and water rights	677,029	5,500,000	6,177,029
Other capital assets, net	2,751,070	-	2,751,070
Total non-current assets	3,428,099	5,500,000	8,928,099
Total assets	4,347,636	5,500,000	9,847,636
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	17,594	-	17,594
Total current liabilities	17,594	-	17,594
Non-current liabilities:			
Advance to other funds	-	65,063	65,063
Total non-current liabilities	-	65,063	65,063
Total liabilities	17,594	65,063	82,657
NET POSITION			
Net investment in capital assets	3,428,099	5,434,937	8,863,036
Restricted for other purposes	216,134	-	216,134
Unrestricted (deficit)	685,809	-	685,809
Total net position	\$ 4,330,042	\$ 5,434,937	\$ 9,764,979

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

Combining Statement of Revenues, Expenses and Changes in Net Position - Nonmajor Enterprise Funds – Year Ended June 30, 2017

	<u>Utilities Authority</u>	<u>29th & Douglas Fund</u>	<u>Total</u>
OPERATING REVENUES			
Total operating revenues	-	-	-
OPERATING EXPENSES			
Other services and charges	-	8,354	8,354
Depreciation and amortization	57,073	-	57,073
Total operating expenses	57,073	8,354	65,427
Operating income (loss)	(57,073)	(8,354)	(65,427)
NON-OPERATING REVENUES (EXPENSES)			
Investment income (loss)	17,543	-	17,543
Total non-operating revenue (expenses)	17,543	-	17,543
Income (loss) before contributions and transfers	(39,530)	(8,354)	(47,884)
Transfers in	200,423	124,350	324,773
Change in net position	160,893	115,996	276,889
Total net position - beginning	4,169,149	5,318,941	9,488,090
Total net position - ending	<u>\$ 4,330,042</u>	<u>\$ 5,434,937</u>	<u>\$ 9,764,979</u>

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

Combining Statement of Cash Flows - Nonmajor Enterprise Funds – June 30, 2017

	<u>Utilities Authority</u>	<u>29th & Douglas Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers	\$ (21,529)	\$ (8,354)	\$ (29,883)
Net cash provided by (used in) operating activities	<u>(21,529)</u>	<u>(8,354)</u>	<u>(29,883)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	200,423	124,350	324,773
Net cash provided by (used in) noncapital financing activities	<u>200,423</u>	<u>124,350</u>	<u>324,773</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital assets purchased	(261,967)	-	(261,967)
Payments of interfund loan for capital purchases	-	(115,996)	(115,996)
Net cash provided by (used in) capital and related financing activities	<u>(261,967)</u>	<u>(115,996)</u>	<u>(377,963)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale (purchase) of investments	103,360	-	103,360
Interest and dividends	17,543	-	17,543
Net cash provided by (used in) investing activities	<u>120,903</u>	<u>-</u>	<u>120,903</u>
Net increase (decrease) in cash and cash equivalents	37,830	-	37,830
Balances - beginning of year	<u>177,472</u>	<u>-</u>	<u>177,472</u>
Balances - end of year	<u>\$ 215,302</u>	<u>\$ -</u>	<u>\$ 215,302</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 215,302	\$ -	\$ 215,302
Restricted cash and cash equivalents	-	-	-
Total cash and cash equivalents	<u>\$ 215,302</u>	<u>\$ -</u>	<u>\$ 215,302</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (57,073)	\$ (8,354)	\$ (65,427)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	57,073	-	57,073
Change in assets and liabilities:			
Accounts payable	(21,529)	-	(21,529)
Net cash provided by (used in) operating activities	<u>\$ (21,529)</u>	<u>\$ (8,354)</u>	<u>\$ (29,883)</u>

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

Combining Statement of Net Position– Internal Service Funds – June 30, 2017

	Public Works Administration	Fleet Services Fund	Surplus Property Fund	Risk Management Fund	L & H Benefits Fund	Totals
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 68,172	\$ 57,694	\$ 85,168	\$ 738,101	\$ 322,044	\$ 1,271,179
Investments	222,984	188,713	263,973	2,785,540	1,211,860	4,673,070
Receivables:						
Accounts receivable	-	-	1,100	122	35,378	36,600
Accrued interest receivable	-	-	-	8,303	3,612	11,915
Due from other funds	-	1	-	-	-	1
Inventories	-	50,297	-	-	-	50,297
Total current assets	<u>291,156</u>	<u>296,705</u>	<u>350,241</u>	<u>3,532,066</u>	<u>1,572,894</u>	<u>6,043,062</u>
Non-current assets:						
Capital Assets:						
Non-depreciable	3,024	-	-	-	-	3,024
Depreciable, net of accumulated depreciation	139,711	812,477	100,991	-	-	1,053,179
Total non-current assets	<u>142,735</u>	<u>812,477</u>	<u>100,991</u>	<u>-</u>	<u>-</u>	<u>1,056,203</u>
Total assets	<u>433,891</u>	<u>1,109,182</u>	<u>451,232</u>	<u>3,532,066</u>	<u>1,572,894</u>	<u>7,099,265</u>
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	3,764	82,069	713	4,058	105,039	195,643
Claims liability	-	-	-	507,000	378,396	885,396
Wages payable	37,092	39,205	1,075	8,360	1,793	87,525
Due to other funds	-	-	284,150	-	-	284,150
Accrued compensated absences	55,635	39,531	1,357	13,618	135	110,276
Total current liabilities	<u>96,491</u>	<u>160,805</u>	<u>287,295</u>	<u>533,036</u>	<u>485,363</u>	<u>1,562,990</u>
Non-current liabilities:						
Accrued compensated absences	111,270	79,062	2,713	27,236	270	220,551
Net OPEB obligation	168,989	274,021	21,123	21,124	20,538	505,795
Claims liability	-	-	-	1,391,000	-	1,391,000
Total non-current liabilities	<u>280,259</u>	<u>353,083</u>	<u>23,836</u>	<u>1,439,360</u>	<u>20,808</u>	<u>2,117,346</u>
Total liabilities	<u>376,750</u>	<u>513,888</u>	<u>311,131</u>	<u>1,972,396</u>	<u>506,171</u>	<u>3,680,336</u>
NET POSITION						
Net investment in capital assets	142,735	812,477	100,991	-	-	1,056,203
Unrestricted (deficit)	(85,594)	(217,183)	39,110	1,559,670	1,066,723	2,362,726
Total net position	<u>\$ 57,141</u>	<u>\$ 595,294</u>	<u>\$ 140,101</u>	<u>\$ 1,559,670</u>	<u>\$ 1,066,723</u>	<u>\$ 3,418,929</u>

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds – Year Ended June 30, 2017

	Public Works Administration	Fleet Services Fund	Surplus Property Fund	Risk Management Fund	L & H Benefits Fund	Totals
OPERATING REVENUES						
Charges for services	\$ 971,205	\$ 2,249,067	\$ 44,200	\$ 1,991,444	\$ 5,090,774	\$ 10,346,690
Miscellaneous	-	2,667	57	80,008	119,286	202,018
Total operating revenues	<u>971,205</u>	<u>2,251,734</u>	<u>44,257</u>	<u>2,071,452</u>	<u>5,210,060</u>	<u>10,548,708</u>
OPERATING EXPENSES						
Personal services	843,898	834,731	33,018	145,760	30,461	1,887,868
Materials and supplies	5,918	1,263,578	1,769	3,031	-	1,274,296
Other services and charges	133,031	83,292	8,135	1,745,921	20,657	1,991,036
Insurance claims and expenses	-	-	-	-	5,019,395	5,019,395
Depreciation and amortization	24,566	62,637	4,986	-	-	92,189
Total operating expenses	<u>1,007,413</u>	<u>2,244,238</u>	<u>47,908</u>	<u>1,894,712</u>	<u>5,070,513</u>	<u>10,264,784</u>
Operating income (loss)	<u>(36,208)</u>	<u>7,496</u>	<u>(3,651)</u>	<u>176,740</u>	<u>139,547</u>	<u>283,924</u>
NON-OPERATING REVENUES						
Investment income	5,152	2,513	5,917	(67,596)	(26,272)	(80,286)
Total non-operating revenue	<u>5,152</u>	<u>2,513</u>	<u>5,917</u>	<u>(67,596)</u>	<u>(26,272)</u>	<u>(80,286)</u>
Income (loss) before transfers	<u>(31,056)</u>	<u>10,009</u>	<u>2,266</u>	<u>109,144</u>	<u>113,275</u>	<u>203,638</u>
Transfers in	801	5,482	-	1,201	125,601	133,085
Transfers out	-	-	-	-	-	-
Change in net position	<u>(30,255)</u>	<u>15,491</u>	<u>2,266</u>	<u>110,345</u>	<u>238,876</u>	<u>336,723</u>
Total net position - beginning	87,396	579,803	137,835	1,449,325	827,847	3,082,206
Total net position - ending	<u>\$ 57,141</u>	<u>\$ 595,294</u>	<u>\$ 140,101</u>	<u>\$ 1,559,670</u>	<u>\$ 1,066,723</u>	<u>\$ 3,418,929</u>

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

Combining Statement of Cash Flows – Internal Service Funds – Year Ended June 30, 2017

	Public Works Administration	Fleet Services Fund	Surplus Property Fund	Risk Management Fund	L. & H Benefits Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 971,205	\$ 2,251,734	\$ 43,924	\$ 2,123,163	\$ 5,206,248	\$ 10,596,274
Payments to suppliers	(138,443)	(1,362,148)	(10,108)	(26,319)	(20,657)	(1,557,675)
Payments to employees	(818,970)	(805,433)	(29,801)	(134,789)	(32,041)	(1,821,034)
Claims and benefits paid	-	-	-	(1,651,921)	(5,282,789)	(6,934,710)
Payment from (to) other funds	-	(1)	47,227	-	-	47,226
Net cash provided by (used in) operating activities	13,792	84,152	51,242	310,134	(129,239)	330,081
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Operating transfers in	801	5,482	-	1,201	125,601	133,085
Operating transfers out	-	-	-	-	-	-
Net cash provided by (used in) noncapital financing activities	801	5,482	-	1,201	125,601	133,085
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital assets purchased	(12,517)	(3,870)	(13,728)	-	-	(30,115)
Net cash provided by (used in) capital and related financing activities	(12,517)	(3,870)	(13,728)	-	-	(30,115)
CASH FLOWS FROM INVESTING ACTIVITIES						
Sale (purchase) of investments	9,791	(188,713)	(19,425)	(171,552)	222,100	(147,799)
Interest and dividends	5,152	3,112	5,917	59,403	30,343	103,927
Net cash provided by (used in) investing activities	14,943	(185,601)	(13,508)	(112,149)	252,443	(43,872)
Net increase (decrease) in cash and cash equivalents	17,019	(99,837)	24,006	199,186	248,805	389,179
Balances - beginning of year	51,153	157,531	61,162	538,915	73,239	882,000
Balances - end of year	\$ 68,172	\$ 57,694	\$ 85,168	\$ 738,101	\$ 322,044	\$ 1,271,179
Reconciliation to Statement of Net Position:						
Cash and cash equivalents	\$ 68,172	\$ 57,694	\$ 85,168	\$ 738,101	\$ 322,044	\$ 1,271,179
Total cash and cash equivalents	\$ 68,172	\$ 57,694	\$ 85,168	\$ 738,101	\$ 322,044	\$ 1,271,179
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (36,208)	\$ 7,496	\$ (3,651)	\$ 176,740	\$ 139,547	\$ 283,924
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	24,566	62,637	4,986	-	-	92,189
Change in assets and liabilities:						
Receivables, net	-	-	(333)	51,711	(3,812)	47,566
Due from other funds	-	(1)	-	-	-	(1)
Inventory	-	3,342	-	-	-	3,342
Accounts payable	506	(18,620)	(204)	(23,288)	(92,702)	(134,308)
Claims liability	-	-	-	94,000	(170,692)	(76,692)
Due to employees	2,418	6,864	129	1,573	207	11,191
Due to other funds	-	-	47,227	-	-	47,227
Net OPEB obligation	4,683	7,024	585	586	-	12,878
Accrued compensated absences	17,827	15,410	2,503	8,812	(1,787)	42,765
Net cash provided by (used in) operating activities	\$ 13,792	\$ 84,152	\$ 51,242	\$ 310,134	\$ (129,239)	\$ 330,081

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

Debt Service Coverage Schedule - Year Ended June 30, 2017

	2011 and 2011A Revenue Bonds
GROSS REVENUE AVAILABLE:	
Water revenue	\$ 7,222,731
Wastewater revenue	7,844,477
Pledged sales tax	13,506,337
Investment income	7,105
Total Gross Revenue Available	28,580,650
OPERATING EXPENSES:	
Total Operating Expenses	9,823,029
Net Revenue Available for Debt Service	\$ 18,757,621
Average Annual Debt Service	
2011 Revenue Bonds	\$ 1,808,379
2011A Revenue Bonds	4,709,500
	\$ 6,517,879
Computed Coverage	288%
Coverage Requirement	125%

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017**

STATISTICAL INFORMATION

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

General Government Expenditures by Function
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Streets</u>	<u>Health and Welfare</u>	<u>Culture & Recreation</u>	<u>Economic Development</u>	<u>Debt Services</u>	<u>Total</u>
2007-08	\$ 4,433,847	\$ 22,751,353	\$ 4,704,754	\$ 9,065,571	\$ 1,833,511	\$ 4,151,318	\$ 3,096,734	\$ 50,037,088
2008-09	4,731,952	28,025,096	5,832,627	23,077,926	1,720,807	4,523,604	2,241,289	70,153,301
2009-10	4,341,709	25,474,931	14,974,806	1,491,596	1,657,029	4,648,669	2,811,624	55,400,364
2010-11	6,459,976	25,157,469	6,006,443	160,983	1,120,863	4,915,834	3,679,296	47,500,864
2011-12	5,423,037	27,570,275	3,702,871	629	1,989,113	4,813,173	3,745,698	47,244,796
2012-13	5,216,187	27,388,784	3,460,381	110,935	2,841,490	4,704,086	3,856,073	47,577,936
2013-14	6,972,885	27,386,699	4,382,912	463,886	2,112,589	5,028,554	3,753,029	50,100,554
2014-15	6,704,404	28,657,862	5,138,517	410,969	1,746,966	3,792,050	3,650,604	50,101,372
2015-16	7,714,835	27,494,864	4,865,569	755,691	2,037,909	4,644,064	3,505,294	51,018,226
2016-17	8,009,505	27,757,453	7,336,480	387,911	1,647,320	6,686,814	3,426,604	55,252,087

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

Governmental Revenues By Source
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Intergov- emmental</u>	<u>Licenses & Permits</u>	<u>Charges for Services</u>	<u>Fines & Forfeitures</u>	<u>Investment Income</u>	<u>Misc Revenues</u>	<u>Total</u>
2007-08	\$ 31,705,767	\$ 8,261,565	\$ 413,183	\$ 1,766,807	\$ 1,916,846	\$ (3,275,268)	\$ 1,162,943	\$ 41,951,843
2008-09	32,399,044	4,903,868	420,663	2,127,414	2,104,237	(9,252,051)	775,469	33,478,644
2009-10	33,166,047	4,906,373	385,949	2,066,991	1,878,424	6,582,036	2,445,317	51,431,137
2010-11	33,566,216	6,440,504	395,511	2,193,602	2,001,322	14,546,261	552,201	59,695,617
2011-12	36,586,145 *	5,462,968	330,553	2,636,087	2,170,041	2,749,217	742,978	50,677,989
2012-13	39,796,809	5,205,283	392,512	2,249,961	1,960,694	10,846,574	1,492,193	61,944,026
2013-14	40,546,435	5,668,145	304,395	2,545,726	1,976,580	15,736,403	2,367,115	69,144,799
2014-15	39,781,445	5,543,732	349,439	3,662,747	2,045,294	8,377,665	2,381,400	62,141,722
2015-16	40,296,979	5,367,958	567,942	4,259,051	1,971,146	3,546,362	1,938,936	57,948,374
2016-17	37,327,650	5,011,809	504,832	4,564,074	1,581,638	13,120,184	2,856,002	64,966,189

* A new sales/use Tax became effective January 1, 2012 changing the rate from 3.3 to 3.85

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017**

**Assessed Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year	Real Property	Personal Property	Public Service Property	Veteran and Homestead Exemption	Total Actual		Ratio of Total Assessed Value to Total Estimated Actual Value
					Assessed Value	Estimated Actual Value	
2008	\$ 233,726,705	\$ 27,869,971	\$ 12,100,868	\$ 14,043,632	\$ 259,653,912	(1) \$ 2,360,490,127	11%
2009	244,609,641	29,359,839	12,004,561	14,504,429	271,469,612	(1) 2,467,905,563	11%
2010	252,013,094	27,856,671	13,374,321	10,453,302	278,216,075	(1) 2,529,237,045	11%
2011	258,517,927	27,728,562	13,697,571	10,398,494	284,605,074	(1) 2,587,318,855	11%
2012	259,775,001	27,954,136	13,431,063	10,164,671	285,884,862	(1) 2,598,953,291	11%
2013	263,908,805	28,917,523	11,834,175	15,286,274	289,374,229	(1) 2,630,674,809	11%
2014	267,452,466	28,135,094	11,407,389	15,250,420	291,744,529	(1) 2,652,222,991	11%
2015	272,926,268	26,469,753	11,878,425	9,320,146	296,030,326	(1) 2,691,184,782	11%
2016	283,028,134	25,089,341	11,544,013	9,165,223	304,059,153	(1) 2,764,174,118	11%
2017	296,756,210	35,937,171	13,524,628	9,022,864	330,156,570	(1) 3,001,423,364	11%

(1) New established exemption for veterans

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

Property Tax Rates – All Overlapping Governments
(Per \$1,000 of Assessed Value)
Last Ten Fiscal Years

Fiscal Year	City Sinking Fund	MWC Schools	Rose State College	Oklahoma County	Total Midwest City Resident	Choctaw Schools	Total Midwest City Resident	OKC Schools	Total Midwest City Resident
2008	7.29	65.05	17.30	23.18	112.82	66.66	114.43	52.48	100.25
2009	7.24	65.83	17.40	24.79	115.26	68.50	117.93	58.43	107.86
2010	6.81	65.60	17.32	24.27	114.00	69.41	117.81	58.70	107.10
2011	6.62	64.64	17.18	24.06	112.50	70.22	118.08	62.09	109.95
2012	6.09	66.55	17.10	23.97	113.71	72.49	119.65	59.29	106.45
2013	5.78	64.98	17.02	23.87	111.65	76.19	122.86	60.39	107.06
2014	5.44	70.32	20.33	23.58	119.67	76.18	125.53	59.36	108.71
2015	5.18	71.03	19.88	23.72	119.81	76.17	124.95	59.71	108.49
2016	0.96	70.64	19.65	23.81	115.06	76.17	120.59	59.36	103.78
2017	0.92	65.54	19.21	23.28	111.95	76.16	119.57	59.36	102.77

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017**

Computation of Legal Debt Margin
June 30, 2017

Net assessed valuation	\$330,156,570
Debt limit (a)	\$33,015,657
Applicable bonds outstanding	\$1,300,000
Legal debt margin	\$31,715,657

(a) Article 10, Section 26 of the Constitution of the State of Oklahoma limits municipal debt to 10% of net assessed valuation for certain types of general obligation bonds.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt
To Total General Governmental Expenditures
Last Ten Fiscal Years

Fiscal Year	Principal	Interest (1)	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to Government Expenditures
2007-08	\$ 1,350,000	\$ 1,102,596	\$ 2,452,596	\$ 50,037,088	4.90%
2008-09	1,400,000	635,560	2,035,560	70,153,301	2.90%
2009-10	1,400,000	569,623	1,969,623	55,400,364	3.56%
2010-11	1,400,000	503,685	1,903,685	47,500,864	4.01%
2011-12	1,400,000	437,342	1,837,342	47,244,796	3.89%
2012-13	1,400,000	370,754	1,770,754	47,577,936	3.72%
2013-14	1,400,000	304,167	1,704,167	50,100,554	3.40%
2014-15	1,400,000	259,975	1,659,975	50,101,372	3.31%
2015-16	1,400,000	190,700	1,590,700	51,018,226	3.12%
2016-17	1,400,000	121,425	1,521,425	57,389,574	2.65%

(1) Excludes bond issuance and other costs

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt
 To Assessed Value and Net General Obligation Bonded Debt Per Capita
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Money Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2007-08	54,088	\$ 259,653,914	\$ 13,900,000	\$ 1,683,112	\$ 12,216,888	4.71%	226
2008-09	54,088	271,469,612	12,500,000	1,513,528	10,986,472	4.05%	203
2009-10	54,088	278,216,075	11,100,000	1,500,619	9,599,381	3.45%	177
2010-11	54,371	284,605,074	9,700,000	1,504,457	8,195,543	2.88%	151
2011-12	54,371	285,884,862	8,300,000	1,551,565	6,748,435	2.36%	124
2012-13	54,371	289,374,229	6,900,000	1,428,884	5,471,116	1.89%	101
2013-14	54,371	291,744,529	5,500,000	1,373,216	4,126,784	1.41%	76
2014-15	54,371	296,030,326	4,100,000	1,364,980	2,735,020	0.92%	50
2015-16	54,371	304,059,153	2,700,000	1,392,720	1,307,280	0.43%	24
2016-17	54,371	330,156,570	1,300,000	189,868	110,132	0.34%	20

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

Revenue Bond and Note Coverage
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Gross Revenues</u>	<u>Direct Operating Expenses</u>	<u>Net Revenue Available for Debt Service</u>	<u>Maximum Annual Debt Service</u>	<u>Debt Service Coverage</u>
2007-08	\$ 14,201,820	\$ 7,372,367	\$ 6,829,453	\$ 2,000,344	3.41
2008-09	14,535,584	8,191,452	6,344,132	2,000,344	3.17
2009-10	14,822,864	7,867,225	6,955,639	2,000,344	3.48
2010-11	15,207,582	8,004,126	7,203,456	2,000,344	3.60
2011-12	17,702,453	8,669,659	9,032,794	6,517,879	1.39
2012-13	27,258,461	9,443,537	17,814,924	6,517,879	2.73
2013-14	28,567,824	9,583,902	18,983,902	6,517,879	2.91
2014-15	28,465,993	9,581,604	18,884,389	6,517,879	2.70
2015-16	28,685,573	11,425,998	17,259,575	6,517,879	2.65
2016-17	28,580,650	9,823,029	18,757,621	6,517,879	2.88

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017**

Demographic Statistics

<u>Year</u>	<u>Population</u>	<u>Population Percent Change</u>
1950	10,166	0.00%
1960	36,058	254.69%
1970	48,212	33.71%
1980	49,559	2.79%
1990	52,267	5.46%
2000	54,088	3.48%
2010	54,371	0.50%

Population is taken from US Census conducted every 10 years.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

New Construction
Last Ten Fiscal Years

Fiscal Year	Commercial Construction		Residential Construction		Total Construction
	Number of Units	Value	Number of Units	Value	
2007-08	251	\$ 44,469,520	\$ 537	\$ 29,373,333	\$ 73,842,853
2008-09	264	28,032,074	504	29,169,569	57,201,643
2009-10	184	11,614,006	457	18,846,251	30,460,257
2010-11	98	14,052,174	203	23,937,338	37,989,512
2011-12	28	97,003,650	237	20,332,200	117,335,850
2012-13	27	54,561,650	120	19,020,411	73,582,061
2013-14	8	6,398,000	69	11,878,466	18,276,466
2014-15	15	6,748,210	103	16,365,722	23,113,932
2015-16	26	69,362,500	126	23,727,017	93,089,517
2016-17	14	22,360,831	94	14,092,784	36,453,615

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

Miscellaneous Statistics
June 30, 2017

Date of Incorporation	1943
Form of government	Council-manager
Square miles in city limits	24.37
Miles of streets	725.7 Lane miles
Education	
Number of primary schools	8
Number of secondary schools	3
Number of High schools	2
Number of colleges	1
Police Protection	
Number of officers	94
Fire Protection	
Number of stations	6
Number of headquarters	1
Number of personnel per shift	25
Public Works	
Water storage capacity (millions of gallons)	9.5
Miles of water lines	302.8
Miles of sanitary sewer lines	286.8

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017**

Miscellaneous Statistics, Continued
June 30, 2017

City Employees

<u>Fiscal Year</u>	<u>Full Time Government</u>	<u>Full Time Hotel/Conference Center</u>
2007-08	499	-
2008-09	499	-
2009-10	502	60
2010-11	494	62
2011-12	493	62
2012-13	491	-
2013-14	489	-
2014-15	477	-
2015-16	472	-
2016-17	470	

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017**

Miscellaneous Statistics, Continued
June 30, 2017

City Water Usage (Gallons)

<u>Fiscal Year</u>	<u>Annual Usage</u>	<u>Average Daily Usage</u>
2007-08	1,863,117,000	5,104,430
2008-09	1,931,741,887	5,292,444
2009-10	1,910,755,000	5,234,945
2010-11	1,953,204,878	5,351,246
2011-12	2,025,176,197	5,548,428
2012-13	1,902,831,000	5,213,236
2013-14	1,699,549,985	4,656,301
2014-15	1,604,378,570	4,395,558
2015-16	1,778,171,000	4,857,417
2016-17	2,193,795,000	6,010,397

City of Midwest City, Oklahoma

Single Audit Report
June 30, 2017

Contents

Independent auditor's report on:	
Internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	1-2
Report on compliance for the major program and on internal cover over compliance and report on schedule of expenditures of federal awards as required by Uniform Guidance	3-4

Schedule of expenditures of federal awards	5
Notes to the schedule of expenditures of federal awards	6
Summary schedule of prior audit findings	7
Schedule of findings and questioned costs	8-10
Management response and corrective action plan over findings	11



RSM US LLP

**Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

Independent Auditor's Report

Honorable Mayor and Members of City Council
City of Midwest City, Oklahoma
Midwest City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Midwest City, Oklahoma, (the City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 12, 2018. Our report on our audit of the City's basic financial statements contains an emphasis of matter paragraph describing a restatement to correct an error. Our opinion was not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2017-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Midwest City's Response to Findings

The City's response to the findings identified in our audit are described in the accompanying schedule of findings over the financial statements. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Oklahoma City, Oklahoma
January 12, 2018

**Report on Compliance for the Major Federal Program;
Report on Internal Control Over Compliance and Report on
the Schedule of Expenditures of Federal Awards as
Required by Uniform Guidance**

Independent Auditor's Report

City Council
City of Midwest City, Oklahoma
Midwest City, Oklahoma

Report on Compliance for the Major Federal Program

We have audited the City of Midwest City, Oklahoma's, (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2017. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the City of Midwest City, Oklahoma, as of and for the year ended June 30, 2017, and have issued our report thereon dated January 12, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Our report on our audit of the City's basic financial statements contains an emphasis of matter paragraph describing a restatement to correct an error. Our opinion was not modified with respect to this matter. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Oklahoma City, Oklahoma
January 19, 2018, except for our report on the Schedule of Expenditures of Federal Awards, for which the date is January 12, 2018

City of Midwest City, Oklahoma

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA #	Pass-Through Entity/Contract Identifying Number	Passed Through to Subrecipients	Expenditures
Federal Programs:				
Federal Emergency Management Agency:				
Passed through grant from:				
Oklahoma Department of Civil Emergency Management:				
Emergency Performance Grant 16	97.042	Not Available	\$ -	\$ 7,500
Emergency Performance Grant 17	97.042	Not Available	-	7,500
			<u>-</u>	<u>15,000</u>
Hazard Mitigation Grant Program	97.039	FEMA-4109-DR-OK	-	21,100
Dec 2015 Ice Storm	97.036	FEMA-DR-4247-PW73	-	76,813
			<u>-</u>	<u>112,913</u>
Total Federal Emergency Management Agency				
U.S. Department of Justice:				
Direct Program:				
FY 2016 Byrne Memorial Justice Assistance Grant	16.738	2016-DJ-BX-0928	-	21,273
			<u>-</u>	<u>21,273</u>
Total U.S. Department of Justice				
U.S. Department of Housing and Urban Development:				
Direct Program:				
Community Development Block Grant	14.218	B-15-MC-40-0005	-	101,002
	14.218	B-16-MC-40-0005	-	222,107
Total Community Development Block Grant			<u>-</u>	<u>323,109</u>
Home Investment Partnership Program	14.239	16-HOME-1551	-	128,357
			<u>-</u>	<u>451,466</u>
Total U.S. Department of Housing and Urban Development				
U.S. Department of Transportation				
Passed through grant from:				
Oklahoma Highway Safety Office	20.600	SE-16-03-05-13	-	5,517
		AL-16-03-08-13	-	25,016
Oklahoma Highway Safety Office	20.600	AL-17-03-05-14	-	30,533
Total Oklahoma Highway Safety Office			<u>-</u>	<u>60,533</u>
Passed through Oklahoma Tourism & Recreation Dept:				
Recreational Trails Program	20.219	16-07	-	112,000
			<u>-</u>	<u>142,533</u>
Total U.S. Department of Transportation				
U.S. Department of Commerce				
Direct Program:				
PW & ED Facilities Assistance - Soldier Creek Ind Park	11.300		-	60,423
			<u>-</u>	<u>60,423</u>
Total U.S. Department of Commerce				
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 788,608</u>

See notes to schedule of expenditures of federal awards.

City of Midwest City, Oklahoma

**Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of the Title 2, U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position changes in net position or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2, U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

City of Midwest City, Oklahoma

**Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2017**

Findings Related to the Financial Statements:

A. Internal Control

No matters were reported

B. Compliance Findings

No matters were reported

Findings and Questioned Costs for Federal Awards:

A. Internal Control

No matters were reported

B. Compliance Findings

No matters were reported

City of Midwest City, Oklahoma

**Summary Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**

I. Summary of Auditor's Results:

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditors' report issued on compliance for major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major programs:

Federal CFDA #	Name of Federal Program
14.218	Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

City of Midwest City, Oklahoma

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**

II. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted *Government Auditing Standards*

A. Internal Control

Finding 2017-001

Audit finding: In 2016, the City recorded expenditures related to the Sooner Rose economic development agreement as an investment asset held at fair value in 2016 when the City had no title to the land purchased.

Criteria: Governmental Accounting Standards Board Statement No. 72 defines a financial asset as cash, evidence of ownership interest in an entity, or a contract that conveys to one entity a right to do either of the following: receive cash or another financial instrument from a second entity or exchange other financial instruments on potentially favorable terms with the second entity. As the City received no title to the land acquired as a result of this transaction, it does not meet the definition of a financial assets under GASB Statement No. 72.

Condition and context: The City had overstated the investment balances and understated expenses in both the Governmental Activities government wide statements and the fund level statements of the Midwest City Hospital Authority, which is a major governmental fund.

Cause: The City experienced significant turnover in its finance department from December 2015 through August 2016, and as a result, there was an insufficient understanding of how the underlying transaction should have been accounted for. There was also insufficient communication between the other members of management of the City and the finance department regarding the underlying substance of the transaction.

Effect: The City recorded a total of \$2,137,487 as an investment in 2016 that should have been recorded as an expenditure in that year as the City acquired no asset as a result of the disbursements. We proposed an adjustment which the City accepted and recorded as an adjustment to its beginning net position and fund balance in its 2017 financial statements.

Recommendation: We recommend that the City have regular and formal communications between the finance department and all parties involved in economic development activities to ensure the proper recording of all transactions associated with agreements that may arise out of these activities.

Management response: Concur. There was some confusion about the substance of this transaction that resulted from turnover in the Finance Director position and from a claw back provision contained in the economic development agreement which allowed the City to recoup its money under certain conditions.

City of Midwest City, Oklahoma

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**

B. Compliance Findings

No matters were reported.

III. Findings Required to be Reported in Accordance with the Uniform Guidance

A. Internal Control

No matters were reported.

B. Compliance Findings

No matters were reported.



**THE CITY OF
MIDWEST CITY**
Finance Department

January 18, 2018

RSM US LLP
210 Park Avenue, Suite 1725
Oklahoma City, Oklahoma 73102

RE: Finding 2017-001 Response and Corrective Action

In conjunction with our FY16-17 annual audit, please see the City of Midwest City's corrective action plan below:

Corrective Action Plan:

A permanent Finance Director has been in place since September, 2016. In the future, the Finance Department will have regular discussions with economic development staff to ensure the proper recording of transactions. The Finance Department has already implemented new internal control procedures that require approved purchase orders for wire transfers. In the past, wire transfers were recorded as a journal entry. Since most of the City's land purchases are made by wire transfer, this procedure has already improved the documentation and the information flow between economic development and finance. This procedure along with increased communication should prevent this type of misunderstanding from happening in the future.

Sincerely,

Christy Barron
Finance Director



RSM US LLP

210 Park Avenue
Suite 1725
Oklahoma City, OK 73102

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January 12, 2018

City Council and Management
City of Midwest City, Oklahoma

This letter is to inform the City Council of the City of Midwest City about significant matters related to the conduct of our audit as of and for the year ended June 30, 2017, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

The following summarizes various matters that must be communicated to you under auditing standards generally accepted in the United States of America.

The Respective Responsibilities of the Auditor and Management

Our responsibility under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States have been described to you in our arrangement letter dated June 30, 2017. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated June 30, 2017 regarding the planned scope and timing of our audit and have discussed with you our identification of, and planned audit response to, significant risks of material misstatement.

Significant Accounting Practices, Including Policies, Estimates and Disclosures

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice. Management has the ultimate responsibility for the appropriateness of the accounting policies used by the City. The City adopted Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. As a result of the implementation, the City added disclosures in Note 3 of the basic financial statements.

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

The following is a list of the significant estimates which you may wish to monitor for your oversight responsibilities of the financial reporting process:

- Allowance for doubtful accounts
- Depreciable life of capital assets
- Net pension liability (NPL) assumptions
- Fair value of investments
- Other post-employment benefits (OPEB)
- Worker's compensation, healthcare and other risk management liabilities

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Audit Adjustments

There were no audit adjustments proposed by us and recorded by the City, other than the restatement of beginning net position/fund balance of the governmental activities and Midwest City Hospital Authority Fund.

Uncorrected Misstatements

We identified the following uncorrected misstatements that management has concluded are not, individually or in the aggregate, material to the financial statements. We agree with management's conclusion in that regard.

Opinion Unit: Governmental Type Activities

Description	Effect - Debit (Credit)				
	Assets	Liabilities	Net Position	Revenue	Expense
Non-reversed opening equity misstatements	\$ -	\$ -	\$ 947,514	\$ -	(947,514)
	<u>\$ -</u>	<u>\$ -</u>	<u>947,514</u>	<u>\$ -</u>	<u>\$(947,514)</u>
Current year effect on net position			(947,514)		
Total			<u>\$ -</u>		

Opinion Unit: Business Type Activities

Description	Effect - Debit (Credit)				
	Assets	Liabilities	Net Position	Revenue	Expense
Non-reversed opening equity misstatements	\$ -	\$ -	\$ 82,730	\$ -	(82,730)
	<u>\$ -</u>	<u>\$ -</u>	<u>82,730</u>	<u>\$ -</u>	<u>\$(82,730)</u>
Current year effect on net position			(82,730)		
Total			<u>\$ -</u>		

Internal Control Matters

We have separately issued a report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements and major program, as required by *Government Auditing Standards* and *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* at 2 CFR 200 (Uniform Guidance). This communication is included within the City's Compliance Report for the year ended June 30, 2017.

Disagreements with Management

We encountered no significant difficulties with management over the application of significant accounting principles, the basis of management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultation With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters, other than those services provided by Crawford and Associates to prepare the year end financial statements.

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Management Representations

Attached are copies of the management representation letters for the financial statement audit and the Single Audit.

Other Communications with Management

Attached is a letter describing deficiencies in internal controls that we determined were not material weaknesses or significant deficiencies, and other recommendations to management to improve processes and efficiencies.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the City of Midwest City.

This report is intended solely for the information and use of the City Council and management and is not intended to be, and should not be, used by anyone other than these specified parties.

RSM US LLP



THE CITY OF MIDWEST CITY

January 12, 2018

RSM US LLP
210 Park Avenue, Suite 1725
Oklahoma City, Oklahoma 73102

This representation letter is provided in connection with your audit of the basic financial statements of the City of Midwest City, Oklahoma (the "City") as of and for the year ended June 30, 2017 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of January 12, 2018:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated June 30, 2017, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related party transactions and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
7. We are not aware of any actual or possible litigation and claims required to be accounted for and disclosed in accordance with U.S. GAAP.
8. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No.5 and/or GASB Statement No.10.

9. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private, or to special assessment bond.
10. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
11. The City has satisfactory title to all owned assets.
12. Net positions (net investment in capital assets; restricted; and unrestricted) and fund balances are properly classified and when applicable, approved.
13. Expenses or expenditures have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
14. Revenues are appropriately classified in the statements of activities within program revenues and general revenues.
15. Capital assets, including infrastructure assets, are properly capitalized, reported, and depreciated.
16. We agree with the findings of the actuary specialists used by the City of Midwest, Oklahoma Firefighters Pension and Retirement System (the "OFPRS"), and Oklahoma Police Pension and Retirement System (the "OPPRS") in evaluating the assumptions and financial amounts related to the defined benefit plans and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
17. We have informed you of all uncorrected misstatements.

As of and for the year ended June 30, 2017, we believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate, to the opinion units of the financial statements. For purposes of this representation, we consider items to be material, regardless of their amount, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Opinion Unit: Governmental Type Activities

Description	Effect - Debit (Credit)				
	Assets	Liabilities	Net Position	Revenue	Expense
Non-reversed opening equity misstatements	\$ -	\$ -	\$ 947,514	\$ -	(947,514)
Current year effect on net position	\$ -	\$ -	947,514 (947,514)	\$ -	\$ (947,514)
Total			<u>\$ -</u>		

Opinion Unit: Business Type Activities

Description	Effect - Debit (Credit)				
	Assets	Liabilities	Net Position	Revenue	Expense
Non-reversed opening equity misstatements	\$ -	\$ -	\$ 82,730	\$ -	(82,730)
	<u>\$ -</u>	<u>\$ -</u>	<u>82,730</u>	<u>\$ -</u>	<u>\$ (82,730)</u>
Current year effect on net position			(82,730)		
Total			<u>\$ -</u>		

18. We agree with the restatements of the beginning net position of the financial statements discussed in Note 7. The reclassification of the nonmajor enterprise funds to be included within the major enterprise is appropriate based on a reevaluation of the purpose of the funds. We do not believe this is the correction of an error. With respect to the restatement of the Hospital Authority Fund, the following applies:

- a. The restatement corrects an error in those financial statements.
- b. We were not aware of the error when those financial statements were issued.
- c. We are not aware of any other errors in the 2016 financial statements.
- d. We do not believe it is necessary to recall the June 30, 2016 financial statements and all users of those financial statements will receive a copy of the current year's financial statements and independent auditor's report.

Information Provided

19. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the governing boards and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
20. All transactions have been recorded in the accounting records and are reflected in the financial statements.
21. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
22. We have no knowledge of allegations of fraud or suspected fraud, affecting the City's financial statements involving:

- a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
23. We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements received in communications from employees, former employees, analysts, regulators, or others.
 24. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing financial statements.
 25. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
 26. We have disclosed to you the identity of the City's related parties and all the related-party relationships and transactions of which we are aware.
 27. We have informed you of a material weakness in the design or operation of internal controls that could adversely affect the City's ability to record, process, summarize and report financial data.
 28. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

Supplementary Information

29. With respect to supplementary information presented in relation to the financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - c. The methods of measurement have not changed from the prior period.
 - d. Underlying significant assumptions or interpretations regarding the measurement or presentation of such information are disclosed in the financial statements.
 - e. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.
30. With respect to the required supplementary information presented as required by the Governmental Accounting Standards Board to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by accounting principles generally accepted in the United States of America and/or budgetary accounting principles as described in the financial statements.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. Underlying significant assumptions or interpretations regarding the measurement or presentation of such information are disclosed in the financial statements, including the notes to the required supplementary information.

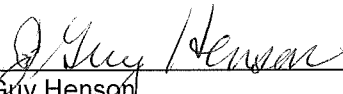
Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:


31. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
32. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.
33. Is not aware of any instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
34. Is not aware of any instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
35. Is not aware of any instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
36. Is responsible for the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
37. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
38. Has a process to track the status of audit findings and recommendations.
39. Has identified for the auditor previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
40. Has taken timely and appropriate steps to remedy fraud; noncompliance with provisions of laws, regulations, contracts and grant agreements; or abuse that the auditor reports.
41. Has provided views on the auditor's reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report.
42. Acknowledges its responsibilities as it relates to nonaudit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, Christy Barron, Finance Director, who possesses suitable skill, knowledge, or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

During the course of your audit, you may have accumulated records containing data which should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.


City of Midwest City, Oklahoma



J. Guy Henson
City Manager



Tim Lyon
Assistant City Manager



Christy Barron
Finance Director



Frank Chen
Deputy Finance Director

January 22, 2018

RSM US LLP
531 Couch Drive
Oklahoma City, Oklahoma 73102

This representation letter is provided in connection with your audit of the federal awards programs of the City of Midwest City, Oklahoma (the City), conducted in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). We have previously provided you with our representation letter, dated January 12, 2018, in connection with your audit of the financial statements, performed in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards*, issued by the Comptroller General of the United States. This supplemental representation letter is in connection with your audit of federal awards in accordance with the Uniform Guidance.

We confirm, to the best of our knowledge and belief, as of January 22, 2018:

1. Management is responsible for complying, and has complied, with the requirements of Uniform Guidance.
2. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its federal programs.
3. Management is responsible for establishing and maintaining, and has established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on its federal programs in existence prior to December 26, 2014, as well as for funding increments and new awards obtained after that date.
4. Management has prepared the schedule of expenditures of federal awards in accordance with Uniform Guidance and has included expenditures made during the period being audited for all awards provided by federal agencies in the form of grants, federal cost reimbursement contracts, loans, loan guarantees, property


(including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations and other assistance.

5. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance compliance audit.
6. Management has identified and disclosed to the auditor the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program. Management has further identified each award resulting from programs in existence prior to December 26, 2014 and funding increments or new awards obtained after that date.
7. Management has made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
8. Management has identified and disclosed to the auditor all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards or stated that there was not such noncompliance.
9. Management believes that the auditee has complied with the direct and material compliance requirements.
10. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
11. Management has provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations.
12. Management is unaware of any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
13. Management is unaware of any findings received for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
14. There have been no audits or examinations by federal awarding agencies or pass-through entities, and there are no outstanding audit findings requiring follow up.

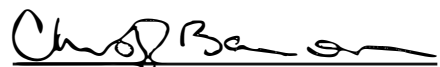
15. Management is not aware of any known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report or stated that there were no such known instances.
16. Management is not aware of any changes in internal control over compliance or other factors that might significantly affect internal control that has occurred subsequent to the period covered by the auditor's report.
17. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
18. The copies of federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
19. Management has charged costs to federal awards in accordance with applicable cost principles.
20. Management is responsible for, and has accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by Uniform Guidance.
21. The reporting package does not contain protected personally identifiable information.
22. Management acknowledges its responsibility for the accurate, complete and timely filing of the appropriate sections of the data collection form with the Federal Audit Clearinghouse. Management will timely file the Data Collection Form.

During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

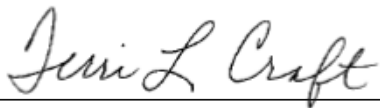
City of Midwest City, Oklahoma



Guy Henson
City Manager



Christy Barron
Finance Director



Terri Craft
Grants Manager



RSM US LLP

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January 12, 2018

To Management and the City Council
City of Midwest City
Midwest City, Oklahoma

In planning and performing our audit of the financial statements of the City of Midwest City (the City) as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We communicated the significant deficiencies and material weaknesses identified during our audit in a separate communication January 12, 2018.

Certain deficiencies in internal control that have been previously communicated to you, in writing, by us or by others within your organization are not repeated herein.

Following are descriptions of other identified deficiencies in internal control that we determined did not constitute significant deficiencies or material weaknesses:

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Review of SOC1 Reports by Management

During our review of the transaction cycles related to health insurance and workers compensation, RSM noted that the SOC 1 reports, which outline the results of the audits over internal controls of the City's third party administrators related to the self-insured plans, were not being reviewed by management prior to providing them to the auditors. Management should review these reports as they are available to ensure that all user controls are appropriately implemented and that the controls for the third party administrators are operating effectively.

Actuarial Assumptions for the Other Post-Employment Benefits (OPEB) Liability

RSM reviewed the assumptions used by the City's actuary related to the OPEB plan noting that several of the assumptions used were not appropriate for the current year. To highlight, the RSM internal specialists discovered issues with the following assumptions:

- a. The discount rate was overstated by 75 basis points (4.75% vs 4.00%)
- b. Disability rates were omitted
- c. The potential liability related to the Cadillac Tax was omitted

Although we noted these issues, they did not result in a material adjustment for the current period. However, when GASB Statement No. 75 is implemented in fiscal year 2018, these modifications could result in a material adjustment. We recommend that the City review these assumptions with their actuary as well as RSM's specialist to ensure the appropriate assumptions are used.

This portion of the letter includes comments and suggestions with respect to matters that came to our attention in connection with our audit of the financial statements of the City of Midwest City (the City) as of and for the year ended June 30, 2017. These items are offered as constructive suggestions to be considered part of the ongoing process of modifying and improving the City's practices and procedures.

Capitalization Threshold for Capital Assets

The City has a capitalization threshold of \$1,000 for its capital assets. In February 2006, the Governmental Financial Officers Association (GFOA) recommended that state and local governments not establish a capitalization threshold of less than \$5,000 for any individual items in any case. We recommend that the City adopt a capitalization threshold of at least \$5,000 for individual capital assets and consider whether a higher threshold, such as \$10,000, might be appropriate. Note that if the City adopts a policy greater than \$5,000, it would need to modify that policy for assets acquired with Federal funds.

Recording of Government Wide Entries

The City engages Crawford & Associates to record their GASB 34 entries as part of the preparation of the year-end financial statements. Crawford & Associates record these transactions in the financial statements, but the City does not record them in their general ledger. This has caused some issues in reconciling the capital asset balances and ensuring all assets have been recorded. We recommend that the City record these entries as part of the year-end close process each year and update these balances prior to sending the general ledger to Crawford & Associates.

This letter is intended solely for the information and use of management, the City Council, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties. We appreciate serving the City of Midwest City and would be happy to assist you in addressing and implementing any of the suggestions in this letter.

RSM US LLP



City Manager
100 N. Midwest Boulevard
Midwest City, OK 73110
ghenson@midwestcityok.org
Office: 405-739-1204
Fax: 405-739-1208
www.midwestcityok.org

MEMORANDUM

TO: Mayor and City Councilmembers

FROM: J. Guy Henson, City Manager

DATE: January 30, 2018

SUBJECT: Discussion and consideration of a resolution relating to the incurring of indebtedness by the Trustees of the Midwest City Economic Development Authority, waiving competitive bidding and authorizing the sale of the bonds at a discount; approving a bond placement agreement; and authorizing such other documents as may be necessary or required.

Mr. Greg Neito and Bond Counsel, John Weidman, will be at the meeting to answer any questions.

Waiving of competitive bidding requires an affirmative vote of six members of the Councilmembers.

J. GUY HENSON
City Manager

**THE CITY COUNCIL OF THE CITY OF MIDWEST CITY, STATE OF OKLAHOMA,
MET IN SPECIAL SESSION IN THE COUNCIL CHAMBERS AT THE CITY HALL, 100
NORTH MIDWEST CITY BOULEVARD, IN SAID CITY ON THE 30TH DAY OF
JANUARY, 2018, AT 6:00 O'CLOCK P.M.**

PRESENT:

ABSENT:

(OTHER PROCEEDINGS)

Notice of this special meeting of the governing body of Midwest City, Oklahoma having been given in writing to the Midwest City Clerk at least forty eight (48) hours prior to said meeting and public notice and agenda of this meeting having been posted in prominent view at the City Hall, 100 N. Midwest City Boulevard, Midwest City, Oklahoma, twenty-four (24) hours prior to this meeting, excluding Saturdays, Sundays and legal holidays, all in compliance with the Oklahoma Open Meeting Act.

(OTHER PROCEEDINGS)

Thereupon the Resolution was introduced and considered by sections. Upon motion of _____, seconded by _____, the Resolution was finally passed with the following vote:

AYE:

NAY:

The Resolution was thereupon signed by the Mayor and attested and sealed with the seal of the City by the City Clerk and is as follows:

RESOLUTION

A RESOLUTION RELATING TO THE INCURRING OF INDEBTEDNESS BY THE TRUSTEES OF THE MIDWEST CITY ECONOMIC DEVELOPMENT AUTHORITY, WAIVING COMPETITIVE BIDDING AND AUTHORIZING THE SALE OF THE BONDS AT A DISCOUNT; APPROVING A BOND PLACEMENT AGREEMENT; AND AUTHORIZING SUCH OTHER DOCUMENTS AS MAY BE NECESSARY OR REQUIRED.

WHEREAS, the Midwest City Economic Development Authority (the "Authority") was created by a Trust Indenture, dated as of December 12, 2017, (the "Trust Indenture"), for the use and benefit of Midwest City, Oklahoma (the "City"), under authority of and pursuant to the provisions of Title 60, Oklahoma Statutes (Supp. 2017), Section 176 to 180.3, inclusive, as amended and supplemented, and other applicable statutes of the State of Oklahoma; and

WHEREAS, the Sooner Town Center, L.L.C., an Oklahoma limited liability company (the "Borrower") has requested a loan from the Authority in the aggregate principal amount of not to exceed \$50,000,000.00 for the purpose of providing refinancing of indebtedness of the Borrower in the outstanding principal amount of approximately \$42,500,000.00 (the "Prior Debt") initially used for the purpose of the development of a retail center located in the City of Midwest City, Oklahoma known as the Town Center Plaza and to make additional improvements thereto (the "Project"), to make deposits to reserve funds established with respect to the Bonds, and to pay costs in connection with the issuance of the Bonds and to pay the costs related to such refinancing; and

WHEREAS, the Borrower has requested that the Authority consider issuing its Economic Development Revenue Bonds (Town Center Plaza Project) Taxable Refunding Series 2018 (the "Bonds"), in such principal amounts as shall be agreed to by the Authority and the Borrower, presently estimated not to exceed in the aggregate \$50,000,000.00, to refinance all of the outstanding Prior Debt, and to fund improvements to the Project, under a contractual arrangement whereby the Borrower will own the Project and make provision for payments to the Authority sufficient to pay the principal of such Bonds and the interest thereon and such other costs as may be incurred by the Authority in connection therewith; and

WHEREAS, in order to provide funds to refinance and refund the Prior Debt and to fund improvements to the Project and to pay the costs related to such refinancing, the Authority intends to issue its Bonds in the aggregate principal amount of not to exceed \$50,000,000.00 pursuant to the terms of a Trust Indenture by and between the Authority and BancFirst, Oklahoma City, Oklahoma as Trustee and to loan the proceeds thereof to the Borrower; and

WHEREAS, the Authority has found and determined that the refinancing of the Prior Debt and funding improvements to the Projects, making the loan to the Borrower and issuance of the Bonds (“Project Financing”) by the Authority will lessen the burdens of government, further the implementation of the public welfare and promote economic development within Midwest City, Oklahoma, which purposes are authorized and proper functions of Midwest City, Oklahoma, and the Authority; and the Authority has further found and determined as follows:

a. among other powers, the Authority is authorized by the Trust Indenture to carry out redevelopment activities pursuant to the Oklahoma Constitution and Oklahoma Statutes, and the Project Financing is a redevelopment activity of the Authority as authorized by the Trust Indenture; and

b. the Town Center Project was developed, constructed and has operated in the City of Midwest City, Oklahoma (“Town Center Project”) by the Borrower on real property owned by the City pursuant to a ground lease dated October 26, 2004, (“City Ground Lease”); and

c. the Borrower’s current long-term loan financing for the Town Center Project (“Existing Loan”) is soon to mature and efforts to secure new long-term financing have proven unsuccessful; and, if not paid when due, the Existing Loan will accrue future interest at the increased interest rate of 18% per annum (“Increased Interest Rate”) and will cause the Town Center Project to be subject to other remedies available to the lender under the Existing Loan; and

d. rentals paid to City pursuant to the Ground Lease are impacted by the interest rate paid applicable to loans financing the Town Center Project, and if the Increased Interest Rate is applied to the Town Center Project, ground rent paid to the City will be reduced by a significant amount, and the Town Center Project will otherwise be negatively impacted; and

e. the Town Center Project (i) is the core and primary retail area of the City, and in point of fact, is the town center of Midwest City, (ii) is a focal point of community pride and activity providing retail and service stores and facilities which enhance the quality of life for the City and its citizens, (iii) fosters and provides facilities for economic development with impact within and beyond its borders, (iv) is a significant revenue source for the City through Ground Lease payments and tax revenues, and (iv) has been the object of significant public investment, the protection of which is in the public interest, all benefitting the City, its citizens and the Authority (collectively, the “Town Center Public Impact”); and

f. because of the Town Center Public Impact, including the loss of ground rental payments to the City, and prevention of application of the Increased Interest Rate under the Existing Loan, the Project Financing is in the public interest and is a public purpose, benefitting the City, its citizens and the Authority; and,

WHEREAS, Wells Nelson & Associates, L.L.C., (the “Placement Agent”) has offered to place the Bonds pursuant to a Bond Placement Agreement by and between the Authority and the

Placement Agent and the Authority has determined to waive competitive bidding and sell the Bonds to the Placement Agent at a discount.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MIDWEST CITY, STATE OF OKLAHOMA THAT EACH OF THE “WHEREAS” PROVISIONS APPEARING ABOVE ARE ADOPTED AND APPROVED, AND FURTHER RESOLVES:

Section 1. The incurring of indebtedness by the Trustees of the Midwest City Economic Development Authority in the aggregate principal amount of not to exceed \$50,000,000.00, to be evidenced by the Bonds of the Authority is hereby approved by the City Council of the City of Midwest City, Oklahoma, the governing body of said City.

Section 2. Competitive bidding is hereby specifically waived with respect to the issuance and sale of the Bonds and the issuance and sale of such Bonds to the Placement Agent for a purchase price of not less than ninety eight and one half percent (98.50%) of the principal amount of the Bonds, all pursuant to the terms of the Bond Placement Agreement, with the term or terms of the Bonds not exceeding thirty (30) years, is hereby specifically approved.

Section 3. The Mayor or Vice-Mayor and City Clerk of the City be, and they hereby are, authorized and empowered for and on behalf of the City, to execute and deliver such further agreements and documents and take such action as such officer or officers may deem necessary or desirable in order to accomplish the issuance and sale of the Bonds.

ADOPTED this 30th day of January, 2018.

ATTEST:

Mayor

City Clerk

(SEAL)



City Manager
100 N. Midwest Boulevard
Midwest City, OK 73110
ghenson@midwestcityok.org
Office: 405-739-1204
Fax: 405-739-1208
www.midwestcityok.org

MEMORANDUM

TO: Mayor and City Councilmembers

FROM: J. Guy Henson, City Manager

DATE: January 30, 2018

SUBJECT: Discussion and consideration of a resolution relating to the incurring of indebtedness by the Trustees of the Midwest City Municipal Authority; approving a replenishment agreement; and authorizing such other documents as may be necessary or required.

Mr. Greg Neito and Bond Counsel, John Weidman, will be at the meeting to answer any questions.

J. GUY HENSON
City Manager

**THE CITY COUNCIL OF THE CITY OF MIDWEST CITY, STATE OF OKLAHOMA,
MET IN SPECIAL SESSION IN THE COUNCIL CHAMBERS AT THE CITY HALL, 100
NORTH MIDWEST CITY BOULEVARD, IN SAID CITY ON THE 30TH DAY OF
JANUARY, 2018, AT _____ O'CLOCK P.M.**

PRESENT:

ABSENT:

(OTHER PROCEEDINGS)

Notice of this special meeting of the governing body of Midwest City, Oklahoma having been given in writing to the Midwest City Clerk at least forty eight (48) hours prior to said meeting and public notice and agenda of this meeting having been posted in prominent view at the City Hall, 100 N. Midwest City Boulevard, Midwest City, Oklahoma, twenty-four (24) hours prior to this meeting, excluding Saturdays, Sundays and legal holidays, all in compliance with the Oklahoma Open Meeting Act.

(OTHER PROCEEDINGS)

Thereupon the Resolution was introduced and considered by sections. Upon motion of _____, seconded by _____, the Resolution was finally passed with the following vote:

AYE:

NAY:

The Resolution was thereupon signed by the Mayor and attested and sealed with the seal of the City by the City Clerk and is as follows:

RESOLUTION

A RESOLUTION RELATING TO THE INCURRING OF INDEBTEDNESS BY THE TRUSTEES OF THE MIDWEST CITY MUNICIPAL AUTHORITY; APPROVING A REPLENISHMENT AGREEMENT; AND AUTHORIZING SUCH OTHER DOCUMENTS AS MAY BE NECESSARY OR REQUIRED.

WHEREAS, the Midwest City Municipal Authority (the “Authority”) was created by a Trust Indenture, dated as of July 23, 1968, (the "Trust Indenture"), for the use and benefit of Midwest City, Oklahoma (the "City"), under authority of and pursuant to the provisions of Title 60, Oklahoma Statutes (2011), Section 176 to 180.3, inclusive, as amended and supplemented, and other applicable statutes of the State of Oklahoma; and

WHEREAS, the Sooner Town Center, L.L.C., an Oklahoma limited liability company (the "Borrower") has requested a loan from the Midwest City Economic Development Authority (the “Issuer”) in the aggregate principal amount of not to exceed \$50,000,000.00 for the purpose of providing refinancing of indebtedness of the Borrower in the outstanding principal amount of approximately \$42,500,000.00 (the “Prior Debt”) initially used for the purpose of the development of a retail center located in the City of Midwest City, Oklahoma known as the Town Center Plaza and to make additional improvements thereto (the "Project"), to make deposits to reserve funds established with respect to the Bonds, and to pay costs in connection with the issuance of the Bonds and to pay the costs related to such refinancing;

WHEREAS, the Borrower has requested that the Issuer consider issuing its Economic Development Revenue Bonds (Town Center Plaza Project) Taxable Refunding Series 2018 (the "Bonds"), in such principal amounts as shall be agreed to by the Issuer and the Borrower, presently estimated not to exceed in the aggregate \$50,000,000.00, to refinance all of the outstanding Prior Debt, and to fund improvements to the Project, under a contractual arrangement whereby the Borrower will own the Project and make provision for payments to the Issuer sufficient to pay the principal of such Bonds and the interest thereon and such other costs as may be incurred by the Issuer in connection therewith; and

WHEREAS, in order to provide funds to refinance and refund the Prior Debt and to fund the improvements to the Project, and to pay the costs related to such refinancing, the Issuer intends to issue its Bonds in the aggregate principal amount of not to exceed \$50,000,000.00 and to loan the proceeds thereof to the Borrower; and

WHEREAS, the Issuer has requested that the Authority consider providing support to the repayment of the Bonds by agreeing to replenish the Debt Service Reserve Fund created in connection with the issuance of the Bonds pursuant to the terms of a Trust Indenture (the “Indenture”), by and between the Issuer and BancFirst, Oklahoma City, Oklahoma, as Trustee, (the “Trustee”); and

WHEREAS, the Authority has found and determined that the refinancing of the Prior Debt and funding improvements to the Projects, making the loan to the Borrower and issuance of the Bonds (“Project Financing”) by the Issuer will lessen the burdens of government, further the implementation of the public welfare and promote economic development within Midwest City, Oklahoma, which purposes are authorized and proper functions of Midwest City, Oklahoma, the Issuer and the Authority; and the Authority has further found and determined as follows:

a. among other powers, the Authority is authorized by the Trust Indenture to carry out redevelopment activities pursuant to the Oklahoma Constitution and Oklahoma Statutes, and the Project Financing is a redevelopment activity of the Authority as authorized by the Trust Indenture; and

b. the Town Center Project was developed, constructed and has operated in the City of Midwest City, Oklahoma (“Town Center Project”) by the Borrower on real property owned by the City pursuant to a ground lease dated October 26, 2004, (“City Ground Lease”); and

c. the Borrower’s current long-term loan financing for the Town Center Project (“Existing Loan”) is soon to mature and efforts to secure new long-term financing have proven unsuccessful; and, if not paid when due, the Existing Loan will accrue future interest at the increased interest rate of 18% per annum (“Increased Interest Rate”) and will cause the Town Center Project to be subject to other remedies available to the lender under the Existing Loan; and

d. rentals paid to City pursuant to the Ground Lease are impacted by the interest rate paid applicable to loans financing the Town Center Project, and if the Increased Interest Rate is applied to the Town Center Project, ground rent paid to the City will be reduced by a significant amount, and the Town Center Project will otherwise be negatively impacted; and

e. the Town Center Project (i) is the core and primary retail area of the City, and in point of fact, is the town center of Midwest City, (ii) is a focal point of community pride and activity providing retail and service stores and facilities which enhance the quality of life for the City and its citizens, (iii) fosters and provides facilities for economic development with impact within and beyond its borders, (iv) is a significant revenue source for the City through Ground Lease payments and tax revenues, and (v) has been the object of significant public investment, the protection of which is in the public interest, all benefitting the City, its citizens and the Authority (collectively, the “Town Center Public Impact”); and

f. because of the Town Center Public Impact, including the loss of ground rental payments to the City, prevention of application of the Increased Interest Rate under the Existing Loan, and because of the cash fees to be paid to the Authority as consideration for the Authority entering into the Replenishment Agreement described below, the Project Financing is in the public interest and is a public purpose, benefitting the City, its citizens and the Authority; and,

WHEREAS, there has been presented to this meeting a form of Replenishment Agreement

(the "Replenishment Agreement") by and among the Issuer, the Authority and the Trustee (the "Replenishment Agreement"), whereby the Authority has agreed to replenish the Debt Service Reserve Fund to the Debt Service Reserve Requirement at such times as may be necessary.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MIDWEST CITY, STATE OF OKLAHOMA THAT EACH OF THE "WHEREAS" PROVISIONS APPEARING ABOVE ARE ADOPTED AND APPROVED, AND FURTHER RESOLVES:

Section 1. The incurring of indebtedness by the Trustees of the Midwest City Municipal Authority in the aggregate principal amount of not to exceed \$50,000,000.00, to be evidenced by the performance of the obligations set forth pursuant to the provisions of the Replenishment Agreement and specifically the replenishment of the Debt Service Reserve Fund relating to the Bonds to the Debt Service Reserve Requirement, as defined in the Indenture, at such times as are specified therein, for a period equal to the term of the Bonds is hereby approved by the City Council of the City of Midwest City, Oklahoma, the governing body of said City.

Section 2. The Mayor or Vice-Mayor and City Clerk of the City be, and they hereby are, authorized and empowered for and on behalf of the City, to execute and deliver such further agreements and documents and take such action as such officer or officers may deem necessary or desirable in order to accomplish the issuance and sale of the Bonds.

ADOPTED this 30th day of January, 2018.

ATTEST:

Mayor

City Clerk

(SEAL)

