

Norman Public Schools  
Special Meeting of the Board of Education  
Monday, March 20, 2023 1:00 PM  
Dr. Joseph N. Siano Administrative Services Center Room A  
131 S Flood Avenue  
Norman, OK 73069 [Live Stream: http://www.tinyurl.com/normanboe](http://www.tinyurl.com/normanboe)



### **Agenda**

The Board may discuss, make motions, and vote on all matters appearing on the agenda. The vote may be to adopt, reject, table, reaffirm, rescind, or to take no action on any item. Any person with a disability who needs special accommodations to attend the Board of Education meeting should notify the Clerk of the Board at least 24 hours, if possible, prior to the scheduled time of the Board meeting. The telephone number is 405-366-5872. At the time and place designated, the Board will consider and act upon the matters set forth on the agenda for said meeting as follows:

- I. **Call to Order and Establish a Quorum**  
**Procedural Item**
- II. **Pledge of Allegiance**  
**Procedural Item**
- III. **Disposition of Routine Business by Consent Action**  
**Action Item**

*The following matters may be approved in their entirety by the Board upon motion made, seconded and passed by a majority vote of the Board members. However, upon request by any Board member, any one or more matters will be removed from the consent docket and acted upon separately. Contracts are approved subject to review by the District's legal counsel. Any or all of the public record items included within the consent docket, i.e., minutes to be submitted for approval; purchase orders to be submitted for acceptance; purchase request for approval; financial report; proposed transfer of funds between activity accounts; and fund raising event listing, may be examined at the Office of the Clerk of the Board of Education at the Administrative Services Center at 131 South Flood Avenue, Norman, Oklahoma, at any time during regular business hours, which are Monday-Friday 7:45 AM-4:15 PM*

  - A. **Purchase Requests**  
**Consent Item**
    1. Board of Education Seat Election for Administrative Services Center from Cleveland County Election Board
  - B. **Certified Personnel Report and Recommendations - See Attachment "A" (posted with the agenda)**  
**Consent Item**
  - C. **Support Personnel Report and Recommendations - See Attachment "B" (posted with the agenda)**  
**Consent Item**
  - D. **Agreements, Contracts and Renewals for Fiscal Year 2022-2023**  
**Consent Item**

TECHNOLOGY SERVICES (Christy Fisher)

    1. Contract with Cox Oklahoma Telecom - Approve Agreement for E-Rate 2023-2024 Year for Wide Area Network (WAN) Services - Data Renewal. RFP #2020004, FCC Form 470 #200000671
    2. Renewal Contract with OneNet - Approve Agreement for E-Rate 2023-2024 Year for Internet Access Data Center-Primary Internet Connection RFP #2020006, FCC Form 470 #200008934
    3. Renewal Contract with OneNet - Approve Agreement for E-Rate 2023-2024 Year for Point to Point Connection with VPN. RFP# 2020006, FCC Form 470 #200008934
  - E. **Agreements, Contracts and Renewals for Fiscal Year 2023-2024**  
**Consent Item**

BUSINESS SERVICES (Brenda Burkett)

    1. Risk Management Consulting Agreement between BancFirst Insurance Services Inc. and Norman Public Schools
- IV. **Additional Agenda Items**  
**Procedural Item**
  - A. **Discuss, consider and vote to approve or not approve the following items relative to the \$5,580,000 General Obligation Combined Purpose Bonds, Series 2023 (Resolution attached and posted with this Agenda as Attachment C)**  
**Presented by Zack Robinson, BOK Financial Securities, Inc.**  
**Action Item**
    1. Consideration and vote to award the \$5,580,000 General Obligation Combined Purpose Bonds, Series 2023, to the lowest and best bidder.
    2. Adopt a Resolution providing for the issuance of the \$5,580,000 General Obligation

Combined Purpose Bonds, Series 2023, by Independent School District Number 29 of Cleveland County, Oklahoma, authorized at an election duly called and held for such purpose; designating bonds for certain provisions of the Internal Revenue Code; deeming preliminary official statement "Final" for the purposes of SEC Rule 15(c)2-12; affirming the school district's intention to assist underwriters in complying with SEC Rule 15(c)2-12(b)(5); prescribing form of bonds; providing for registration thereof; providing levy of an annual tax for the payment of principal and interest on the same; and fixing other details of the issue.

- B. **Discuss, consider and vote to approve or not approve the following items relative to the \$3,480,000 General Obligation Building Bonds, Federally Taxable Series 2023 (Resolution attached and posted with this Agenda as Attachment D)**

**Presented by Zack Robinson, BOK Financial Securities, Inc.**

**Action Item**

1. Consideration and vote to award the \$3,480,000 General Obligation Building Bonds, Federally Taxable Series 2023, to the lowest and best bidder.
2. Adopt a Resolution providing for the issuance of the \$3,480,000 General Obligation Building Bonds, Federally Taxable Series 2023, by Independent School District Number 29 of Cleveland County, Oklahoma, authorized at an election duly called and held for such purpose; designating bonds for certain provisions of the Internal Revenue Code; deeming preliminary official statement "Final" for the purposes of SEC Rule 15(c)2-12; affirming the school district's intention to assist underwriters in complying with SEC Rule 15(c)2-12(b)(5); prescribing form of bonds; providing for registration thereof; providing levy of an annual tax for the payment of principal and interest on the same; and fixing other details of the issue.

- C. **Consideration and possible action upon a Resolution authorizing the Board of Education of Independent School District No. 29 of Cleveland County, Oklahoma (Norman School District), to lease certain real property to the Cleveland County Educational Facilities Authority, a public trust; and authorizing the President to execute the Ground Leases upon behalf of the School District, as lessor, in several multiple originals, and after the same shall have been attested by and the seal of the District affixed by the Clerk, to deliver such Ground Leases to the aforesaid Authority, as lessee, and directing the President, upon behalf of said School District, to execute any and all documents related to the Ground Leases and the transaction. (Resolution attached and posted with this Agenda as Attachment E)**

**Presented by Zack Robinson, BOK Financial Securities, Inc.**

**Action Item**

- D. **Consideration and possible action upon a Resolution authorizing the acceptance by Independent School District No. 29 of Cleveland County, Oklahoma (Norman School District) of Sublease Agreements whereby the Cleveland County Educational Facilities Authority will sublease certain real property to Independent School District No. 29 of Cleveland County (Norman School District); and authorizing and directing the President, upon behalf of said School District, to execute the aforesaid Sublease Agreements between the Cleveland County Educational Facilities Authority, as sublessor, and the School District, as sublessee, and authorizing the Clerk to attest and affix the seal of the School District to the Sublease Agreements and to deliver the same to the Cleveland County Educational Facilities Authority and authorizing and directing the President, the Clerk, and the Superintendent, upon behalf of said School District, to execute the Continuing Disclosure Agreement, the Federal Tax and Arbitrage and Use of Proceeds Certificate, the Arbitrage Rebate Agreement, and any and all documents related to the Sublease Agreements and the transaction thereof. (Resolution attached and posted with this Agenda as Attachment F)**

**Presented by Zack Robinson, BOK Financial Securities, Inc.**

**Action Item**

- E. **2021-2022 Audit Report**

**Presented by Brenda Burkett and Vanessa Dutton, CPA Eide Bailly**

**Action Item**

- V. **Adjournment**  
**Procedural Item**

Name and Title of Person Posting this Notice and Agenda:  
Cathy Sasser, Board Clerk, Board of Education

\_\_\_\_\_  
Signature

**CERTIFICATE OF POSTING**

I, the undersigned, the duly qualified and acting Clerk of the Board of Education of Independent School District No. 29 of Cleveland County, Oklahoma, hereby certify that I posted a true and correct copy of the foregoing Public Notice and Agenda at the Dr. Joseph N. Siano Administrative Services Center Room A, 131 South Flood Avenue, in the City of Norman, on the \_\_\_\_\_ day of \_\_\_\_\_, 2023, at \_\_\_\_\_ o'clock \_\_\_\_\_.M.

Cathy Sasser, Board Clerk, Board of Education

(Seal)



**Norman Public Schools  
Purchase Request**

**Purchase Request 1**

**Meeting Date: March 20th, 2023**

**1. Item: Board of Education Seat Election**

**2. Location: Administrative Services Center**

**3. A. Specifications Sent: N/A  
B. Bid Opening Date: N/A**

**A-1. Vendors Queried: N/A  
B-1. Vendors Responding: N/A**

**4. Purchase Fund: General Fund**

**5. Cleveland County Election Board  
Norman, OK 73071  
\$26,190.13**

**6.**

<b>School</b>	<b>Price</b>
<b>2-14-23 Election</b>	<b>\$22,231.65</b>
<b>4-4-23 Election Estimate</b>	<b>\$3,958.48</b>
<b>TOTAL</b>	<b>\$26,190.13</b>

**7. It is recommended that the district purchase Board of Education Seat Election for Administrative Services Center from Cleveland County Election Board in the amount of \$26,190.13.**

ATTACHMENT A				
Norman Public Schools Norman, Oklahoma Certified Personnel Report 3/20/2023				
<b>LEAVE OF ABSENCE</b>				
<b>NAME</b>	<b>RETURNING/LEAVING</b>	<b>ASSIGNMENT</b>	<b>SITE</b>	<b>EFFECTIVE DATE</b>
MILLER, KATIE	LEAVING	KINDERGARTEN TEACHER	MCKINLEY ELEMENTARY	5/31/2023
<b>RECOMMENDATIONS/ TEMPORARY EMPLOYMENT</b>				
<b>NAME</b>	<b>NEW/REPLACEMENT</b>	<b>ASSIGNMENT</b>	<b>SITE</b>	<b>EFFECTIVE DATE</b>
<b>RESIGNATIONS:</b>				
<b>NAME</b>		<b>ASSIGNMENT</b>	<b>SITE</b>	<b>EFFECTIVE DATE</b>
AUDAS, ALLYSON		GIFTED RESOURCE TEACHER	MADISON ELEMENTARY	5/31/2023
BAGAJEWICZ, SOFIA		PRE K MUSIC AND MOVEMENT	MADISON ELEMENTARY	5/31/2023
DAVIS, ERIN		LATIN TEACHER	NORMAN HIGH SCHOOL	5/31/2023
FULLER, JEANNE		CHOIR TEACHER	NORMAN HIGH SCHOOL	5/31/2023
HOLDER, ZURI		SPEECH PATHOLOGIST	MADISON ELEMENTARY	5/31/2023
IRBY, DAVID		INSTRUMENTAL MUSIC TEACHER	IRVING MIDDLE SCHOOL	3/20/2023
LANIER, KATIE		ELEMENTARY MUSIC TEACHER	EISENHOWER ELEMENTARY	5/31/2023
SCHWARTZ, RACHEL		RESOURCE TEACHER	EISENHOWER ELEMENTARY	5/31/2023
SHOEMAKER, CORY		ELEMENTARY MUSIC TEACHER	EISENHOWER ELEMENTARY	5/31/2023
<b>RETIRING:</b>				
<b>NAME</b>		<b>ASSIGNMENT</b>	<b>SITE</b>	<b>EFFECTIVE DATE</b>
BREWER, TRACY		SCHOOL PSYCHOLOGIST	SPECIAL SERVICES	5/31/2023
LAWRENCE, ANNE		REMEDIAL SPECIALIST	MADISON ELEMENTARY	5/31/2023
NOLAN, JOHN "DAN"		SOCIAL STUDIES TEACHER	NORMAN NORTH HIGH SCHOOL	5/31/2023
ROBSON, LOUELLA		FOURTH GRADE TEACHER	MADISON ELEMENTARY	5/31/2023
<b>Respectfully Submitted,</b>				
<b>Superintendent</b>				
*Worked Prior to Board Approval				

ATTACHMENT B				
<b>Norman Public Schools  Norman, Oklahoma  Support Personnel Report  3/20/2023</b>				
<b><u>NAME</u></b>	<b><u>NEW/REPLACEMENT</u></b>	<b><u>ASSIGNMENT</u></b>	<b><u>SITE</u></b>	<b><u>EFFECTIVE DATE</u></b>
CAMBRON, GABRIELA	REPLACEMENT	ATTENDANCE SECRETARY	JACKSON ELEMENTARY	3/8/2023
CARTER, ARIANE	NEW	RESOURCE TEACHER ASSISTANT	LONGFELLOW MIDDLE	3/20/2023
CZARENCKI, GINNY	REPLACEMENT	BUS MONITOR	TRANSPORTATION	3/7/2023
DAVILA, MICHAEL (DEAN)	REPLACEMENT	CARPENTER	CENTRAL SERVICES CENTER	3/15/2023
HILL, JESSE	REPLACEMENT	TRANSPORTATION COORDINATOR/PRINCIPAL	TRANSPORTATION	3/20/2023
LANN-WOLCOTT	REPLACEMENT	RESOURCE TEACHER ASSISTANT	JACKSON ELEMENTARY	3/9/2023
QUIGLEY, DANIEL	NEW	RESOURCE TEACHER ASSISTANT	LONGFELLOW MIDDLE	3/20/2023
RUSSELL, KARLIN	REPLACEMENT	ONLINE LAB FACILITATOR	NORMAN HIGH	3/6/2023
THOMAS, KATHY	REPLACEMENT	LIBRARY SECRETARY	NORMAN HIGH	3/7/2023
<b><u>RESIGNATIONS:</u></b>				
<b><u>NAME</u></b>		<b><u>ASSIGNMENT</u></b>	<b><u>SITE</u></b>	<b><u>EFFECTIVE DATE</u></b>
ANDERSON, KALLI		AUTISM SPED TEACHER ASSISTANT	ROOSEVELT ELEMENTARY	05/26/2023
MILLER, LAUREL		PRE K TEACHER ASSISTANT	ROOSEVELT ELEMENTARY	05/26/2023
PACE, MARY		SPED TEACHER ASSISTANT	LONGFELLOW MIDDLE	05/26/2023
PORRITT, JEAN		NORMAN NET ONLINE FACILITATOR	NORMAN NORTH	05/26/2023
RODRIGUEZ, JOSE		MECHANIC	TRANSPORTATION	2/21/2023
<b><u>RETIRING</u></b>				
<b><u>NAME</u></b>				
BENEFIELD, SALLY		RESOURCE TEACHER ASSISTANT	LONGFELLOW MIDDLE	5/26/2023
<b>Respectfully Submitted,</b>				
<b>Superintendent</b>				
*Worked Prior to Board Approval				

<b>Cox Account Rep:</b>	Chris Dykstra - 17245	<b>Cox System Address:</b>
<b>Phone Number:</b>	405-463-5588	6301 Waterford Blvd, ste 200
<b>Fax Number:</b>	405-286-5355	Oklahoma City, OK 73118

Customer Information		Authorized Customer Representative Information	
<b>Legal Company Name:</b>	ISD #29 of Cleveland County dba Norman PS - ISC/Warehouse	<b>Full Name:</b>	Kelly Aiken
<b>Street Address:</b>	4100 N Flood AVE	<b>Billing Contact:</b>	405-366-5803
<b>City/State/Zip:</b>	Norman, OK 73069	<b>Fax:</b>	
<b>Billing Address:</b>		<b>Contact Number:</b>	405-801-3833 x3833
<b>City/State/Zip:</b>		<b>Email Address:</b>	kaiken@norman.k12.ok.us
<b>Cox Account #:</b>	131-0656381-01, 131-0733155-01, 131-0805228-01		
<b>Merge Bill</b>	No		

**Taxes and Fees Not Included**

<b>Service Address: 4100 N Flood AVE, Norman, OK, 73069</b>	<b>Phone: 405-366-5803</b>
	<b>Cox Account ID: 131-0656381-01, 131-0733155-01, 131-0805228-01</b>

Service Description	Prev QTY	New QTY	Unit Price	Term (Months)	Type	Service Charges	
						Monthly Recurring	One Time Activation & Setup Fees
Metro E-1Gb UNI Interstate	1	1	\$850.00	60	RN	\$850.00	
Performance Mgmt - Professional	1	1	\$0.00	M-M	RN	\$0.00	
Metro E-10Gb UNI Interstate	1	1	\$2,655.00	60	RN	\$2,655.00	
Equipment Description			Quantity		Unit Price		Total Fee
<b>Totals for ISD #29 of Cleveland County dba Norman PS - ISC/Warehouse:</b>			<b>MRC:</b>	\$3,505.00	<b>NRC:</b>	\$0.00	<b>Equipment Cost:</b> \$0.00

<b>Service Address: 809 N FINDLEY, Norman, OK, 73071</b>	<b>Phone: 405-366-5810</b>
	<b>Cox Account ID: 131-0764088-01</b>

Service Description	Prev QTY	New QTY	Unit Price	Term (Months)	Type	Service Charges	
						Monthly Recurring	One Time Activation & Setup Fees
Metro E-2Gb UNI Interstate	1	1	\$1,125.00	60	RN	\$1,125.00	
Equipment Description			Quantity		Unit Price		Total Fee
<b>Totals for Norman PS - Dimensions Academy North:</b>			<b>MRC:</b>	\$1,125.00	<b>NRC:</b>	\$0.00	<b>Equipment Cost:</b> \$0.00

Service Address: 153 TRIAD VILLAGE DR, Norman, OK, 73071						Phone: 405-366-5803 Cox Account ID: 131-0763946-01	
Service Description	Prev QTY	New QTY	Unit Price	Term (Months)	Type	Service Charges	
						Monthly Recurring	One Time Activation & Setup Fees
Metro E-1Gb UNI Interstate	1	1	\$850.00	60	RN	\$850.00	
<b>Equipment Description</b>			<b>Quantity</b>		<b>Unit Price</b>		<b>Total Fee</b>
<b>Totals for NORMAN PUBLIC SCHOOLS:</b>		<b>MRC:</b> \$850.00	<b>NRC:</b> \$0.00	<b>Equipment Cost:</b>		\$0.00	

Service Address: 131 S FLOOD AVE, Norman, OK, 73069						Phone: 405-366-5803 Cox Account ID: 131-0446176-01, 131-0600930-02, 131-0656540-01, 131-0805224-01	
Service Description	Prev QTY	New QTY	Unit Price	Term (Months)	Type	Service Charges	
						Monthly Recurring	One Time Activation & Setup Fees
Metro E-1Gb UNI Interstate	1	1	\$850.00	60	RN	\$850.00	
Performance Mgmt - Professional	1	1	\$0.00	M-M	RN	\$0.00	
<b>Equipment Description</b>			<b>Quantity</b>		<b>Unit Price</b>		<b>Total Fee</b>
<b>Totals for NORMAN PUBLIC SCHOOLS:</b>		<b>MRC:</b> \$850.00	<b>NRC:</b> \$0.00	<b>Equipment Cost:</b>		\$0.00	

Service Address: 425 12th AVE NE, Norman, OK, 73071						Phone: 405-366-5803 Cox Account ID: 131-0282144-02	
Service Description	Prev QTY	New QTY	Unit Price	Term (Months)	Type	Service Charges	
						Monthly Recurring	One Time Activation & Setup Fees
Metro E-1Gb UNI Interstate	1	1	\$850.00	60	RN	\$850.00	
Performance Mgmt - Professional	1	1	\$0.00	M-M	RN	\$0.00	
<b>Equipment Description</b>			<b>Quantity</b>		<b>Unit Price</b>		<b>Total Fee</b>
<b>Totals for norman ps - central services:</b>		<b>MRC:</b> \$850.00	<b>NRC:</b> \$0.00	<b>Equipment Cost:</b>		\$0.00	

Service Address: 2000 W BROOKS ST, Norman, OK, 73069						Phone: 405-366-5956 Cox Account ID: 131-0295312-01, 7189F00288HRD	
Service Description	Prev QTY	New QTY	Unit Price	Term (Months)	Type	Service Charges	
						Monthly Recurring	One Time Activation & Setup Fees
Metro E-1Gb UNI Interstate	1	1	\$850.00	60	RN	\$850.00	
Performance Mgmt - Professional	1	1	\$0.00	M-M	RN	\$0.00	
<b>Equipment Description</b>			<b>Quantity</b>		<b>Unit Price</b>		<b>Total Fee</b>
<b>Totals for Norman PS - Whittier MS:</b>		<b>MRC:</b> \$850.00	<b>NRC:</b> \$0.00	<b>Equipment Cost:</b>		\$0.00	

Service Address: 1919 W BOYD ST, Norman, OK, 73069						Phone: 405-366-5803	
						Cox Account ID: 131-0598489-01	
Service Description	Prev QTY	New QTY	Unit Price	Term (Months)	Type	Service Charges	
						Monthly Recurring	One Time Activation & Setup Fees
Metro E-1Gb UNI Interstate	1	1	\$850.00	60	RN	\$850.00	
Performance Mgmt - Professional	1	1	\$0.00	M-M	RN	\$0.00	
<b>Equipment Description</b>			<b>Quantity</b>		<b>Unit Price</b>		<b>Total Fee</b>
<b>Totals for Norman PS - Alcott:</b>			<b>MRC:</b> \$850.00	<b>NRC:</b> \$0.00	<b>Equipment Cost:</b>		\$0.00

Service Address: 125 Vicksburg AVE, Norman, OK, 73071						Phone: 405-366-5803	
						Cox Account ID: 131-0598490-01	
Service Description	Prev QTY	New QTY	Unit Price	Term (Months)	Type	Service Charges	
						Monthly Recurring	One Time Activation & Setup Fees
Metro E-1Gb UNI Interstate	1	1	\$850.00	60	RN	\$850.00	
Performance Mgmt - Professional	1	1	\$0.00	M-M	RN	\$0.00	
<b>Equipment Description</b>			<b>Quantity</b>		<b>Unit Price</b>		<b>Total Fee</b>
<b>Totals for norman ps - irving:</b>			<b>MRC:</b> \$850.00	<b>NRC:</b> \$0.00	<b>Equipment Cost:</b>		\$0.00

Service Address: 1809 STUBBEMAN AVE, Norman, OK, 73069						Phone: 405-366-5803	
						Cox Account ID: 131-0598491-01	
Service Description	Prev QTY	New QTY	Unit Price	Term (Months)	Type	Service Charges	
						Monthly Recurring	One Time Activation & Setup Fees
Metro E-2Gb UNI Interstate	1	1	\$1,125.00	60	RN	\$1,125.00	
Performance Mgmt - Professional	1	1	\$0.00	M-M	RN	\$0.00	
<b>Equipment Description</b>			<b>Quantity</b>		<b>Unit Price</b>		<b>Total Fee</b>
<b>Totals for Norman PS - Norman North HS:</b>			<b>MRC:</b> \$1,125.00	<b>NRC:</b> \$0.00	<b>Equipment Cost:</b>		\$0.00

Service Address: 215 N Ponca AVE, Norman, OK, 73071						Phone: 405-366-5803	
						Cox Account ID: 131-0598492-01, 131-0704041-01	
Service Description	Prev QTY	New QTY	Unit Price	Term (Months)	Type	Service Charges	
						Monthly Recurring	One Time Activation & Setup Fees
Metro E-1Gb UNI Interstate	1	1	\$850.00	60	RN	\$850.00	
Performance Mgmt - Professional	1	1	\$0.00	M-M	RN	\$0.00	
<b>Equipment Description</b>			<b>Quantity</b>		<b>Unit Price</b>		<b>Total Fee</b>
<b>Totals for norman ps - longfellow:</b>			<b>MRC:</b> \$850.00	<b>NRC:</b> \$0.00	<b>Equipment Cost:</b>		\$0.00

Service Address: 817 DENISON DR, Norman, OK, 73069						Phone: 405-366-5803	
						Cox Account ID: 131-0600900-01	
Service Description	Prev QTY	New QTY	Unit Price	Term (Months)	Type	Service Charges	
						Monthly Recurring	One Time Activation & Setup Fees
Metro E-1Gb UNI Interstate	1	1	\$850.00	60	RN	\$850.00	
Performance Mgmt - Professional	1	1	\$0.00	M-M	RN	\$0.00	
<b>Equipment Description</b>			<b>Quantity</b>		<b>Unit Price</b>		<b>Total Fee</b>
<b>Totals for Norman PS - Adams:</b>			<b>MRC:</b> \$850.00	<b>NRC:</b> \$0.00	<b>Equipment Cost:</b>		\$0.00

Service Address: 520 Wylie RD, Norman, OK, 73069						Phone: 405-366-5803	
						Cox Account ID: 131-0600902-01	
Service Description	Prev QTY	New QTY	Unit Price	Term (Months)	Type	Service Charges	
						Monthly Recurring	One Time Activation & Setup Fees
Metro E-1Gb UNI Interstate	1	1	\$850.00	60	RN	\$850.00	
Performance Mgmt - Professional	1	1	\$0.00	M-M	RN	\$0.00	
<b>Equipment Description</b>			<b>Quantity</b>		<b>Unit Price</b>		<b>Total Fee</b>
<b>Totals for norman ps - jackson:</b>			<b>MRC:</b> \$850.00	<b>NRC:</b> \$0.00	<b>Equipment Cost:</b>		\$0.00

Service Address: 1415 Fairlawn DR, Norman, OK, 73071						Phone: 405-366-5803	
						Cox Account ID: 131-0600905-01	
Service Description	Prev QTY	New QTY	Unit Price	Term (Months)	Type	Service Charges	
						Monthly Recurring	One Time Activation & Setup Fees
Metro E-1Gb UNI Interstate	1	1	\$850.00	60	RN	\$850.00	
Performance Mgmt - Professional	1	1	\$0.00	M-M	RN	\$0.00	
<b>Equipment Description</b>			<b>Quantity</b>		<b>Unit Price</b>		<b>Total Fee</b>
<b>Totals for norman ps - eisenhower:</b>			<b>MRC:</b> \$850.00	<b>NRC:</b> \$0.00	<b>Equipment Cost:</b>		\$0.00

Service Address: 500 N SHERRY AVE, Norman, OK, 73069						Phone: 405-366-5803	
						Cox Account ID: 131-0600909-01	
Service Description	Prev QTY	New QTY	Unit Price	Term (Months)	Type	Service Charges	
						Monthly Recurring	One Time Activation & Setup Fees
Metro E-1Gb UNI Interstate	1	1	\$850.00	60	RN	\$850.00	
Performance Mgmt - Professional	1	1	\$0.00	M-M	RN	\$0.00	
<b>Equipment Description</b>			<b>Quantity</b>		<b>Unit Price</b>		<b>Total Fee</b>
<b>Totals for norman ps - cleveland:</b>			<b>MRC:</b> \$850.00	<b>NRC:</b> \$0.00	<b>Equipment Cost:</b>		\$0.00

Service Address: 250 N COCKREL AVE, Norman, OK, 73071						Phone: 405-366-5803	
						Cox Account ID: 131-0600912-01	
Service Description	Prev QTY	New QTY	Unit Price	Term (Months)	Type	Service Charges	
						Monthly Recurring	One Time Activation & Setup Fees
Metro E-1Gb UNI Interstate	1	1	\$850.00	60	RN	\$850.00	
Performance Mgmt - Professional	1	1	\$0.00	M-M	RN	\$0.00	
<b>Equipment Description</b>			<b>Quantity</b>		<b>Unit Price</b>		<b>Total Fee</b>
<b>Totals for norman ps - jefferson:</b>		<b>MRC:</b>	\$850.00	<b>NRC:</b>	\$0.00	<b>Equipment Cost:</b> \$0.00	

Service Address: 621 Sunrise ST, Norman, OK, 73071						Phone: 405-366-5803	
						Cox Account ID: 131-0600917-01	
Service Description	Prev QTY	New QTY	Unit Price	Term (Months)	Type	Service Charges	
						Monthly Recurring	One Time Activation & Setup Fees
Metro E-1Gb UNI Interstate	1	1	\$850.00	60	RN	\$850.00	
Performance Mgmt - Professional	1	1	\$0.00	M-M	RN	\$0.00	
<b>Equipment Description</b>			<b>Quantity</b>		<b>Unit Price</b>		<b>Total Fee</b>
<b>Totals for norman ps - kennedy:</b>		<b>MRC:</b>	\$850.00	<b>NRC:</b>	\$0.00	<b>Equipment Cost:</b> \$0.00	

Service Address: 915 Classen BLVD, Norman, OK, 73071						Phone: 405-366-5803	
						Cox Account ID: 131-0600924-01	
Service Description	Prev QTY	New QTY	Unit Price	Term (Months)	Type	Service Charges	
						Monthly Recurring	One Time Activation & Setup Fees
Metro E-1Gb UNI Interstate	1	1	\$850.00	60	RN	\$850.00	
Performance Mgmt - Professional	1	1	\$0.00	60	RN	\$0.00	
<b>Equipment Description</b>			<b>Quantity</b>		<b>Unit Price</b>		<b>Total Fee</b>
<b>Totals for norman ps - lincoln:</b>		<b>MRC:</b>	\$850.00	<b>NRC:</b>	\$0.00	<b>Equipment Cost:</b> \$0.00	

Service Address: 500 James DR, Norman, OK, 73072						Phone: 405-366-5803	
						Cox Account ID: 131-0600925-01	
Service Description	Prev QTY	New QTY	Unit Price	Term (Months)	Type	Service Charges	
						Monthly Recurring	One Time Activation & Setup Fees
Metro E-1Gb UNI Interstate	1	1	\$850.00	60	RN	\$850.00	
Performance Mgmt - Professional	1	1	\$0.00	M-M	RN	\$0.00	
<b>Equipment Description</b>			<b>Quantity</b>		<b>Unit Price</b>		<b>Total Fee</b>
<b>Totals for norman ps - madison:</b>		<b>MRC:</b>	\$850.00	<b>NRC:</b>	\$0.00	<b>Equipment Cost:</b> \$0.00	

Service Address: 728 S FLOOD AVE, Norman, OK, 73069						Phone: 405-366-5803	
						Cox Account ID: 131-0600927-01	
Service Description	Prev QTY	New QTY	Unit Price	Term (Months)	Type	Service Charges	
						Monthly Recurring	One Time Activation & Setup Fees
Metro E-1Gb UNI Interstate	1	1	\$850.00	60	RN	\$850.00	
Performance Mgmt - Professional	1	1	\$0.00	M-M	RN	\$0.00	
Equipment Description			Quantity		Unit Price		Total Fee
<b>Totals for norman ps - mckinley:</b>		<b>MRC:</b>	\$850.00	<b>NRC:</b>	\$0.00	<b>Equipment Cost:</b> \$0.00	

Service Address: 1601 McGee DR, Norman, OK, 73072						Phone: 405-366-5803	
						Cox Account ID: 131-0600928-01	
Service Description	Prev QTY	New QTY	Unit Price	Term (Months)	Type	Service Charges	
						Monthly Recurring	One Time Activation & Setup Fees
Metro E-1Gb UNI Interstate	1	1	\$850.00	60	RN	\$850.00	
Performance Mgmt - Professional	1	1	\$0.00	M-M	RN	\$0.00	
Equipment Description			Quantity		Unit Price		Total Fee
<b>Totals for norman ps - monroe:</b>		<b>MRC:</b>	\$850.00	<b>NRC:</b>	\$0.00	<b>Equipment Cost:</b> \$0.00	

Service Address: 4259 tecumseh, Norman, OK, 73072						Phone: 405-366-5803	
						Cox Account ID: 131-0600931-01	
Service Description	Prev QTY	New QTY	Unit Price	Term (Months)	Type	Service Charges	
						Monthly Recurring	One Time Activation & Setup Fees
Metro E-1Gb UNI Interstate	1	1	\$850.00	60	RN	\$850.00	
Performance Mgmt - Professional	1	1	\$0.00	M-M	RN	\$0.00	
Equipment Description			Quantity		Unit Price		Total Fee
<b>Totals for norman ps - roosevelt:</b>		<b>MRC:</b>	\$850.00	<b>NRC:</b>	\$0.00	<b>Equipment Cost:</b> \$0.00	

Service Address: 600 Parkside RD, Norman, OK, 73072						Phone: 405-366-5803	
						Cox Account ID: 131-0600932-01	
Service Description	Prev QTY	New QTY	Unit Price	Term (Months)	Type	Service Charges	
						Monthly Recurring	One Time Activation & Setup Fees
Metro E-1Gb UNI Interstate	1	1	\$850.00	60	RN	\$850.00	
Performance Mgmt - Professional	1	1	\$0.00	M-M	RN	\$0.00	
Equipment Description			Quantity		Unit Price		Total Fee
<b>Totals for norman ps - truman:</b>		<b>MRC:</b>	\$850.00	<b>NRC:</b>	\$0.00	<b>Equipment Cost:</b> \$0.00	

Service Address: 800 N PETERS AVE, Norman, OK, 73069						Phone: 405-366-5803	
						Cox Account ID: 131-0600933-01	
Service Description	Prev QTY	New QTY	Unit Price	Term (Months)	Type	Service Charges	
						Monthly Recurring	One Time Activation & Setup Fees
Metro E-1Gb UNI Interstate	1	1	\$850.00	60	RN	\$850.00	
Performance Mgmt - Professional	1	1	\$0.00	M-M	RN	\$0.00	
<b>Equipment Description</b>		<b>Quantity</b>		<b>Unit Price</b>		<b>Total Fee</b>	
<b>Totals for Norman PS - Wilson:</b>		<b>MRC:</b> \$850.00	<b>NRC:</b> \$0.00	<b>Equipment Cost:</b>		\$0.00	

Service Address: 600 48th AVE SE, Norman, OK, 73026						Phone: 405-366-5803	
						Cox Account ID: 131-0600943-01	
Service Description	Prev QTY	New QTY	Unit Price	Term (Months)	Type	Service Charges	
						Monthly Recurring	One Time Activation & Setup Fees
Metro E-1Gb UNI Interstate	1	1	\$850.00	60	RN	\$850.00	
Performance Mgmt - Professional	1	1	\$0.00	M-M	RN	\$0.00	
<b>Equipment Description</b>		<b>Quantity</b>		<b>Unit Price</b>		<b>Total Fee</b>	
<b>Totals for norman ps - washington:</b>		<b>MRC:</b> \$850.00	<b>NRC:</b> \$0.00	<b>Equipment Cost:</b>		\$0.00	

Service Address: 3310 108TH AVE NE, Norman, OK, 73026						Phone: 405-366-5803	
						Cox Account ID: 131-0609669-01	
Service Description	Prev QTY	New QTY	Unit Price	Term (Months)	Type	Service Charges	
						Monthly Recurring	One Time Activation & Setup Fees
Metro E-1Gb UNI Interstate	1	1	\$850.00	60	RN	\$850.00	
Performance Mgmt - Professional	1	1	\$0.00	M-M	RN	\$0.00	
<b>Equipment Description</b>		<b>Quantity</b>		<b>Unit Price</b>		<b>Total Fee</b>	
<b>Totals for norman ps-lakeview:</b>		<b>MRC:</b> \$850.00	<b>NRC:</b> \$0.00	<b>Equipment Cost:</b>		\$0.00	

Service Address: 1601 24TH AVE SE, Norman, OK, 73071						Phone: 405-366-5803	
						Cox Account ID: 131-0655215-01	
Service Description	Prev QTY	New QTY	Unit Price	Term (Months)	Type	Service Charges	
						Monthly Recurring	One Time Activation & Setup Fees
Metro E-1Gb UNI Interstate	1	1	\$850.00	60	RN	\$850.00	
Performance Mgmt - Professional	1	1	\$0.00	M-M	RN	\$0.00	
<b>Equipment Description</b>		<b>Quantity</b>		<b>Unit Price</b>		<b>Total Fee</b>	
<b>Totals for Norman PS - Reagan Elementary:</b>		<b>MRC:</b> \$850.00	<b>NRC:</b> \$0.00	<b>Equipment Cost:</b>		\$0.00	

**Service Address: 911 W Main ST, Norman, OK, 73069**

**Phone: 405-573-3580**

**Cox Account ID: 131-0656374-01**

Service Description	Prev QTY	New QTY	Unit Price	Term (Months)	Type	Service Charges	
						Monthly Recurring	One Time Activation & Setup Fees
Metro E-2Gb UNI Interstate	1	1	\$1,125.00	60	RN	\$1,125.00	
Performance Mgmt - Professional	1	1	\$0.00	M-M	RN	\$0.00	
<b>Equipment Description</b>		<b>Quantity</b>		<b>Unit Price</b>		<b>Total Fee</b>	
<b>Totals for Norman PS - Norman High School:</b>		<b>MRC:</b> \$1,125.00	<b>NRC:</b> \$0.00	<b>Equipment Cost:</b>		\$0.00	
<b>Totals for all Accounts :</b>		<b>MRC:</b> \$26,430.00	<b>NRC:</b> \$0.00	<b>Equipment Cost:</b>		\$0.00	

**Special Conditions**

Term. Notwithstanding anything to the contrary in this Agreement, Cox and Customer acknowledge that the Term of this Agreement is 1 year(s) beginning July 1st, 2023 and ending June 30th, 2024, with 1 separate one-year renewal terms which may be exercised at any time upon mutual written agreement of the parties. Notwithstanding anything to the contrary contained in this Agreement, the auto renewal provisions set forth in the Service Terms do not apply.

Upgrades. Customer may upgrade the Services or add new locations upon written request to Cox (and subject to Cox's written acceptance) at the listed bandwidth and corresponding prices stated in Exhibit "B". Taxes and fees are additional and will be separately stated on Customer's invoice.

SLA. The Service Level Agreement attached as Exhibit "C" is incorporated into the Agreement

**Promotion Details**

This Commercial Services Agreement (the "Agreement") includes (i) this paragraph, the language above and Exhibit A (collectively, the "Service Terms"); (ii) the terms and conditions set forth at <http://ww2.cox.com/aboutus/policies/business-general-terms.cox> (the "General Terms") and (iii) any other terms and conditions applicable to the Services set forth above, including without limitation, the Cox tariffs, Service Guides set forth at <http://ww2.cox.com/business/voice/regulatory.cox> ("SG"), State and Federal regulations, the Cox Acceptable Use Policy (the "AUP"), and Cox's Internet Service Disclosures located at [www.cox.com/internetdisclosures](http://www.cox.com/internetdisclosures). Exhibit A is attached to and incorporated into this Agreement by this reference. Customer acknowledges receipt and acceptance of the Service Terms (including Exhibit A), the AUP, General Terms, and all other referenced terms and conditions by signing this Agreement. By signing this Agreement, Customer accepts that any and all disputes arising out of, relating to or concerning this Agreement and/or the Services shall be resolved through mandatory and binding arbitration unless Customer opts out pursuant to the Dispute Resolution Provision in the General Terms. This Agreement is subject to credit approval and Customer authorizes Cox to check credit. The prices above do not include applicable taxes, fees, assessments or surcharges which are additional and may change. This proposal is valid provided Customer signs and delivers this Agreement to Cox unchanged within thirty (30) days from the date above. By signing this Agreement, Customer acknowledges that if (i) the transport Service(s) (e.g. Private Line Type Services, Ethernet Services) cross state boundaries or (ii) at least 10% of traffic on said transport Service(s) is Interstate in nature or designated for Internet traffic, then the entire transport Service(s) is considered Interstate. Customer has reviewed the interstate/intrastate designation of the transport Service(s) listed in the Service Description above and attests that all such designations are correct. Each party may use electronic signature to sign this Agreement, provided the electronic signature method used by Customer is acceptable to Cox. This Agreement shall be effective upon execution by Customer and "Acceptance" by Cox. "Acceptance" of the Agreement by Cox shall occur upon the earlier of (i) Cox's countersignature of this Agreement or (ii) Cox's installation of Service at Customer's location. Customer acknowledges that it has read and understands the 911 disclosures in Section 2 of the Service Terms. By signing this Agreement, you represent that you are the authorized Customer representative.

<b>Customer Authorized Signature</b>	<b>CoxCom, LLC dba Cox Business, Cox Oklahoma Telcom, LLC Signature</b>
Signature:	Signature:
Print:	Print:
Title Position:	Title Position:
Date:	Date:

**1. E911 Services** FOR IMPORTANT INFORMATION ABOUT COX'S 911 PRACTICES, PLEASE REVIEW THE INFORMATION ABOUT E911 SERVICE IN THE GENERAL TERMS AND ON THE WEBSITE <http://ww2.cox.com/business/voice/regulatory.cox>.

**2. Service Start Date and Term** The "Initial Term" shall begin upon installation of Service and shall continue for the applicable Term commitment set forth above in the Service Terms. However, if Customer delays installation or is not ready to receive Services on the agreed-upon installation date, Cox may begin billing for Services on the date Services would have been installed. Cox shall use reasonable efforts to make the Services available by the requested service date. Cox shall not be liable for damages for delays in meeting service dates due to install delays or reasons beyond Cox's control. If Customer delays installation for more than ninety (90) days after Customer's execution of this Agreement, Cox reserves the right to terminate this Agreement by providing written notice to Customer and Customer shall be liable for Cox's reasonable costs incurred. AFTER THE INITIAL TERM, THIS AGREEMENT SHALL AUTOMATICALLY RENEW FOR ONE (1) YEAR TERMS (EACH AN "EXTENDED TERM") UNLESS A PARTY GIVES THE OTHER PARTY WRITTEN TERMINATION NOTICE AT LEAST THIRTY (30) DAYS PRIOR TO THE EXPIRATION OF THE INITIAL TERM OR THEN CURRENT EXTENDED TERM. "Term" shall mean the Initial Term and Extended Term (s), if any. Cox reserves the right to increase rates for all Services by no more than ten percent (10%) during any Extended Term by providing Customer with at least sixty (60) days written notice of such rate increase. This limitation on rate increases shall not apply to video Services or Services for which rates, terms and conditions are governed by a Cox tariff or SG. Upon notice to Customer, Cox may change the rates for video Services periodically during the Term. Cox may change the rates for telephone Service subject to a Cox tariff or SG periodically during the Term. For the avoidance of doubt, promotional rates and promotional discounts provided to Customer will expire at the end of the Initial Term or earlier as set forth in the promotion language. Customer's payment for Service after notice of a rate increase will be deemed to be Customer's acceptance of the new rate.

**3. Termination** Customer may terminate any Service before the end of the Term selected by Customer above in the Service Terms upon at least thirty (30) days written notice to Cox; provided, however, if Customer terminates any such Service before the end of the Term (except for breach by Cox), unless otherwise expressly stated in the General Terms, Customer will be obligated to pay Cox a termination fee equal to the nonrecurring charges (if unpaid) and One Hundred Percent (100%) of the monthly recurring charges for the terminated Service(s) multiplied by the number of months, including partial months, remaining in the Term. Cox may terminate this Agreement without liability at any time prior to installation of Services if Cox determines that Customer's location is not reasonably serviceable or there is signal interference with any Cox Service(s) according to Cox's standard practices. If Customer terminates or decreases any Service that is part of a bundle offering, the remaining Service(s) shall be subject to price increases for the remaining Term. If Customer terminates this Agreement prior to installation of Service by Cox, Customer shall be liable for Cox's costs incurred. This provision survives termination of the Agreement.

**4. Payment** Customer shall pay Cox all monthly recurring charges ("MRCs") and all non-recurring charges ("NRCs"), if any, by the due date on the invoice. Any amount not received by the due date shown on the applicable invoice will be subject to interest or a late charge no greater than the maximum rate allowed by law. If Cox terminates this Agreement due to Customer's breach, or if Customer fails to pay any amounts when due and fails to cure such non-payment upon receipt of written notice of non-payment from Cox, Customer will be deemed to have terminated this Agreement and will be obligated to pay the termination fee described above. If applicable to the Service, Customer shall pay sales, use, gross receipts, and excise taxes, access fees and all other fees, universal service fund assessments, 911 fees, franchise fees, bypass or other local, State and Federal taxes or charges, and deposits, imposed on the use of the Services. Taxes will be separately stated on Customer's invoice. No interest will be paid on deposits unless required by law.

**5. Service and Installation** Cox shall provide Customer with the Services identified above in the Service Terms and may also provide

related facilities and equipment, the ownership of which shall be retained by Cox (the "Cox Equipment"), or for certain Services, Customer, may purchase equipment from Cox ("Customer Purchased Equipment"). Customer is responsible for damage to any Cox Equipment. If Cox Equipment is not returned to Cox after termination or disconnection of Services, Customer shall be liable for the Cox Equipment costs. Customer may use the Services for any lawful purpose, provided that such purpose: (i) does not interfere or impair the Cox network or Cox Equipment; (ii) complies with the AUP; and (iii) is in accordance with the terms and conditions of this Agreement. Customer shall use the Cox Equipment only for the purpose of receiving the Services. Customer shall use Customer Purchased Equipment in accordance with the terms of this Agreement and any related equipment purchase agreement. Unless provided otherwise herein, Cox shall use commercially reasonable efforts to maintain the Services in accordance with applicable performance standards. Cox network management needs may require Cox to modify upstream and downstream speeds. Use of the Services shall be subject to the AUP at <http://ww2.cox.com/aboutus/policies/business-policies.cox>, which is incorporated herein by reference. Cox may change the AUP from time to time during the Term. Customer's continued use of the Services following an AUP amendment shall constitute acceptance of the revised AUP.

**6. General Terms** The General Terms are hereby incorporated into this Agreement by reference. BY EXECUTING THIS AGREEMENT AND/OR USING OR PAYING FOR THE SERVICES, CUSTOMER ACKNOWLEDGES THAT IT HAS READ, UNDERSTOOD, AND AGREED TO BE BOUND BY THE GENERAL TERMS.

**7. LIMITATION OF LIABILITY** IN ADDITION TO ANY OTHER LIMITATIONS ON LIABILITY CONTAINED IN THE AGREEMENT, NEITHER COX NOR ANY COX RELATED PARTY SHALL BE LIABLE FOR DAMAGES FOR FAILURE TO FURNISH OR INTERRUPTION OF ANY SERVICES, OR FOR ANY LOSS OF DATA OR STORED CONTENT, IDENTITY THEFT, OR FOR ANY PROBLEM WITH THE SERVICES OR EQUIPMENT OF ANY THIRD PARTY, NOR SHALL COX NOR ANY COX RELATED PARTY BE RESPONSIBLE FOR FAILURE OR ERRORS OF ANY COX SERVICE, COX EQUIPMENT, SIGNAL TRANSMISSION, LICENSED SOFTWARE, LOST DATA, FILES OR SOFTWARE DAMAGE REGARDLESS OF THE CAUSE. NEITHER COX NOR ANY COX RELATED PARTY WILL BE LIABLE FOR DAMAGE TO PROPERTY OR FOR PHYSICAL INJURY TO ANY PERSON ARISING FROM THE INSTALLATION OR REMOVAL OF EQUIPMENT UNLESS CAUSED BY THE NEGLIGENCE OF COX. UNDER NO CIRCUMSTANCES WILL COX OR ANY COX RELATED PARTY BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING LOST PROFITS, ARISING FROM THIS AGREEMENT OR PROVISION OF THE SERVICES.

**8. WARRANTIES** EXCEPT AS PROVIDED IN THIS AGREEMENT, THERE ARE NO OTHER AGREEMENTS, WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, RELATING TO THE SERVICES. SERVICES PROVIDED ARE A BEST EFFORTS SERVICE AND COX DOES NOT WARRANT THAT THE SERVICES, EQUIPMENT OR SOFTWARE SHALL BE ERROR-FREE OR WITHOUT INTERRUPTION. COX DOES NOT GUARANTEE THAT SERVICE CAN BE PROVISIONED TO CUSTOMER'S LOCATION, OR THAT INSTALLATION OF SERVICE WILL OCCUR IN A SPECIFIED TIMEFRAME. COX DOES NOT WARRANT THAT ANY SERVICE OR EQUIPMENT WILL MEET CUSTOMER'S NEEDS, PERFORM AT A PARTICULAR SPEED, BANDWIDTH OR THROUGHPUT RATE, OR WILL BE UNINTERRUPTED, ERROR-FREE, SECURE, OR FREE OF VIRUSES, WORMS, DISABLING CODE OR THE LIKE. INTERNET AND WIFI SPEEDS WILL VARY. COX MAKES NO WARRANTY AS TO TRANSMISSION OR UPSTREAM OR DOWNSTREAM SPEEDS OF THE NETWORK.

**9. Public Performance** If Customer engages in a public performance of any copyrighted material contained in any of the Services, Customer, and not Cox, shall be responsible for obtaining any public performance licenses at Customer's expense. The Video Service that Cox provides under this Agreement does not include a public performance license.

SEE TAB "ALTERNATE BANDWIDTHS" TO PROVIDE ALTERNATIVE PRICING

NORMAN PUBLIC SCHOOLS  
 WAM PROPOSAL FORM - E-RATE 2020-21  
 SERVICE PROVIDER NAME: Cox, Oklahoma Telecom  
 DATE: 11/14/2019  
 SUBMITTED BY: Chris Dymars

Type	Name	Address	City	ST	Zip	Leasing/Net Type	Leasing/Service Type	Qty	Proposed Circuit Type	Contract Term	Monthly Cost for Bandwidth Shown						Installation Cost for Bandwidth Shown							
											1 Gbps	2 Gbps	5 Gbps	10 Gbps	20 Gbps	30 Gbps	10 Gbps	20 Gbps	30 Gbps	40 Gbps	50 Gbps	60 Gbps		
ES	Adams ES	83531817 Danziger Drive	Norman	OK	73068	1 Gbps	Switched Ethernet	1	1 Gbps	60 months	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
MS	Alcott MS	207350 1818 Boyd Street	Norman	OK	73068	1 Gbps	Switched Ethernet	1	1 Gbps	60 months	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
ES	Cleveland ES	83590 500 North Sherry Avenue	Norman	OK	73068	1 Gbps	Switched Ethernet	1	1 Gbps	60 months	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
	Dimensions Academy																							
	NEW Schools North	16033064 829 North Endry Avenue	Norman	OK	73071	1 Gbps	Switched Ethernet	1	1 Gbps	60 months	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
MS	Academy (09-12)	16033064 1101 East Main Street	Norman	OK	73071	1 Gbps	Switched Ethernet	1	1 Gbps	month to month	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
ES	Academy (09-12)	16033064 1101 East Main Street	Norman	OK	73071	1 Gbps	Switched Ethernet	1	1 Gbps	month to month	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
ES	Elmhurst ES	83600 3415 Fairview Drive	Norman	OK	73071	1 Gbps	Switched Ethernet	1	1 Gbps	60 months	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
MS	Irving MS	83598 125 Vicksburg Avenue	Norman	OK	73069	1 Gbps	Switched Ethernet	1	1 Gbps	60 months	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
ES	Jackson ES	83598 520 Wayne Road	Norman	OK	73069	1 Gbps	Switched Ethernet	1	1 Gbps	60 months	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
ES	Jefferson ES	83607 250 North Cochrane Avenue	Norman	OK	73071	1 Gbps	Switched Ethernet	1	1 Gbps	60 months	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
ES	Kennedy ES	83599 621 Sunrise Street	Norman	OK	73071	1 Gbps	Switched Ethernet	1	1 Gbps	60 months	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
ES	Lakewood ES	83608 3310 10th Street	Norman	OK	73071	1 Gbps	Switched Ethernet	1	1 Gbps	60 months	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
ES	Lincoln ES	83601 915 Chateau Boulevard	Norman	OK	73071	1 Gbps	Switched Ethernet	1	1 Gbps	60 months	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
MS	Longfellow MS	83605 215 Chateau Boulevard	Norman	OK	73071	1 Gbps	Switched Ethernet	1	1 Gbps	60 months	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
ES	Madison ES	83616 500 James Drive	Norman	OK	73072	1 Gbps	Switched Ethernet	1	1 Gbps	60 months	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
ES	McKinley ES	83587 728 South Food Avenue	Norman	OK	73069	1 Gbps	Switched Ethernet	1	1 Gbps	60 months	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
ES	McLain ES	83615 1601 McGee Drive	Norman	OK	73069	1 Gbps	Switched Ethernet	1	1 Gbps	60 months	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
ES	Moore ES	83595 1809 Stubbins Avenue	Norman	OK	73069	2 Gbps	Switched Ethernet	1	20 Gbps	60 months	NO BID	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
MS	Norman North HS	16067810 1601 24th Ave SE	Norman	OK	73069	1 Gbps	Switched Ethernet	1	1 Gbps	60 months	NO BID	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
ES	Reagan ES	83612 4250 West Tecumseh Road	Norman	OK	73072	1 Gbps	Switched Ethernet	1	1 Gbps	60 months	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
ES	Roosevelt ES	83614 600 Parkside Road	Norman	OK	73072	1 Gbps	Switched Ethernet	1	1 Gbps	60 months	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
ES	Truman ES	16054592 601 Meadow Ridge Road	Norman	OK	73072	1 Gbps	Switched Ethernet	1	1 Gbps	60 months	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
ES	Truman Primary School	83597 600 48th Street Southwest	Norman	OK	73026	1 Gbps	Switched Ethernet	1	1 Gbps	60 months	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
ES	Washington ES	83586 2000 West Brooks Street	Norman	OK	73069	1 Gbps	Switched Ethernet	1	1 Gbps	60 months	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
MS	Whitner MS	83594 800 North Peters Avenue	Norman	OK	73069	1 Gbps	Switched Ethernet	1	1 Gbps	60 months	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
ES	Whitson ES	16033078 131 S. Flood Avenue	Norman	OK	73069	1 Gbps	Switched Ethernet	1	1 Gbps	60 months	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
NF	Admin Svcs Ctr	16033081 425 12th Avenue NE	Norman	OK	73071	1 Gbps	Switched Ethernet	1	1 Gbps	60 months	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
NF	NPS Transportation																							
NF	Instructional Svcs	16033079 4100 N. Flood	Norman	OK	73069	1 Gbps	Switched Ethernet	1	1 Gbps	60 months	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
NF	Prof Dev Center (PDC)	16033080 207 E. Gray St.	Norman	OK	73069	1 Gbps	Switched Ethernet	1	1 Gbps	60 months	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-
NF	Warehouse	16067667 4100 N. Flood	Norman	OK	73069	1 Gbps	Switched Ethernet	1	1 Gbps	60 months	\$ 850.00	\$ 1,125.00	\$ 1,440.00	\$ 2,615.00	\$ 3,375.00	\$ 4,675.00	-	-	-	-	-	-	-	-

Type	Name	Address	City	ST	Zip	Leasing/Net Type	Leasing/Service Type	Qty	Proposed Circuit Type	Contract Term	Monthly Cost for Bandwidth Shown						Installation Cost for Bandwidth Shown							
											1 Gbps	2 Gbps	5 Gbps	10 Gbps	20 Gbps	30 Gbps	10 Gbps	20 Gbps	30 Gbps	40 Gbps	50 Gbps	60 Gbps		
NF	HUB SITE - AGGREGATION BANDWIDTH LEVELS PROPOSED										\$ 2,615.00	\$ 3,375.00	\$ 4,250.00	\$ 6,565.00	\$ 7,500.00	\$ 12,995.00	-	-	-	-	-	-	-	-
NF	NPS NDC	16057667 4100 N. Flood	Norman	OK	73069	10 Gbps*	Switched Ethernet	1	10GB	60months	100 Mbps	200Mbps	400Mbps	700Mbps	800Mbps	1,100Mbps	1,440Mbps	2,615Mbps	3,375Mbps	4,250Mbps	6,565Mbps	7,500Mbps	12,995Mbps	-

Type	Name	Address	City	ST	Zip	Leasing/Net Type	Leasing/Service Type	Qty	Proposed Circuit Type	Contract Term	Monthly Cost for Bandwidth Shown						Installation Cost for Bandwidth Shown							
											1 Gbps	2 Gbps	5 Gbps	10 Gbps	20 Gbps	30 Gbps	10 Gbps	20 Gbps	30 Gbps	40 Gbps	50 Gbps	60 Gbps		
NF	Other Bandwidth Levels requested for this site only:										100 Mbps	200Mbps	400Mbps	700Mbps	800Mbps	1,100Mbps	1,440Mbps	2,615Mbps	3,375Mbps	4,250Mbps	6,565Mbps	7,500Mbps	12,995Mbps	-
NF	NPS Central Services	17022802 103 Third Village Drive	Norman	OK	73071	new service	Switched Ethernet	1	1GB	60months	27,705.00	38,946.00	49,540.00	89,891.00	111,561.00	180,023.00	-	-	-	-	-	-	-	-

TOTALS:

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## Exhibit C

### Cox Metro-Ethernet and CloudPort Service Level Agreement

1. **Scope.** This Service Level Agreement (“SLA”) is incorporated into the Commercial Services Agreement or Master Services Agreement (“Agreement”) by and between Cox and the Customer, each as defined in the Agreement. The performance standards and service levels set forth in this SLA are Cox’s objectives with respect to the Cox Layer 2 VPN services which is inclusive of Cox Metro-Ethernet Service and Cox CloudPort Service (collectively, the “Layer 2 VPN Services”).
  
2. **Layer 2 VPN Services Description.**
  - (a) **Layer 2 VPN Service Elements:** The Layer 2 VPN Services consists of a port (Metro-Ethernet Port or CloudPort respective to each Service’s particular branding) (“Port”), Ethernet Virtual Circuit (“EVC”), and a User to Network Interface (“UNI”). A UNI may be a Cox provided physical interface or a logical point of demarcation as defined by Cox.
  
  - (b) **Network Segments:** For purposes of SLA, there are three defined network segments for the Layer 2 VPN Services:
    - (i) **Core Network:** A provider edge router to provider edge router segment whose metrics consist of all EVCs within a given a geographic boundary for a multipoint service topology. Core network segment metrics for point to point service topologies are circuit specific measurements. Geographic boundaries include metro, state, regional and national as shown in Table 2.0 in Section 7.
  
    - (ii) **Access to Core:** A customer edge UNI to provider edge Core Network segment, commonly referred to as a “local loop”. Access to Core segment metrics are circuit specific measurements.
  
    - (iii) **Type-II:** Any portion of the Layer 2 VPN Services or circuits obtained by Cox from third party carriers are not subject to any Service Quality (as defined below) or any other SLA terms.
  
  - (c) **Service Topology:** Services are configured in either a multipoint (ELAN) or a point to point (ELINE) configuration.
  
  - (d) **“End to End” SLA:** For purposes of “End to End” SLA Service calculation for Metro-Ethernet Services, the concatenation of access to core, core network and access to core can be used. Specifically:
    - “End to End” Delay = Access to core Delay + Core Delay + Access to core Delay
    - “End to End” DDR = Access to core DDR \* Core DDR \* Access to core DDR
    - “End to End” Jitter = Higher value Jitter metric for either Access to core Jitter or Core Jitter

For purposes of SLA Service calculation for CloudPort Service, the concatenation of access to core and core network can be used. Specifically:

- “End to End” Delay = Access to core Delay + Core Delay
- “End to End” DDR = Access to core DDR \* Core DDR
- “End to End” Jitter = Higher value Jitter metric for either Access to core Jitter or Core Jitter

3. **Layer 2 VPN Service Availability.** “Layer 2 VPN Service Availability” is defined by Cox as the ability to send or receive Ethernet Service Frames via a given Port inclusive of the local loop and UNI. Cox’s objective is to make the Port available for Customer’s as set forth in Table 2.0 in Section 7 with respect to the Cox Network Core and Access to the Core. This parameter is calculated by dividing the number of minutes a Port is available for Customer’s use by the total number of minutes in any calendar month and multiplying by one hundred (100). Unavailability of the Layer 2 VPN Services due to the reasons or causes set forth in Section 11 of this SLA shall not be included in determining whether Cox has met the applicable performance standard for Layer 2 VPN Service Availability objective. For example, if a Port experiences an outage for one (1) day due to a Force Majeure event, and otherwise experiences no other outage or Service Interruption during the applicable month, Cox will be deemed to have met the Layer 2 VPN Service Availability performance objective and no Service Credit(s) (as defined below) will be provided.

4. **Layer 2 VPN Service Interruption.** A “Layer 2 VPN Service Interruption” is an interruption of a Port (“Affected Port”) that results in the total disruption of the Layer 2 VPN Services delivered over the Affected Port beyond the Layer 2 VPN Service Availability level. Any Layer 2 VPN Service Interruption, outage, degradation of Layer 2 VPN Service, or failure to meet any objective stated in this SLA is not a default or breach under the Agreement, but may entitle Customer to a Service Credit (as defined below) for a qualifying Layer

2 VPN Service Interruption. A Layer 2 VPN Service Interruption period begins when Customer makes a Trouble Report (as defined below) to Cox's Network Operations Center ("NOC") under the methods and procedures set forth in Section 9 of this SLA and ends when Cox restores the Layer 2 VPN Services to Customer.

5. **Service Interruption Credits.** The available "Service Credit" for a Layer 2 VPN Service Interruption is identified in the table below as a percentage of the monthly recurring charge ("MRC") associated with the Affected Port experiencing a qualifying Layer 2 VPN Service Interruption. Service Credits are not cumulative (e.g. if a qualifying Layer 2 VPN Service Interruption lasted 20 hours, Customer will receive a Service Credit equal to 20% of the MRC for the portion of the Layer 2 VPN Services experiencing a Layer 2 VPN Service Interruption, but Customer does not also receive a separate Service Credit for the "≥30 min. to <4 hours", "≥ 4 hours to <8 hours" and "≥ 8 hours to < 16 hours" timeframes identified in the table below). The amount of the Service Credit shall be as follows:

**Table 1.0**  
**Cox – Layer 2 VPN Services**

<i>Layer 2 VPN Services Interruption Length</i>	<i>Credit of the MRC for the portion of Affected Port experiencing a Layer 2 VPN Service Interruption</i>
≥ 30 min. to < 4 hours	5% of MRC
≥ 4 hours to < 8 hours	10% of MRC
≥ 8 hours to < 16 hours	15% of MRC
≥ 16 hours to < 24 hours	20% of MRC
> 24 hours	25% of MRC

6. **Chronic Outage.** If three (3) or more separate times during a thirty (30) consecutive day period, an Affected Port experiences a Layer 2 VPN Service Interruption for a period greater than eight (8) consecutive hours, ("Chronic Outage"), subject to Section 11 below, Customer may terminate the Affected Port(s) without charge or payment of any termination charges otherwise provided in the Agreement, provided Customer complies with the notification process described in this Section 6. Within thirty (30) days of the occurrence of the third Chronic Outage, Customer shall notify Cox in writing of its election to terminate the Affected Port(s) and the Affected Port(s) shall be terminated upon Cox's receipt of such notice. If Customer fails to notify Cox within thirty (30) days of the third Chronic Outage, of its intent to terminate the Affected Port(s), then Customer shall be deemed to have waived its right to terminate the Affected Port(s) under this Section 6 until the occurrence of a subsequent Chronic Outage, if any. Upon termination under this Section 6, neither party shall have any further rights, obligations, or liabilities to the other party with respect to such terminated Affected Port(s), except those accrued through the termination date, and that expressly survive termination of this Agreement.

7. **Service Quality.** "Service Quality" is defined as the measurement of network performance characteristics which include, Latency, Data Delivery Ratio and Jitter (each as defined below for both the Network Core and Access to the Core). Service Quality is influenced by both the distance classification of the offering and the Class of Service ("CoS") provisioned and are measured for a given network segment. Measurement is only included for "in-profile" (conform to the performance attributes of the Layer 2 VPN Services) at both the ingress and egress UNIs of any given EVC. All "Service Quality" metrics in this Section 7 are objectives only.

**Service Quality Measurement Network Segments:**

**(a) Core Network Measurements:**

- (i) "Core Latency", as it relates to the Layer 2 VPN Services, is a measure of Cox Network Core delay within a given network segment, region or distance band, as the average round trip interval of time it takes during the applicable calendar month for Ethernet Service Frame to transverse between all selected pairs of Cox network nodes within a given Network Core region. The Core Latency objective designated by CoS traffic is set forth in Table 2.0, averaged on a monthly basis.
- (ii) Core Data Delivery Ratio ("Core DDR"), as it relates to the Layer 2 VPN Services, is the average round trip data delivery percentage for a given Network Core segment, calculated by dividing data received by data delivered and multiplying by 100. Data delivered is the number of Ethernet Service Frames delivered in a given calendar month by Cox from an ingress router at a Cox network device in the given Network Core segment for delivery to an egress router at another specific Cox network node in the region and returned to the same ingress router. The Core DDR objective designated by CoS traffic is set forth in Table 2.0, averaged on a monthly basis.
- (iii) "Core Jitter", as it relates to the Layer 2 VPN Services, is a measure of the Cox Ethernet Service Frames delay variation within a given Network Core region during a given calendar month, as is the average difference in the interval of time for selected pairs of Ethernet Service Frames that transverse between pairs of Cox network nodes in a given core network segment. The Core Jitter objective designated by CoS is set forth in Table 2.0, averaged on a monthly basis.

**(b) Access to Core Network Measurements:**

- (i) “Access Latency” as it relates to the Layer 2 VPN Services, is the time elapsed from when the first bit of an Ethernet Service Frame enters the UNI to when the last bit returns to the same UNI after the Ethernet Service Frame has traversed the Access to Core network on a round trip basis. The Access Latency objective designated by CoS is set forth in Table 2.0, averaged on a monthly basis.
- (ii) Access Data Delivery Ratio (“Access DDR”), as it relates to the Layer 2 VPN Services, is the percentage of Ethernet Service Frames that successfully traverse the Access to Core network segment on a round trip basis. The Access DDR objective designated by CoS is set forth in Table 2.0, averaged on a monthly basis.
- (iii) “Access Jitter” as it relates to the Layer 2 VPN Services, is a measure of the Cox Ethernet Service Frame delay variation within an Access to Core network segment during a given calendar month, and is the average difference in the interval of time for selected pairs of Ethernet Service Frames that transverse the Access to Core network segment on a round trip basis. The Access Jitter objective designated by CoS is set forth in Table 2.0, averaged on a monthly basis.

**(c) Service Quality Objectives (“Table 2.0”).** The following table sets forth Cox network objectives for Layer 2 VPN Service Availability, Data Delivery Ratio, Latency and Jitter for four (4) regional classifications and three (3) access to core network segments objectives based upon CoS:

Table 2.0

Network Segment	Region / Distance band	CoS	Service Availability	Data Delivery Ratio (two way)	Latency (two way)	Jitter (two way)
Access to Core	Fiber based VPN access	Real Time	99.99% ( < 4 min/mo)	99.9%	10 ms.	2 ms.
		Interactive			12 ms.	3 ms.
		Priority Data			16 ms.	N/A
		Best Effort			N/A	N/A
	HFC based VPN access	Priority Data	99.9% ( < 43 min/mo)	99.75%	16 ms.	N/A
	TYPE II	Priority Data	99.9% ( < 43 min/mo)	N/A	N/A	N/A
Network Core	Metro (<155 miles)	Real Time	99.995% ( < 2 min/mo)	99.99%	10 ms.	2 ms.
		Interactive			12 ms.	3 ms.
		Priority Data			16 ms.	N/A
		Best Effort			N/A	N/A
	State (<400miles)	Real Time	99.995% ( < 2 min/mo)	99.99%	20 ms.	2 ms.
		Interactive			22 ms.	3 ms.
		Priority Data			26 ms.	N/A
		Best Effort			N/A	N/A
	Regional (<755miles)	Real Time	99.995% ( < 2 min/mo)	99.99%	30 ms.	2 ms.
		Interactive			32 ms.	3 ms.
		Priority Data			36 ms.	N/A
		Best Effort			N/A	N/A
National (<4,349miles)	Real Time	99.99% ( < 4 min/mo)	99.985%	50 ms.	2 ms.	
	Interactive			52 ms.	3 ms.	
	Priority Data			56 ms.	N/A	
	Best Effort			N/A	N/A	

**8. Layer 2 VPN Service Response and Resolution.** In the event Cox receives a Trouble Report (defined below) from Customer, Cox will initiate action to clear the trouble within approximately thirty (30) minutes. If the Trouble Report is the result of an electronic component failure, the estimated restoration time is four (4) hours. If the Trouble Report is the result of a cable or fiber failure or any other issue, the estimated restoration time is eight (8) hours.

**9. Customer Responsibilities / Trouble Reports.** Cox will maintain a twenty-four (24) hour, seven (7) day a week point-of-contact for Customer to report Layer 2 VPN Service issues, including troubles, outages or Layer 2 VPN Service Interruptions. Customer shall call Trouble Reports to the telephone number provided by Customer’s local market sales representative. A “Trouble Report” means any report made by Customer relating to the Layer 2 VPN Services or the equipment provided by Cox.

Cox will investigate the Trouble Report and assign a trouble ticket number. To qualify for any Service Credit(s), Customer must request, in writing, a Service Credit within thirty (30) calendar days of a qualifying Trouble Report. Cox will be the only party to determine (in its sole discretion) whether Cox has not met any of the SLA terms specified herein and whether a Service Credit is to be issued. Customer shall cooperate with Cox at all times in testing, determining and verifying that a qualifying Layer 2 VPN Service Interruption or other issue related to this SLA has occurred.

**10. Layer 2 VPN Service Installation Intervals.**

- (a) Layer 2 VPN Service Installation and Availability. Cox will make commercially reasonable efforts to install, provision and make the Layer 2 VPN Services available for Customer's use within ten (10) business days of the installation date if explicitly defined in the Agreement, if any ("Estimated Install Date"). Layer 2 VPN Service shall be deemed as available upon Cox's installation of the equipment and facilities necessary to provide Customer the Layer 2 VPN Services.
- (b) Installation Delay Credit. Cox shall provide Customer with an Installation Delay Credit if the Layer 2 VPN Services are not available for Customer's use within ten (10) business days of the Estimated Install Date. In this event, Cox will provide an "Installation Delay Credit" of One Hundred Percent (100%) off the standard nonrecurring charge ("NRC") paid by Customer for the portion of the Layer 2 VPN Service that was unavailable. This Installation Delay Credit shall apply only to Cox standard NRCs and shall not apply to construction or other non-standard charges billed to Customer that are associated with providing Layer 2 VPN Services to Customer.
- (c) Exceptions to Installation Delay Credits. Installation Delay Credits shall not be provided for installation delays (i) caused by or requested by Customer, its employees, agents or subcontractors; (ii) due to inabilities or difficulties of Cox to access Customer's premises; (iii) due to the public utility company restricting Cox's access to necessary conduits or wiring in Customer's building or property; (iv) due to any delays in obtaining any necessary permits, licenses, pole attachment agreements, rights of way, or other access or property rights; (v) due to any causes addressed in Section 11; or (vi) due to Force Majeure events.

**11. Exceptions and Limitations to Service Credit.**

- (a) Exceptions. Service Credits shall not be provided for any Layer 2 VPN Service Interruptions or failures to meet the Layer 2 VPN Service Availability, Service Quality objectives, estimated restoration time, Estimated Install Date, or any other term or objective specified in this SLA: (i) caused by Customer, its employees, agents or subcontractors; (ii) due to failure of power or other equipment provided by Customer or the public utility company supplying power to Cox or Customer; (iii) during any period in which Cox is not allowed access to the premises of Customer to access Cox equipment; (iv) due to scheduled maintenance and repair; (v) caused by or due to violations of the Cox Acceptable Use Policy or any misconduct or accident of the Customer; (vi) caused by a loss of service or failure of the Customer's internal wiring or other Customer equipment; (vii) due to Customer's failure to release the Layer 2 VPN Service for testing and/or repair to Cox; or (viii) due to Force Majeure events. For purposes of this SLA, Force Majeure shall mean (i) third party cable cuts, acts of God, fire, flood, or other natural disaster; (ii) laws, orders, rules, regulations, directions, or actions of governmental authorities having jurisdiction over the Layer 2 VPN Services; (iii) any civil or military action including national emergencies, riots, war, civil insurrections or terrorist attacks; (iv) taking by condemnation or eminent domain of a party's facilities or equipment; (v) strikes or labor disputes; (vi) fuel or energy shortages; (vii) delays in obtaining permits or other approvals from governmental authorities for construction or Layer 2 VPN Services provisioning, or (viii) any other causes beyond the reasonable control of Cox. In addition, Service Credits shall not apply (a) if Customer is entitled to any other available credits, compensation or remedies under the Agreement for the same Layer 2 VPN Service Interruption, Service Quality issue, deficiency, degradation, delay, or any other issue (b) for Layer 2 VPN Service Interruptions, Service Quality issues, deficiencies, degradations, delays, or issues not reported by Customer to Cox within a reasonable period of time, not to exceed thirty (30) days from when it started, (c) where Customer reports a Layer 2 VPN Service Interruption, Service Quality, or any other issue or failure of Cox to meet any other objective in this SLA, but Cox does not find any such issue, (d) to any Service locations served via a third party (i.e. Type-II site), or (e) to any service not provided under the Agreement even if the service is provided by a Cox affiliate or subsidiary. For any Layer 2 VPN Service locations served via a third party, Cox may pass through any Layer 2 VPN Service credits it receives from the third party associated with any Layer 2 VPN Service Interruption not to exceed the Service Credit amount.
- (b) Limitations. With respect to all Service Credits under this SLA, no Service Credits shall be issued if: (i) Customer is in breach of its Agreement with Cox; (ii) Customer has a past due balance with Cox under the Agreement; or (iii) Customer is otherwise not in good financial standing with Cox. In addition, in any calendar month, Customer's combined Service Credits for any and all issues and any failure to meet any objective in this SLA, including, without limitation, Layer 2 VPN Service Interruptions, Service Quality issues, and Installation Delay Credits shall be no more than one (1) full MRC for the affected Layer 2 VPN Services. The calculation of credits under this SLA are exclusive of any applicable taxes, fees, or surcharges charged to the Customer or collected by Cox. All claims for Service Credits must be initiated by the Customer and are subject to review and verification by Cox. Cox reserves the right to change or modify the SLA program rules and regulations at any time without notice. For the avoidance of doubt, Cox and Customer agree that Customer's sole and exclusive remedy for any Layer 2 VPN

Service Interruptions, installation delays, Service Quality issues, missed repair objectives, service degradations, or any other outages or issues related to the Layer 2 VPN Services provided under the Agreement shall be strictly limited to the Service Credits or the Installation Delay Credit, as applicable, as set forth in this SLA.



January 4, 2023  
655 Research Parkway, Suite 200  
Oklahoma City, Oklahoma 73104

NORMAN PUBLIC SCHOOL DISTRICT  
4100 N Flood Ave  
Building Instructional Service Center  
Norman OK 73069

RE: Internet Services – Multi-Year Option  
OneNet  
SPIN 143015254

This letter is to confirm that NORMAN PUBLIC SCHOOL DISTRICT will exercise the multi-year option clause,  
“Initial one-year term with up to four (4) voluntary extensions, subject to annual ratification by both subscriber and OneNet. If mutual ratification is not agreed upon, services will continue on a month-to-month until services are cancelled.”--As stated on the 2020-2021 proposal and agreement.

3rd Auto renewal, **FUNDING YEAR: 2023-2024**

**NORMAN PUBLIC SCHOOL DISTRICT will maintain the current services – Ethernet over lit fiber at 10000 Mbps for \$3,620.00 per month per month, as previously bid for FUNDING YEAR 2020.**

Mutually agreed and acceptance by both parties.

NORMAN PUBLIC SCHOOL DISTRICT:

OneNet  
Oklahoma State Regents for Higher Education:

Authorized Signature

Authorized Signature

Print Name

Print Name

DATE: \_

DATE:



January 4, 2023  
655 Research Parkway, Suite 200  
Oklahoma City, Oklahoma 73104

NORMAN PUBLIC SCHOOL DISTRICT  
4100 N Flood Ave  
Building Instructional Service Center  
Norman OK 73069

RE: Internet Services – Multi-Year Option  
OneNet  
SPIN 143015254

This letter is to confirm that NORMAN PUBLIC SCHOOL DISTRICT will exercise the multi-year option clause,  
“Initial one-year term with up to four (4) voluntary extensions, subject to annual ratification by both subscriber and OneNet. If mutual ratification is not agreed upon, services will continue on a month-to-month until services are cancelled.”--As stated on the 2020-2021 proposal and agreement.

3rd Auto renewal, **FUNDING YEAR: 2023-2024**

**NORMAN PUBLIC SCHOOL DISTRICT will maintain the current services – Ethernet over lit fiber at 1000 Mbps for \$740.00 per month per month, as previously bid for FUNDING YEAR 2020.**

Mutually agreed and acceptance by both parties.

NORMAN PUBLIC SCHOOL DISTRICT:

OneNet  
Oklahoma State Regents for Higher Education:

Authorized Signature

Authorized Signature

Print Name

Print Name

DATE: \_

DATE:

# Risk Management Consulting Agreement

THIS CONSULTING AGREEMENT (this "Agreement") is made on **March 20<sup>th</sup>, 2023** (the "Effective Date"), by and between BancFirst Insurance Services, Inc., located at 13230 Pawnee Dr. Ste. 205 in Oklahoma City, OK 73114 ("Consultant") and Norman Public Schools, with primary offices located at 131 S. Flood Ave. Norman, OK 73069 ("Client"). Consultant and Client are sometimes referred to herein individually as "Party" and collectively as "Parties."

## RECITALS

WHEREAS, Consultant is in the business of Risk Management and providing related services;  
and

WHEREAS, Client desires that that Consultant provide such services for Client;

NOW, THEREFORE, IN CONSIDERATION of the mutual agreements and covenants contained in this Agreement, Consultant and Client agree as follows:

## AGREEMENT

### 1. Scope of Services

**1.1** Scope of Services. Subject to the terms of this Agreement, Client agrees to engage Consultant for (a) the performance of tasks and services (collectively the "Services") described in the scope of work attached to this Agreement as **Exhibit A** (the "Scope of Work") and (b) the delivery of the tangible work product (collectively the "Deliverables") described in the Scope of Work (the Services and Deliverables being referred to collectively in this Agreement as the "Work"). Consultant accepts such obligations. This Agreement applies only to Services identified in the Scope of Work. Any additional services or work product may be provided by Consultant to Client only upon mutually agreed terms set forth in a separate agreement by the Parties.

**1.2** Fees; Reimbursement of Expenses. Client shall pay to Consultant the fee(s) described in **Exhibit B** of this Agreement (the "Fees") with payment being made in the manner described on **Exhibit B**. The Fees shall be the only payments made by Client to Consultant under this Agreement. Unless otherwise indicated in Exhibit B, Consultant shall issue an annual invoice to Client for the Work performed under the terms of this Agreement. Unless otherwise indicated in **Exhibit B**, payment for work shall be due within 30 days of the Client's receipt of the applicable invoice.

### 2. Term & Termination

**2.1** Term. The term of this Agreement shall commence on July 1<sup>st</sup>, 2023, the Effective Date and shall continue in effect until June 30<sup>th</sup>, 2024 unless earlier terminated pursuant to Section 2.2 below or extended by agreement of both parties. Thereafter, the agreement will be renewed for (2) consecutive (1) year terms at the fee shown in section **Exhibit B**.

**2.2** Termination. This Agreement may be terminated by either party only as follows:

- a) Effective upon thirty (30) days advance written notice to the other party stating that such other party is in breach of any of the provisions of this Agreement, provided such breach (if able to be cured) is not cured within fifteen (15) days after the notice is received;
- b) Effective upon six (60) days advance written notice to the other party given with or without reason; provided such notice is given after the Initial Term; or
- c) By mutual written agreement of the parties.

### 2.3 Rights Upon Termination.

a) Upon the termination of this Agreement, Client shall pay to Consultant, in accordance with the payment terms set forth in this Agreement, any Fees owed under this Agreement for Work actually and fully performed by Consultant for Client prior to such termination. No other amount shall be due from Client.

b) Upon termination of this Agreement, all of the rights and obligations of the Parties shall terminate, except that termination of this Agreement shall not relieve Client from any liabilities resulting from a breach of this Agreement which occurs prior to the termination.

### 3. **Disclosure and Record Keeping**

3.1 Full Disclosure. Client has the right to approve any arrangements and/or the utilization of any intermediaries in connection with, or arising out of, or in any way related to Client's insurance and risk management program. Consultant must seek approval from Client prior to the use of any of the above in connection with the Client's insurance and risk management program.

3.2 Record Keeping. Consultant will maintain accurate and current files including, but not limited to, insurance policies and correspondence with insurers or brokers in accordance with industry standard record retention practice or as otherwise directed by Client.

### 4. **Ownership of Work Product**

4.1 Work Product. The term "Work Product" as used in this Agreement, means any Deliverables created by Consultant, either alone or jointly with others, in furtherance of the objective of performing the work as described in this Agreement.

4.2 Ownership of Work Product. Client agrees that any and all Deliverables conceived, written, or created for performance of Work under this Agreement shall be jointly owned by the Consultant and the Client. Both Consultant and Client have the right to use jointly owned Work Product for their own purposes, not in connection with Work provided to Client by Consultant.

5. **Consultant Personnel.** Consultant will assign its personnel according to the needs of Client and according to the disciplines required to complete the appointed task in a professional manner. Consultant retains the right to substitute personnel with reasonable cause.

6. **Client's Responsibilities.** Client will make available such reasonable information as required for Consultant to conduct its services. Such data will be made available as promptly as possible. Consultant acknowledges that the time of Client's personnel is limited and agrees to use such time reasonably and judiciously.

### 7. **Indemnification**

7.1 Indemnification. Client shall hold harmless and indemnify Consultant from and against all claims, demands, damages and costs, including reasonable attorneys' fees, caused by or resulting from any of the following: (a) the negligence or willful misconduct of Client in the performance of Work; (b) the breach by Client of its obligations under this Agreement; (c) the Client's failure to comply with any and all applicable federal, state, regional and local laws, ordinances, statutes, rules and regulations; or (d) any defect or deficiency in the Services or Deliverables under this Agreement attributable to the Client.

**8. Independent Contractor.** Consultant and Client shall at all times be independent Parties. Neither Party is an employee, franchisee, agent or partner of the other; neither Party is authorized to assume or create any obligations or liabilities, express or implied, on behalf of or in the name of the other. This Agreement does not create a joint venture between the Parties. The employees, methods, facilities and equipment of each Party shall at all times be under the exclusive direction and control of that Party.

**9. Miscellaneous**

**9.1** Entire Agreement. This Agreement, including the recitals set forth above and the Exhibits attached to this Agreement, all of which are incorporated into this Agreement by reference, constitutes the entire agreement between the Parties relating to the subject matter of this Agreement. Any other prior warranties, agreements, correspondence, discussions, negotiations and understandings of the Parties are hereby superseded. No amendment, waiver or modification of this Agreement shall be valid unless made in writing and signed by both parties.

**9.2** Severability. The Parties hereby acknowledge and agree that if any provision of this Agreement shall under any circumstances be deemed invalid or inoperative, this Agreement shall be construed with the invalid or inoperative provision deleted and all rights and obligations of the Parties shall be construed and enforced accordingly.

**9.3** Binding Effect. This Agreement shall be binding upon both Parties and shall bind successors, permitted assigns and legal representatives.

**9.4** Headings. Headings contained in this Agreement are for inserted purposes of convenience of reference only and shall not constitute a part of this Agreement.

**9.5** Assignment. Client may not assign or transfer any of its rights under this Agreement without the prior written consent of Consultant. Client acknowledges that its obligations under this Agreement are personal to Consultant and that it shall not subcontract any Work and/or any of its rights or obligations hereunder without first receiving prior approval from Consultant.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

BancFirst Insurance Services, Inc.

By: Sean Shadid  
(Signature)

Name: Sean Shadid  
(Print)

Title: Executive Vice President

Date: 3/15/23

Norman Public Schools

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_  
(Print)

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## EXHIBIT A

### SCOPE OF WORK

Pursuant to Section 1.1 of the Agreement, Consultant shall perform the following services:

- A. The Consultant will be required to provide ongoing consultant services and serve as an expert resource to the District in matters of the District's property, casualty and liability insurance plans.
- B. Prior to or around the beginning of each fiscal year, submit a service plan identifying goals, objectives, and an action plan.
- C. Assist in risk exposure evaluation, and development of corrective action plans.
- D. Provide the District with safety/loss control services amounting to at least 30 hours annually
- E. Perform other Consultant related services on an "as needed" basis.
- F. Assist the District in conceptualizing, proposing and packaging property, casualty and liability, which are competitive and meet the needs and expectations, within reason, of faculty, staff, administrators, and board members. The Consultant will be required to maintain a high level of knowledge and expertise of these programs and advise the District on matters related to changes and modifications to State Law and regulations related to the respective programs.
- G. Analyze claims risk, provide statistical analysis of claims, forecasting and perform calculative aggregate risk analysis, analyze the respective plan documents and provisions for compliance with state and federal laws, and furnish strategies for maximizing benefits and mitigating expenses and costs related to the plan. The Consultant will be required to conduct market research on property, casualty and liability coverage and recommend policy packages.
- H. At the direction of the District, develop and prepare insurance coverage specifications and market programs prior to expiration of policies, indicating in writing (assigned, if applicable) markets being approached, coverage and deductible/retention options being considered and develop, prepare and issue and evaluate bids for coverage. When directed by the District, the Consultant will be required to develop and prepare bid specifications for new or replacement products and source said products through a request for proposal or other competitive means.
- I. Evaluate proposals, pricing, services, coverage, and qualifications of the proposals, and make a recommendation to the District on changing providers and/or coverage.
- J. Develop agreements and all collateral documents necessary to execute an agreement with the vendors. Additionally, the Consultant will be required to analyze, modify, and recommend appropriate contract language associated with the desired coverage for all insurance products recommended and purchased by the District.
- K. Provide renewal and unbiased alternate insurance proposals no later than 30 days prior to expiration of the current policies unless otherwise agreed by both parties.
- L. Prepare and present an annual report describing coverage, exposure, and premium charges with recommendations outlining options to contain costs without sacrificing coverage for potential catastrophic loss.
- M. Provide a market forecast by line of coverage during the District's budgeting period.
- N. Obtain from the District the necessary information and prepare applications required by insurers
- O. Verify the accuracy and adequacy of policies, endorsements, coverage, and premiums, noting in writing any variations from the previous year, or for conformance with specifications and any negotiations conducted with underwriters.
- P. Assist in determining proper limits and coverage for exposures common to school districts and specific to the District
- Q. Assess insurance company stability, solvency, and service records.
- R. Deliver insurance policies or binders during term of coverage.
- S. Accurately amend polices, as needed, and provide amendments to the District accordingly.

- T. Upon request, provide timely, written interpretation of coverage.
- U. Provide policy maintenance, and issue binders and certificates when required
- V. When requested, assist in ascertaining replacement cost value for property.
- W. Review insurance carrier recommendations for appropriateness
- X. Assist with excess carrier reporting requirements, report claims to insurers and re-insurers, as appropriate, and assist in obtaining recoveries from the insurers
- Y. Obtain quarterly updated loss summaries from excess insurers for prior and current policy periods (not required from carriers with no open claims).
- Z. On an annual basis, or more frequently if requested by the District, perform an audit of excess carrier claim management to assess reserving practices and overall performance of claims administration.
- AA. It is anticipated that the Consultant will meet with District personnel no less than once per quarter, but more frequently during the renewal season. The Consultant will be expected to work directly with the Chief Financial Officer, Chief Operating Officer and Chief of Human Resources. The principal contact with Norman Public Schools will be the Chief Financial Officer who will coordinate the property, casualty and liability insurance for the District.

**EXHIBIT B**

**FEES**

**SCHEDULE OF PROFESSIONAL FEES  
INSURANCE CONSULTING AND BROKERAGE SERVICES**

Fixed Fee for Period July 1, 2022 through June 30, 2023: \$ 130,000

Fee will remain for the two years following this agreement and the fixed fee will not increase or decrease during the duration of this agreement.

Note that above fees do not include actuary services, to the extent Client utilizes them. In addition, the above fees do not contemplate any special projects that would be billed incrementally to the annual retainer fee.

All commissions and override fees earned or received by the agency/broker shall be returned to the District in the form of an invoice credit off the fixed service fee or a direct payment. The net cost/expense to the District shall be the fixed service fee stated hereon less all commissions and override fees earned by the broker/agent.

I, the undersigned, have been duly authorized to act as an agent on the behalf of the firm and hereby submit this pricing in accordance with the terms and conditions of the agreement. I, the undersigned, further understand that this is a firm bid inclusive of all work to be performed in accordance with the scope of work as specified in the agreement.

<u>BancFirst Insurance Services</u>	<u>Sean Shalid</u>
Company/Firm	Print Name of Representative
<u>Sean Shalid</u>	<u>3/15/22</u>
Signature of Representative	Date

**ATTACHMENT C**

**MINUTES AND RESOLUTION AUTHORIZING ISSUANCE OF BONDS**

Pursuant to notice given under the Open Meeting Act, the Board of Education of Independent School District Number 29 of Cleveland County, State of Oklahoma, met in special session in the Administrative Services Center, 131 South Flood Avenue, Norman, Oklahoma in said school district on the 20th day of March, 2023, at 1:00 o'clock p.m.

PRESENT:

ABSENT:

Notice of this special meeting was given in writing to the County Clerk of Cleveland County, Oklahoma at \_\_\_\_\_.m. on the \_\_\_\_ day of \_\_\_\_\_, 2023, forty-eight (48) hours or more prior to this meeting, and public notice of this meeting, setting forth the date, time, place and agenda was posted at the Board of Education Center in prominent view and open to the public twenty-four (24) hours each day, seven (7) days each week at \_\_\_\_\_.m. on the \_\_\_\_ day of March, 2023, being twenty-four (24) hours or more prior to this meeting, excluding Saturdays, Sundays and legal holidays, all in compliance with the Oklahoma Open Meeting Act (as attached hereto).

Notice of said meeting and agenda have also been posted on the School District's website in accordance with Title 74, Oklahoma Statutes, Section 3106.2.

**(OTHER PROCEEDINGS)**

Thereupon \_\_\_\_\_ introduced a Resolution by reading the Title, and upon motion by \_\_\_\_\_, seconded by \_\_\_\_\_, said Resolution was adopted by the following vote:

Aye:

Nay:

Said Resolution was thereupon signed by the President, attested by the Clerk, sealed with the seal of said School District and is as follows:

**RESOLUTION**

A RESOLUTION PROVIDING FOR THE ISSUANCE OF THE GENERAL OBLIGATION BUILDING BONDS, FEDERALLY TAXABLE SERIES 2023, IN THE SUM OF \$3,480,000, BY INDEPENDENT SCHOOL DISTRICT NUMBER 29 OF CLEVELAND COUNTY, OKLAHOMA, AUTHORIZED AT AN ELECTION DULY CALLED AND HELD FOR SUCH PURPOSE; DEEMING THE PRELIMINARY OFFICIAL STATEMENT "FINAL" FOR THE PURPOSES OF SEC RULE 15(C)2-12; AFFIRMING THE SCHOOL DISTRICT'S INTENTION TO ASSIST UNDERWRITERS IN COMPLYING WITH SEC RULE 15C2-12(B)(5); PRESCRIBING FORM OF BONDS; PROVIDING FOR REGISTRATION THEREOF; PROVIDING LEVY OF AN ANNUAL TAX FOR THE PAYMENT OF

**ATTACHMENT C**

PRINCIPAL AND INTEREST ON THE SAME; AND FIXING OTHER DETAILS OF THE ISSUE.

WHEREAS, on the 12th day of February, 2019, pursuant to notice duly given, an election was held in Independent School District Number 29 of Cleveland County, Oklahoma, for the purpose of submitting to the registered qualified electors of such District the question of the issuance of the Bonds of said District in the sum of \$182,500,000 (Proposition #1) to provide funds for the purpose of improving or acquiring school sites, constructing, repairing, remodeling and equipping school buildings, acquiring school furniture, fixtures and equipment, and the sum of \$3,500,000 (Proposition #2) for the purpose of purchasing transportation equipment; and

WHEREAS, as shown by the canvass of the returns by the County Election Board of Cleveland County, Oklahoma, at said election there were cast by the registered qualified electors of said School District 12,988 votes for Proposition #1, of which 10,257 were in favor of and 2,731 were against the issuance of said Bonds, and 12,982 votes for Proposition #2, of which 10,188 were in favor of and 2,794 were against the issuance of said Bonds; and

WHEREAS, a lawful majority of the registered qualified electors voting on said Propositions cast their ballots in favor of the issuance of said Bonds, as certified by the County Election Board of Cleveland County, Oklahoma on the 15<sup>th</sup> day of February, 2019, the issuance has been duly authorized; and

WHEREAS, Independent School District Number 29, of Cleveland County, Oklahoma, has previously determined to sell the approved Bonds in multiple series, and

WHEREAS, Independent School District Number 29, of Cleveland County, Oklahoma has previously issued the following bonds from the aforementioned authorization:

<b>2019 Authorization</b>		
	<b>Proposition #1 Building Bonds</b>	<b>Proposition #2 Transportation Bonds</b>
Total Bonds Authorized	\$182,500,000	\$3,500,000
Amount Issued in 2019	\$7,000,000	\$500,000
Amount Issued in 2020	\$20,900,000	\$500,000
Amount Issued in 2021	\$28,440,000	\$500,000
Amount Issued in 2022	\$31,500,000	\$500,000
Total Bonds Issued To Date	\$87,840,000	\$2,000,000
Proposed 2023 Building Bonds (current issue)	\$3,480,000	
Proposed 2023 Combined Purpose Bonds (separate issue)	\$3,080,000	\$500,000

WHEREAS, Independent School District Number 29, of Cleveland County, Oklahoma, desires to issue at this time \$3,480,000 of the authorized bonds under Proposition #1 and such bonds shall be called the \$3,480,000 General Obligation Building Bonds, Federally Taxable Series 2023.

**ATTACHMENT C**

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF EDUCATION OF INDEPENDENT SCHOOL DISTRICT NUMBER 29 OF CLEVELAND COUNTY, OKLAHOMA:

SECTION 1. That there are hereby ordered and directed to be issued the bonds of said School District in accordance with the forms hereinafter set out, in the aggregate amount of Three Million Four Hundred Eighty Thousand Dollars (\$3,480,000), which said Bonds shall be designated "General Obligation Building Bonds, Federally Taxable Series 2023" shall be dated March 1, 2023, and become due and payable and bear interest from their date until paid as follows:

- \$870,000 maturing on March 1, 2025 at \_\_\_\_%
- \$870,000 maturing on March 1, 2026 at \_\_\_\_%
- \$870,000 maturing on March 1, 2027 at \_\_\_\_%
- \$870,000 maturing on March 1, 2028 at \_\_\_\_%

Payable semi-annually on the 1st day of March and September each year, commencing on the 1st day of March, 2024. The bonds are issuable as registered Bonds in denominations of \$5,000 or any multiple thereof.

SECTION 2. That each of said Bonds and the endorsements and certificates thereon shall be in substantially the following form:

**UNITED STATES OF AMERICA**  
**STATE OF OKLAHOMA**

No. \_\_\_\_ \$ \_\_\_\_\_

Independent School District Number 29 of Cleveland County, Oklahoma  
General Obligation Building Bonds, Federally Taxable Series 2023

Interest Rate:                      Maturity Date:                      Dated:                      Cusip No.:

KNOW ALL MEN BY THESE PRESENTS: That Independent School District Number 29 of Cleveland County, Oklahoma, a body corporate, hereby acknowledges itself indebted to and for value received, promises to pay the principal amount set forth above to the person named below:

CEDE & Co, as nominee of THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK, or registered assigns, (hereinafter called the "Registered Holder"),

registered assigns (hereinafter called the "Registered Holder"), for the bond number(s) set forth above, together with interest thereon at the rate specified hereon, from the date hereof until paid, payable semi-annually on the 1st day of March and the 1st day of September, respectively, in each year, beginning March 1, 2024.

The principal of and interest on this Bond are payable in lawful money of the United States of America which, at the time of payment, shall be legal tender for the payment of public and

**ATTACHMENT C**

private debts. Payments of interest hereon shall be paid by check of BOKF, NA (herein called the "Paying Agent/Registrar") payable to the order of the Registered Holder and mailed to the address shown in the Registration Record and before the date on which each such payment is due. Payment of principal of this Bond shall be payable only upon surrender of this Bond to the Paying Agent.

THE FULL FAITH, CREDIT, AND RESOURCES of said District are hereby irrevocably pledged to the payment of this Bond.

THIS BOND is one of an issue of like date and tenor, except as to date of maturity, rate of interest, denomination, and terms of redemption, totaling the principal sum of Three Million Four Hundred Eighty Thousand Dollars (\$3,480,000). This Bond, authorized on February 12, 2019, and the Bonds of the issue of which it is one, are issued for (i) \$3,480,000 to provide funds for the purpose of improving or acquiring school sites, constructing, repairing, remodeling and equipping school buildings, and acquiring school furniture, fixtures and equipment; all pursuant to Section 26, Article 10, of the Constitution, and Title 70 Chapter XV, Oklahoma Statutes, and other statutes of the State supplementary and amendatory thereto. The Bonds are not subject to redemption prior to maturity.

No person shall be entitled to any right or benefit provided in this Bond unless the name of such person is registered by the Paying Agent, who shall also act as the Registrar of the School District, on the Registration Record. This Bond shall be transferable only upon delivery of this Bond to the Registrar, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent, duly executed by the Registered Holder hereof or his attorney duly authorized in writing, and such transfer registered on the Registration Record. The Registrar shall not be required to make such transfer after the fifteenth (15) day preceding any interest payment date until after said latter date. The name of the Registered Holder endorsed hereon shall be deemed the correct name of the owner of this Bond for all purposes whatsoever. The Registrar will keep the Registration Record open for registration of ownership of registered Bonds during its business hours. In the event of a change of Registrar for any reason, notice thereof shall be mailed, by registered or certified United States Mail, postage prepaid, to the Registered Holder at the address shown in the Registration Record, and such notice shall be effective on the date of mailing and sufficient as to all persons.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required to be done, precedent to and in the issuance of this Bond have been properly done, happened and been performed in regular and due form and time as required by law, and that the total indebtedness of said District, including this Bond, and the series of which it forms a part, does not exceed any constitutional or statutory limitation; and that due provision has been made for the collection of an annual tax sufficient to pay the interest on this Bond as it falls due and also to constitute a sinking fund for the payment of the principal hereof at maturity.

IN WITNESS WHEREOF, said School District has caused this Bond to be signed by the President of the Board of Education, attested by its Clerk, and sealed with the seal thereof this 1st day of March, 2023.

\_\_\_\_\_  
President, Board of Education

**ATTACHMENT C**

ATTEST:

\_\_\_\_\_  
Clerk, Board of Education

(SEAL)

**Authentication Certificate**

This Bond is one of the Bonds of the issue described in the Transcript of Proceedings prepared for this Bond issue, and is one of the General Obligation Building Bonds, Federally Taxable Series 2023, of Independent School District Number 29 of Cleveland County, Oklahoma.

Date of Registration and Authentication.

\_\_\_\_\_  
By: Authorized Officer

State of Oklahoma        )  
                                  )SS.  
County of Cleveland     )  
County of McClain        )

We, the undersigned, District Attorney and County Clerks, respectively, of said County, in said State, in which the within named District is situated, hereby certify that the within Bond is one of a series of Bonds issued by the within named District pursuant to law, and that the entire issue of said Bonds is within the debt limit imposed upon said District by the Constitution and laws of the State of Oklahoma.

WITNESS our respective official hands and the seal of said County this 1st day of March, 2023.

\_\_\_\_\_  
County Clerk  
Cleveland County, Oklahoma

(SEAL)

\_\_\_\_\_  
District Attorney  
District Number 21

\_\_\_\_\_  
County Clerk  
McClain County, Oklahoma

(SEAL)

**FORM OF ASSIGNMENT**

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer such Bond on the books kept for registration and transfer of with within Bond, with full power of substitution in the premises.



## ATTACHMENT C

approval and endorsement; that thereafter said Bonds shall be delivered to the purchasers, upon payment of the purchase price thereof, which shall not be less than par and accrued interest. The proceeds derived from the sale of said Bonds shall be placed in a special fund and used solely for the purpose of providing funds for the purposes set out in the Bond in Section 2 hereof. The School District certifies and covenants that none of the proceeds of the Bonds described herein will be used to pay interest on any lease, lease-purchase contract, lease purchase installments or other obligations, nor will Bond proceeds be used in violation of applicable provisions of the Oklahoma Constitution and Laws.

SECTION 4. Whenever any registered Bond or Bonds shall be exchanged for another registered Bond or Bonds of different denomination, the Registrar shall cancel the Bond or Bonds surrendered in such exchange on the face thereof and on the Registration Record. If the supply of registered Bonds for making exchanges shall have been exhausted, the Registrar shall cause additional registered Bonds to be prepared, at the expense of School District. The School District covenants that upon request of the Registrar, its appropriate officers promptly will execute such additional registered Bonds on behalf of the School District.

SECTION 5. The Registrar for all registered Bonds issued pursuant to this Resolution shall be BOKF, NA, which shall maintain a Registration Record for the purpose of registering the name and address of the Registered Holder of each registered Bond. The Registrar will keep the Registration Record open for registrations during its business hours. In the event of a change of Registrar, notice thereof shall be mailed, registered or certified United States Mail, postage prepaid, to the Registered Holder of each registered Bond. The name and address of the Registered Holder as the same appears on the Registration Record shall be conclusive evidence to all persons and for all purposes whatsoever and no person other than the Registered Holder shown on the Registration Record shall be entitled to any right or benefit in relation to the Bond so registered; provided, that the foregoing shall not apply to any successor by operation of law of such Registered Holder. Registered Bonds shall be transferable only upon delivery of such Bonds to the Registrar, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Registrar, executed by the Registered Holder thereof or his attorney duly authorized in writing, and such transfer registered on the Registration Record. If the Form of Assignment on such Bonds is exhausted, such Registered Bonds delivered to the Registrar for registration of transfer shall be canceled by the Registrar on the face thereof and the Registrar shall authenticate and deliver to the transferee Bonds in aggregate principal amount equal to the unpaid principal of the surrendered Bonds in new registered Bonds, in denominations of \$5,000 or any whole multiple thereof. The Registrar shall not be required to make such transfer after the fifteenth (15) day preceding any interest payment date until after said latter date.

SECTION 6. There is hereby created and established a system of registration for uncertificated registered public obligations with respect to the Bonds as provided in the Registered Public Obligations Act of Oklahoma, Title 62 Oklahoma Statutes, Section 582(13)(b), whereby books shall be maintained on behalf of the School District by the Depository Trust Company, New York, New York, for the purpose of registration of transfer of the uncertificated registered public obligations with respect to the Bonds, which specify the persons entitled to the Bonds and the rights evidenced thereby shall be registered upon such books, and the President and Clerk (or in their absence or incapacity, the Vice President and Deputy Clerk, respectively) are hereby

## ATTACHMENT C

authorized and directed to execute such documents and instruments as may be required to implement the foregoing system of registration.

SECTION 7. That beginning in the year 2023 a continuing annual tax sufficient to pay the interest on said Bonds when due and for the purpose of providing a sinking fund with which to pay the principal of said Bonds when due shall be and is hereby ordered levied upon all taxable property of said School District, in addition to all other taxes, said sinking fund to be designated "General Obligation Building Bonds, Federally Taxable Series 2023, Sinking Fund." Said tax shall be and is hereby ordered certified, levied, and extended upon the tax rolls and collected by the same officers in the same manner and at the same time as the taxes for general purposes in each of said years are certified, levied, extended and collected; that all funds derived from said tax shall be placed in said sinking fund, which, together with all interest collected on same, shall be irrevocably pledged to the payment of the interest on and principal of said Bonds when and as the same fall due.

SECTION 8. The Preliminary Official Statement dated March 10, 2023 (the "Preliminary Official Statement") outlining the terms, conditions and security for the Bonds, is hereby adopted and approved and the President of the Board of Education is authorized to approve any corrections, additions or deletions thereto for and on behalf of the Board of Education and is further authorized and directed to execute and deliver same for and on behalf of the Board of Education; provided further, that the information contained in said Preliminary Official Statement with respect to the School District is correct in all material respects and such information does not contain any untrue statements of a material fact and does not omit to state a material fact necessary to make the statements made in such Preliminary Official Statement, in light of the circumstances in which they were made, not misleading. The Board of Education hereby deems the Preliminary Official Statement "near final" in accordance with the requirements of Rule 15c2-12 of the Securities and Exchange Commission promulgated pursuant to the Securities and Exchange Act of 1934. The Board of Education authorizes the Underwriter to distribute the Preliminary Official Statement in connection with the sale of the General Obligation Building Bonds, Federally Taxable Series 2023.

SECTION 9. The Board of Education determines and intends to provide, for the benefit of the Bondholders, certain financial information and operating data relating to the School District by not later than ten months following the end of its fiscal year (the "Annual Financial Information"), and to provide notices of the occurrence of certain enumerated events. The Annual Financial Information will be filed by the School District with each Nationally Recognized Municipal Securities Information Repository (NRMSIR). The notices of material events will be filed by the School District with either each NRMSIR or the Municipal Securities Rulemaking Board and each State Repository. The specific nature of the information to be contained in the Annual Financial Information or the notices of material events is included in the Continuing Disclosure Agreement adopted by the Board. These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5). Concurrent with the approval of the Resolution Authorizing Issuance of Bonds, the School District will execute a Continuing Disclosure Agreement detailing its disclosure obligations to Bondholders.

**ATTACHMENT C**

ADOPTED AND APPROVED THIS 20<sup>TH</sup> DAY OF MARCH, 2023.

\_\_\_\_\_  
President, Board of Education

ATTEST:

\_\_\_\_\_  
Clerk, Board of Education

(SEAL)

State of Oklahoma        )  
                                  )SS.  
County of Cleveland     )

I, the undersigned, the duly qualified and acting Clerk of the Board of Education of Independent School District Number 29 of Cleveland County, Oklahoma, hereby certify that the foregoing is a true and complete copy of a Resolution authorizing the issuance of bonds for the purpose therein set out adopted by said Board and transcript of proceedings of said Board at a special meeting thereof held on the date therein set out, insofar as the same relates to the introduction, reading and adoption thereof as the same appears of record in my office.

WITNESS my hand and official seal this 20th day of March, 2023.

\_\_\_\_\_  
Clerk, Board of Education

(SEAL)

**MINUTES AND RESOLUTION AUTHORIZING ISSUANCE OF BONDS**

Pursuant to notice given under the Open Meeting Act, the Board of Education of Independent School District Number 29 of Cleveland County, State of Oklahoma, met in special session in the Administrative Services Center, 131 South Flood Avenue, Norman, Oklahoma in said school district on the 20th day of March, 2023, at 1:00 o'clock p.m.

PRESENT:

ABSENT:

Notice of this special meeting was given in writing to the County Clerk of Cleveland County, Oklahoma at \_\_\_\_\_.m. on the \_\_\_\_ day of \_\_\_\_\_, 2023, forty-eight (48) hours or more prior to this meeting, and public notice of this meeting, setting forth the date, time, place and agenda was posted at the Board of Education Center in prominent view and open to the public twenty-four (24) hours each day, seven (7) days each week at \_\_\_\_\_.m. on the \_\_\_\_ day of March, 2023, being twenty-four (24) hours or more prior to this meeting, excluding Saturdays, Sundays and legal holidays, all in compliance with the Oklahoma Open Meeting Act (as attached hereto).

Notice of said meeting and agenda have also been posted on the School District’s website in accordance with Title 74, Oklahoma Statutes, Section 3106.2.

**(OTHER PROCEEDINGS)**

Thereupon \_\_\_\_\_ introduced a Resolution by reading the Title, and upon motion by \_\_\_\_\_, seconded by \_\_\_\_\_, said Resolution was adopted by the following vote:

Aye:

Nay:

Said Resolution was thereupon signed by the President, attested by the Clerk, sealed with the seal of said School District and is as follows:

**RESOLUTION**

A RESOLUTION PROVIDING FOR THE ISSUANCE OF THE GENERAL OBLIGATION BUILDING BONDS, FEDERALLY TAXABLE SERIES 2023, IN THE SUM OF \$3,480,000, BY INDEPENDENT SCHOOL DISTRICT NUMBER 29 OF CLEVELAND COUNTY, OKLAHOMA, AUTHORIZED AT AN ELECTION DULY CALLED AND HELD FOR SUCH PURPOSE; DEEMING THE PRELIMINARY OFFICIAL STATEMENT "FINAL" FOR THE PURPOSES OF SEC RULE 15(C)2-12; AFFIRMING THE SCHOOL DISTRICT’S INTENTION TO ASSIST UNDERWRITERS IN COMPLYING WITH SEC RULE 15C2-12(B)(5); PRESCRIBING FORM OF BONDS; PROVIDING FOR REGISTRATION THEREOF; PROVIDING LEVY OF AN ANNUAL TAX FOR THE PAYMENT OF

PRINCIPAL AND INTEREST ON THE SAME; AND FIXING OTHER DETAILS OF THE ISSUE.

WHEREAS, on the 12th day of February, 2019, pursuant to notice duly given, an election was held in Independent School District Number 29 of Cleveland County, Oklahoma, for the purpose of submitting to the registered qualified electors of such District the question of the issuance of the Bonds of said District in the sum of \$182,500,000 (Proposition #1) to provide funds for the purpose of improving or acquiring school sites, constructing, repairing, remodeling and equipping school buildings, acquiring school furniture, fixtures and equipment, and the sum of \$3,500,000 (Proposition #2) for the purpose of purchasing transportation equipment; and

WHEREAS, as shown by the canvass of the returns by the County Election Board of Cleveland County, Oklahoma, at said election there were cast by the registered qualified electors of said School District 12,988 votes for Proposition #1, of which 10,257 were in favor of and 2,731 were against the issuance of said Bonds, and 12,982 votes for Proposition #2, of which 10,188 were in favor of and 2,794 were against the issuance of said Bonds; and

WHEREAS, a lawful majority of the registered qualified electors voting on said Propositions cast their ballots in favor of the issuance of said Bonds, as certified by the County Election Board of Cleveland County, Oklahoma on the 15<sup>th</sup> day of February, 2019, the issuance has been duly authorized; and

WHEREAS, Independent School District Number 29, of Cleveland County, Oklahoma, has previously determined to sell the approved Bonds in multiple series, and

WHEREAS, Independent School District Number 29, of Cleveland County, Oklahoma has previously issued the following bonds from the aforementioned authorization:

2019 Authorization		
	<b>Proposition #1 Building Bonds</b>	<b>Proposition #2 Transportation Bonds</b>
Total Bonds Authorized	\$182,500,000	\$3,500,000
Amount Issued in 2019	\$7,000,000	\$500,000
Amount Issued in 2020	\$20,900,000	\$500,000
Amount Issued in 2021	\$28,440,000	\$500,000
Amount Issued in 2022	\$31,500,000	\$500,000
<hr/>		
Total Bonds Issued To Date	\$87,840,000	\$2,000,000
Proposed 2023 Building Bonds (current issue)	\$3,480,000	
Proposed 2023 Combined Purpose Bonds (separate issue)	\$3,080,000	\$500,000

WHEREAS, Independent School District Number 29, of Cleveland County, Oklahoma, desires to issue at this time \$3,480,000 of the authorized bonds under Proposition #1 and such bonds shall be called the \$3,480,000 General Obligation Building Bonds, Federally Taxable Series 2023.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF EDUCATION OF INDEPENDENT SCHOOL DISTRICT NUMBER 29 OF CLEVELAND COUNTY, OKLAHOMA:

SECTION 1. That there are hereby ordered and directed to be issued the bonds of said School District in accordance with the forms hereinafter set out, in the aggregate amount of Three Million Four Hundred Eighty Thousand Dollars (\$3,480,000), which said Bonds shall be designated "General Obligation Building Bonds, Federally Taxable Series 2023" shall be dated March 1, 2023, and become due and payable and bear interest from their date until paid as follows:

\$870,000 maturing on March 1, 2025 at \_\_\_\_%  
\$870,000 maturing on March 1, 2026 at \_\_\_\_%  
\$870,000 maturing on March 1, 2027 at \_\_\_\_%  
\$870,000 maturing on March 1, 2028 at \_\_\_\_%

Payable semi-annually on the 1st day of March and September each year, commencing on the 1st day of March, 2024. The bonds are issuable as registered Bonds in denominations of \$5,000 or any multiple thereof.

SECTION 2. That each of said Bonds and the endorsements and certificates thereon shall be in substantially the following form:

**UNITED STATES OF AMERICA**  
**STATE OF OKLAHOMA**

No. \_\_\_\_ \$ \_\_\_\_\_

Independent School District Number 29 of Cleveland County, Oklahoma  
General Obligation Building Bonds, Federally Taxable Series 2023

Interest Rate:                      Maturity Date:                      Dated:                      Cusip No.:

KNOW ALL MEN BY THESE PRESENTS: That Independent School District Number 29 of Cleveland County, Oklahoma, a body corporate, hereby acknowledges itself indebted to and for value received, promises to pay the principal amount set forth above to the person named below:

CEDE & Co, as nominee of THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK, or registered assigns, (hereinafter called the "Registered Holder"),

registered assigns (hereinafter called the "Registered Holder"), for the bond number(s) set forth above, together with interest thereon at the rate specified hereon, from the date hereof until paid, payable semi-annually on the 1st day of March and the 1st day of September, respectively, in each year, beginning March 1, 2024.

The principal of and interest on this Bond are payable in lawful money of the United States of America which, at the time of payment, shall be legal tender for the payment of public and

private debts. Payments of interest hereon shall be paid by check of BOKF, NA (herein called the "Paying Agent/Registrar") payable to the order of the Registered Holder and mailed to the address shown in the Registration Record and before the date on which each such payment is due. Payment of principal of this Bond shall be payable only upon surrender of this Bond to the Paying Agent.

THE FULL FAITH, CREDIT, AND RESOURCES of said District are hereby irrevocably pledged to the payment of this Bond.

THIS BOND is one of an issue of like date and tenor, except as to date of maturity, rate of interest, denomination, and terms of redemption, totaling the principal sum of Three Million Four Hundred Eighty Thousand Dollars (\$3,480,000). This Bond, authorized on February 12, 2019, and the Bonds of the issue of which it is one, are issued for (i) \$3,480,000 to provide funds for the purpose of improving or acquiring school sites, constructing, repairing, remodeling and equipping school buildings, and acquiring school furniture, fixtures and equipment; all pursuant to Section 26, Article 10, of the Constitution, and Title 70 Chapter XV, Oklahoma Statutes, and other statutes of the State supplementary and amendatory thereto. The Bonds are not subject to redemption prior to maturity.

No person shall be entitled to any right or benefit provided in this Bond unless the name of such person is registered by the Paying Agent, who shall also act as the Registrar of the School District, on the Registration Record. This Bond shall be transferable only upon delivery of this Bond to the Registrar, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent, duly executed by the Registered Holder hereof or his attorney duly authorized in writing, and such transfer registered on the Registration Record. The Registrar shall not be required to make such transfer after the fifteenth (15) day preceding any interest payment date until after said latter date. The name of the Registered Holder endorsed hereon shall be deemed the correct name of the owner of this Bond for all purposes whatsoever. The Registrar will keep the Registration Record open for registration of ownership of registered Bonds during its business hours. In the event of a change of Registrar for any reason, notice thereof shall be mailed, by registered or certified United States Mail, postage prepaid, to the Registered Holder at the address shown in the Registration Record, and such notice shall be effective on the date of mailing and sufficient as to all persons.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required to be done, precedent to and in the issuance of this Bond have been properly done, happened and been performed in regular and due form and time as required by law, and that the total indebtedness of said District, including this Bond, and the series of which it forms a part, does not exceed any constitutional or statutory limitation; and that due provision has been made for the collection of an annual tax sufficient to pay the interest on this Bond as it falls due and also to constitute a sinking fund for the payment of the principal hereof at maturity.

IN WITNESS WHEREOF, said School District has caused this Bond to be signed by the President of the Board of Education, attested by its Clerk, and sealed with the seal thereof this 1st day of March, 2023.

---

President, Board of Education

ATTEST:

\_\_\_\_\_  
Clerk, Board of Education

(SEAL)

**Authentication Certificate**

This Bond is one of the Bonds of the issue described in the Transcript of Proceedings prepared for this Bond issue, and is one of the General Obligation Building Bonds, Federally Taxable Series 2023, of Independent School District Number 29 of Cleveland County, Oklahoma.

Date of Registration and Authentication.

\_\_\_\_\_  
By: Authorized Officer

State of Oklahoma        )  
                                  )SS.  
County of Cleveland     )  
County of McClain        )

We, the undersigned, District Attorney and County Clerks, respectively, of said County, in said State, in which the within named District is situated, hereby certify that the within Bond is one of a series of Bonds issued by the within named District pursuant to law, and that the entire issue of said Bonds is within the debt limit imposed upon said District by the Constitution and laws of the State of Oklahoma.

WITNESS our respective official hands and the seal of said County this 1st day of March, 2023.

\_\_\_\_\_  
County Clerk  
Cleveland County, Oklahoma

(SEAL)

\_\_\_\_\_  
District Attorney  
District Number 21

\_\_\_\_\_  
County Clerk  
McClain County, Oklahoma

(SEAL)

**FORM OF ASSIGNMENT**

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer such Bond on the books kept for registration and transfer of with within Bond, with full power of substitution in the premises.



approval and endorsement; that thereafter said Bonds shall be delivered to the purchasers, upon payment of the purchase price thereof, which shall not be less than par and accrued interest. The proceeds derived from the sale of said Bonds shall be placed in a special fund and used solely for the purpose of providing funds for the purposes set out in the Bond in Section 2 hereof. The School District certifies and covenants that none of the proceeds of the Bonds described herein will be used to pay interest on any lease, lease-purchase contract, lease purchase installments or other obligations, nor will Bond proceeds be used in violation of applicable provisions of the Oklahoma Constitution and Laws.

SECTION 4. Whenever any registered Bond or Bonds shall be exchanged for another registered Bond or Bonds of different denomination, the Registrar shall cancel the Bond or Bonds surrendered in such exchange on the face thereof and on the Registration Record. If the supply of registered Bonds for making exchanges shall have been exhausted, the Registrar shall cause additional registered Bonds to be prepared, at the expense of School District. The School District covenants that upon request of the Registrar, its appropriate officers promptly will execute such additional registered Bonds on behalf of the School District.

SECTION 5. The Registrar for all registered Bonds issued pursuant to this Resolution shall be BOKF, NA, which shall maintain a Registration Record for the purpose of registering the name and address of the Registered Holder of each registered Bond. The Registrar will keep the Registration Record open for registrations during its business hours. In the event of a change of Registrar, notice thereof shall be mailed, registered or certified United States Mail, postage prepaid, to the Registered Holder of each registered Bond. The name and address of the Registered Holder as the same appears on the Registration Record shall be conclusive evidence to all persons and for all purposes whatsoever and no person other than the Registered Holder shown on the Registration Record shall be entitled to any right or benefit in relation to the Bond so registered; provided, that the foregoing shall not apply to any successor by operation of law of such Registered Holder. Registered Bonds shall be transferable only upon delivery of such Bonds to the Registrar, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Registrar, executed by the Registered Holder thereof or his attorney duly authorized in writing, and such transfer registered on the Registration Record. If the Form of Assignment on such Bonds is exhausted, such Registered Bonds delivered to the Registrar for registration of transfer shall be canceled by the Registrar on the face thereof and the Registrar shall authenticate and deliver to the transferee Bonds in aggregate principal amount equal to the unpaid principal of the surrendered Bonds in new registered Bonds, in denominations of \$5,000 or any whole multiple thereof. The Registrar shall not be required to make such transfer after the fifteenth (15) day preceding any interest payment date until after said latter date.

SECTION 6. There is hereby created and established a system of registration for uncertificated registered public obligations with respect to the Bonds as provided in the Registered Public Obligations Act of Oklahoma, Title 62 Oklahoma Statutes, Section 582(13)(b), whereby books shall be maintained on behalf of the School District by the Depository Trust Company, New York, New York, for the purpose of registration of transfer of the uncertificated registered public obligations with respect to the Bonds, which specify the persons entitled to the Bonds and the rights evidenced thereby shall be registered upon such books, and the President and Clerk (or in their absence or incapacity, the Vice President and Deputy Clerk, respectively) are hereby

authorized and directed to execute such documents and instruments as may be required to implement the foregoing system of registration.

SECTION 7. That beginning in the year 2023 a continuing annual tax sufficient to pay the interest on said Bonds when due and for the purpose of providing a sinking fund with which to pay the principal of said Bonds when due shall be and is hereby ordered levied upon all taxable property of said School District, in addition to all other taxes, said sinking fund to be designated "General Obligation Building Bonds, Federally Taxable Series 2023, Sinking Fund." Said tax shall be and is hereby ordered certified, levied, and extended upon the tax rolls and collected by the same officers in the same manner and at the same time as the taxes for general purposes in each of said years are certified, levied, extended and collected; that all funds derived from said tax shall be placed in said sinking fund, which, together with all interest collected on same, shall be irrevocably pledged to the payment of the interest on and principal of said Bonds when and as the same fall due.

SECTION 8. The Preliminary Official Statement dated March 10, 2023 (the "Preliminary Official Statement") outlining the terms, conditions and security for the Bonds, is hereby adopted and approved and the President of the Board of Education is authorized to approve any corrections, additions or deletions thereto for and on behalf of the Board of Education and is further authorized and directed to execute and deliver same for and on behalf of the Board of Education; provided further, that the information contained in said Preliminary Official Statement with respect to the School District is correct in all material respects and such information does not contain any untrue statements of a material fact and does not omit to state a material fact necessary to make the statements made in such Preliminary Official Statement, in light of the circumstances in which they were made, not misleading. The Board of Education hereby deems the Preliminary Official Statement "near final" in accordance with the requirements of Rule 15c2-12 of the Securities and Exchange Commission promulgated pursuant to the Securities and Exchange Act of 1934. The Board of Education authorizes the Underwriter to distribute the Preliminary Official Statement in connection with the sale of the General Obligation Building Bonds, Federally Taxable Series 2023.

SECTION 9. The Board of Education determines and intends to provide, for the benefit of the Bondholders, certain financial information and operating data relating to the School District by not later than ten months following the end of its fiscal year (the "Annual Financial Information"), and to provide notices of the occurrence of certain enumerated events. The Annual Financial Information will be filed by the School District with each Nationally Recognized Municipal Securities Information Repository (NRMSIR). The notices of material events will be filed by the School District with either each NRMSIR or the Municipal Securities Rulemaking Board and each State Repository. The specific nature of the information to be contained in the Annual Financial Information or the notices of material events is included in the Continuing Disclosure Agreement adopted by the Board. These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5). Concurrent with the approval of the Resolution Authorizing Issuance of Bonds, the School District will execute a Continuing Disclosure Agreement detailing its disclosure obligations to Bondholders.

ADOPTED AND APPROVED THIS 20<sup>TH</sup> DAY OF MARCH, 2023.

\_\_\_\_\_  
President, Board of Education

ATTEST:

\_\_\_\_\_  
Clerk, Board of Education

(SEAL)

State of Oklahoma        )  
                                  )SS.  
County of Cleveland     )

I, the undersigned, the duly qualified and acting Clerk of the Board of Education of Independent School District Number 29 of Cleveland County, Oklahoma, hereby certify that the foregoing is a true and complete copy of a Resolution authorizing the issuance of bonds for the purpose therein set out adopted by said Board and transcript of proceedings of said Board at a special meeting thereof held on the date therein set out, insofar as the same relates to the introduction, reading and adoption thereof as the same appears of record in my office.

WITNESS my hand and official seal this 20th day of March, 2023.

\_\_\_\_\_  
Clerk, Board of Education

(SEAL)

**ATTACHMENT E**

**PURSUANT TO THE LEGAL NOTICE AS IS REQUIRED BY THE OKLAHOMA OPEN MEETING ACT INCLUDING THE POSTING OF NOTICE AND AGENDA, THE BOARD OF EDUCATION OF INDEPENDENT SCHOOL DISTRICT NO. 29, CLEVELAND COUNTY, OKLAHOMA (NORMAN PUBLIC SCHOOLS) MET IN ITS SPECIAL SESSION AT THE ADMINISTRATION SERVICES CENTER, 131 SOUTH FLOOD AVENUE, NORMAN, OKLAHOMA, AT 1:00 O'CLOCK P.M. ON THE 20<sup>TH</sup> DAY OF MARCH, 2023.**

**PRESENT:**

**ABSENT:**

THEREUPON the President introduced a Resolution which was read in full by the Clerk and upon motion by School Board Member \_\_\_\_\_, seconded by School Board Member \_\_\_\_\_, said Resolution was adopted by the following vote:

**AYE:**

**NAY:**

Said Resolution was thereupon signed by the President, attested by the Clerk of the Board of Education, sealed with the seal of said Board of Education, and is as follows:

**RESOLUTION NO. 1**

**A RESOLUTION PROVIDING FOR LEASING CERTAIN REAL PROPERTY TO CLEVELAND COUNTY EDUCATIONAL FACILITIES AUTHORITY**

WHEREAS, the Board of Education of Independent School District No. 29 of Cleveland County, Oklahoma (Norman Public Schools) (the "School District" or "District"), has determined to lease certain of the said School District's real property and/or leasehold real property (more particularly described in attached Exhibit "A") to the Cleveland County Educational Facilities Authority (the "Authority"); and

WHEREAS, the Authority has or will have determined to sub-lease the aforesaid real property to the District;

BE IT RESOLVED BY THE BOARD OF EDUCATION OF INDEPENDENT SCHOOL DISTRICT NO. 29 OF CLEVELAND COUNTY, OKLAHOMA (NORMAN PUBLIC SCHOOLS)

Section 1. The Board of Education of Independent School District No. 29 of Cleveland County, Oklahoma (Norman Public Schools), hereby determines and agrees to demise and lease certain real property and/or leasehold real property to the Authority, a public trust, for a primary term extending so long thereafter as any indebtedness secured by the lease of said real property remains outstanding, with such Ground Lease or Ground Leases to become effective as of 12:00 o'clock a.m., on the dated date of the financing documents secured by the Ground Lease or Ground Leases.

**ATTACHMENT E**

Section 2. The President or Vice President hereby is authorized and directed to execute the Ground Lease or Ground Leases upon behalf of the District as lessor, in several multiple originals, and after the same shall have been attested by the Clerk, to deliver such Ground Lease or Ground Leases to the aforesaid Authority, as lessee and authorizing and directing the President or Vice President and Clerk and the Superintendent of the District, upon behalf of the District, to execute any and all documents related to the Ground Lease or Ground Leases and the transaction thereof.

PASSED AND APPROVED this 20<sup>th</sup> day of March, 2023.

\_\_\_\_\_  
President

ATTEST: (Seal)

\_\_\_\_\_  
Clerk

**ATTACHMENT E**

I, the undersigned Clerk of the Board of Education of Independent School District No. 29 of Cleveland County, Oklahoma (Norman Public Schools), hereby certify that the foregoing is a true, correct and complete copy of a Resolution of said Board duly adopted by the governing body of said Board at a meeting held on the date therein stated, as the same appears on file in my office as a part of the official records thereof.

\_\_\_\_\_  
Clerk

**ATTACHMENT E**

**CERTIFICATE OF POSSESSION**

I, the undersigned Superintendent of Schools of Independent School District No. 29 of Cleveland County, Oklahoma (Norman Public Schools), do hereby certify that the aforesaid School District has claimed ownership of and been in continuous possession of the real property described in Exhibit A attached hereto since March 20, 2023, and that such possession has been open, notorious, visible and exclusive.

IN WITNESS WHEREOF, I have hereunto set my hand, this 20<sup>th</sup> day of March, 2023,

\_\_\_\_\_  
Superintendent, Independent School District No.  
29 of Cleveland County, Oklahoma (Norman  
Public Schools)

**ATTACHMENT E**

EXHIBIT "A"

LEGAL DESCRIPTION

**GROUND LEASE AGREEMENT**

By and Between

**INDEPENDENT SCHOOL DISTRICT NO. 29  
OF CLEVELAND COUNTY, OKLAHOMA  
(NORMAN PUBLIC SCHOOLS),**

Lessor

and

**CLEVELAND COUNTY EDUCATIONAL FACILITIES AUTHORITY,**

Lessee

**GROUND LEASE AGREEMENT**

THIS GROUND LEASE AGREEMENT (this “Ground Lease”) is made and entered into as of \_\_\_\_\_ 1, 2023, by and between the INDEPENDENT SCHOOL DISTRICT NO. 29 OF CLEVELAND COUNTY, OKLAHOMA (NORMAN PUBLIC SCHOOLS), a school district organized and existing under the laws of the State of Oklahoma (“Lessor”) and CLEVELAND COUNTY EDUCATIONAL FACILITIES AUTHORITY, a public trust organized and existing under the laws of the State of Oklahoma (“Lessee”).

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## RECITALS

WHEREAS, Lessee will enter into a Bond Indenture dated as of \_\_\_\_\_ 1, 2023, with BancFirst, Oklahoma City, Oklahoma, a state banking corporation, regarding the issuance of Bonds (defined herein) to provide funds required for the acquisition, construction, equipping, renovating and remodeling of school buildings, acquiring school furniture, fixtures and equipment and acquiring and improving school sites of the Norman Public School District, refunding and redeeming certain outstanding bonds of the Issuer which financed the costs of acquiring, constructing, equipping, furnishing, repairing and remodeling other school buildings for use by the Norman School District (the “Prior Bonds”), the payment of capitalized interest on the Bonds, if any, and the payment of the cost of the issuance of the Bonds (the “Project”); and

WHEREAS, Lessor owns the Real Property (defined herein) on which the Improvements (defined herein) will be placed, and the Indenture (defined herein) anticipates that Lessor will lease the Real Property to Lessee pursuant to this Ground Lease to facilitate the issuance of the Bonds; and

WHEREAS, the Indenture further anticipates that Lessee will enter into a Sublease (defined herein) with Lessor of even date with this Ground Lease wherein the Real Property will be subleased to Lessor to enable Lessor to utilize the proceeds of the Bonds for the construction and placement of the Improvements on the Real Property and to provide a mechanism for Lessor to obtain title to the Improvements free and clear of the Security Interests (defined herein);

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements which follow, the parties hereby agree as follows:

**SECTION 1. Definitions.** All words and terms used in this Ground Lease and not otherwise defined herein shall have the meaning given them in the Indenture. The following terms as used in this Ground Lease, shall have the following meanings, unless the context indicates otherwise:

“*Assignment*” means the Assignment of Rents and Leases of even date herewith executed by Lessee in favor of the Trustee (defined herein), as the same may be amended and/or supplemented from time to time as permitted by the Indenture and any other encumbrance of Sublessor’s interests in the Sublease in favor of the Trustee.

“*Bond Documents*” means, collectively, the Indenture, the Bonds, the Bond Resolution, the Sublease, the Assignment, the Continuing Disclosure Agreement, and this Ground Lease and any other documents executed to secure payment of the Bonds or performance of obligations under the Indenture and all other instruments or agreements executed by Lessee or Lessor in connection with the issuance and delivery of the Bonds.

“*Bonds*” means the Issuer’s Educational Facilities Lease Revenue Bonds (Norman Public Schools Project) \$ \_\_\_\_\_ Tax-Exempt Series 2023A (“Series 2023A Bonds”) and \$ \_\_\_\_\_ Federally Taxable Series 2023B Bonds (“Series 2023B Bonds”) (together the “Bonds”).

“*Bond Counsel*” means the Floyd & Driver, PLLC, Norman, Oklahoma.

“*Commencement Date*” means \_\_\_\_\_ 1, 2023.

“*Continuing Disclosure Agreement*” means the Continuing Disclosure Agreement between Lessor and Trustee dated as of \_\_\_\_\_ 1, 2023.

“*Event of Default*” has the meaning set forth in *Section 13* hereof.

“*Financial Advisor*” means BOK Financial Services, Inc., Oklahoma City, Oklahoma.

“*Improvements*” means all improvements to and constructed on the Real Property and all fixtures and Personal Property placed on the Real Property for the completion of the new educational facilities for the benefit of Lessor.

“*Indenture*” means the Bond Indenture of even date herewith between Lessee and the Trustee, as the same may be amended and/or supplemented from time to time in accordance with the provisions thereof.

“*Leasehold Estate*” means the leasehold estate in the Premises and Improvements created pursuant to this Ground Lease.

“*Lien*” means any lien, encumbrance, or charge levied on account of any mechanic's, laborer's, or materialmen's lien, or any security agreement, conditional bill of sale, title retention agreement, chattel mortgage, or otherwise created or permitted that might or does constitute a lien, encumbrance, or charge upon the Improvements or Real Property, or any part thereof, or the income therefrom.

“*Permitted Encumbrances*” means (i) liens, if any, for ad valorem taxes, special assessments, and other charges not then delinquent or for taxes, assessments, and other charges being contested in accordance with the terms of this Ground Lease, (ii) the Bond Documents and Security Interests, (iii) currently existing utility, access, and other easements and rights of way, restrictions, and exceptions, (iv) liens or encumbrances securing Additional Bonds permitted by the Indenture, (v) inchoate mechanics' and materialmen's liens that arise by operation of law, but that have not been perfected by the required filing of record, for work done or materials delivered after the date of recording a memorandum of this Ground Lease; and (vi) the Sublease.

“*Personal Property*” means all machinery, equipment, appliances, furniture, and any other personal property of any kind or description and used in connection with the Improvements and by agreement of the parties hereto will not become fixtures under the laws of the State of Oklahoma until the Lessor has acquired the Improvements from the Lessee pursuant to Section 6 of this Lease.

“*Premises*” means the existing improvements on the Real Property, if any, and the Real Property.

“*Real Property*” means the land located in Cleveland County, Oklahoma that is more particularly described in Exhibit “A” attached hereto, incorporated by reference and made a part hereof.

“*Security Interests*” means the security interests of the Trustee granted in the Indenture, the Assignment and any other liens or security interests granted in favor of the Trustee to secure payment of the Bonds and performance of all obligations under the Indenture.

“*State*” means the State of Oklahoma.

“*Sublease*” means the Sublease Agreement of even date herewith between Lessee, as the Sublessor, and Lessor, as the Sublessee, which is hereby incorporated by reference and made a part hereof, as the same may be amended and/or supplemented from time to time in accordance with the provisions thereof.

“*Term*” has the meaning set forth in Section 2 hereof.

“*Termination Date*” means the date on which the Term ends by termination or expiration of this Ground Lease.

“*Trustee*” means BancFirst, Oklahoma City, Oklahoma, a state banking corporation, as Trustee under the Indenture, and its successors and assigns in such capacity.

**SECTION 2. Lease of Real Property; Term.** Lessor, in consideration of the rents, covenants, agreements, and conditions herein set forth that Lessee hereby agrees shall be paid, kept, and performed, does hereby lease unto Lessee, and Lessee does hereby lease from Lessor, the Real Property, together with all existing improvements, if any, and Improvements now or hereafter located thereon and appurtenances thereto and all other Improvements hereunder. The term of this Ground Lease shall commence on the Commencement Date and extend to June 30, 20\_\_\_\_, under the terms of the Indenture, unless otherwise extended or sooner terminated in accordance with the provisions hereof or by operation of law (the “Term”). The foregoing is to enable the Trustee access to the Real Property and does not constitute a mortgage or lien on the Real Property and is not given as security of any payments under the Bond Indenture.

**SECTION 3. Rent; Consideration.** Lessee has prepaid to Lessor all rent due throughout the Term in an amount equal to ten dollars (\$10). Lessor agrees that (i) the rent paid by Lessee, (ii) the financing of the Improvements through Lessee’s issuance of the Bonds for the benefit of Lessor, (iii) the residual value of the Improvements at the conclusion of the Term accruing to Lessor, and (iv) Lessee’s agreement to enter into the Sublease constitute fair and equitable consideration for the conveyance of the Leasehold Estate to Lessee.

**SECTION 4. Lessor’s Obligations Regarding the Premises and the Improvements.** Concurrently with the execution of this Ground Lease, Lessor and Lessee are entering into the Sublease. Pursuant to the terms of the Sublease, Lessor as the Sublessee under the Sublease is obligated to do the following, among other requirements, with regard to the Premises and Improvements (i) construct or cause to be constructed, furnished and equipped the Improvements, (ii) maintain the Premises and Improvements, (iii) maintain insurance on the Premises and Improvements, (iv) pay all taxes and assessments accruing against the Premises and Improvements, if any, and all other operating costs and expenses in connection with the Premises and Improvements; and (v) to utilize the Premises and Improvements only for educational purposes (the obligations described in this subsection 4.(ii) – (v) are collectively referred to as “Maintenance of the Premises and Improvements”). As long as the Sublease remains in effect and except as otherwise expressly stated herein, the rights and obligations of the parties with respect to the construction of the Improvements and Maintenance of the Premises and Improvements shall be controlled by the Sublease. To the extent that the Lessor is allowed to remain in possession of the Premises and Improvements as a

matter of its right to do so under the Sublease or by virtue of written consent of the Lessee on the expiration or earlier termination of the Sublease, the provisions of the Sublease regarding the Maintenance of the Premises and Improvements shall be incorporated into this Ground Lease, at the option of and in the sole discretion of Lessee, and shall remain the obligations of Lessor until the Termination Date.

**SECTION 5. Lessor's Representations and Covenants.**

(a) *Quiet Enjoyment.* Lessor represents that it owns fee simple, marketable title to the Real Property subject to no restrictions, liens, or other encumbrances other than the Permitted Encumbrances. Lessor further covenants and agrees that, throughout the Term, Lessee may peaceably and quietly enjoy the Real Property subject, however, to any applicable zoning and land use restrictions, Permitted Encumbrances, Lessee's fulfillment of the covenants and agreements contained in this Ground Lease and to the terms and conditions of the Sublease.

(b) *Access.* Lessor represents that the Real Property has access for ingress and egress to a public street or roadway. To the extent that it is necessary to access the Real Property by passing over any adjacent property owned by Lessor, Lessor hereby grants to Lessee and its successors, assigns, successors-in-title, invitees, employees, and sublessees, a non-exclusive easement on, over, across, and through Lessor's adjacent property(ies) for all forms of pedestrian and vehicular ingress, egress, and access between the Real Property and the public streets and roadways. The non-exclusive easement herein granted shall expire automatically on the Termination Date.

(c) *Environmental Condition.* Lessor represents that the Real Property has not been the site of any activity that would violate any past or present environmental law or regulation of any governmental body or agency having jurisdiction over the Real Property. Specifically, but without limitation, (i) solid waste and/or petroleum products have not been handled or stored on the Real Property such that they may have leaked or spilled onto the Real Property or contaminated the Real Property, (ii) there is no on-site contamination resulting from activities on the Real Property or adjacent tracts, and (iii) the Real Property contains no substances defined as "hazardous substances", "hazardous materials", or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980; the Hazardous Materials Transportation Act; and the Resources Conversion and Recovery Act.

(d) *Continuing Disclosure Obligations.* Lessor covenants and agrees that at all times during the Term of this Ground Lease it shall abide by and comply with in all material respects the Continuing Disclosure Agreement included in the Bond Documents, and Lessor further covenants and agrees that its compliance with the Continuing Disclosure Agreement shall be timely and in conformity with the rules of the Securities and Exchange Commission.

(e) *Lease Purchase Acquisition Payments.* Lessor covenants and agrees that at all times during the Term of this Ground Lease, Lessor shall continue to make its Lease Purchase Acquisition Payments as set forth in attached Exhibit "B", subject to the terms and conditions of the Sublease. Lessor further covenants and agrees that at all times during the Term of this Ground Lease if Lessor terminates its contract with the Financial Advisor or does not enter into a new contract or renewal of contract with the Financial Advisor or enters into a new contract or agreement with a party acting in a financial advisory capacity to Lessor that is not the Financial Advisor, Lessor shall continue to make

its Lease Purchase Acquisition Payments as set forth in attached Exhibit “B”, subject to the terms and conditions of the Sublease.

**SECTION 6.**            **Title to the Improvements.** Title to all Improvements shall be vested in Lessee until the Termination Date, subject to the right of Lessor to purchase Lessee’s right, title and interest in and to the Improvements prior to the Termination Date pursuant to Section 3(c) of the Sublease in accordance with the “Schedule of Lease Purchase Payments for Improvements” attached hereto as Exhibit “B” and incorporated herein for all purposes. On the Termination Date title to and ownership of all of the Improvements, other than the Improvements previously vested in Lessor or disposed of by Lessee in accordance with Section 13(b) hereof after the occurrence of an Event of Default, shall automatically and immediately vest (without the necessity of any further action being taken by Lessee or Lessor or any instrument being executed and delivered by Lessee to Lessor) in Lessor, free and clear of the Security Interests provided that the obligations secured by the Security Interests in favor of the Trustee have been satisfied. To the extent that legal title to the Improvements does not automatically vest in Lessor on the Termination Date, within a reasonable period of time after the Termination Date, Lessee agrees to execute and deliver a deed or bill of sale, as appropriate, to convey legal title to the Improvements to Lessor. Subject to the satisfaction of the obligations secured by the Security Interests, Lessee further agrees to obtain and deliver to Lessor within a reasonable period of time after the Termination Date a release(s) of the Security Interests in the Improvements. Notwithstanding anything contained herein to the contrary, during the term of this Ground Lease as long as an Event of Default has not occurred, Lessor shall be permitted to remove Personal Property from the Premises and Improvements only for the purpose of substituting or replacing the same with comparable new or improved Personal Property with a minimum value equal to the value of the Personal Property removed.

**SECTION 7.**            **Liens and Encumbrances.**

(a)    *No Encumbrances.* Except for the Permitted Encumbrances, neither Lessor nor Lessee shall create or permit to be created any Lien against the Improvements or Real Property. Any Lien against the Improvements or Real Property, other than the Permitted Encumbrances, shall be discharged by the party who creates or permits the same to be created. Nothing in this Ground Lease shall be deemed or construed in any way as constituting the consent or request of Lessor or Lessee, express or implied, by inference or otherwise, to the filing of any Lien against the Improvements or Real Property by any contractor, subcontractor, laborer, materialman, architect, engineer, or other person for the performance of any labor or the furnishing of any materials or services for or in connection with the Improvements or any part thereof.

(b)    *Right to Contest.* Neither Lessor nor Lessee (the “Contesting Party”) shall be required to pay, discharge or remove any Lien so long as the Contesting Party contests in good faith such Lien or the validity, applicability or amount thereof by an appropriate legal proceeding which operates to prevent the collection of such amounts and the sale of the Premises and Improvements or any portion thereof so long as prior to the date on which such Lien would otherwise have become delinquent, the Contesting Party shall have given the other party prior written notice of its intent to contest the Lien. Any such contest shall be prosecuted with due diligence, and the Contesting Party shall promptly pay (or cause payment of) the amount of such Lien as finally determined, together with all interest and penalties payable in connection therewith.

**SECTION 8.**            **Assignment of Lease.**

(a)    *Lessee Assignments.* So long as the Sublease is in full force and effect and except for the Sublease and grant of the Security Interests created pursuant to the Bond Documents, Lessee shall not have the right to assign, pledge, sublease or transfer this Ground Lease or any interest herein or any right or privilege appurtenant hereto or to sublease the Real Property or any portion thereof, unless the written consent of Lessor is first obtained. Any assignment or transfer for which consent is required but which is nevertheless made without such written consent shall be void ab initio. The foregoing notwithstanding, the following shall not be construed or deemed to be prohibited transfers or assignments by Lessee pursuant to this Section 8 and shall not require the prior consent of Lessor (i) any transfers or assignments to the Trustee pursuant to the Indenture to secure payment of the Bonds and the performance of the obligations under the Indenture, (ii) any reorganization, merger, restructure or renaming of Lessee, or (iii) any change of control of Lessee. On the termination or expiration of the Sublease, during the remaining term of this Ground Lease, Lessee shall have the right to assign, pledge, sublease or transfer this Ground Lease or any interest herein or any right or privilege appurtenant hereto or to sublease the Real Property or any portion thereof, without the consent of Lessor.

(b)    *Lessor Assignments.* Except for the collateral assignment of the Ground Lease to the Trustee provided for in the Bond Documents, if allowable and to the extent permitted by applicable law, Lessor shall not have the right to assign, pledge or transfer this Ground Lease or any interest herein or any right or privilege appurtenant hereto or to further lease the Real Property or any portion thereof, unless the written consent of Lessee and Trustee is first obtained. If allowable and to the extent permitted by applicable law, any assignment or transfer for which consent is required but which is nevertheless made without such written consent shall be void ab initio.

**SECTION 9.**            **Indemnification by Lessor.** TO THE EXTENT PERMITTED BY APPLICABLE LAW AND NO REPRESENTATION IS MADE THAT APPLICABLE LAW EXISTS ALLOWING FOR INDEMNIFICATION, LESSOR HEREBY RELEASES AND AGREES TO INDEMNIFY AND HOLD HARMLESS LESSEE, AND TRUSTEE AND ALL OF THEIR OFFICERS, EMPLOYEES, DIRECTORS, AGENTS, AND CONSULTANTS (HEREINAFTER COLLECTIVELY REFERRED TO AS THE "INDEMNITEES") OF AND FROM ANY AND ALL CLAIMS, DEMANDS, LIABILITIES, LOSSES, COSTS, OR EXPENSES FOR ANY LOSS INCLUDING BUT NOT LIMITED TO BODILY INJURY (INCLUDING DEATH), PERSONAL INJURY, REAL PROPERTY DAMAGE, EXPENSES, AND REASONABLE ATTORNEYS' FEES, CAUSED BY, GROWING OUT OF, OR OTHERWISE HAPPENING IN CONNECTION WITH THIS GROUND LEASE OR DUE TO ANY NEGLIGENT ACT OR OMISSION ON THE PART OF LESSOR, TRUSTEE, THEIR AGENTS, EMPLOYEES, OR OTHERS WORKING AT THE DIRECTION OF LESSOR OR TRUSTEE OR ON THEIR BEHALF, OR DUE TO THE APPLICATION OR VIOLATION OF ANY PERTINENT FEDERAL, STATE, OR LOCAL LAW, RULE, OR REGULATION BY LESSOR OR TRUSTEE, THEIR AGENTS, EMPLOYEES OR OTHERS WORKING AT THE DIRECTION OF LESSOR OR TRUSTEE. THIS INDEMNIFICATION EXTENDS TO THE SUCCESSORS AND ASSIGNS OF LESSEE, AND THIS INDEMNIFICATION SURVIVES THE EXPIRATION OR TERMINATION OF THIS GROUND LEASE AND THE DISSOLUTION OR, TO THE EXTENT ALLOWED BY LAW, THE BANKRUPTCY OF LESSOR OR TRUSTEE.

**SECTION 10. Fire and Other Casualties and Liabilities.**

(a) *Risk of Loss.* Lessor shall bear all risk of loss of damage or destruction to the Premises and Improvements and all risk of loss for other liabilities related to the Premises and Improvements arising from any cause other than intentional acts of the Lessee. Subject to the requirements of Section 3.06 of the Indenture, any requirements in the Sublease and to the prior written consent of Lessee and Trustee, to the extent that any portion of the Premises and Improvements are damaged or destroyed, Lessor shall restore such damaged or destroyed portions of the Premises and Improvements with due diligence at Lessor's expense, as nearly as possible to the Premises' and Improvements' value, condition and character immediately before such damage or destruction. Such restoration shall be in accordance with all applicable laws, completed in a good and workmanlike manner and in accordance with plans and specifications therefore approved in writing by Lessee and Trustee.

(b) *Insurance.* Lessor shall procure and maintain in full force and effect on the Premises and Improvements all applicable forms of property and liability insurance required by Section 7 of the Sublease and the Bond Documents for the benefit of Lessor, Lessee and the Trustee to the extent permitted by applicable law and provide proof of such insurance coverage on the execution of this Ground Lease in accordance with Section 7 of the Sublease. Upon the expiration or termination of the Sublease, if Lessor remains in possession of the Premises and Improvements as a matter of its right to do so under the Sublease or by virtue of written consent of Lessee, all insurance requirements of Lessor as the Sublessee under the Sublease shall be incorporated herein by reference and remain the obligations of Lessor at the option of and in the sole discretion of Lessee.

(c) *No Termination.* No total or partial damage to or destruction of any or all of the Premises and Improvements shall entitle Lessor to terminate this Ground Lease, or shall relieve Lessor from its obligations hereunder, and to the extent permitted by applicable law Lessor hereby waives any right now or hereafter conferred upon it by statute or otherwise, on account of any such damage or destruction to surrender or terminate this Ground Lease.

(d) *Subordination to Bond Documents.* Notwithstanding any provision contained herein to the contrary, the provisions of the Bond Documents and, specifically, Section 3.06 of the Indenture shall control in all respects the receipt, handling, and application of any and all insurance proceeds, it being acknowledged and agreed that the Trustee, shall have a first and prior security interest therein and shall determine whether the insurance proceeds will be applied for redemption of the Bonds or restoration of the Premises and Improvements. To the extent any insurance proceeds are not used to restore the Premises and Improvements, they shall be paid to the Trustee to redeem the Bonds in accordance with Section 3.06 of the Indenture.

**SECTION 11. Condemnation.**

(a) *General.* The term "condemnation" as used in this Ground Lease means the taking or appropriation of the Real Property, or any interest therein, in exercise of the power or right of eminent domain or such taking for public or quasi-public use or any state of facts relating to the taking or appropriation of the Real Property which, without an actual taking or appropriation, shall result in direct or consequential damages to the Real Property or the Leasehold Estate herein. Such term shall also be deemed to include to the extent not otherwise defined in this paragraph, a temporary taking of the Real Property or any part thereof or the Improvements for a period of one year or more, and the taking of the Leasehold Estate created herein.

(b) Total Condemnation. If all or substantially all of the Real Property is so condemned, this Ground Lease shall terminate on the date title to the Real Property vests in the condemnor; provided, however, that such termination shall be without prejudice to the rights of Lessor and Lessee to recover just and adequate compensation from any such condemnor and further provided that all sums owing under the Bond Documents are paid in full as set forth in subsection (c)(i) below.

(c) Division of Award - Total Condemnation. Subject to the controlling provisions of the Bond Documents, if the Real Property is totally condemned as provided in subsection (b) above, the condemnation proceeds shall be paid as follows:

(i) Lessee first shall be entitled to receive such portion of the condemnation proceeds as shall equal the principal balance and accrued interest on and all other sums owing under the Bond Documents which shall be directly paid to the Trustee for the redemption of Bonds pursuant to Section 3.06 of the Indenture.

(ii) Lessor shall then be entitled to receive the balance of the condemnation proceeds.

(d) Partial Condemnation. In the event of a taking of less than a total taking as provided in subsection (b) above, *this Ground Lease shall terminate* as to the condemned portion of the Real Property on the date title to the condemned portion of the Real Property vests in the condemnor; provided, however, that such termination shall be without prejudice to the rights of Lessor and Lessee to recover just and adequate compensation from any such condemnor. The provisions of this Ground Lease shall remain in full force and effect as to the portion of the Real Property not condemned.

(e) Division of Award - Partial Condemnation. Subject to the controlling provisions of the Bond Documents, if the Real Property is partially condemned as provided in subsection (d) above, the condemnation proceeds shall be paid as follows:

(i) Lessee first shall be entitled to receive such portion of the condemnation proceeds as shall equal the Trustee's equitable portion of the principal balance and accrued interest on and all other sums owing under the Bond Documents. Such amount shall be directly paid to such the Trustee for the redemption of Bonds pursuant to Section 3.06 of the Indenture.

(ii) Lessor shall then be entitled to receive the balance of the condemnation proceeds.

(f) Subordination to Bond Documents. Notwithstanding any provision contained herein to the contrary, the provisions of the Bond Documents and specifically, Section 3.06 of the Indenture shall control in all respects the receipt, handling, and application of any and all condemnation proceeds, it being acknowledged and agreed that the Trustee, shall have a first and prior security interest therein. All condemnation proceeds shall be paid to the Trustee to redeem Bonds in accordance with Section 3.06 of the Indenture.

**SECTION 12.**            **Annual Estoppel Certificates.**

(a) Lessor and Lessee will execute, acknowledge and deliver to the other promptly upon request, an annual certificate certifying as to the following:

(i) *Validity of Lease*: that this Ground Lease is unmodified and in full force and effect (or, if there have been modifications, that this Ground Lease is in full force and effect, as modified, and stating the modifications);

(ii) *Defaults by Lessee*: that no notice has been given by Lessor to Lessee of any failure to comply under this Ground Lease that has not been cured and to the best of its knowledge and belief no Event of Default exists (or, if there has been any notice given or an Event of Default exists, describing the same).

(b) Certificates from Lessor and Lessee pertaining to the same matters may be relied upon by any prospective successor Trustee or by any prospective assignee of an interest under this Ground Lease or by any prospective sublessee as to all or any portion of the Real Property.

**SECTION 13.**            **Events of Default and Remedies.**

(a) *Events of Default Defined*. An “Event of Default” has occurred if (i) Lessor fails to perform or cause to be performed any term, covenant, condition, or provision hereof or of the Sublease after written notice is given to Lessor and Trustee by Lessee; (ii) there is a breach of or material inaccuracy in the representations and warranties of Lessor specified in a written notice given to Lessor and Trustee by Lessee, or (iii) Lessor files a voluntary petition in bankruptcy, and fails to correct such default within thirty (30) days after written notice specifying the default is given. In the case of any default that cannot with due diligence be corrected within such thirty (30) day period, but can be wholly corrected within a period of time not materially detrimental to the rights of the Lessee, it shall not constitute an Event of Default if corrective action is instituted by Lessor within the applicable period and diligently pursued (as reasonably determined by Lessee and Trustee) until the default is corrected in accordance with and subject to any directions or limitations of time established in writing by the Lessee and Trustee.

(b) *Lessee Remedies*. Upon the occurrence of an Event of Default by Lessor, Lessee may, upon ninety (90) days written notice and opportunity to cure provided to the Lessor, with or without additional notice or demand, and without limiting the Lessee’s remedies as a result of the Event of Default, do any of the following:

(i) Compel specific performance by Lessor of its obligations under this Ground Lease;

(ii) To the extent permitted by this Ground Lease and the Trustee, terminate the Ground Lease and seek to recover from Lessor all damages incurred by the Lessee by reason of the Event of Default by the Lessor including, but not limited to attorneys’ fees;

(iii) Remove, sell, lease or otherwise dispose of all Improvements that have not vested in Lessor pursuant to Section 3(c) of the Sublease; or

iv) Pursue any other remedy available to Lessee under the laws of the State of Oklahoma.

The failure of Lessee to exercise such rights after one or more Events of Default shall not be a waiver of the rights of Lessee upon the occurrence of any subsequent Event of Default.

**SECTION 14. Expiration or Termination.** Subject to the provisions of Section 6 hereof, upon the termination or expiration of this Ground Lease and the Leasehold Estate for any cause, all rights and interests of Lessee, and all persons whomsoever claiming by, through or under Lessee shall immediately cease and terminate, and the Premises and Improvements, including all buildings, improvements, engines, machinery, generators, boilers, furnaces, elevators, fire escapes, and all lifting, lighting, heating, cooling, refrigerating, air conditioning, ventilating, gas, electric and plumbing apparatus, appliances and fixtures, as well as other fixtures attached to or within the Premises and Improvements, shall thereafter constitute and belong to and be the absolute property of Lessor or Lessor's successors and assigns, without further act or conveyance, and without liability to make such compensation to Lessee or to anyone whomsoever, and free and discharged from all and every lien, encumbrance, claim and charge of any character created or attempted to be created by Lessee at any time. Subject to the provisions of Section 6 hereof, Lessee agrees on the termination or expiration of this Ground Lease to surrender unto Lessor, all and singular the Premises and Improvements and its rights and interests in the Leasehold Estate.

**SECTION 15. Assigning the Leasehold.** Lessee, and every permitted successor and assign of Lessee, shall have the right, in addition to any other rights granted in this Ground Lease, to assign its interest in this Ground Lease in favor of Trustee upon the condition that all rights so acquired under any Assignment shall be subject to each of the provisions set forth in this Ground Lease and to all rights and interests of Lessor therein. This Ground Lease does not constitute a mortgage of or a lien on the Real Property. In accordance with the foregoing, Lessor hereby acknowledges Lessee's assignment of its interest in this Ground Lease to the Trustee. Lessor agrees, that anything in this Ground Lease to the contrary notwithstanding, as long as the Indenture, the Assignment or similar security instruments in favor of Trustee are in force and effect, the following provisions shall apply:

(a) **Consent to Amendment.** There shall be no amendment, change or modification of this Ground Lease by Lessor or Lessee without the prior written consent of the Trustee.

(b) **Notices to Trustee.** Lessor and Lessee, upon serving the other party with any notice of an Event of Default, failure to comply, or termination, shall simultaneously serve a copy of such notice on the Trustee. If Lessor or Lessee shall serve the other party with a notice of a failure to comply with any term, covenant, condition, or provision hereof, the Trustee shall then have the same period after service of the notice on it as is given to the party which received the notice hereunder to remedy or cause to be remedied such failure, and the party which gave the notice shall accept performances by or at the instigation of any Trustee as if it had been done by the party which received the notice. Any notice required to be given to any Trustee shall be in accordance with Section 16 hereof.

(c) **Curative Rights of Trustee.** In addition to the rights granted to the Trustee under subsection (b) of this Section, the Trustee shall have an additional period of ninety (90) days to remedy or cause to be remedied any Event of Default of which it shall receive notice.

(d) Assignment. Lessor agrees that, in the event of any enforcement of remedies under the Assignment or the Indenture by the Trustee, either by judicial proceedings, under power of sale or otherwise, all right, title and interest encumbered by the Assignment or the Indenture may, without the consent of Lessor, be assigned to and vested in the Trustee or to such other party as Trustee is entitled to convey such rights and interests, subject and subordinate, however, to the rights, title and interests of Lessor under this Ground Lease.

(e) Agreement Between Lessor and Trustee. Lessor, upon request, shall execute, acknowledge, and deliver to the Trustee an agreement, in form reasonably satisfactory to the Trustee and Lessor, by and among Lessor, Lessee, and the Trustee agreeing to all of the provisions of this Section.

(f) Limitation on Liability of Trustee. Notwithstanding any other provision of this Ground Lease, Lessor agrees that the Trustee shall in no manner or respect whatsoever be (i) liable or responsible for any of Lessee's obligations or covenants under this Ground Lease (nor shall any rights of such Trustee be contingent on the satisfaction of such obligations or covenants), or (ii) required to cure any Event of Default; provided, however, that if such Trustee becomes the owner of the Leasehold Estate created hereunder, then such Trustee shall be responsible and liable for all obligations and covenants accruing during such Trustee's tenure as owner of such Leasehold Estate. Notwithstanding the foregoing, the liability of a Trustee with respect to its obligations under this Ground Lease shall be non-recourse as to such Trustee and limited to its interest in the Leasehold Estate.

**SECTION 16. Notices.**

(a) All notices, certificates, demands, requests, or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by certified mail, postage prepaid, return receipt requested, or given when dispatched by facsimile transmission, or by personal delivery or overnight courier addressed as follows:

If to Lessor:                      Norman Public Schools  
   Attention: Dr. Nick Migliorino, Superintendent  
   131 S. Flood Avenue  
   Norman, Oklahoma 73069  
   Tele. No.: (405) 366-5874

Lessee:                                      Cleveland County Educational Facilities Authority  
   Cleveland County Courthouse  
   201 S. Jones Avenue  
   Norman, Oklahoma 73069  
   Attn.: Chairman  
   Tele. No.: (405) 329-6600

Trustee: BancFirst  
100 N. Broadway, Suite 1400  
Oklahoma City, Oklahoma 73102  
Attention: Jackie Gates-Jefferson  
Tele. No. (405) 218-4645

(b) Either party hereto may, by notice given to the other, designate any additional or different addresses to which subsequent notices, certificates, demands, requests, or other communications shall be sent.

(c) Notwithstanding anything contained herein to the contrary, any notice required to be given by Lessor or Lessee hereunder shall be deemed to have been given and shall be effective as of the date such notice is received or refused reflected on said notice. All notices, certificates, demands, requests, or other communications made by either party to the other which are required or permitted by the provisions of this Ground Lease shall be in writing.

(d) If Lessor does not intend to renew its contract or agreement with the Financial Advisor for the next fiscal year, Lessor shall deliver written notice to the Financial Advisor, Lessee, and Bond Counsel no less than thirty (30) days before the close of the current fiscal year during which the contract or agreement with the Financial Advisor remains in effect.

**SECTION 17.**        **Submission of Matters to Lessor for Approval.** Any matter which must be submitted to and consented to or approved in writing by Lessor or Trustee, or any matter which must be submitted to Lessor or Trustee which may become effective if not denied by Lessor, as required under this Ground Lease, shall be submitted to Lessor or Trustee (as applicable) by hand or mailed by United States certified or registered mail return receipt requested, to the address designated for the giving of notice to Lessor and Trustee under Section 16 hereof and shall either be approved or rejected by Lessor and Trustee (as applicable) within thirty (30) days after receipt unless a shorter period of time is expressly stated elsewhere herein. If Lessor or Trustee should fail so to approve or reject within such thirty (30) day period as provided for herein, Lessor's or Trustee's approval shall be assumed to have been unconditionally granted and Lessee shall have the right to proceed on such matter so submitted. Lessor and Trustee (as applicable) shall inform Lessee in writing of its rejection or approval of such submitted matter by hand delivery or United States certified or registered mail, return receipt requested, to the address of Lessee designated for the giving of notice to Lessee in Section 16 hereof. Any review by Lessor of any matter submitted to Lessor is for Lessor's own convenience and purpose only. By undertaking such review, Lessor does not obtain or have any liability to Lessee or any other person, including, without limitation, the insurers and lenders of Lessee.

**SECTION 18.**        **Miscellaneous.**

(a) *No Waiver of Rights.* No failure of Lessor or Lessee to exercise any power given to either party hereunder or to insist upon strict compliance by the other party with its undertakings, duties and obligations hereunder, and no custom or practice of the parties hereto at variance with the provisions hereof shall constitute a waiver of either of Lessor's or Lessee's right to demand exact compliance with the provisions contained in this Ground Lease.

(b) Rights are Cumulative. All rights, powers, and privileges conferred herein upon both parties hereto shall be cumulative.

(c) Provisions are Binding Upon Assigns and are Real Covenants. It is mutually covenanted, understood and agreed by and between the parties hereto, that each of the provisions of this Ground Lease shall apply to, extend to, be binding upon and inure to the benefit or detriment of not only the parties hereto, but also the legal representatives, successors and assigns of Lessor, Trustee and Lessee hereto, and shall be deemed and treated as real covenants running with the Real Property during the Term. The parties further acknowledge and agree that the Trustee and its successors and assigns shall be deemed third party beneficiaries hereunder. Whenever a reference to the parties hereto is made, such reference shall be deemed to include the legal representatives, successors and assigns of said party, the same as if in each case expressed.

(d) Applicable Law and Court Proceedings. This Ground Lease shall be governed, construed, performed and enforced in accordance with the laws of the State (excluding principles of conflict of law). Any suit, action or proceeding against any party arising out of or relating to this Ground Lease, any transaction contemplated thereby, or any judgment entered by any court in respect of any thereof may be brought in State District Court located in Cleveland County, Oklahoma and each party hereby submits to the nonexclusive jurisdiction of such court for the purpose of any such suit, action or proceeding.

(e) All Genders and Numbers Included. Whenever the singular or plural number, or masculine, feminine, or neuter gender is used in this Ground Lease, it shall equally apply to, extend to, and include the other.

(f) Invalidity of Provision or Part Thereof. In the event any provision, or any portion of any provision of this Ground Lease is held invalid, the other provisions of this Ground Lease and the remaining portion of said provision, shall not be affected thereby and shall continue in full force and effect.

(g) Time is of the Essence. All time limits stated in this Ground Lease are of the essence of this Ground Lease.

(h) Section Captions are to be Disregarded. The captions of the numbered sections of this Ground Lease are for purposes of identification and convenience only and are to be completely disregarded in construing this Ground Lease.

(i) Entire Agreement; Amendments. This Ground Lease, and the Sublease described herein, constitute the full, complete and entire agreement between and among the parties hereto. No agent, employee, officer, representative or attorney of the parties hereto has authority to make, or has made, any statement, agreement, representation or contemporaneous agreement, oral or written, in connection herewith modifying, adding to or changing the provisions of this Ground Lease. No amendment of this Ground Lease shall be binding unless such amendment shall be in writing, signed by both parties hereto and approved by the Trustee in writing and attached to, incorporated in and by reference made a part of this Ground Lease.

(j) No Partnership or Agency. Nothing in this Ground Lease is intended, or shall in any way be construed, so as to create any form of partnership or agency relationship between the parties. The parties hereby expressly disclaim any intention of any kind to create any partnership or agency relationship between themselves. Nothing in this Ground Lease shall be construed to make either party liable for any of the indebtedness of the other, except as specifically provided herein.

(k) Limitation of Liability. Notwithstanding anything herein to the contrary, the liability of Lessee hereunder (including, but not limited to any indemnity obligations) under this Ground Lease shall be non-recourse as to Lessee and, accordingly, Lessor's sole source of satisfaction of such obligations shall be limited to Lessee's interest in the Leasehold Estate except in the event of Lessee's intentional misconduct or violation of law as regards the Leasehold Estate to the extent permitted by applicable law. Lessor shall not seek to obtain payment from any person or entity comprising Lessee or from any assets of Lessee other than those described herein, notwithstanding the survival of any obligation of Lessee beyond the Term. No recourse under or upon any obligation, covenant, or agreement contained in this Ground Lease or for any claim based thereon, or under any judgment obtained against Lessee or by the enforcement of any assessment or penalty or otherwise or by any legal or equitable proceeding by virtue of any constitution, rule of law or equity, or statute or otherwise or under any other circumstances, under or independent hereof, shall be had against any incorporator, director, member, or officer, as such, past, present, or future of Lessee or any incorporator, director, member, or officer of any successor entity, as such, either directly or through Lessee or any successor entity, or otherwise, for the payment of any sum that may be due and unpaid by Lessee under this Ground Lease.

(l) Recordation of Lease. Lessor and Lessee will execute, acknowledge and deliver this Ground Lease, in recordable form, and the said Ground Lease may be recorded in the appropriate records of Cleveland County, Oklahoma.

(m) Counterparts. This Ground Lease may be executed simultaneously in two or more counterparts, each of which shall be deemed original and all of which, when taken together, shall constitute one in the same document. The signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

(n) Preservation of Tax Exemption. Lessor shall not take any action with respect to the Premises and Improvements that would adversely affect the exemption of interest on any Series 2023A Bonds from gross income for federal income tax purposes or would otherwise result in a breach of any representations, conditions, or covenants of Lessee as set forth in the Bond Documents.

(o) No Merger. It is the intent of the parties and they agree that so long as the Assignment, Indenture or any similar security instrument in favor of Trustee to secure payment of the Bonds and the Indenture are in force and effect and unless the Trustee shall otherwise agree in writing, the fee title to the Real Property and the Leasehold Estate in the Real Property shall not merge but shall remain separate and distinct notwithstanding the acquisition of the fee title and the Leasehold Estate to the Real Property by Lessor and/or the acquisition of the Improvements by Lessor pursuant to Section 3(c) of the Sublease.

(p) Holding Over by Lessee. If applicable, Lessee shall not use or remain in possession of the Premises and Improvements after the termination of this Ground Lease. Any holding over, or

continued use or occupancy by Lessee after the termination of this Ground Lease, without the written consent of Lessor and Trustee, shall not constitute a month-to-month tenancy, and all other expenses, obligations and payments in effect for the immediately preceding month of this Ground Lease shall apply to the month-to-month tenancy. There shall be no renewal whatsoever of this Ground Lease by operation of law.

(q) Laws, Rules and Regulations. Lessor and Lessee and their respective officers, agents, employees, contractors, licensees and any other person whom they control or have the right to control, shall comply with all present and future laws, ordinances, orders, directive, rules and regulations of the United States of America, the State of Oklahoma, the County of Cleveland, applicable cities or towns and their respective agencies, departments, authorities and commissions which may either directly or indirectly affect Lessor or Lessee or the operations on or in connections with the Premises and Improvements.

(r) Force Majeure. Neither party shall be held responsible for losses resulting from its non-performance under this Ground Lease, if fulfillment of any terms or provisions of this Ground Lease are delayed or prevented by any cause not within the control of the party whose performance is interfered with and which said party is unable to prevent by the exercise of reasonable diligence.

(s) Indenture. This Ground Lease shall be subject to all terms and conditions of the Indenture.  
Executed as of the date shown on the first page of this Ground Lease.

### **Exhibits**

Exhibit "A" – Legal Description of Real Property

Exhibit "B" – Schedule of Lease Purchase Acquisition Payments for Improvements

***Remainder of Page Intentionally Left Blank.***

LESSOR:

INDEPENDENT SCHOOL DISTRICT NO. 29 OF  
CLEVELAND COUNTY, OKLAHOMA (NORMAN  
PUBLIC SCHOOLS)

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

ATTEST: (Seal)

\_\_\_\_\_  
Clerk

LESSEE:

CLEVELAND COUNTY EDUCATIONAL  
FACILITIES AUTHORITY

By: \_\_\_\_\_  
Chairman of Trustees

ATTEST: (Seal)

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





**EXHIBIT “A”**

**Legal Description of Real Property**

Exhibit A 1

**EXHIBIT "B"**  
**Schedule of Lease Purchase Acquisition Payments for Improvements**

DATE	PURCHASE PRICE	NATURE OF IMPROVEMENTS
------	----------------	------------------------

**ATTACHMENT F**

**PURSUANT TO THE LEGAL NOTICE AS IS REQUIRED BY THE OKLAHOMA OPEN MEETING ACT INCLUDING THE POSTING OF NOTICE AND AGENDA, THE BOARD OF EDUCATION OF INDEPENDENT SCHOOL DISTRICT NO. 29, CLEVELAND COUNTY, OKLAHOMA (NORMAN PUBLIC SCHOOLS) MET IN ITS SPECIAL SESSION AT THE ADMINISTRATION SERVICES CENTER, 131 SOUTH FLOOD AVENUE, NORMAN, OKLAHOMA, AT 1:00 O'CLOCK P.M. ON THE 20<sup>TH</sup> DAY OF MARCH, 2023.**

**PRESENT:**

**ABSENT:**

THEREUPON the President introduced a Resolution which was read in full by the Clerk and upon motion by School Board Member \_\_\_\_\_, seconded by School Board Member \_\_\_\_\_, said Resolution was adopted by the following vote:

**AYE:**

**NAY:**

Said Resolution was thereupon signed by the President, attested by the Clerk of the Board of Education, sealed with the seal of said Board of Education, and is as follows:

**RESOLUTION NO. 2**

WHEREAS, the Board of Education of Independent School District No. 29 of Cleveland County, Oklahoma (Norman Public Schools) (the "School District" or "District"), has determined to lease certain of the said School District's real property and/or leasehold real property (more particularly described in attached Exhibit "A") to the Cleveland County Educational Facilities Authority (the "Authority"); and

WHEREAS, the Authority has or will have determined to sub-lease the aforesaid real property to the District;

BE IT RESOLVED BY THE BOARD OF EDUCATION OF INDEPENDENT SCHOOL DISTRICT NO. 29 OF CLEVELAND COUNTY, OKLAHOMA (NORMAN PUBLIC SCHOOLS);

SECTION 1. It is hereby determined that the Sublease Agreement or Sublease Agreements of the aforesaid real property and/or leasehold real property from the Authority to the District is necessary, is in the best interests of the District and the aforesaid Sublease Agreement or Sublease Agreements are hereby expressly accepted by the Board of Education of the District.

SECTION 2. It is further hereby determined that the related Continuing Disclosure Agreement, Federal Tax and Arbitrage and Use of Proceeds Certificate and the Arbitrage Rebate Agreement are necessary and in the best interests of the District and are hereby approved.

**ATTACHMENT F**

SECTION 3. The President or Vice President hereby is authorized and directed, upon behalf of said School District, to execute the aforesaid Sublease Agreement or Sublease Agreements between the Authority, as lessor, and the District, as lessee, and the Clerk is hereby authorized to attest and affix the seal of the District to the Sublease Agreement or Sublease Agreements and to deliver the same to the Authority, as lessor. The President or Vice President and Clerk of the District and the Superintendent of Schools are authorized and directed upon behalf of said District, to execute the Continuing Disclosure Agreement, the Federal Tax and Arbitrage and Use of Proceeds Certificate, the Arbitrage Rebate Agreement and any and all documents related to the Sublease Agreement or Sublease Agreements and the transaction thereof.

ADOPTED this 20<sup>th</sup> day of March, 2023.

\_\_\_\_\_  
President

ATTEST: (Seal)

\_\_\_\_\_  
Clerk

**ATTACHMENT F**

I, the undersigned Clerk of the Board of Education of Independent School District No. 29 of Cleveland County, Oklahoma (Norman Public Schools), hereby certify that the foregoing is a true, correct and complete copy of a Resolution of said Board duly adopted by the governing body of said Board at a meeting held on the date therein stated, as the same appears on file in my office as a part of the official records thereof.

---

Clerk

**ATTACHMENT F**

EXHIBIT "A"

LEGAL DESCRIPTION

## **ARBITRAGE REBATE AGREEMENT**

THIS ARBITRAGE REBATE AGREEMENT (the "Agreement"), is made and entered into as of \_\_\_\_\_, 2023, by and between Cleveland County Educational Facilities Authority, a public trust (the "Authority"), and BancFirst, a state banking corporation with a corporate trust office located in Oklahoma City, Oklahoma, as trustee (the "Trustee").

### **WITNESSETH:**

WHEREAS, the Authority has issued and delivered its Educational Facilities Lease Revenue Bonds (Norman Public Schools Project) Series 2023A in the original aggregate principal amount of \$\_\_\_\_\_ (the "Bonds"), which are secured by and issued under a Bond Indenture dated as of \_\_\_\_\_ 1, 2023, by and between the Authority and the Trustee (the "Indenture"); and

WHEREAS, the Authority has covenanted in the Indenture to comply with the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"), to the end that the interest on the Bonds will be and will continue to be tax-exempt for federal income tax purposes; and

WHEREAS, the Authority has determined that in order to comply with its aforesaid covenants it is necessary and in the best interests of the Trust Estate of the Authority to provide a means by which the aforesaid covenants shall be implemented;

NOW, THEREFORE, in consideration of the issuance of the Bonds by the Authority, the acceptance of the trusteeship under the Indenture by the Trustee, the mutual covenants expressed herein and other good and valuable considerations, the Authority and the Trustee agree as follows:

### **ARTICLE I REVENUES AND FUNDS**

#### **SECTION 1. Rebate Fund.**

(1.1) (Creation and Purposes). There is hereby created in the Trustee, a special trust fund designated "Cleveland County Facilities Authority Series 2023A Educational Facilities Lease Revenue Bonds Arbitrage Rebate Fund" (the "Rebate Fund"), for the purposes of (1) receiving any and all transfers of any funds or securities from the funds and accounts, created by and provided for in the Indenture, all of said transfers being hereby expressly authorized; (2) receiving any and all transfers and/or deposits of any funds or securities from any other source, including, but not limited to the Authority; and (3) payment of any and all amounts required under Section 148 (f) of the Code to be paid by the Authority to the United States of America in relation to the Bonds. The Trustee shall hold in trust all money and securities transferred or paid into the Rebate Fund and shall promptly pay, in a timely manner, from the Rebate Fund, money payable therefrom in such amount as shall be required to be paid to the United States of America under this

Agreement for the purposes specified in this Section 1. Moneys and/or securities in the Rebate Fund shall not be considered moneys or securities held under the Indenture and shall not constitute a part of the Trust Estate held for the benefit of the registered holders of the Bonds or for the benefit of the Authority, except to the extent that such moneys or securities represent sums available to satisfy the obligation of the Authority to rebate certain amounts of money to the United States of America. Moneys and securities in the Rebate Fund (including earnings and deposits therein) in excess of any amount required to be paid to the United States of America shall be held in trust for future payment to the United States of America as required by the Code and this Agreement.

(1.2) (Transfers to Rebate Fund). Every fifth year, commencing with the Bond Year ending \_\_\_\_\_, 2023. The Authority shall calculate or cause to be calculated, and the Authority hereby directs the Trustee to hire a rebate analyst every fifth year to make the rebate calculations required herein and to advise the Authority of such hiring and furnish the rebate analyst report to the Authority, unless an exception to rebate applies, (i) the yield on the Bonds (calculated in the manner provided in the Code) for the previous five years, (ii) the aggregate earnings derived from the investment of the proceeds of the Bonds in non-purpose investments (as defined in Section 148(f)(6) of the Code) held in any Fund or Account under the Indenture (including the aggregate amounts derived from the reinvestment of amounts earned from the investment of proceeds in non-purpose investments) for each such period. The calculation of the amount of such earnings shall take into account (i) any discount or premium on the purchase price of the investment amortized over the period from its date of purchase to its date of scheduled maturity in accordance with the method of amortization of a discount or a premium under the Code; (ii) any gain or loss from the sale of any investment by subtracting from such disposition price of the investment the purchase price thereof (as adjusted by any discount or premium amortized with respect to such investment on an annual basis); and (iii) the earnings that would have been received during the aforesaid annual period from the investment of the proceeds of the Bonds in non-purpose obligations if such investments (including reinvestment of proceeds in non-purpose obligations) had earned a yield equal to the yield on the Bonds. The terms "yield" and "purchase price" have the same meanings respectively, as those terms are defined in the Code. The Authority shall notify the Trustee in writing of such determinations within ten (10) days of the computation thereof and shall maintain a written record of such determinations throughout the term of the Arbitrage Rebate Agreement and thereafter so long as the Code or the Secretary of the Treasury of the United States of America may require.

The Authority shall direct the Trustee in writing to transfer to the Rebate Fund an amount equal to the excess amount of item (ii) above and over the amount of item (iii) above. The Trustee shall transfer said amount from the funds and accounts held by the Trustee under the Indenture to the Rebate Fund.

(1.3) (Investments). The Authority shall direct the Trustee in writing to continuously invest the amounts on deposit in the Rebate Fund in the same manner provided in the Indenture; PROVIDED, however, an investment in any certificate of deposit of any bank shall be made at a price which is a bonafide bid price quoted by a dealer who maintains an active secondary market in such certificates, or if there is no secondary market, such

certificate of deposit must have a yield (1) equal to or greater than the yield on comparable obligations traded on an active secondary market, as certified by a dealer who maintains such a market bearing in mind the size and term of the certificate of deposit and the stability and reputation of the issuer of the certificate of deposit, and (2) a yield equal to or greater than the yield available on comparable obligations offered by the Treasury of the United States of America. All of the aforesaid investments should mature on or prior to the dates such moneys are anticipated to be used to make rebate payments and must be purchased for not more than the then available fair market price and are to be sold for not less than the then available fair market price. All earnings derived from the investment of funds deposited in the Rebate Fund shall be retained therein and rebated to the United States of America as provided in Subsection 1.5 hereof.

(1.4) (Other Required Transfers). Whenever a loss is realized on an investment in the Rebate Fund, the Authority shall direct the Trustee to transfer to the Rebate Fund from the aforesaid funds and accounts an amount necessary to make up such loss. Such transfers shall not be included in the calculation of future amounts to be transferred therefrom to the Rebate Fund and shall not reduce such future amounts. If all of said funds and accounts are depleted, the Authority hereby expressly agrees to pay to the Trustee for deposit to the Rebate Fund, any amount which must be deposited therein in order to carry out its covenant to comply with Code, which amount is to be available for any required payment to the United States of America.

(1.5) (Rebate Payments). The Authority shall direct the Trustee in writing to make payments equal to the amount required to be rebated to the United States of America from the moneys in the Rebate Fund to the United States of America at the address provided in the Code or by the Secretary of the Treasury of the United States of America not less than once every five (5) years beginning \_\_\_\_, 2023, until the final maturity of the Bonds and within sixty (60) days thereafter to pay the balance due to the United States of America to the United States of America. In the event that any further payments must be made, the Authority shall immediately make the payment directly to the United States of America. Upon the disbursement by the Trustee of the final payment due to the United States of America from the Rebate Fund, said Rebate Fund shall be closed and the balance remaining, if any, shall be returned to the Authority.

SECTION 2. Records. The Authority and the Trustee hereby expressly agree to keep and maintain until \_\_\_\_\_, 20\_\_\_, records of all of the transactions involving the Rebate Fund, including the deposits therein and the investment thereof, the rebate calculations referred to in Section 1.2 hereof, and such other records as are required by the Code. These records shall be kept and maintained by the Authority and the Trustee in the manner provided in the Indenture for other records required thereunder and shall be available for inspection in the manner provided in the Indenture as are other records required thereunder.

**ARTICLE II  
CONCERNING THE TRUSTEE**

SECTION 1.           Provisions of Indenture Apply. All of the provisions, including the exculpatory provisions provided in the Indenture, particularly, but not exclusively Article VIII thereof concerning the Trustee, apply under this Agreement and are hereby incorporated by reference. All terms not otherwise defined herein shall be used with the respective meanings given such terms in the Indenture. In addition, if the arbitrage calculations referred to in Article I of this Agreement are not made, the Trustee shall notify the Authority in writing of such failure, and if within thirty (30) days of the receipt of such notice the Authority has not made such calculations or caused such calculations to be made, the Trustee shall employ a qualified person, firm or corporation to make said calculations and charge the Authority the cost of such employment. Provided, in all events the Trustee shall not be liable for failure to make such arbitrage calculations, nor failure to adequately fund the Rebate Fund or remit necessary payments to the United States, except for gross negligence of, or willful malfeasance by, the Trustee.

SECTION 2.           Fees and Expenses. The Authority expressly agrees to pay any and all of the reasonable fees, charges and expenses of the Trustee charged or incurred in connection with its services hereunder, including legal fees and expenses and the fees and expenses of any person, firm or corporation employed by the Trustee in connection with this Arbitrage Rebate Agreement.

SECTION 3.           Resignation and Removal of Trustee. The provisions of the Indenture concerning the resignation of the Trustee thereunder and the removal of the Trustee thereunder apply to this Arbitrage Rebate Agreement and are hereby expressly incorporated herein by reference.

**ARTICLE III  
MISCELLANEOUS**

SECTION 1.           Termination. This Arbitrage Rebate Agreement shall have a term beginning on the date hereof and extending to \_\_\_\_\_, 20\_\_, and so long thereafter as is necessary for the Authority to comply with its Indenture covenants to comply with the Code.

SECTION 2.           Severability. If any clause, provision or section of this Agreement is ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision or section shall not affect any of the remaining clauses, sections or provisions hereof.

SECTION 3.           Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4.           Notices. All notices, demands, communications and requests which may or are required to be given hereunder or by any party hereto shall be deemed given

on the date on which the same shall have been mailed by registered or certified mail, postage prepaid, addressed as follows:

If to District:               Norman Public Schools  
                                    Attention: Dr. Nick Migliorino, Superintendent  
                                    131 S. Flood Avenue  
                                    Norman, Oklahoma 73069  
                                    Tele. No.: (405) 366-5874

If to the Authority:       Cleveland County Educational Facilities Authority  
                                    Cleveland County Courthouse  
                                    201 S. Jones Avenue  
                                    Norman, Oklahoma 73069  
                                    Attn.: Chairman  
                                    Tele. No.: (405) 329-6600

If to the Trustee:         BancFirst  
                                    100 N. Broadway, Suite 1400  
                                    Oklahoma City, Oklahoma 73102  
                                    Attention: Jackie Gates-Jefferson  
                                    Tele. No. (405) 218-4645

The Authority and the Trustee may, by notice given to the other, designate any different addresses to which subsequent notices, demands, requests or communications shall be sent.

SECTION 5.               Successors And Assigns. The terms, provisions, covenants and conditions of this Agreement shall bind and inure to the benefit of the respective successors and assigns of the Authority and the Trustee.

SECTION 6.               Headings. The headings of this Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Agreement.

SECTION 7.               Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Oklahoma.

SECTION 8.               Amendments. The Authority and the Trustee may, from time to time, amend this Agreement in order to comply with the Code; PROVIDED, however this Agreement shall be deemed to the amended whenever any changes occur in the Code and the regulations promulgated thereunder.

*[Remainder of page left blank intentionally.]*

IN WITNESS WHEREOF, the Authority has caused this Agreement to be executed by its Chairman of Trustees and attested by its Secretary of Trustees and has caused the seal of the Authority to be affixed hereto, and the Trustee for itself, its successors and assigns, as Trustee, has caused this Agreement to be executed by its authorized officer, and has caused its corporate seal to be affixed hereto, all as of the day, month and year first above written.

CLEVELAND COUNTY EDUCATIONAL  
FACILITIES AUTHORITY

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

ATTEST: (Seal)

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

BANCFIRST  
OKLAHOMA CITY, OKLAHOMA,  
as Trustee

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

Agreed and Accepted by:

INDEPENDENT SCHOOL DISTRICT NO. 29,  
CLEVELAND COUNTY, OKLAHOMA

By: \_\_\_\_\_  
Title: Authorized Representative

## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Agreement”) dated as of \_\_\_\_\_ 1, 2023, is executed and delivered by Independent School District No. 01, Cleveland County, Oklahoma (the “District”) and BancFirst, Oklahoma City, Oklahoma, as trustee, and acting hereunder as dissemination agent (the “Trustee”), for the benefit of the holders of the Cleveland County Educational Facilities Authority (the “Issuer”) Educational Facilities Lease Revenue Bonds (Norman Public Schools Project) Tax-Exempt Series 2023A (the “Series 2023A Bonds”) and Educational Facilities Lease Revenue Bonds (Norman Public Schools Project) Federally Taxable Series 2023B (the “Series 2023B Bonds”) (together, the “Bonds”), issued pursuant to a Bond Indenture, dated as of \_\_\_\_\_ 1, 2023 (the “Bond Indenture”), by and between the Issuer and the Trustee. Capitalized terms used in this Agreement which are not otherwise defined in the Bond Indenture shall have the respective meanings specified above or in Article IV hereof. The District and the Trustee hereby covenant and agree as follows:

### **ARTICLE I** **The Undertaking**

**Section 1.1. Purpose; No Issuer Responsibility or Liability.** This Agreement is being executed and delivered in accordance with subsection (b)(5) of the Rule (as defined herein) solely for the benefit of the holders of the Bonds and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with the Rule. The District represents that it will be the only “obligated person” (as defined in the Rule) with respect to the Bonds at the time the Bonds are delivered to the Underwriter and that no other person presently is expected to become an obligated person with respect to the Bonds at any time after the issuance of the Bonds. The District and the Trustee acknowledge that the Issuer has undertaken no responsibility, and shall not be required to undertake any responsibility, with respect to any reports, notices or disclosures required by or provided pursuant to this Agreement, and shall have no liability to any person, including any holder of the Bonds or Beneficial Owner of the Bonds, with respect to any such reports, notices or disclosures.

**Section 1.2. Annual Financial Information.** (a) The District shall provide to the Trustee the District’s Annual Financial Information as defined and described in Section 4.1(1) hereof with respect to each fiscal year of the District, within 10 months after the end of each fiscal year or such later time as the Annual Financial Information becomes available, commencing with the fiscal year ending June 30, 2023. At least 30 Business Days but not more than 45 Business Days in advance of the date specified in the previous sentence, the Trustee shall provide notice in writing to the District and the Financial Advisor, complete with the list of the Annual Financial Information, required under Section 4.1(1) hereof, that such information is required to be provided to the Trustee by such date. The Trustee shall promptly provide such Annual Financial Information to (i) the MSRB in accordance with Section 2.2 hereunder, (ii) the Issuer, and (iii) the Financial Advisor, in each case within 10 Business Days after receipt by the Trustee.

(b) The Trustee shall provide notice of any failure of the District to provide the Annual Financial Information by the date specified in the first sentence of subsection (a) above, in each case to (i) the MSRB, (ii) the Issuer and (iii) the Financial Advisor not in excess of 10 Business Days after the occurrence of such failure.

Section 1.3. Audited Financial Statements. If not provided as part of the Annual Financial Information by the date set forth in Section 1.2(a) hereof, the District shall promptly provide its Audited Financial Statements, when available, to the Trustee, but no later than 10 Business Days upon being made publicly available. The Trustee shall provide any such Audited Financial Statements to (i) the MSRB, (ii) the Issuer, and (iii) the Financial Advisor, in each case within 10 Business Days after receipt by the Trustee.

Section 1.4. Listed Event Notices. (a) If a Listed Event occurs, the District shall provide notice of such Listed Event to (i) the MSRB in accordance with Section 2.3 hereunder, (ii) the Issuer, and (iii) Financial Advisor.

(b) Any notice of a defeasance of Bonds shall state whether the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

(c) The Trustee shall promptly advise the District and the Issuer whenever, in the course of performing its duties as Trustee under the Indenture, the Trustee has actual notice of an occurrence which would require the District to provide notice of a Listed Event hereunder; provided, however, that the failure of the Trustee to so advise the District or the Issuer shall not constitute a breach by the Trustee of any of its duties and responsibilities under this Agreement or the Indenture.

(d) Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of Listed Event hereunder, in addition to that which is required by this Agreement. If the District chooses to do so, the District shall have no obligation under this Agreement to update such additional information or include it in any future Annual Financial Information or notice of a Listed Event hereunder.

Section 1.5. Additional Disclosure Obligations. The District acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the District and that, under some circumstances, compliance with this Agreement without additional disclosures or other action may not fully discharge all duties and obligations of the District under such laws.

## **ARTICLE II** **Operating Rules**

Section 2.1. Reference to Other Filed Documents. It shall be sufficient for purposes of Section 1.2 hereof if the District provides Annual Financial Information (but not Listed Event notices) by specific reference to documents either (i) available to the public on the MSRB Internet Web Site or (ii) filed with the SEC.

Section 2.2. Submission of Information. Annual Financial Information may be set forth or provided in one document or a set of documents, and at one time or in part from time to time. Annual Financial Information shall be submitted in Prescribed Form.

Section 2.3. Disclosure of Listed Events. The District hereby covenants that it will disseminate, or cause the Trustee to disseminate, in a timely manner, not in excess of 10 Business Days after the occurrence of any Listed Event, a Listed Event Notice with respect to such event to the MSRB in Prescribed Form and to the Issuer and the Financial Advisor. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption is given to the owners of the Bonds pursuant to the Indenture.

Section 2.4. Dissemination Agents. The Trustee, with the prior written consent of the District in each instance, may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Trustee under this Agreement, and revoke or modify any such designation.

Section 2.5. Transmission of Information and Notices. Unless otherwise required by law all notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB (presently the MSRB Internet Web Site), and shall be accompanied by identifying information as prescribed by the MSRB.

Section 2.6. Fiscal Year. The District's fiscal year is from July 1 – June 30, and the District shall promptly notify (i) the MSRB, (ii) the Issuer, (iii) the Financial Advisor, and (iv) the Trustee of each change in its fiscal year.

### **ARTICLE III**

#### **Effective Date, Termination, Amendment and Enforcement**

Section 3.1. Effective Date, Termination. (a) This Agreement shall be effective upon the issuance of the Bonds.

(b) The District's and the Trustee's obligations under this Agreement shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds.

(c) This Agreement, or any provision hereof, shall be null and void in the event that (1) the District delivers to the Trustee an opinion of Counsel, addressed to the District, the Issuer and the Trustee, to the effect that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) the Trustee delivers copies of such opinion to (i) the MSRB and (ii) the Issuer. The Trustee shall so deliver such opinion within one Business Day after receipt by the Trustee.

Section 3.2. Amendment. (a) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including

regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the District or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the District shall have delivered to the Trustee an opinion of Counsel, addressed to the District, the Issuer and the Trustee, to the same effect as set forth in clause (2) above, (4) either (i) the District shall have delivered to the Trustee an opinion of Counsel or a determination by a person, in each case unaffiliated with the Issuer or the District (such as bond counsel or the Trustee) and acceptable to the District, addressed to the District, the Issuer and the Trustee, to the effect that the amendment does not materially impair the interests of the holders of the Bonds or (ii) the holders of the Bonds consent to the amendment to this Agreement, and (5) the District, or the Trustee as directed by the District, shall have filed such opinion(s) and amendment in the same manner as for the occurrence of a Listed Event under Section 2.3 hereof.

(b) In addition to subsection (a) above, this Agreement may be amended by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Agreement which is applicable to this Agreement, (2) the District shall have delivered to the Trustee an opinion of Counsel, addressed to the District, the Issuer and the Trustee, to the effect that performance by the District under this Agreement as so amended will not result in a violation of the Rule and (3) the District, or the Trustee as directed by the District, shall have filed such opinion(s) and amendment in the same manner as for the occurrence of a Listed Event under Section 2.3 hereof.

(c) This Agreement may be amended by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) the District shall have delivered to the Trustee an opinion of Counsel, addressed to the District, the Issuer and the Trustee, to the effect that the amendment is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of staff of the SEC, and (2) the District, or the Trustee as directed by the District, shall have filed such opinion(s) and amendment in the same manner as for the occurrence of a Listed Event under Section 2.3 hereof.

(d) To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information filing provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided and/or no longer provided.

(e) If an amendment is made pursuant to Section 3.2(a) hereof to the accounting principles to be followed by the District in preparing its financial statements, the Annual Financial Information filing for the fiscal year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the

differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Agreement shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Bonds, except that (i) beneficial owners of Bonds shall be third-party beneficiaries of this Agreement and (ii) the Issuer shall be deemed to be a third-party beneficiary of this Agreement and shall be entitled to enforce the rights of the Trustee under this Agreement to the extent the Trustee shall fail or refuse or shall be unable to take any enforcement action hereunder. The provisions of this Agreement shall create no rights in any person or entity except as provided in this subsection (a) and in subsection (b) of this Section.

(b) The obligations of the District to comply with the provisions of this Agreement shall be enforceable (i) in the case of enforcement of obligations to provide Annual Financial Information and Listed Event Notices, by any holder of Outstanding Bonds, or by the Trustee on behalf of the holders of Outstanding Bonds, or (ii), in the case of challenges to the adequacy of the Annual Financial Information and Listed Event Notices so provided, by the Trustee on behalf of the holders of Outstanding Bonds; provided, however, that the Trustee shall not be required to take any enforcement action except at the direction of the Issuer (but the Issuer shall have no obligation to take any such action), or the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, who shall have provided the Trustee with adequate security and indemnity. The rights of the holders' and the Trustee to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the District's obligations under this Agreement. In consideration of the third-party beneficiary status of beneficial owners of Bonds pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Bonds for purposes of this subsection (b).

(c) Any failure by the District or the Trustee to perform in accordance with this Agreement shall not constitute a default or an Event of Default under the Indenture, and the rights and remedies provided by the Indenture upon the occurrence of a default or an Event of Default shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

(e) In case any one or more of the provisions of this Agreement shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Agreement, but this Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

**ARTICLE IV**  
**Definitions**

Section 4.1. Definitions. The following terms used in this Agreement shall have the following respective meanings:

(1) “Annual Financial Information” means, collectively, (i) updated versions or similar information of the following financial information and operating data of the District set forth in the Official Statement, for each fiscal year of the District, as follows:

Updates of the financial information and operating data of the District set forth under the “THE DISTRICT – Composition of Staff and Faculty” and “– Historical Enrollment” and Tables 4-13 within “DISTRICT FINANCIAL INFORMATION” (to the extent such information does not appear within the District’s Audited Financial Statements);

(ii) the information regarding amendments to this Agreement required pursuant to Sections 3.2(d) and (e) of this Agreement; and (iii) the District’s Audited Financial Statements, when and if available, or its Unaudited Financial Statements if Audited Financial Statements are unavailable as of the filing deadline and such Unaudited Financial Statements are presented in the same format as the Audited Financial Statements.

The descriptions contained in Section 4.1(1)(i) hereof of financial information and operating data constituting Annual Financial Information constitute general categories of financial information and operating data of the District. When such descriptions include information that no longer can be generated because the District’s operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in the Annual Financial Information filing for the fiscal year in which such information has been materially changed or discontinued. Such statement shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided and/or no longer provided.

(2) “Audited Financial Statements” means the annual financial statements, if any, of the District, audited by such auditor as shall then be required or permitted by State law or the Indenture. Audited Financial Statements shall be prepared in accordance with GAAP or on the basis of financial reporting requirements of the Oklahoma State Department of Education; provided, however, that pursuant to Sections 3.2(a) and (e) hereof, the District may from time to time, if required by Federal or State legal requirements, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 3.2(a) hereof shall include a reference to the specific Federal or State law or regulation describing such accounting principles, or other description thereof.

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

(4) “Business Day” means any day of the year other than (a) a Saturday or Sunday, (b) any day on which banks located in Oklahoma City, Oklahoma or the city in which the office of the Trustee is located are required or authorized by law to remain closed, or (c) any day on which the New York Stock Exchange is closed.

(5) “Counsel” means Floyd & Driver, PLLC, Norman, Oklahoma or other nationally recognized bond counsel or counsel expert in federal securities laws.

(6) “Financial Advisor” means BOK Financial Securities, Inc., Oklahoma City, Oklahoma.

(7) “Financial Obligation” means a debt obligation; derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or a guarantee of either a debt obligation or a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation. The term Financial Obligation does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(8) “GAAP” means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, or any successor to the duties or responsibilities thereof.

(9) “Internet Web Site” means the MSRB’s Electronic Municipal Market Access (EMMA) system, presently at <http://emma.msrb.org>, or at such other place as may be designated from time to time by the MSRB.

(10) “Listed Event” means any of the following events with respect to the Bonds:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Series 2023A Bonds, or other material events affecting the tax status of the Series 2023A Bonds;

- (vii) modifications to rights of Bondholders, if material;
- (viii) bond calls, if material; and tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the District;
- (xiii) consummation of a merger, consolidation, or acquisition involving the District, or the sale of all or substantially all the assets of the District other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee, or the change of name of a trustee, if material;
- (xv) incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Bond holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

(11) “Listed Event Notice” means notice of a Listed Event in Prescribed Form.

(12) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

(13) “Official Statement” means the Official Statement dated November 9, 2023, of the Issuer relating to the Bonds.

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

(15) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

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

(17) “Unaudited Financial Statements” means the same as Audited Financial Statements, except that they shall not have been audited, provided that such statements are in a format similar to that of the Audited Financial Statements.

(18) “Underwriter” means D.A. Davidson & Co.

## **ARTICLE V** **Miscellaneous**

Section 5.1 Duties, Immunities and Liabilities of Trustee. Article VIII of the Indenture is hereby made applicable to this Agreement as if this Agreement were, solely for this purpose, contained in the Indenture. The Trustee shall have only such duties under this Agreement as are specifically set forth in this Agreement, and the District agrees, to the extent permitted by applicable law, to indemnify and save the Trustee, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Trustee’s negligence or willful misconduct in the performance of its duties hereunder. Such indemnity shall be separate from and in addition to that provided to the Trustee under the Indenture. The obligations of the District under this Section shall survive resignation or removal of the Trustee and payment of the Bonds.

Section 5.2 Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have each caused this Agreement to be executed by their duly authorized representatives, and the District has caused its corporate seal to be hereunto affixed and attested by an authorized representative, all as of the date first above written.

INDEPENDENT SCHOOL DISTRICT NO. 29,  
CLEVELAND COUNTY, OKLAHOMA

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

(SEAL)  
ATTEST:

\_\_\_\_\_  
Clerk

BANCFIRST, as Trustee

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

*(Signature Page to Continuing Disclosure Agreement)*

§ \_\_\_\_\_  
CLEVELAND COUNTY EDUCATIONAL FACILITIES AUTHORITY  
EDUCATIONAL FACILITIES LEASE REVENUE BONDS  
(NORMAN PUBLIC SCHOOLS PROJECT)  
TAX-EXEMPT SERIES 2023A

\_\_\_\_\_, 2023

**FEDERAL TAX AND  
ARBITRAGE AND USE OF PROCEEDS CERTIFICATE**

I, \_\_\_\_\_, Chairman of the Cleveland County Educational Facilities Authority (the "Authority"), with respect to the \$ \_\_\_\_\_ Cleveland County Educational Facilities Authority Educational Facilities Lease Revenue Bonds (Norman Public Schools Project) Tax-Exempt Series 2023A (the "Bonds"), dated \_\_\_\_\_, 2023, issued under and pursuant to Title 60 Oklahoma Statutes 2021, as amended, Sections 176 to 180.4, inclusive, and any other applicable law and the hereinafter described Bond Indenture and in accordance with a resolution adopted by the Authority on \_\_\_\_\_, 2023 (the "Resolution"), DO HEREBY CERTIFY as follows:

I. GENERAL

1.1 The undersigned Chairman of the Authority is an officer of the Authority charged with responsibility for the execution, delivery and issuance of the Bonds as well as the conduct of certain day-to-day affairs of the Authority and is acting for and on behalf of the Authority in executing this certificate.

1.2 This certificate is made for the purpose of establishing the reasonable expectations of the Authority as to the amount and use of proceeds of the Bonds for the purpose of the acquisition, construction, equipping, renovating and remodeling of school buildings, acquiring school furniture, fixtures and equipment and acquiring and improving school sites for use by Independent School District No. 29 (the "District") within Cleveland County, Oklahoma, (the "Project"). This certificate is intended and may be relied upon for purposes of Sections 103 and 148 of the Internal Revenue Code of 1986, as amended (the "Code") as a certification described in Section 1.148-2(b)(2) of the Treasury Regulations. This certificate is executed and delivered as part of the record of proceedings in connection with the issuance of the Bonds pursuant to the provisions of the Code and the Treasury Regulations applicable thereto and promulgated thereunder (the "Regulations").

1.3 The Commissioner of Internal Revenue has not published notice of nor has the Authority been notified of any listing or proposed listing of the Authority by the Internal Revenue Service as an issuer whose certification may not be relied upon for arbitrage purposes by the holder of its obligations.

1.4 The Bonds are an authorized issue of bonds designated "Cleveland County Educational Facilities Authority Educational Facilities Lease Revenue Bonds (Norman Public Schools Project) Tax-Exempt Series 2023A" in the principal amount of

\$ \_\_\_\_\_ and simultaneously with the issuance of the Tax-Exempt Series 2023A Bonds, the Authority will issue bonds designated \$ \_\_\_\_\_ Cleveland County Educational Facilities Authority Educational Facilities Lease Revenue Bonds (Norman Public Schools Project) Federally Taxable Series 2023B of like date and tenor except as to number, maturity, interest rate, CUSIP number and optional mandatory redemption. The Tax-Exempt Bonds and the Federally Taxable Bonds are each regarded as a separate series for federal income tax purposes. No other governmental obligations are being issued at substantially the same time and sold pursuant to a common plan of financing which will be paid out of (or have substantially the same claim to be paid out of) substantially the same source of funds as the Bonds.

1.5 The Authority expects to be able to and will comply with all the procedures and provisions set forth herein, and will perform all acts and things necessary and desirable within its reasonable control in order to assure that interest paid on the Bonds shall, for the purpose of Federal income taxation, not be includable in gross income. The Authority agrees and covenants that it shall at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds shall not be includable in gross income of the owners thereof for Federal income tax purposes under the Code.

1.6 The dates, maturities, denominations and rates of interest of the Bonds are as shown and more fully described in Schedule A-1 attached hereto. All references to funds include and apply to each respective series of Bonds. The Bonds are issued in registered form.

1.7 The Authority hereby deems and elects the issue a construction issue within the definition of Section 148(f)(4)(C)(iv) of the Code and reasonably expects that at least 75 percent of the available construction proceeds of such issue are to be used for construction expenditures with respect to the property which is to be owned by a governmental unit. The Authority further elects to except from rebate to the United States the construction proceeds by meeting the spending requirements of in Section 148(f)(4)(C)(ii) within the two-year period as set forth in the Rebate Memorandum attached hereto, excepting reasonable retainage, if any.

## II. USE OF PROCEEDS AND OF IMPROVEMENTS FINANCED WITH THE BONDS

2.1 The Authority intends and expects to own the Project at all times during the term of the Bonds. During such term, the Authority intends and expects to lease the Project to the District for its exclusive use. The Authority does not know of any reason why the Project will not be so owned and used in the absence of (a) supervening circumstances not now anticipated by it, (b) adverse circumstances beyond its control or (c) obsolescence of such insubstantial parts or portions thereof as may occur as a result of normal use thereof. The Authority will not change the use, ownership or nature of any portion of the proceeds of the Bonds or the Project so long as any of the Bonds are outstanding unless, in the written opinion of Bond Counsel, such change will not result in

the occurrence or creation of an Adverse Tax Event, except that the Authority may without an opinion lease the Project as provided herein or sell or otherwise dispose of minor parts or portions of the Project as may be necessary due to normal wear, tear or obsolescence.

2.2 In order to ensure that the Bonds continue to qualify for tax-exempt treatment for purposes of federal income taxation, the Authority hereby covenants as follows:

(a) The Authority will not take or permit to be taken any action which would cause the Bonds to be deemed private activity bonds under the Code. The Bonds will be considered “private activity bonds” if: (i) more than 10% of the Proceeds of the Bonds or the Project are used directly or indirectly in the business of a nongovernmental person and (ii) more than 10% of the debt service on the Bonds is directly or indirectly (A) secured by any interest in property used in a private business or (B) derived from payments made with respect to property used in a private business. No more than 5% of any such private use and any such private security for or private payment of the Bonds may be unrelated or related and disproportionate to the Project as described below.

(b) The Authority will not permit payment of the principal of or the interest on more than 10% of the Bonds (under the terms of such obligations or any underlying arrangement) to be directly or indirectly secured by any interest in property used or to be used for a private business use (or by any interest in payments in respect of such property), or to be derived from payments (whether or not to the Authority) in respect of property (or borrowed money) used or to be used for a private business use. This requirement is referred to herein as the “private payment test.”

In the event that proceeds of the Bonds or the Project are to be used for any private business use that is not related (or is disproportionate and related) to any governmental use of such Proceeds or the portion of the Project financed with the Proceeds and to payments, property and borrowed money with respect to any such private business use, the proceeding covenant shall apply but not more than 5% (rather than 10%) of the Bonds may be so secured.

In determining whether the Bonds meet the private payment test, the Authority will compare the present value of the payments taken into account to the present value of the debt service to be paid over the term of the Bonds. Debt service will include reasonable credit enhancement fees but will not include any amount to be paid from proceeds of the Bonds. For example, debt service will not include accrued or capitalized interest or other amounts to be paid with proceeds of the Bonds. For purposes of the discount rate to be applied in such present value calculations, the Bond Yield of \_\_\_\_\_ % shall be used.

Payments taken into account in determining whether the Bonds meet the private payment test will include payments made for any private business use and payments in respect of the Project or any other property financed (directly or indirectly) with proceeds of the Bonds. However, any payment that is properly allocable to the payment of ordinary or necessary expenses directly attributable to the operation and maintenance of Project or other property financed with the proceeds of the Bonds (other than general overhead or administrative expenses) will not be included as a payment taken into account. Similarly, payments by a person for use of proceeds or the Project will only be included to the extent that the present value of such payments does not exceed the present value of the debt service allocable to that person's use of Proceeds or the Project. For example, if 10% of the proceeds of the Bonds were used by a person, payments by such person would not be taken into account to the extent that the present value of such payments exceeded the present value of 10% of the debt service on the Bonds.

For purposes of the private business use test, certain incidental uses of a facility may be disregarded to the extent that the proceeds of the Bonds which result in the incidental use do not exceed 2.5% of the total proceeds of the Bonds. The use of any property financed with proceeds of the Bonds or the Project by a person will be treated as an incidental use if such use does not involve the transfer to such person of possession and control of space that is separated physically from other areas of the facility and is not related to any other use of the facility by the same person. For example, use of space in common areas of an office building for coin-operated telephones, advertising displays, vending machines or a newsstand or shoeshine stand may be disregarded.

(c) The Bonds are not and shall not become directly or indirectly federally guaranteed. Bonds will be considered to be "federally guaranteed" if (i) the payment of principal or interest with respect to such obligations is guaranteed (in whole or in part) by the United States of America (or any agency or instrumentality thereof) (ii) 5% or more of the proceeds of the Bonds is (A) used in making loans the payment of principal or interest with respect to which is guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) or (B) invested (directly or indirectly) in federally insured deposits or accounts, or (iii) the payment of principal or interest on the Bonds is otherwise indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof).

(d) Based upon and in reliance on the questionnaire attached hereto as Schedule E-1, the Authority shall file Form 8038-G attached hereto as Schedule C by the 15th day of the second month after the calendar quarter in which the Bonds are issued.

(e) The Authority shall not sell any other obligations within 15 days of the sale of the Bonds pursuant to a common plan of financing with the Bonds and payable from the same source of funds or having substantially the same claim to the same source of funds used to pay the Bonds.

(f) The Authority will not allow any property financed with proceeds of the Bonds or the Project to be used in the trade or business of any person who is a non-Exempt Person unless it obtains an opinion of Bond Counsel that such use would not adversely affect the tax-exempt status of the Bonds. The Authority acknowledges that in determining whether all or any portion or function of such property (including the Project) is used, directly or indirectly, in the trade or business of a non-Exempt Person, use of any portion or function of such property (including the Project) by a non-Exempt Person pursuant to a lease, sublease, management contract, service contract, research contract or other arrangement must be examined.

A lease, sublease, management contract, service contract, research contract or other arrangement between the Authority and a non-Exempt Person with respect to property financed with proceeds of the Bonds or the Project or any portion or function thereof will not result in private trade or business use of a non-Exempt Person if the guidelines set forth in the Regulations and Rev. Proc. 2297-13, as modified and supplemented, are met or an approving opinion of Bond Counsel is delivered to the Authority.

(g) The weighted average maturity of the Bonds (\_\_\_\_\_ years) does not exceed 120 percent of the remaining average economic life of the Project to be financed with the proceeds of the Bonds (of at least 30 years).

(h) The Authority expects and represents that the construction, renovation, remodeling, expansion and equipping of the Project will commence within six months of the date of issuance and will proceed with due diligence to completion. The Authority does not expect to sell the Project or any portion thereof.

### III. ARBITRAGE

3.1 The proceeds of the Bonds, including investment proceeds, will not exceed the amount necessary for the purposes of the issue. For the purposes of this certificate, the term "proceeds" means the net amount (after payment of all expenses of issuing the Bonds) received by the Authority as a result of the sale of the Bonds.

For the purposes of this Certificate, "Yield" shall have the meaning provided in the Rebate Memorandum attached hereto. For purposes of calculating the Yield on the Bonds, the Issue Price of the Bonds is \$ \_\_\_\_\_, representing the initial offering price of the Bonds to the public (excluding bond houses, brokers, and other intermediaries) (which is the principal amount of the Bonds minus original issue discount, plus [net] original issue premium [**less [net] original issue discount**], with no accrued interest).

The Yield on the Bonds is computed to be at least \_\_\_\_\_% (the "Bond Yield") based upon an Issue Price of \$\_\_\_\_\_ (consisting of the principal amount of the Bonds of \$\_\_\_\_\_ plus [less] [net] original issue premium [discount] of \$\_\_\_\_\_), based on the representations of D.A. Davidson & Co., as underwriter (the "Underwriter") in the Issue Price Certificate, attached as Schedule E-2 hereto. The Issue Prices of the Bonds that are part of the General Rule Maturities have been calculated as the first prices at which ten percent of such maturities were sold to the Public on the Sale Date. The Issue Prices of the Bonds that are part of the Hold-the-Offering-Price Maturities have been calculated using the initial offering prices of such maturities. Capitalized terms used in this paragraph and not defined in this Federal Tax Certificate have the meanings set forth in the attached Issue Price Certificate as Schedule E-2 hereof.

Determinations regarding Yield have been made on the basis of computations performed by the Underwriter on behalf of the Authority and set forth on the Underwriter's Questionnaire attached as Schedule E-1 hereto. Such determinations regarding Yield have been made on the basis of the representations made to the Authority by the Underwriter as to the initial public offering price of the Bonds as contained in its letter attached as Schedule E-2 hereto. The Authority has relied upon representations made to it by the Underwriter regarding Yield and Issue Price.

3.2 The proceeds from the sale of the series of Bonds totaling \$\_\_\_\_\_, representing the par amount of Bonds plus [net] original issue premium [less net original issue discount] of \$\_\_\_\_\_, will be deposited in special funds and will be used as follows:

Improvement Fund	\$
Debt Service Fund (capitalized interest)	\$
Costs of Issuance (including Underwriter's Discount)	\$
Working Capital Fund (Rebate Analyst)	\$
Total	\$

Earnings which are not listed above will be used to complete the Project, the issue having been sized accordingly.

It is expected that the Bond proceeds will be expended as follows:

- (a) The Costs of Issuance will be paid out on this date and as bills are presented in which event it is expected that all would be paid in six (6) months.
- (b) Bond proceeds deposited in the Debt Service Fund will be applied to pay interest on the Bonds beginning on \_\_\_\_\_ 1, 20\_\_.

(c) The Improvement Fund, including earnings thereon, will be expended as follows:

(i) The Authority expects to enter into a binding commitment for the construction or accomplishment of portions of the Project within 60 days of the date hereof and the amount of such commitments with respect to the Project equals more than five percent of the Bonds. It is reasonably expected that more than 85 percent of the aggregate amount of the Bonds will be expended within three years from the date thereof. Work on construction or accomplishment of the Project will proceed with due diligence to completion. No more than 50 percent of the proceeds of the Bonds will be invested in nonpurpose investments with a term of 4 years or more at a guaranteed rate. It is expected that all of the proceeds will be expended within four years of the date hereof.

(ii) In the event that proceeds of the Bonds remain unexpended after \_\_\_\_\_, 2026, the Authority will invest such unexpended amounts in obligations of a state or of any political subdivision thereof, the interest on which is not included in gross income for purposes of Federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and which is not a preference item for purposes of the alternative minimum tax imposed by Section 55 of the Code or invest such amounts in obligations having a Yield that is not more than the Bond Yield.

#### IV. DEBT SERVICE

4.1 The Bonds will be paid from Revenues as defined in the Bond Indenture dated as of \_\_\_\_\_ 1, 2023, by and between the Authority and BancFirst, Oklahoma City, Oklahoma (the "Bond Indenture"). Certain Bond proceeds as described herein and other funds will be transferred to the Debt Service Fund and will be used semi-annually to pay principal of and interest on the Bonds as due. All funds in the Debt Service Fund will be expended to pay principal of and interest on the Bonds within 13 months of receipt. Any amounts received from the investment of the Debt Service Fund will be deposited monthly to the Debt Service Fund and serve as a credit against deposits. The Debt Service Fund will be used to achieve a proper matching of revenues and debt service and will be depleted at least annually except for a reasonable carryover amount not to exceed the greater of the earnings on the fund for the immediately preceding bond year or 1/12 of the debt service on the Bonds for the immediately preceding bond year. No other funds, from which payments of principal of and interest on the Bonds will be made, have been or will be established by the Authority.

V. RESERVE FUND No portion of the proceeds of the Bonds will be used as a reserve fund.

#### VI. REBATE

6.1 The Authority agrees to use its best efforts to comply with the procedures set forth in the Rebate Memorandum, unless an exception to rebate applies.

## VII. GENERAL

7.1 For purposes of this certificate, Yield means that percentage rate which when used in computing the present value of all payments of principal of and interest on the Bonds produces an amount equal to the Issue Price thereof as defined in Section 1273 and 1274 of the Code. See Schedule D hereto.

7.2 With respect to any amounts received from condemnation, insurance or disposition of any part of the Project or any other amounts set aside by the Authority, which are pledged to or expected to be used for the payment of debt service on the Bonds, the Authority will either invest such amounts in obligations of a state or of any political subdivision thereof, the interest on which is not included in gross income for purposes of federal income taxation pursuant to Section 103 of the Code and which is not a preference item for purposes of the alternative minimum tax imposed by Section 55 of the Code, invest such amounts in obligations having a Yield that is not more than the Yield on the Bonds, or comply with the provisions of the Rebate Memorandum, attached hereto, with respect to such amounts.

7.3 Except as specifically authorized herein or in the Code or Regulations, the Authority has not entered into and will not enter into any transaction to reduce the Yield on the investment of the proceeds of the Bonds in such a manner that the amount to be rebated to the Federal government is less than it would have been had the transaction been at arm's length and the Yield on the issue not been relevant to either party.

7.4 The representations and covenants of the Authority, including the Authority's reliance on the Financial Advisor and the Underwriters for certain matters, expressed in this Certificate may be relied upon by Bond Counsel in connection with the rendering of its opinion with respect to the Bonds.

7.5 This Certificate may be amended at anytime to reflect changes in the Code or Treasury Regulations upon obtaining an opinion of Bond Counsel that such amendment will not cause interest on the Bonds to be included in the gross income of holders thereof for purposes of federal income taxation.

7.6 On the basis of the foregoing, it is not expected that the proceeds of the sale of the Bonds will be used in a manner that would cause such Bonds to be arbitrage bonds or private activity bonds under Section 148 or 141, respectively, of the Code and the Income Tax Regulations prescribed thereunder. To the best of our knowledge, information and belief, there are no other facts, estimates or circumstances that would materially change the foregoing conclusion, and the Authority's expectations contained herein as to the use of the proceeds of the Bonds are reasonable.

7.7 If the Authority takes any Deliberate Action subsequent to the issuance of the Bonds, then the Authority will consult with Bond Counsel regarding permissible Remedial Actions that may be taken to remediate the effect of any such Deliberate Action upon the federal tax status of the Bonds. Such Remedial Actions may include the following types of actions and are subject generally to the below conditions.

(a) *Types of Remedial Action.* Subject to the condition precedent that the Authority obtain an opinion of Bond Counsel prior to the taking of any of the below actions to the effect that taking any of the below actions will not result in the creation or occurrence of an Adverse Tax Event, the following types of Remedial Actions may be available to remediate a Deliberate Action subsequent to the issuance of the Bonds:

(i) Redemption or Defeasance of Bonds.

- (A) If the Deliberate Action taken by the Authority causing either the Private Business Use Test or the Private Loan Financing Test to be satisfied consists of a disposition of any portion of the Improvements exclusively in exchange for cash, then the Authority may allocate the Disposition Proceeds to the redemption of Nonqualified Bonds pro rata across all of the then-outstanding maturities of the Bonds at the earliest call date of such maturities of the Bonds after the taking of the Deliberate Action or, if any of the maturities of the Bonds outstanding at the time of the taking of the Deliberate Action are not callable within 90 days of the date of the Deliberate Action, allocate the Disposition Proceeds to the establishment of a Defeasance Escrow for any such maturities of the Bonds within 90 days of the taking of such Deliberate Action.
- (B) If the Deliberate Action taken by the Authority does not consist of a disposition of any portion of the Project exclusively in exchange for cash, then the Authority may use any funds (other than Proceeds of the Bonds, any obligations described in Section 6431 of the Code or proceeds of any obligation the interest on which is excludable from the gross income of the holders thereof for purposes of federal income taxation) for the redemption of all Nonqualified Bonds within 90 days of the date that the Authority takes such Deliberate Action or, in the event that insufficient maturities of the Bonds are callable by the date which is within 90 days after the date of the Deliberate Action, then the

Authority may use such funds for the establishment of a Defeasance Escrow within 90 days of the date of the Deliberate Action for all of the maturities of the Nonqualified Bonds not callable within 90 days of the date of the Deliberate Action.

- (C) If the Authority creates a Defeasance Escrow for any maturities of Nonqualified Bonds which are not callable within 90 days of the date of the Deliberate Action, the Authority shall provide written notice to the Commissioner at the times and places as may be specified by applicable regulations, rulings or other guidance issued by the Department of the Treasury or the Internal Revenue Service.
- (ii) Alternative Use of Disposition Proceeds. Use by the Authority of any Disposition Proceeds in accordance with the following requirements may be treated as a Remedial Action with respect to the Bonds if taken in conjunction with the opinion of Bond Counsel described in paragraph (a) of this Section 7:
- (A) the Deliberate Action consists of a disposition of all or any portion of the Improvements exclusively in consideration for cash;
  - (B) the Authority reasonably expects to expend the Disposition Proceeds resulting from the Deliberate Action within two years of the date of the Deliberate Action;
  - (C) the Disposition Proceeds are treated by the Authority as Proceeds of the Bonds for purposes of Section 141 of the Code and the Regulations thereunder, and the use of the Disposition Proceeds in the manner in which such Disposition Proceeds are in fact so used by the Authority would not cause the Disposition Proceeds to satisfy the Private Activity Bond Tests;
  - (D) the Authority does not take action after the date of the Deliberate Action to cause the Private Activity Bond Tests to be satisfied with respect to the Bonds, the Improvements or the Disposition Proceeds (other than any such use that may be permitted in accordance with the Regulations); and
  - (E) Disposition Proceeds used in a manner that satisfies

the Private Activity Bond Tests must be used to redeem or defease Nonqualified Bonds in accordance with the requirements set forth in Section 7.7(a)(i) hereof.

- (F) In the event that Disposition Proceeds are to be used by any organization described in Section 529(c)(3) of the Code, the Authority will consult with Bond Counsel as to any additional requirements which may be applicable.

(iii) Alternative Use of Improvements. If the Authority has obtained the opinion of Bond Counsel referenced in paragraph (a) of this Section 7 and, subsequent to the Authority's taking of any Deliberate Action with respect to all or any portion of the Improvements:

- (A) the portion of the Improvements subject to the Deliberate Action is used for a purpose that would be permitted for the Bonds;
- (B) the disposition of the portion of the Improvements subject to the Deliberate Action is not financed by person acquiring the Improvements with proceeds of any obligation the interest on which is exempt from the gross income of the holders thereof under Section 103 of the Code for purposes of federal income taxation; and
- (C) any Disposition Proceeds other than those arising from an agreement to provide services (including Disposition Proceeds arising from an installment sale) resulting from the Deliberate Action are used to pay the debt service on the Bonds on the next available payment date or, within 90 days of receipt thereof, are deposited into an escrow that is restricted as to the investment thereof to the Bond Yield to pay debt service on the Bonds on the next available payment date;

then the Authority may be considered to have taken sufficient Remedial Actions under Section 1.141-12 of the Code to cause the Bonds to continue to be treated as exempt from federal income taxation.

(b) *Conditions to Availability of Remedial Actions*. Unless Bond Counsel shall advise the Authority otherwise, none of the Remedial Actions described

in this Section 7 shall be available to the Authority to remediate the effect of any Deliberate Action with respect to the Bonds unless the following conditions have been satisfied:

- (i) Bond Counsel shall conclude that the Authority, as of the Date of Issuance, did not expect to satisfy either the private business use test or the private loan financing test of Section 141 of the Code and the Regulations thereunder for the entire term of the Bonds;
  - (ii) Bond Counsel shall conclude that the Average Maturity of the Bonds did not, as of the Date of Issuance, exceed 120% of the Average Economic Life of the Improvements;
  - (iii) unless otherwise excepted under the Regulations, the Authority shall deliver a certificate, instrument or other written records satisfactory to Bond Counsel demonstrating that the terms of the arrangement pursuant to which the Deliberate Action is taken is bona fide and arm's length, and that the nongovernmental person using either the Improvements or Proceeds of the Bonds as a result of the relevant Deliberate Action will pay fair market value for the use thereof;
  - (iv) any Disposition Proceeds actually or constructively received by the Authority as a result of the Deliberate Action must be treated as Gross Proceeds of the Bonds and may not be invested in obligations bearing a Yield in excess of the Bond Yield subsequent to the date of the Deliberate Action; and
  - (v) Proceeds of the Bonds affected by the Remedial Action must have been allocated to Expenditures for a governmental purpose before the date on which the Deliberate Action occurs.
- (c) Absent an opinion of Bond Counsel, no Remedial Actions shall be available to remediate the satisfaction of the "private security or payment test" of Section 141(b) of the Code and the Regulations thereunder regarding the same with respect to the Bonds.
- (d) Nothing herein shall prohibit the Authority from taking any Remedial Actions not described herein that may become available subsequent to the Date of Issuance of the Bonds to remediate the effect of a Deliberate Action taken with respect to the Bonds, the Proceeds thereof or the Improvements.
- (e) *Additional Defined Terms.* For purposes of this Section 7, the following terms shall have the following meanings:

“*Commissioner*” means the Commissioner of Internal Revenue, including any successor person or body.

“*Defeasance Escrow*” means an irrevocable escrow established to redeem obligations on their earliest call date in an amount that, together with investment earnings thereon, is sufficient to pay the principal of, and interest and call premium on, obligations from the date the escrow is established to the earliest call date. A Defeasance Escrow may not be invested in higher Yielding investments or in any investment under which the obligor is a user of the Proceeds of the obligations.

“*Deliberate Action*” means any action, occurrence or omission by the Authority that is within the control of the Authority which causes either (1) the private business use test of Section 141(b) of the Code to be satisfied with respect to the Bonds or the Improvements (without regard to the private security or payment test of Section 141(b) of the Code), or (2) the private loan financing test of Section 141(c) of the Code to be satisfied with respect to the Bonds or the Proceeds thereof. An action, occurrence or omission is not a Deliberate Action if (1) the action, occurrence or omission would be treated as an involuntary or compulsory conversion under Section 1033 of the Code, or (2) the action, occurrence or omission is in response to a regulatory directive made by the government of the United States.

“*Disposition Proceeds*” means any amounts (including property, such as an agreement to provide services) derived from the sale, exchange or other disposition of property (other than Investments) financed with the Proceeds of the Bonds.

“*Nonqualified Bonds*” means that portion of the Bonds outstanding at the time of a Deliberate Action in an amount that, if the outstanding Bonds were issued on the date on which the Deliberate Action occurs, the outstanding Bonds would not satisfy the Private Business Use Test or the Private Loan Financing Test, as applicable. For this purpose, the amount of private business use is the greatest percentage of private business use in any one-year period commencing with the Deliberate Action.

“*Private Activity Bond Tests*” means, collectively, the Private Business Use Test, the private security or payment test of Section 141(b)(2) of the Code and the Regulations thereunder, or the Private Loan Financing Test.

“*Private Business Use Test*” has the meaning set forth in Section 141(b)(1) of the Code.

“*Private Loan Financing Test*” has the meaning set forth in Section 141(c) of the Code.

“*Remedial Action*” means any of the applicable actions described in Section 7.7 hereof, or such other actions as may be prescribed from time to time by the Department of the Treasury or the Internal Revenue Service, which generally have the effect of rectifying noncompliance by the Authority with certain provisions of

Section 141 of the Code and the Regulations thereunder and are undertaken by the Authority to maintain the federal tax status of the Bonds.

7.8 The Authority and the District will comply with the provisions herein and the Written Compliance Procedures attached and incorporated herein as Schedule F.

This Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

CLEVELAND COUNTY EDUCATIONAL  
FACILITIES AUTHORITY

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Chairman

Agreed and accepted by:

INDEPENDENT SCHOOL DISTRICT NO. 29  
OF CLEVELAND COUNTY, OKLAHOMA  
(NORMAN PUBLIC SCHOOLS)

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Title:

SCHEDULE A-1

DEBT SERVICE SCHEDULE

SCHEDULE A-2

EXPECTED DRAW DOWN SCHEDULE  
FOR IMPROVEMENTS

SCHEDULE B  
**Project and Useful Life Computation**

The project consists of capital expenditures having an average economic life of at least 30 years.

SCHEDULE C

[Form 8038-G]

See attached

SCHEDULE D

[Yield Calculations]

See attached

**SCHEDULE E-1  
UNDERWRITER'S QUESTIONNAIRE**

See Attached.

SCHEDULE E-2  
**ISSUE PRICE CERTIFICATE**

See Attached.

SCHEDULE F  
**WRITTEN COMPLIANCE PROCEDURES**

SEE ATTACHED

## Rebate Memorandum

### Introduction

Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), contains provisions that impose requirements as a condition to the exclusion from Federal income taxation of interest on the Bonds. Under these provisions, the Authority is required to periodically rebate to the Federal government certain excess earnings from the investment of Bond proceeds. Compliance with the procedures set forth herein is necessary to meet these requirements, unless an exception to rebate applies. On August 18, 1993, the Internal Revenue Service released final regulations with respect to the rebate requirement. The procedures set forth below are subject to amplification and revision as necessary to comply with the rebate requirement. We may provide you or you may seek supplements to this Memorandum from time to time and all such supplements shall be deemed to be included in this Memorandum and shall be considered part of the Authority's Arbitrage and Use of Proceeds Certificate delivered in connection with issuance of the Bonds.

**Section 1. Definitions.** For the purposes of this Rebate Memorandum, the following words and terms shall have the respective meanings set forth as follows:

**"Adverse Tax Event"** means any action, event, occurrence or omission that would cause the Bonds to fail to continue to qualify for tax-exempt treatment for purposes of federal income taxation under the Code and Regulations.

**"Authority"** means the Cleveland County Educational Facilities Authority.

**"Available Construction Proceeds"** means the Issue Price of the Bonds allocable to the construction portion of the Bonds, less proceeds used to pay costs of issuance plus all investment earnings on such amounts prior to the close of each six month period described in Section 2.2(F)(1) hereof. For purposes of this definition, earnings include earnings on any tax-exempt bond.

**"Bond Year"** means each 1-year period (or shorter period) from the date of issue that ends at the close of business on the day in the calendar year selected by the Authority which is the last day in a compounding interval used in calculating Yield on the Bonds. The first Bond Year ends \_\_\_\_\_, 2023.

**"Bonds"** means the Authority's \$\_\_\_\_\_ Educational Facilities Lease Revenue Bonds (Norman Public Schools Project) Tax-Exempt Series 2023A, dated \_\_\_\_\_, 2023.

**"Code"** means the Internal Revenue Code of 1986, as amended.

**"Computation Date"** means any Installment Computation Date or the Final Computation Date.

**"Computation Date Credit"** means on the last day of each Bond Year which there are Gross Proceeds, subject to the Rebate Requirements herein, and of the Bonds on the Final Computation Date the amount of \$1,830 (the foregoing amount is effective for calendar year 2023

and is subject to an annual increase for cost of living as provided in Prop. Treas. Reg. 1.148-3(d)(4).

**"Computation Period"** means the period beginning on the day following a Computation Date (or in the case of the first period, the date of issuance of the Bonds) and ending on the next succeeding Computation Date.

**"Construction Bonds"** mean an issue in which all of the bonds are either (i) Governmental Bonds; (ii) Qualified 529(c)(3) Bonds or (iii) Private Activity Bonds to finance property owned by a governmental unit or a 529(c)(3) organization, if at least 75 percent of the net proceeds of the issue are to be used for expenditures for construction, reconstruction and rehabilitation of property which is owned by a governmental entity or a 529(c)(3) organization.

**"Construction Expenditures"** means capital expenditures (as defined in Treas. Reg. § 1.150-1) (i.e., amounts used for construction, reconstruction or rehabilitation of buildings or other inherently permanent structures, including items that are structural components of such buildings or structures, and architectural and engineering fees, site survey fees, legal expenses: insurance premiums and development fees to the extent such fees and expenses directly relate to other construction costs). The term includes such items as wiring, plumbing, central heat and air, pipes, ducts, elevators, parking and sewage lines.

**"Controlled Group"** means a group of entities controlled directly or indirectly by the same entity or group of entities. In general, "direct control" exists while a controlling entity possesses either of the following right or powers and such rights or powers are discretionary and non-ministerial: The right or power (i) both to approve and to remove without cause a controlling portion of the governing body of the controlled entity, or (ii) to require the use of funds or assets of the controlled entity, for any purpose of the controlling entity. If one entity (the "Controlling Entity") directly controls another (the "Controlled Entity"), then the Controlling Entity indirectly controls any entity controlled directly or indirectly by such Controlled Entity.

**"Exempt Person"** means any State or local government unit of the State.

**"Extraordinary Working Capital Item"** means expenditures for extraordinary, nonrecurring items that are not customarily payable from current revenues, such as casualty losses or extraordinary legal judgments in amounts in excess of reasonable insurance coverage.

**"Fair Market Value"** of an Investment shall have the following meanings:

- (a) In General. Except as elsewhere specifically stated below, the Fair Market Value of an Investment is the price at which a willing buyer would purchase the Investment from a willing seller in a bona fide, arm's-length transaction. Fair Market Value generally is determined on the date on which a contract to purchase or sell the Nonpurpose Investment becomes binding (i.e., the trade date rather than the settlement date). Except as otherwise provided in this definition, an Investment that is not of a type traded on an established securities market (within the meaning of Section 1273 of the Code), is

rebuttably presumed to be acquired or disposed of for a price that is not equal to its Fair Market Value.

- (b) United States Treasury Obligation. The Fair Market Value of a United States Treasury Obligation that is purchased directly from the United States Treasury is its purchase price.
- (c) Certificate of Deposit. The purchase of certificates of deposit with fixed interest rates, fixed payment schedules and substantial penalties for early withdrawal will be deemed to be an Investment purchased at its Fair Market Value on the purchase date if the Yield on the certificate of deposit is not less than:
  - (i) the Yield on reasonably comparable direct obligations of the United States; and
  - (ii) the highest Yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.
- (d) Guaranteed Investment Contracts. A Guaranteed Investment Contract is a contract which is not a certificate of deposit entered into for purposes of investing Gross Proceeds of tax-exempt obligations with a party other than the issuer or borrower of tax-exempt obligations at an interest rate or rates specified in the contract if all obligations under the investment contract are purchased at par and retired or redeemed at par plus accrued interest. A Guaranteed Investment Contract will be deemed to be an Investment purchased at its Fair Market Value if:
  - (i) the Authority or its agent makes a bona fide solicitation for the purchase of the investment. A bona fide solicitation is a solicitation that satisfies all of the following requirements: (A) the bid specifications are in writing and are timely forwarded to potential providers; (B) the bid specifications include all material terms of the bid (a term is material if it may directly or indirectly affect the Yield or the costs of the investment); (C) the bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Authority or any other person (whether or not in connection with the bond issue), and that the bid is not being submitted solely as a courtesy to the Authority or any other person for purposes of satisfying the requirements of Section 1.148-5(d)(6)(iii)(B)(1) or (2) of the Regulations; and (D) the terms of the bid specifications are commercially reasonable, i.e., there is a legitimate business purpose

for the term other than to increase the purchase price or reduce the Yield on the Investment;

(ii) the bids received by the Authority meet all of the following requirements: (A) the Authority receives at least three bids from providers that the Authority solicited under a bona fide solicitation meeting the requirements of paragraph (i) above that do not have a material financial interest in the issue, such as a lead underwriter, financial advisory or a related party of the Authority (a lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the issue date of the issue); any entity acting as a financial advisor with respect to the purchase of the Guaranteed Investment Contract at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue, and a provider that is related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue; (B) at least one of the three bids is from a reasonably competitive provider; and (C) if the Authority uses an agent to conduct the bidding process, the agent did not bid to provide the Guaranteed Investment Contract;

(iii) the winning bid is the highest Yielding bona fide bid (determined net of any broker's fees);

(iv) the provider of the Guaranteed Investment Contract or the obligor on the Guaranteed Investment Contract must certify the administrative costs that it pays (or expects to pay, if any) to third parties in connection with supplying the investment and such costs are Qualified Administrative Costs; and

(v) the Authority retains the following items with the bond documents until three years after the Bonds are paid: (A) a copy of the Guaranteed Investment Contract; (B) the receipt or other record of the amount actually paid by the Authority for the Guaranteed Investment Contract, including a record of any administrative costs paid by the Authority, and the certification referred to in paragraph (iv) above; (C) for each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results; (D) the bid solicitation form and, if the terms of the Guaranteed Investment Contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

**"Final Computation Date"** means the day the last of the Bonds is discharged.

**"Future Value"** of a payment or receipt means the amount, determined by using the economic accrual method (the method of computing Yield based on the compounding of interest at the end of each compounding period), equal to the value of such payment or receipt at the time it is paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over the period at a rate equal to the Yield on the Bonds, using the same compounding interval and financial conventions used to compute Yield.

**"Governmental Bonds"** means bonds which are not Private Activity Bonds.

**"Gross Proceeds"** means Sale Proceeds, Investment Proceeds, Transferred Proceeds and Replacement Proceeds.

**"Installment Computation Date"** means the last day of the fifth Bond Year and each succeeding fifth Bond Year (until and excluding the Final Computation Date).

**"Investment"** means (i) any security (within the meaning of Section 165(g)(2)(A) or (B), (ii) any obligation (other than tax-exempt obligations which are not "specified private activity bonds" within the meaning, of Section 57(a)(5)(C) of the Code, (iii) any annuity contract within the meaning of Section 72 of the Code, (iv) any residential real property for family units not located within the jurisdiction of the Authority or (v) any investment-type property that is held as a passive vehicle for the production of income, including any prepayment for property, or services if a principal purpose of a prepayment is to receive an investment return from the time a prepayment is made until the time payment would otherwise have been made.

**"Investment Proceeds"** means amounts actually or constructively received from the investment or reinvestment of sale proceeds and/or investment proceeds.

**"Nonpurpose Investment"** means any Investment in which Gross Proceeds are invested and which is not acquired to carry out the governmental purpose of the issue.

**"Plain Par Bond"** means a qualified tender bond or a bond that (i) is issued with original issue discount or premium equal to not more than 2 percent of the stated redemption price at maturity, (ii) is issued for a price that does not include accrued interest other than interest that accrues up to one year prior to issuance and is paid within one year afterwards, (iii) bears interest from the issue date at a single stated fixed rate or is a variable rate obligation that pays interest at least annually, and (iv) has a lowest stated redemption price not less than its outstanding stated principal amount.

**"Plain Par Investment"** means an investment that is an obligation that (i) is issued with original issue discount or premium (or if acquired on a date other than the issue date, acquired with market discount premium) equal to not more than 2 percent of the stated redemption price at maturity, (ii) is issued for a price that does not include accrued interest other than interest that accrues up to one year prior to issuance and is paid within one year afterwards, (iii) bears interest from the issue date at a single stated fixed rate or is a variable rate obligation that pays interest at least annually, and (iv) has a lowest stated redemption price not less than its outstanding stated principal amount.

**"Present Value"** means the amount determined by using the following formula:

$$PV = \frac{FV}{(1 + r)^n}$$

$$(1+i)^n$$

where *i* equals the discount rate divided by the number of compounding intervals in a year and *n* equals the sum of (i) the number of whole compounding intervals for the period ending on the Computation Date and (ii) a fraction the numerator of which is the length of any short compounding interval during such period and the denominator of which is the length of a whole compounding interval.

**"Private Activity Bonds"** means bonds which meet the definition contained in Section 141(a) of the Code.

**"Qualified Administrative Costs"** means:

- (a) **In General.** All reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage or selling commissions, but not legal and accounting fees, recordkeeping, custody and similar costs. General overhead costs and similar indirect costs of the Authority such as employee salaries and office expenses and costs associated with computing the Rebate Amount are not qualified administrative costs. In general, administrative costs are not reasonable unless they are comparable to administrative costs that would be charged for the same investment or a reasonably comparable investment if acquired with a source of funds other than gross proceeds of tax-exempt bonds.
- (b) **Regulated Investment Companies and External Commingled Funds.** For publicly offered regulated investment companies (as defined in Section 67(c)(2)(B)) and commingled funds in which the Authority and any Controlled Entity, do not own more than 10 percent of the beneficial interest in the fund, Qualified Administrative Costs are all reasonable administrative costs, without regard to the limitation on indirect costs described in the preceding paragraph.
- (c) **GICs.** For a guaranteed investment contract, a broker's commission paid on behalf of either the Authority or the provider is a Qualified Administrative Cost to the extent that it does not exceed lesser of (i) \$43,000, adjusted annually by the costs of living adjustment as determined under Section 1(f)(3) using the language "calendar year 2003" instead of "calendar year 1992" in Section 19(f)(3)(B) or (ii) 0.2% of the Gross Proceeds the Authority expects to be deposited in the GIC over its term or, if more, \$4,000 or an amount as allowed under the applicable Revenue Procedure for the year. Qualified Administrative Costs may not exceed \$122,000 (subject to cost of living adjustment).
- (d) **Purpose Investments.** Qualified Administrative Costs include costs or expenses paid, directly or indirectly, to purchase, carry, sell, or retire the investment; costs of issuing, carrying, or repaying the Bonds, and any underwriters' discount, which are paid by the Authority, even if such payments merely reimburse the Authority, but only to the extent the present value of those payments does not exceed the present

value of the reasonable administrative costs paid by the Authority using the Yield on the Bonds as the discount rate.

- (e) Program Investments. Qualified Administrative Costs include only costs of issuing, carrying or repayment the Bonds, and any underwriters' discount, subject to the limitation contained in the preceding paragraph.

**"Rebate Amount"** means with respect to the Bonds, the amount computed as described in Section 2.2(C).

**"Regulations"** means the Income Tax Regulations promulgated under Section 148 of the Code by the Department of the Treasury from time to time including the Regulations published on August 18, 1993, in the Federal Register, as amended from time to time.

**"Replacement Proceeds"** means amounts with a sufficiently direct nexus to the Bonds or the Project being financed with the Bonds to conclude that such amounts would have been used for the Project if the proceeds of the Bonds were not so used, including, to the extent held by or derived from the Authority or a Controlled Entity of the Authority, including:

- (a) Sinking Funds, such as debt service funds, redemption funds, reserve funds, replacement funds, or any other fund, to the extent reasonably expected to be used directly or indirectly to pay principal or interest on the Bonds;
- (b) Pledged funds, any amount directly or indirectly pledged to pay principal or interest on the Bonds, cast in any form but providing reasonable assurance that such amount will be available to pay principal or interest on the Bonds, even if the Authority encounters financial difficulty,
- (c) Negative pledges, amounts held under an agreement to maintain such amount at a particular level for the direct or indirect benefit of holders or a guarantor of the Bonds, excluding amounts the Authority or a Controlled Entity of the State may grant rights in superior to the rights of the bondholders or the guarantor and amounts not in excess of the reasonable needs for which it is maintained, the required level of which is tested no more frequently than every 6 months and which may be spent without any substantial restriction other than a requirement to replenish such amount by the next testing date;
- (d) Other replacement proceeds, including amounts arising during a period that the Bonds, to the extent reasonably expected by the Authority as of the issue date, remain outstanding longer than necessary and amounts arising to the extent proceeds of the Bonds are used to finance a working capital reserve unless all of the Net Proceeds of the Bonds are spent within 6 months of their issue date, or meet the small issuer rebate exception.

**"SLGS"** means a U.S. Treasury Book Entry, Security, State and Local Government Series.

**"Sale Proceeds"** means amounts actually or constructively received from the sale or other disposition of the Bonds but not including amounts used within one year after the date of issue to pay accrued interest.

**"Small Governmental Unit Bonds"** means the portion of the Bonds eligible for rebate relief under Code Section 148(f)(4)(D).

**"Transferred Proceeds"** means proceeds of a prior issue that are allocable to a refunding issue at the time proceeds of the refunding issue are used to pay principal, interest or retirement price of the prior issue.

**"Treasury"** means the United States Department of Treasury.

**"Universal Cap"** means the maximum value of Nonpurpose Investments which may be allocable to the Bonds and is determined by reference to the Value of all outstanding bonds of the Bonds. Nonpurpose Investments shall be taken into account as Nonpurpose Receipts at their Value on a Valuation Date.

**"Valuation Date"** means the date on which the value of the Universal Cap and the Nonpurpose Investments allocable to the Bonds thereunder are determined. With respect to new money issues, the first Valuation Date shall be the second year anniversary date of the date of issuance of the Bonds; thereafter, the first day of each Bond Year shall constitute a Valuation Date. With respect to a refunding issue, each date on which proceeds of the refunded issue would become transferred proceeds of the refunding issue, e.g. each date on which principal of the refunded issue is paid with proceeds of the refunding bonds, shall constitute a Valuation Date. In addition, the first date of each Bond Year shall also be a Valuation Date.

**"Value"** means, in the case of a Bond, the Value of a Bond and in the case of an Investment, the Value of an Investment.

**"Value of a Bond"** means, in the case of a Plain Par Bond, its outstanding stated principal amount, plus accrued unpaid interest or in the case of a Plain Par Bond actually redeemed, or treated as redeemed, its stated redemption price on the redemption date plus accrued unpaid interest. In the case of a Bond other than a Plain Par Bond, the value on a date of such a Bond is its Present Value on that date, using the Yield on the Bonds as the discount factor.

**"Value of an Investment"** means, as of any date, for any Investment, Fair Market Value as of that date; for any fixed rate investment, Present Value on that date; and for any Plain Par Investment, the outstanding stated principal amount, plus accrued unpaid interest, as of that date. Yield restricted investments must be valued at Present Value, amounts allocated or that cease to be allocated to an issue must be allocated at Fair Market Value, except in cases in which such Nonpurpose Investments transferring as a result of the universal cap or transferred proceeds rules may be valued at present value, and amounts allocated to transferred proceeds may not be valued in excess of the value used for arbitrage restrictions applicable to the refunded issue.

**"Working Capital Expenditure"** means any cost of a type that does not constitute a Capital Expenditure.

**"Yield"** means, as of any Computation Date, the Yield computed on the Bonds under Treasury- Regulation Section 1.148-4 and on an Investment under Treasury Regulation Section 1.148-5 in either case by compounding interest at the end of each compounding interval as further described in paragraphs (A) and (B) below:

(A) When used with respect to the Bonds. Yield means that discount rate that, when used in computing the Present Value of (i) all unconditionally payable payments of principal and interest of or on the Bonds, (ii) all unconditionally payable fees for Qualified Guarantees and Qualified Hedges on such Bonds and (iii) all fees expected to be paid for Qualified Guarantees and Qualified Hedges, produces an amount equal to the sum of the Present Value of the aggregate Issue Prices of the Bonds comprising the entire issue (determined using the same discount rate used to determine the Present Value of payments for principal, interest and Qualified Hedges and Qualified Guarantees). The Yield is computed as of the issue date of the Bonds by treating each Bond included in the issue that is either subject to mandatory or contingent early redemption or to certain optional redemption provisions as being redeemed on its expected early redemption date for an amount equal to its Value on that date. If a Bond (i) is subject to optional redemption within 5 years of its issue date and the Yield not taking into account the optional redemption is more than 1/8 of 1% above its Yield assuming the early redemption, (ii) is issued at an Issue Price that exceeds the stated redemption price at maturity by more than 1/4 of 1% multiplied by the product of the stated redemption price to maturity and the number of complete years to the first optional redemption date for the Bond, or (iii) bears interest at increasing interest rates, the Yield on the issue including such Bond is computed by treating the Bond as redeemed at its stated redemption price on the optional redemption date that produces the lowest Yield on the Bonds. No adjustment will be made on any Computation Date to the Yield on the Bonds as computed on its issue date unless redemption rights are subsequently transferred to a third party or termination payments are received with respect to Qualified Hedges. The Yield on a Bond is calculated in the same manner as Yield on the entire issue of Bonds.

(B) When used with respect to any Investment allocated to an issue. Yield means the Yield on the Investment computed using the same compounding interval and financial conventions used to calculate the Yield on the issue of obligations to which it is allocated. The Yield on an Investment allocated to an issue is the discount rate that, when used on the date the Investment is first purchased with Gross Proceeds or allocated to Gross Proceeds of the issue to compute the Present Value on that date of all unconditionally payable Nonpurpose Receipts from the Investment, produces an amount equal to the Present Value on that date of all unconditionally payable Nonpurpose Payments for the Investment.

**Section 2.1. General Tax and Rebate Covenant.** The Authority understands that the continued non-inclusion of interest on the Bonds for purposes of federal income taxation depends, in part, upon compliance with the arbitrage limitations imposed by Section 148 of the Code, including the rebate requirement described in Section 2.2 hereof, unless an exception to rebate applies.

**Section 2.2. Calculation of Rebate Amount.** The Code requires the payment to the United States of the excess of the amount earned on the investment of Gross Proceeds in Nonpurpose Investments over the amount that would have been earned on such investments had the amount so invested been invested at a rate equal to the Yield on the Bonds, together with any income attributable to such excess. Except as provided below, all Gross Proceeds of the Bonds are subject to this requirement. In order to meet the rebate requirement of the Code, the Authority must take the following actions:

(A) Record of Investments. The Authority will record the date of receipt, amount and source of any Gross Proceeds (e.g., proceeds from the sale of the Bonds, loan repayments, investment earnings). For each Nonpurpose Investment acquired with or allocated to Gross Proceeds of the Bonds, the Authority will record the purchase date or allocation date of such investment, its purchase price (excluding any broker or dealer's commission or discount) or, if not acquired directly with Gross Proceeds, its Value on the date the Nonpurpose Investment is allocated to Gross Proceeds, accrued interest due on its purchase date, or allocation date, its face amount, its coupon rate, its Yield to maturity, the frequency of its interest payment, its Yield, the frequency of its interest payment, its disposition price, the accrued interest due on its disposition date and its disposition date. In addition, the Authority will record the date and amount of all expenditures of Bond proceeds including expenditures for rebate, other than expenditures to acquire investments.

(B) Method for Computing Rebate Yield. For each Computation Period, the Authority shall determine the Yield on the Bonds computed as required by Treas. Reg. §1.148-4(b). When expressed as a decimal, Yield shall be accurate to at least four decimal places.

(1) Definition. Except as provided in subparagraph (3) below, Yield as of any Computation Date is the discount rate that when used in computing the Present Value as of the date of issue of all unconditionally payable payments of principal, interest and fees for qualified guarantees on the Bonds and amounts reasonably expected to be paid as fees for Qualified Guarantees of the Bonds, produces an amount equal to the Value of the Bond, using the same discount rate, of the aggregate Issue Price of the Bonds of the date of issue.

(2) Issue Price. The “Issue Price” of obligations means the “issue price” defined in Section 1.148-1(f) of the Regulations. Except as otherwise defined in such section of the Regulations, the Issue Price of obligations issued for money is the first price at which ten percent of the obligations is sold to the public (as defined in Section 1.148-1(f)(3)(ii) of the Regulations). If an obligation is issued for money in a private placement to a single buyer that is not an underwriter (as defined in Section 1.148-1(f)(3)(iii) of the Regulations) or a related party (as defined in Section 1.150-1(b) of the Regulations) to an underwriter, the Issue Price of the obligations is the price paid by that buyer. The Issue Price is not reduced by any issuance costs (as defined in Section 1.150-1(b) of the Regulations). Under the so-called “hold the price rule,” the issuer of the obligations may treat the initial offering

price of the public as of the sale date of the obligations as the Issue Price of the obligations if the requirements of paragraphs (f)(2)(ii)(A) and (B) of Section 1.148-1(f) are met. For obligations issued for money in a competitive sale (as defined in Section 1.148-1(f)(3)(i) of the Regulations), the issuer of the obligations may treat the reasonably expected initial offering price to the public as of the sale date as the Issue Price of the obligations if the issuer obtains from the winning bidder a certification of the obligations' reasonably expected initial offering price to the public as of the sale date upon which the price in the winning bid is based.

- (3) Eligibility of qualified guarantee and qualified hedge payments. Payments for a qualified guarantee or a qualified hedge will be eligible to be taken into account as Issue Payments for purposes of computing Yield on the Bonds only if the payment for the guarantee represents a reasonable payment for a qualified guarantee or a qualified hedge.

(C) Computation of Rebate Amount. Subject to the special rules set forth in paragraphs (D), (E), (F), (G), (H) and (I) of this Section, the Authority will determine the Rebate Amount on the Computation Dates. The Rebate Amount as of any Computation Date is the excess of the Future Value at a discount rate equal to the Rebate Yield on the Bonds, of all receipts with respect to Nonpurpose investments over the Future Value of all payments with respect to the purchase of Nonpurpose Investments or the allocation of such investments to the proceeds of the Bonds from the date of issuance, determined as of each Computation Date. To the extent amounts received from investments are reinvested, these amounts may be netted against each other and not taken into account in the Computation of Rebate Amount. The Authority shall determine its nonpurpose receipts and nonpurpose payments as described below.

- (1) Receipts. Receipts with respect to Nonpurpose Investments include (i) actual receipts, amounts actually or constructively received with respect to an investment, reduced by Qualified Administrative Expenses; (ii) disposition receipts, the Value of investments deemed to be sold on the date the investment ceases to be allocated to the issue (except that Present Value *may* be substituted for Fair Market Value with respect to fixed rate investments, investments required to be Yield restricted, and investments transferring by virtue of the universal cap or transferred proceeds rules), (iii) Computation Date Receipts, the Market Value (Present Value, in the case of guaranteed investment contracts and fixed rate investments) of all Nonpurpose Investments allocated to the issue at the close of business on a Computation Date; (iv) rebate receipts, any recovery of an overpayment of Rebate Amount; and (v) Imputed Receipts.
- (2) Payments. Payments with respect to Nonpurpose Investments include (i) direct payments, the amount of Gross Proceeds of the Bonds directly used to purchase the investment, including Qualified Administrative Expenses, (ii) constructive payments, the Value of an investment allocated to (but not directly purchased with) Gross Proceeds on the date so allocated; (iii)

Nonpurpose Investments allocated to the Bonds at the end of the preceding Computation Period, at the value of the investments at the beginning of the computation period; (iv) rebate payments, payments of rebate amounts when due and (v) the computation date credit.

(D) \$100,000 Debt Service Fund Gross Earnings Exception. Notwithstanding anything in this Section 2.2 to the contrary, if the gross earnings from the investments held in a debt service fund for the Bond Year in question, as determined under paragraph (C), are less than \$100,000, then any amount earned on such debt service fund shall not be taken into account in determining the Rebate Amount. For purposes of this paragraph (D), the term "gross earnings" means the aggregate amount earned on the Nonpurpose Investment in which the Gross Proceeds deposited to the debt service fund are invested, including amounts earned on such amounts if allocated to the debt service fund.

(E) Exception for Gross Proceeds Spent Within Six Months. Notwithstanding anything in this Section 2.2 to the contrary, if all of the Gross Proceeds of the Bonds or of the Non-Construction Portion of the Bonds (other than amounts deposited to a Debt Service Fund or a Reserve Fund), including investment earnings received with respect to all Funds and Accounts comprising such issue except the Debt Service Fund, have been expended for the governmental purpose of the issue within six months of the date of issuance, then the only Nonpurpose Investments to be taken into account in the calculation of the Rebate Amount are Nonpurpose Investments acquired with or allocated to Gross Proceeds held in the Reserve Fund, beginning after the earlier of the end of such six month period or the completion of the Project. The existence of sinking fund or pledged fund proceeds or the expectation that such proceeds will arise within six months of the issue date will make the six-month expenditure exception to rebate inapplicable. For purposes of this exception Gross Proceeds used to pay principal of Bonds are not treated as expended on the governmental purpose of the issue.

(F) Exception for Available Construction Proceeds of Construction Bonds Spent Within Two Years.

- (1) Statement of Exception. Notwithstanding anything in this Section 2.2 to the contrary, if all of the Available Construction Proceeds of the Bonds have been expended for the governmental purpose of the issue in accordance with the following phased expenditure schedule: 10% of the Available Construction Proceeds within 6 months of date of issue (of the bonds or if the bonds are refunding bonds, then of the original bonds), 45% within 1 year, 75% within 18 months, 95% within 2 years and 100% within 3 years, then the only Nonpurpose Investments to be taken into account in the calculation of the Rebate Amount are Nonpurpose Investments acquired with or allocated to Gross Proceeds held in the Reserve Fund beginning with the earlier of 2 years after date of issuance or completion of construction. For purposes of this exception, the last 5 percent permitted to be expended after the 2-year period may represent only a reasonably required retainage to ensure compliance with the terms of construction

contracts. Gross Proceeds used to redeem bonds are not treated as expended on the governmental purpose of the issue.

- (2) Election to Exclude Reserve Earnings. If any election has been made in the Authority's Arbitrage and Use of Proceeds Certificate to exclude earnings received with respect to the Reserve Fund from Available Construction Proceeds and therefore from this expenditure requirement, then Nonpurpose Investments acquired with or allocated to Gross Proceeds held in the Reserve Fund will be taken into account in the calculation of the Rebate Amount from the date of issuance of the Bonds.
- (3) Failure to Meet Phased Expenditure Requirement. In the event the Authority fails to expend Available Construction Proceeds of the Bonds in accordance with the schedule set forth in paragraph (1) above, unless an election has been made in its Arbitrage and Use of Proceeds Certificate to pay the penalty, set forth in Section 2.3(C) below, all Gross Proceeds of the Bonds not otherwise excepted from the calculation of the Rebate Amount, will be taken into account in the calculation of the Rebate Amount from the date of issuance of the Bonds. In this regard, no election has been made in the Authority's Arbitrage and Use of Proceeds Certificate to pay a penalty in lieu of rebate.
- (4) Election to Bifurcate Issue. If an election has been made in the Arbitrage and Use of Proceeds Certificate to bifurcate the Issue into a Construction Portion and a Non-Construction Portion or a Construction Portion and a Small Governmental Unit Portion, the portions will be treated as separate issues for purposes of applying Sections 2.2(E) and CF) or Sections 2.2(F) and (G).
- (5) No Election to Satisfy 75 Percent Test on Basis of Actual Facts. No election has been made in the Arbitrage and Use of Proceeds Certificate to satisfy the 75 percent test on the basis of actual facts pursuant to Treasury Regulations Section 1.148-7(f)(2): therefore, the Bonds or the construction portion thereof plus the permissible gross-up (the amount of non-construction expenditures that can be added to the Construction Bond without violating the 75 percent construction expenditure test) will be treated as a Construction Bond on the basis of the Authority's reasonable expectations.
- (6) No Election to Use Actual Facts for Spenddown. No election has been made in the Arbitrage and Use of Proceeds Certificate to include in Available Construction Proceeds the entire amount of actual earnings during the two-year construction period pursuant to Treasury Regulations Section 1.148-7(f)(2); therefore, the Authority may use expected earnings to determine compliance with the spenddown requirements for the first

three spending periods in lieu of using actual earnings through each such period and actual earnings thereafter.

(G) Exception for Gross Proceeds Entirely Spent Within Eighteen Months. Notwithstanding anything in this Section 2.2 to the contrary, if all of the Gross Proceeds of the Bonds (other than amounts on deposit in the Debt Service Fund or a Reasonably Required Reserve Fund), including investment earnings received with respect to all Funds and Accounts comprising such issue except the Debt Service Fund ("Adjusted Gross Proceeds"), have been expended for the governmental purpose of the issue in accordance with the following phased expenditure schedule: 15% of Adjusted Gross Proceeds within six months of the date of issue, 60% within one year and 100% within 18 months, then the only Nonpurpose Investments to be taken into account in the calculation of the Rebate Amount with respect to the Bonds are Nonpurpose Investments acquired with or allocated to Gross Proceeds held in the Reserve Fund, and to any gross proceeds arising after such 18 months which were not reasonably anticipated as of the date of issuance. The existence of sinking fund or pledged fund proceeds or the expectation that such proceeds will arise within 18 months of the issue date will make the 18-month expenditure exception to rebate inapplicable. For purposes of this exception, Gross Proceeds used to pay principal of Bonds are not treated as expended on the governmental purpose of the issue.

(H) Exception for Gross Proceeds Allocable to Governmental Units Issuing \$5,000,000 or Less of Bonds. Notwithstanding anything in this Section 2.2 to the contrary, Nonpurpose Investments acquired with the aggregate amount of Gross Proceeds allocable to the governmental units with special taxing powers which issue \$5,000,000 or less of tax-exempt bonds in the current calendar year shall not be taken into account in the calculation of the Rebate Amount, provided that all of such proceeds allocable to such governmental units are used to purchase bonds which are not private activity bonds and at least 95% of the proceeds of the Bonds are to be used for local governmental activities of the particular Authority.

(I) Debt Service Fund Exception. If the average maturity of the Bonds is at least 5 years and the rates of interest do not vary during the term of the issue, then any amount earned on a debt service fund (other than amounts representing accrued interest or capitalized interest) shall not be taken into account in determining Rebate Amount.

(J) Maintenance of Rebate Amount in the Rebate Fund. If the Rebate Amount exceeds the amount on deposit in the Rebate Fund, the Issuer will deposit or cause to be deposited an amount in the Rebate Fund such that the balance in the Rebate Fund after such deposit equals the Rebate Amount. If the amount in the Rebate Fund exceeds the Rebate Amount, the Authority will withdraw or cause to be withdrawn such excess amount and use it for any lawful purposes.

### **Section 2.3. Payment to United States.**

(A) Unless the Bonds are redeemed prior to such time, the Authority will pay to the United States, not later than 60 days after each Installment Computation Date, an amount which, when added to previous rebate payments made with respect to the Bonds, is equal to not less than

90 percent of the Rebate Amount. The Authority will pay to the United States, not later than 60 days after the Bonds are fully paid or redeemed, 100 percent of the Rebate Amount on the Final Computation Date. If the final rebate payment is made within 60 days after the Final Computation Date, interest on the Rebate Amount will be deemed to accrue at the underpayment rate under Section 6621 of the Code, beginning on the date the Rebate Amount is due and ending on the date 10 days before it is paid.

(B) The Authority will mail each payment to the Internal Revenue Service Center, Ogden, Utah 84229. Each payment shall be accompanied by the copy of the Form 8038-G and the Information Report filed with respect to the Bond issue and a statement identifying the Authority and the Issue, including the CUSIP number of the Bond with the latest maturity for which there is a CUSIP number, and a statement summarizing the determination of the Rebate Amount.

(C) If during the Computation Period, the aggregate amount earned on Nonpurpose Investments in which the Gross Proceeds of the Bonds are invested is less than the amount that would have been earned if the obligations had been invested at a rate equal to the Yield on the Bonds as determined in Section 2.2, no such deficit may be recovered from any Rebate Amount previously paid to the United States.

**Section 2.4. Recordkeeping.** In connection with the rebate requirement, the Authority will maintain the following records:

- (A) The Authority will retain records of the determinations made pursuant to Section 2.2 until six years after the retirement of the last obligation of the issue.
- (B) The Authority will record all amounts paid to the United States pursuant to Section 2.3.
- (C) The Authority will retain all records relating to the issue of the Bonds until six years after the retirement of the last obligation of the issue pursuant to the Code and the Regulations.

**Section 2.5. Fair Market Value.** The Authority will not acquire Nonpurpose Investments at other than an arm's length. Fair Market Value price unless the regulations addressing imputed receipts have been promulgated by the Treasury.

**SUBLEASE AGREEMENT**

By and Between

**CLEVELAND COUNTY EDUCATIONAL FACILITIES AUTHORITY,**

Sublessor

and

**INDEPENDENT SCHOOL DISTRICT NO. 29  
OF CLEVELAND COUNTY, OKLAHOMA  
(NORMAN PUBLIC SCHOOLS),**

Sublessee

**SUBLEASE AGREEMENT**

THIS SUBLEASE AGREEMENT (this “Sublease”) is made and entered into as of the 1<sup>st</sup> day of \_\_\_\_\_, 2023, by and between Cleveland County Educational Facilities Authority, a public trust organized and existing under the laws of the State of Oklahoma (“Sublessor”) and Independent School District No. 29, Cleveland County, Oklahoma (Norman Public Schools) a School District (the “School District”) organized and existing under the laws of the State of Oklahoma (“Sublessee”).

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Exhibit A Legal Description of Property  
Exhibit B Schedule of Semi-Annual Rent Payments  
Exhibit C Schedule of Lease Purchase Acquisition Payments for Improvements  
Exhibit D Plans and Specifications for Improvements and Schedule for Completion  
Exhibit E Form of Requisition Certificate  
Exhibit F Combined Schedule of Semi-Annual Rent Payments and Acquisition Payments  
Exhibit G Form of Bill of Sale  
Exhibit H Form of Release of Security Interest

## RECITALS

WHEREAS, Sublessor has entered into a Bond Indenture dated as of \_\_\_\_\_ 1, 2023, with BancFirst, Oklahoma City, Oklahoma, a state banking corporation, regarding the issuance of Bonds (defined herein) to provide a portion of the funds required for the acquisition, construction, equipping, renovating and remodeling of school buildings, acquiring school furniture, fixtures and equipment and acquiring and improving school sites within the Norman Public School District (the District” or “School District”), refunding and redeeming certain outstanding bonds of the Issuer which financed the costs of acquiring, constructing, equipping, furnishing, repairing and remodeling other school buildings for use by the School District (the “Prior Bonds”), for the benefit of Sublessee, the payment of capitalized interest on the Bonds, if any, and the payment of the cost of the issuance of the Bonds (the “Project”); and

WHEREAS, Sublessee owns the Real Property (defined herein) on which the Improvements (defined herein) will be placed, and the Indenture (defined herein) anticipates that Sublessee will lease the Real Property to Sublessor pursuant to a Ground Lease (defined herein) to facilitate the issuance of the Bonds; and

WHEREAS, the Indenture further anticipates that Sublessor will enter into this Sublease with Sublessee wherein the Real Property will be subleased to Sublessee to enable Sublessee to utilize the proceeds of the Bonds for the construction and placement of the Improvements on the Real Property and to provide a mechanism for Sublessee to obtain title to the Improvements, free and clear of the Security Interests (defined herein);

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements which follow, the parties hereby agree as follows:

**SECTION 1. Definitions.** All words and terms used in this Sublease and not otherwise defined herein shall have the meaning given them in the Indenture. The following terms as used in this Sublease, shall have the following meanings, unless the context indicates otherwise:

“*Assignment*” means the Assignment of Rents and Leases of even date herewith executed by Sublessor in favor of the Trustee (defined herein), as the same may be amended and/or supplemented from time to time as permitted by the Indenture and any other encumbrance of Sublessor’s interests in this Sublease in favor of the Trustee.

“*Board of Education*” means the governing board of the District.

“*Bond Documents*” means, collectively, the Indenture, the Bonds, the Bond Resolution, the Ground Lease, the Assignment, the Continuing Disclosure Agreement, and this Sublease and any other documents executed to secure payment of the Bonds or performance of obligations under the Indenture and all other instruments or agreements executed by Sublessee or Sublessor in connection with the issuance and delivery of the Bonds.

“*Bonds*” means the Issuer’s Educational Facilities Lease Revenue Bonds (Norman Public Schools Project) \$\_\_\_\_\_ Tax-Exempt Series 2023A (“Series 2023A Bonds”) and \$\_\_\_\_\_ Federally Taxable Series 2023B Bonds (“Series 2023B Bonds”) (together the “Bonds”).

“*Bond Counsel*” means the Floyd & Driver, PLLC, Norman, Oklahoma.

“*Commencement Date*” means \_\_\_\_\_ 1, 2023.

“*Continuing Disclosure Agreement*” means the Continuing Disclosure Agreement between Sublessee and Trustee dated as of \_\_\_\_\_ 1, 2023.

“*Event of Default*” has the meaning set forth in *Section 17* hereof.

“*Financial Advisor*” means BOK Financial Securities, Inc., Oklahoma City, Oklahoma.

“*Ground Lease*” means the Ground Lease Agreement of even date herewith between Sublessee, as the Lessor, and Sublessor, as the Lessee, and made a part hereof, as the same may be amended and/or supplemented from time to time in accordance with the provisions thereof.

“*Improvements*” means all new improvements to and constructed on the Real Property and the fixtures and the Personal Property placed on the Real Property for the completion of the new educational facilities for the benefit of Sublessee.

“*Indenture*” means the Bond Indenture of even date herewith between Sublessor and the Trustee, as the same may be amended and/or supplemented from time to time in accordance with the provisions thereof.

“*Leasehold Estate*” means the leasehold estate in the Premises and Improvements created pursuant to this Sublease.

“*Lien*” means any lien, encumbrance, or charge levied on account of any mechanic's, laborer's, or materialmen's lien, or any security agreement, conditional bill of sale, title retention agreement, chattel mortgage, or otherwise created or permitted that might or does constitute a lien, encumbrance, or charge upon the Improvements or Real Property, or any part thereof, or the income therefrom.

“*Permitted Encumbrances*” means (i) liens, if any, for ad valorem taxes, special assessments, and other charges not then delinquent or for taxes, assessments, and other charges being contested in accordance with the terms of this Sublease, (ii) the Bond Documents and Security Interests, (iii) currently existing utility, access, and other easements and rights of way, restrictions, and exceptions, (iv) liens or encumbrances securing Additional Bonds permitted by the Indenture, (v) inchoate mechanics’ and materialmen’s liens that arise by operation of law, but that have not been perfected by the required filing of record, for work done or materials delivered after the date of recording a memorandum of this Sublease, and (vi) the Ground Lease.

“*Personal Property*” means all machinery, equipment, appliances, furniture, and any other personal property of any kind or description and used in connection with the Improvements and by agreement of the parties hereto will not become fixtures under the laws of the State of Oklahoma until the Sublessee has acquired the Improvements from the Sublessor pursuant to Section 3 of this Sublease.

“*Premises*” means the existing improvements on the Real Property, if any, and the Real Property.

“*Purchase Price*” means the agreed upon purchase price for the Improvements that is more particularly described in Exhibit “C” attached hereto, incorporated herein by reference and made a part hereof.

“*Real Property*” means the land located in the County of Cleveland, Oklahoma that is more particularly described in Exhibit “A” attached hereto, incorporated by reference and made a part hereof.

“*Security Interests*” means the security interests of the Trustee granted in the Indenture, the Assignment and any other liens or security interests granted in favor of the Trustee to secure payment of the Bonds and performance of all obligations under the Indenture.

“*State*” means the State of Oklahoma.

“*Term*” has the meaning set forth in Section 2 hereof.

“*Termination Date*” means the date on which the Term ends by termination or expiration of this Sublease.

“*Trustee*” means BancFirst, Oklahoma City, Oklahoma, a state banking corporation, as Trustee under the Indenture, and its successors and assigns in such capacity.

## **SECTION 2. Lease of Real Property; Term.**

(a) *Term.* Sublessor, in consideration of the rents, covenants, agreements, and conditions herein set forth that Sublessee hereby agrees shall be paid, kept, and performed, does hereby sublease unto Sublessee, and Sublessee does hereby accept from Sublessor, the Real Property, together with all existing improvements, if any, and the Improvements now or hereafter located thereon and the appurtenances thereto and all other Improvements hereunder. The term of this Sublease shall commence on the Commencement Date and shall expire on June 30, 2023, unless extended for additional one (1) year terms (the “Annual Term(s)”) or earlier terminated as herein provided (the “Term”). So long as Sublessee is not in default under the terms of this Sublease as of the end of any Term, Sublessee shall have the right and option to extend the terms of this Sublease on the same terms and conditions for \_\_\_\_\_ (\_\_\_\_) successive Annual Terms each commencing on July 1st and expiring by June 30th, by affirmative action and ratification of the Board of Education of Sublessee which shall take place no later than thirty (30) days after the expiration of the current Annual Term and by providing written notice to Sublessor

and Trustee no less than thirty (30) days after the expiration of the current Annual Term and receiving mutual ratification of the parties hereto. In the event that Sublessee does not anticipate extending the Term of this Sublease or if its Board of Education fails to approve the extension of the term of this Sublease, it shall provide written notice to Sublessor and Trustee no less than thirty (30) days after the expiration of the current Annual Term.

(b) *Termination.* Anything contained herein to the contrary notwithstanding, this Sublease shall terminate upon the occurrence of the first of the following events:

- (i) Sublessee's payment of all amounts required to be paid hereunder or the Issuer's payment in full of the Bonds either by their terms or by earlier defeasance or redemption;
- (ii) The termination of this Sublease by Sublessor on the occurrence of an Event of Default as provided in Section 17;
- (iii) The termination or expiration of the Ground Lease; or
- (iv) The failure of Sublessee to extend the Term of this Sublease as provided in Section 2(a).

**SECTION 3. Rent; Lease Purchase Acquisition Payments.**

(a) *Rent.* Sublessee shall pay from its general fund or building fund or other legally available moneys to the Sublessor (or to the Trustee on behalf of the Sublessor and for benefit of the Sublessor at the written direction of the Sublessor or the Trustee), as consideration for the sublease of Premises and Improvements, semi-annual rental payments in accordance with the "Schedule of Semi-Annual Rent Payments" attached hereto as Exhibit "B" and incorporated herein for all purposes (the "Rent"). Sublessee shall pay all Rent on or before the date the same become due and payable in accordance with the Schedule of Payments.

(b) *Additional Rent.* In addition to the payment of Rent in accordance with the Schedule of Payments, Sublessee shall pay to Sublessor (or to the Trustee on behalf of the Sublessor and for the benefit of the Sublessor at the written direction of the Sublessee or the Trustee), the following (the "Additional Rent") within thirty (30) days of receipt of written itemized invoices for the same from Sublessor or Trustee on behalf of Sublessor:

- (i) Any sums in excess of the Rent for the use of the Improvements necessary for the Sublessor to punctually pay all its obligations in accordance with the terms of the Bond Documents;
- (ii) Any sums which the Sublessor shall be obligated to pay pursuant to the terms of the Bond Documents by reason of any default or delay in payment of sums due thereunder, but only if such delay or default results from the default or breach by Sublessee of the terms, conditions and covenants of this Sublease;

(iii) Any sums expended by the Sublessor or Trustee to insure the Premises and Improvements on Sublessee's failure to maintain insurance in accordance with this Sublease or to otherwise cure any defaults by Sublessee under the Sublease;

(iv) The sum \$30,000 for each of the first consecutive five years the Bonds are outstanding and the sum of \$25,000 for the last consecutive five years the Bonds are outstanding or such other lower cap as may be negotiated prior to closing of the Bonds payable as of each annual anniversary date of this Sublease to defray the administrative costs, and additionally the sum of any pro rata audit costs of Sublessor attributable to the Project, and in addition, the sum of any rebate calculation, rebate determination or rebate payment costs or opinions attributable to the Project, and any fees and expenses, including those incurred by federal and state investigations, examination, or audits of Sublessor attributable to the Project, which payments may be made from interest income derived from accounts or funds created pursuant to the Indenture or from other funds of the Sublessee; and

(v) The sum of the fees and expenses of Trustee as compensation for its services under the Bond Documents, based on a statement for such fees and expenses submitted from time to time by the Trustee to Sublessee, with a copy to Sublessor.

(c) *Lease Purchase Acquisition Payments.* Sublessee shall pay from its bond fund or other legally available funds to Sublessor the Lease Purchase Acquisition Payments representing the Purchase Price (the "Lease Purchase Acquisition Payments") in accordance with the "Schedule of Lease Purchase Acquisition Payments for Improvements" attached hereto as Exhibit "C" and incorporated herein for all purposes. Prior to Sublessee's payment of the Lease Purchase Acquisition Payments for Improvements, legal title to all Improvements shall be vested in Sublessor. The Improvements are and shall at all times be and remain personal property notwithstanding that the Improvements or any part thereof may be or hereafter become in any manner affixed or attached to or embedded in or permanently rested upon real property or any building thereon or attached in any manner to what is permanent by means of cement, plaster, nails, bolts, screws or otherwise. Upon Sublessee's payment of the Lease Purchase Acquisition Payments, legal title to the Improvements corresponding to a Lease Purchase Acquisition Payment as described on the Schedule of Lease Purchase Acquisition Payments for Improvements shall automatically vest in Sublessee free of the Security Interests, but subject to the remaining Permitted Encumbrances (i), (iii), (v) and (vi). To the extent that legal title to the Improvements does not automatically vest in the Sublessee upon payment of the Lease Purchase Acquisition Payments, within a reasonable period of time after the payment of the Lease Purchase Acquisition Payments by Sublessee, Sublessor agrees to execute and deliver to the Sublessee a deed or bill of sale attached hereto as Exhibit "G" and incorporated herein for all purposes, as appropriate, to convey legal title to the Improvements to the Sublessee. Sublessor further agrees to obtain and deliver to Sublessee within a reasonable period of time after the payment of the Lease Purchase Acquisition Payments by Sublessee a release(s) of the Security Interests in the Improvements attached hereto as Exhibit "H" and incorporated herein for all purposes, as appropriate, then vested in Sublessee.

(d) Prepayment Option. Throughout the Term of this Sublease, Sublessee shall have the right and option to acquire title to all of the Improvements, free and clear of the Security Interests, and to terminate this Sublease on payment in full of all Sublessee's obligations pursuant to Section 3 hereunder and Issuer's payment or provision for payment in full of all indebtedness due under the Bond Documents including the principal balance then outstanding on the Bonds, plus all interest accrued or to accrue on such indebtedness through the date of payment of such indebtedness, whether at stated maturity or upon prior redemption, and all other sums due in accordance with the terms of the Indenture. To exercise its right to prepay its obligations hereunder as provided in this Section 3(d), Sublessee shall deliver to the Sublessor and to the Trustee sixty (60) days prior written notice in accordance with Section 20 hereof and Sublessor shall comply with all requirements for the redemption of the Bonds as provided in the Indenture and as required by the Trustee. All sums due from Sublessee under this Sublease and Sublessee's obligation to pay the same shall not be subject to abatement, deduction, set-off or counterclaim and shall be absolute and unconditional in all events.

#### **SECTION 4. Construction of Improvements.**

(a) Construction. On the execution of this Sublease, Sublessee shall promptly commence and complete or cause the completion of the construction, furnishing and equipping of the Improvements in accordance with the "Plans and Specifications for Improvements and Schedule for Completion" as may be prepared at the direction of Sublessee, said Plans and Specifications being incorporated herein for all purposes (the "Plans") and with any requirements in the Indenture. Sublessee shall pursue completion of construction of the Improvements with diligence and without cessation of work and shall complete the construction of the Improvements in accordance with the schedule set forth in the Plans, unless delayed by reason of the occurrence of a Force Majeure event as described in Section 22(r).

(b) Additional Construction Requirements. The Improvements shall be constructed in a good and workmanlike manner using good grades of materials and an appropriately skilled work force and in accordance with all applicable local, state and Federal legal requirements. Sublessee shall promptly pay for all materials and Personal Property incorporated into or to be used in connection with the Improvements and for related labor costs of all contractors and subcontractors and keep the Premises and Improvements free of Liens in accordance with Section 10 hereof. During the course of the construction, Sublessee shall maintain insurance in accordance with Section 7 hereof and provide appropriate security for the job site to avoid damages to or the destruction of the Improvements or personal injury claims arising from the construction of the Improvements. Sublessee shall not materially modify the Plans or construct or cause the constructions of the Improvements except substantially in accordance with the Plans without the prior written consent of the Sublessor and the Trustee.

(c) Costs of Construction. The Improvements shall be constructed, furnished and equipped solely at the direction of Sublessee; provided, however, that so long as Sublessee is not in default under the terms of this Sublease, Sublessee shall be entitled to seek payment for the costs

of construction, furnishing and equipping of the Improvements from the proceeds of the Bonds pursuant to Section 4.02 of the Indenture by the completion and submission to the Trustee of the "Form of Requisition Certificate" attached hereto as Exhibit "E" and incorporated herein for all purposes (the "Requisition"), which must be executed by Sublessee, along with the documentation referred to in the Requisition and any further documentation or information requested by the Trustee or the Sublessor regarding the construction of the Improvements, including, but not limited to the following:

- (i) Progress reports describing the progress of the construction of the Improvements and any problems which could affect the costs or timely completion of the Improvements in accordance with the Plans;
- (ii) Copies of invoices verifying the costs of the construction of the Improvements;
- (iii) Waivers or releases of mechanics' and materialmen's liens from contractors, subcontractors or suppliers who provide labor or materials for the construction of the Improvements;
- (iv) Affidavits of commencement or completion of the Improvements and the payment of all costs in connection with the Improvements; or
- (v) As-built plans or surveys on the completion of the construction of the Improvements.

**SECTION 5. Maintenance and Operating Expenses.**

(a) *Maintenance.* The Sublessee shall, at its sole cost and expense, maintain, repair and keep in good condition all of the Premises and Improvements during the Term of this Sublease, ordinary wear and tear excepted. Sublessee shall, at its sole cost and expense, promptly make any and all repairs, ordinary or extraordinary, foreseen or unforeseen, to the Premises and Improvements as are necessary to maintain the same in good order and repair. On the expiration or earlier termination of this Sublease, Sublessee shall surrender the Premises and Improvements to Sublessor in good condition, ordinary wear and tear excepted, and free and clear of any claims of creditors of Sublessee. On execution of this Sublease, the Sublessee accepts the Premises in its current condition, "as is" and "with all faults."

(b) *Operating Expenses.* At all times during the Term of this Sublease, the Sublessee shall initiate, contract for, obtain and timely pay for all utilities for the Premises and Improvements including gas, electricity and telephone service. Sublessee shall also procure, or cause to be procured, at its sole cost and expense, any and all necessary permits, licenses or other authorizations required for the lawful and proper installation and maintenance on the Premises of wires, cables, pipes, conduits, tubes, fiber optics and other equipment and appliances for use in supplying any such utility service to the Improvements on the Premises.

**SECTION 6.**            **Taxes and Assessments.**

(a)    Payment.        During the Term of this Sublease, Sublessee shall be required to operate and maintain the Premises and Improvements only as a public educational facility, and therefore it is anticipated that the Leasehold Estate of Sublessee created by this Sublease will be exempt from ad valorem property taxes. Nothing contained in this Sublease is intended to change the degree to which the interest or estate of Sublessee created in this Sublease is subject to ad valorem property taxes (the “Taxes”); provided, however, to the extent assessed and to the extent permitted by law, Sublessee shall bear and pay to the public officer charged with the collection thereof, before the same shall become delinquent.

(b)    Contest.        If the imposition of any Taxes shall be deemed by Sublessee or Sublessor to be improper, illegal, or excessive, Sublessee may, in its own name, dispute and contest the same and, in such event and to the extent permitted by law, any such Taxes need not be paid until adjudged to be valid; provided, however, Sublessee shall first notify Sublessor in writing of such dispute and contest and shall comply with the requirements of the Bond Documents and related documents concerning the contest of taxes. Unless so contested, any Taxes shall be paid by Sublessee within the time provided by law, and if contested, any such Taxes shall be paid before the imposition of a lien on the Premises and Improvements with respect thereto. If Sublessor elects to dispute or contest the imposition of any Taxes in its own name, Sublessee agrees to assist Sublessor in such dispute or contest; provided, however, Sublessee shall solely determine the extent and manner of such assistance.

**SECTION 7.**            **Insurance.**

(a)    Required Coverage.    At all times during the Term of this Sublease, Sublessee will provide and keep in force the following insurance, unless self-insured and to the extent permitted by applicable law at its sole cost and expense, (i) fire and extended coverage insurance to the full insurable value thereof for any damages to the Premises and Improvements; (ii) liability insurance for liability for property damages and personal injuries in any way related to the Premises, Improvements, or Real Property, and (iii) construction liability insurance at all times when demolition, excavation or construction work is in progress on the Premises and Improvements and any other forms of insurance required by the Indenture. To the extent permitted by applicable law, all required insurance policies must name the Sublessee, the Sublessor and the Trustee as named insured, be issued by one or more insurance companies duly authorized or admitted to transact business in Oklahoma and approved by Sublessor and the Trustee, provide coverage in amounts approved by Sublessor and the Trustee and have waiver of subrogation provisions acceptable to Sublessor and the Trustee. Insurance shall be maintained with carriers rated at least “A” by A.M. Best.

(b)    Proof of Coverage.    On the execution of this Sublease, on each anniversary date of this Sublease and on request by Sublessor or Trustee, Sublessee must provide the Sublessor and the Trustee with certificates of or original policies of insurance required by this Section 7. If

Sublessee fails to keep insurance in full force, Sublessor may, at its option, take out or pay the premiums on the insurance needed to fulfill Sublessee's obligations. On Sublessor's demand, Sublessee must reimburse Sublessor the full amount of any insurance premiums paid by Sublessor.

(c) Subordination to Bond Documents. Notwithstanding any provision contained herein to the contrary, the provisions of the Bond Documents and, specifically, Section 3.06 of the Indenture shall control in all respects the receipt, handling and application of any and all insurance proceeds, it being acknowledged and agreed that the Trustee shall have a first and prior security interest therein and will determine whether any insurance proceeds will be applied to redeem Bonds in accordance with Section 3.06 of the Indenture or will be otherwise applied.

## **SECTION 8. Representations and Covenants.**

(a) Quiet Enjoyment. Sublessor covenants and agrees that, throughout the Term, Sublessee may peaceably and quietly enjoy the Real Property subject, however, to any applicable zoning and land use restrictions, Permitted Encumbrances, Sublessee's fulfillment of the covenants and agreements contained in this Sublease and to the terms and conditions of the Sublease.

(b) Environmental Condition. Sublessee, as the current owner of the Real Property, represents and warrants that the Real Property has not been the site of any activity that would violate any past or present environmental law or regulation of any governmental body or agency having jurisdiction over the Real Property. Specifically, but without limitation, (i) solid waste, petroleum products have not been handled or stored on the Real Property such that they may have leaked or spilled onto the Real Property or contaminated the Real Property, (ii) there is no on-site contamination resulting from activities on the Real Property or adjacent tracts, and (iii) the Real Property contains no substances defined as "hazardous substances", "hazardous materials", or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980; the Hazardous Materials Transportation Act; and the Resources Conversion and Recovery Act.

(c) Operation as a Public School. Sublessee covenants and agrees that at all times during the Term of this Sublease it will operate and maintain the Premises and Improvements as a public educational facility and such uses as are reasonably and customarily attendant to such use, in compliance with all applicable local, state and federal laws including, but not limited to any applicable environmental laws.

(d) Continuing Disclosure Obligations. Sublessee covenants and agrees that at all times during the Term of this Sublease it shall abide by and comply with in all material respects the Continuing Disclosure Agreement included in the Bond Documents, and Sublessee further covenants and agrees that its compliance with the Continuing Disclosure Agreement shall be timely and in conformity with the rules of the Securities and Exchange Commission.

(e) Lease Purchase Acquisition Payments. Sublessee covenants and agrees that at all times during the Term of this Sublease shall continue to make its Lease Purchase Acquisition Payments as set forth in attached Exhibit "C", subject to the terms and conditions of this Sublease.

Sublessee further covenants and agrees that at all times during the Term of this Sublease that if Sublessee terminates its contract with the Financial Advisor or does not enter into a new contract or renewal of contract with the Financial Advisor or enters into a new contract or agreement with a party acting in a financial advisory capacity to Sublessee that is not the Financial Advisor, Sublessee shall continue to make its Lease Purchase Acquisition Payments as set forth in attached Exhibit "C", subject to the terms and conditions of this Sublease.

**SECTION 9.**            **Title to the Improvements.** Title to all Improvements shall be vested in Sublessor during the Term of this Sublease and upon the Termination Date of this Sublease in accordance with Section 18 hereof, subject to the Sublessee's right to purchase the Improvements in accordance with Section 3(c). Except for Improvements acquired by Sublessee in accordance with Section 3(c), to the extent that legal title to the Improvements does not automatically vest in the Sublessee, the Sublessor agrees to execute and deliver to the Sublessee a deed or bill of sale attached hereto as Exhibit "G" and incorporated herein for all purposes, as appropriate, to convey legal title to the Improvements to the Sublessee on the Termination Date.

**SECTION 10.**            **Liens and Encumbrances.**

(a)    *No Encumbrances.* Except for the Permitted Encumbrances, the Sublessee shall not create or permit to be created any Lien against the Improvements or Real Property. Any Lien against the Improvements or Real Property, other than the Permitted Encumbrances, shall be discharged by the Sublessee. Nothing in this Sublease shall be deemed or construed in any way as constituting the consent or request of Sublessor, express or implied, by inference or otherwise, to the filing of any Lien against the Improvements or Real Property by any contractor, subcontractor, laborer, materialman, architect, engineer, or other person for the performance of any labor or the furnishing of any materials or services for or in connection with the Improvements or any part thereof. Sublessor further agrees to obtain and deliver to Sublessee within a reasonable period of time after the payment of the Lease Purchase Acquisition Payments by Sublessee a release(s) of the Security Interests in the Improvements attached hereto as Exhibit "H" and incorporated herein for all purposes, as appropriate, then vested in Sublessee.

(b)    *Right to Contest.* Sublessee shall not be required to pay, discharge or remove any Lien so long as the Sublessee contests in good faith such Lien or the validity, applicability or amount thereof by an appropriate legal proceeding which operates to prevent the collection of such amounts and the sale of the Premises and Improvements or any portion thereof so long as prior to the date on which such Lien would otherwise have become delinquent, the Sublessee shall have given the Sublessor prior written notice of its intent to contest the Lien. Any such contest shall be prosecuted with due diligence, and the Sublessee shall promptly pay (or cause payment of) the amount of such Lien as finally determined, together with all interest and penalties payable in connection therewith.

**SECTION 11.**            **Assignment of Lease.**

(a)    *Sublessee Assignments.* Sublessee shall not have the right to assign, pledge, sublease or transfer this Sublease or any interest herein or any right or privilege appurtenant hereto

or to sublease the Real Property or any portion thereof, unless the written consent of Sublessor is first obtained. Any assignment or transfer for which consent is required but which is nevertheless made without such written consent shall be void ab initio. The foregoing notwithstanding, the following shall not be construed or deemed to be prohibited transfers or assignments by Sublessee pursuant to this Section 11 and shall not require the prior consent of Sublessor (i) any Security Interests or other transfers or assignments to the Trustee pursuant to the Indenture to secure payment of the Bonds and the performance of the obligations under the Indenture, or (ii) any change of control of Sublessee.

(b) Sublessor Assignments. Except for the grant of the Security Interests created pursuant to the Bond Documents, as long as this Sublease is in full force and effect, Sublessor shall not have the right to assign, pledge or transfer this Sublease or any interest herein or any right or privilege appurtenant hereto or to further sublease the Real Property or any portion thereof, unless the written consent of Sublessee and Trustee is first obtained. Any assignment or transfer for which consent is required but which is nevertheless made without such written consent shall be void ab initio. After the occurrence of an Event of Default by Sublessee hereunder, Sublessor shall have the right to assign, pledge or transfer this Sublease or any interest herein or any right or privilege appurtenant hereto or to further sublease the Real Property without the consent of Sublessee.

**SECTION 12. Indemnification by Sublessee.** TO THE EXTENT PERMITTED BY APPLICABLE LAW, AND NO REPRESENTATION IS MADE THAT APPLICABLE LAW EXISTS ALLOWING FOR INDEMNIFICATION, SUBLESSEE HEREBY RELEASES AND AGREES TO INDEMNIFY AND HOLD HARMLESS SUBLESSOR AND TRUSTEE AND ALL OF ITS OFFICERS, EMPLOYEES, DIRECTORS, AGENTS, AND CONSULTANTS (HEREINAFTER COLLECTIVELY REFERRED TO AS THE “INDEMNITEES”) OF AND FROM ANY AND ALL CLAIMS, DEMANDS, LIABILITIES, LOSSES, COSTS, OR EXPENSES FOR ANY LOSS INCLUDING BUT NOT LIMITED TO BODILY INJURY (INCLUDING DEATH), PERSONAL INJURY, PROPERTY DAMAGE, EXPENSES, AND REASONABLE ATTORNEYS’ FEES, CAUSED BY, GROWING OUT OF, OR OTHERWISE HAPPENING IN CONNECTION WITH THIS SUBLEASE OR DUE TO ANY NEGLIGENT ACT OR OMISSION ON THE PART OF SUBLESSEE, TRUSTEE, THEIR AGENTS, EMPLOYEES, OR OTHERS WORKING AT THE DIRECTION OF SUBLESSEE OR ON ITS BEHALF, OR DUE TO THE APPLICATION OR VIOLATION OF ANY PERTINENT FEDERAL, STATE, OR LOCAL LAW, RULE, OR REGULATION BY SUBLESSEE, TRUSTEE, THEIR AGENTS, EMPLOYEES OR OTHERS WORKING AT THE DIRECTION OF SUBLESSEE OR TRUSTEE. THIS INDEMNIFICATION EXTENDS TO THE SUCCESSORS AND ASSIGNS OF SUBLESSOR AND TRUSTEE, AND THIS INDEMNIFICATION SURVIVES THE EXPIRATION OR TERMINATION OF THIS SUBLEASE AND THE DISSOLUTION OR, TO THE EXTENT ALLOWED BY LAW, THE BANKRUPTCY OF SUBLESSEE.

**SECTION 13. Fire and Other Casualties.**

(a) Risk of Loss. Sublessee shall bear all risk of loss of damage or destruction to the Premises and Improvements and all risk of loss for other liabilities related to the Premises and

Improvements arising from any cause other than intentional acts of the Sublessor. Subject to Section 3.06 of the Indenture and to the prior written consent of Sublessor and the Trustee, to the extent that any portion of the Premises and Improvements are damaged or destroyed, Sublessee shall restore such damaged or destroyed portions of the Premises and Improvements with due diligence at Sublessee's expense, as nearly as possible to the Premises' and Improvements' value, condition and character immediately before such damage or destruction. Such restoration shall be in accordance with all applicable laws, completed in a good and workmanlike manner and in accordance with plans and specifications therefore approved in writing by Sublessor and Trustee.

(b) No Termination. No total or partial damage to or destruction of any or all of the Premises and Improvements shall entitle Sublessee to terminate this Sublease, or shall relieve Sublessee from its obligations hereunder, and to the extent permitted by applicable law Sublessee hereby waives any right now or hereafter conferred upon it by statute or otherwise, on account of any such damage or destruction to surrender or terminate this Sublease.

(c) Subordination to Bond Documents. Notwithstanding any provision contained herein to the contrary, the provisions of the Bond Documents and, specifically, Section 3.06 of the Indenture shall control in all respects the receipt, handling and application of any and all insurance proceeds, it being acknowledged and agreed that the Trustee shall have a first and prior security interest therein and shall determine whether such proceeds will be applied for the redemption of the Bonds or the restoration of the Premises and Improvements. To the extent any insurance proceeds are not used to restore the Premises and Improvements, they shall be paid to the Trustee to redeem the Bonds in accordance with Section 3.06 of the Indenture.

#### **SECTION 14. Condemnation.**

(a) General. The term "condemnation" as used in this Sublease means the taking or appropriation of the Real Property, or any interest therein, in exercise of the power or right of eminent domain or such taking for public or quasi-public use or any state of facts relating to the taking or appropriation of the Real Property which, without an actual taking or appropriation, shall result in direct or consequential damages to the Real Property or the Leasehold Estate herein. Such term shall also be deemed to include to the extent not otherwise defined in this paragraph, a temporary taking of the Real Property or any part thereof or the Improvements for a period of one year or more, and the taking of the Leasehold Estate created herein.

(b) Total Condemnation. If all or substantially all of the Real Property is so condemned, this Sublease shall terminate on the date title to the Real Property vests in the condemnor; provided, however, that such termination shall be without prejudice to the rights of Sublessor and Sublessee to recover just and adequate compensation from any such condemnor and further provided that all sums owing under the Bond Documents are paid in full as set forth in subsection (c)(i) below.

(c) Division of Award - Total Condemnation. Subject to the controlling provisions of the Bond Documents, if the Real Property is totally condemned as provided in subsection (b) above, the condemnation proceeds shall be paid as follows:

(i) Sublessor first shall be entitled to receive such portion of the condemnation proceeds as shall equal the principal balance and accrued interest on and all other sums owing under the Bond Documents which shall be directly paid to the Trustee for the redemption of the Bonds pursuant to Section 3.06 of the Indenture.

(ii) Sublessee shall then be entitled to receive the balance of the condemnation proceeds.

(d) *Partial Condemnation.* In the event of a taking of less than a total taking as provided in subsection (b) above, this Sublease shall terminate as to the condemned portion of the Real Property on the date title to the condemned portion of the Real Property vests in the condemnor; provided, however, that such termination shall be without prejudice to the rights of Sublessor and Sublessee to recover just and adequate compensation from any such condemnor. The provisions of this Sublease shall remain in full force and effect as to the portion of the Real Property not condemned.

(e) *Division of Award - Partial Condemnation.* Subject to the controlling provisions of the Bond Documents, if the Real Property is partially condemned as provided in subsection (d) above, the condemnation proceeds shall be paid as follows:

(i) Sublessor first shall be entitled to receive such portion of the condemnation proceeds as shall equal the Trustee's equitable portion of the principal balance and accrued interest on and all other sums owing under the Bond Documents. Such amount shall be directly paid to the Trustee for the redemption of the Bonds pursuant to Section 3.06 of the Indenture.

(ii) Sublessee shall then be entitled to receive the balance of the condemnation proceeds.

(f) *Subordination to Bond Documents.* Notwithstanding any provision contained herein to the contrary, the provisions of the Bond Documents and, specifically, Section 3.06 of the Indenture shall control in all respects the receipt, handling and application of any and all condemnation proceeds, it being acknowledged and agreed that the Trustee shall have a first and prior security interest therein. All condemnation proceeds shall be paid to the Trustee to redeem Bonds in accordance with Section 3.06 of the Indenture.

## **SECTION 15. Estoppel Certificates.**

(a) Sublessor and Sublessee will execute, acknowledge and deliver to the other promptly upon request, an annual certificate certifying as to the following:

(i) *Validity of Lease:* That this Sublease is unmodified and in full force and effect (or, if there have been modifications, that this Sublease is in full force and effect, as modified, and stating the modifications);

(ii) Defaults by Sublessee: That no notice has been given by Sublessor to Sublessee of any failure to comply under this Sublease that has not been cured and to the best of its knowledge and belief no Event of Default exists (or, if there has been any notice given or an Event of Default exists, describing the same).

(b) Certificates from Sublessor and Sublessee pertaining to the same matters may be relied upon by any prospective successor Trustee or by any prospective assignee of an interest under this Sublease or by any prospective sublessee as to all or any portion of the Real Property.

**SECTION 16. Access to Premises and Improvements.** Sublessor and Trustee, their authorized representatives, agents, employees, and attorneys may, but shall be under no duty to, enter the Premises and Improvements at reasonable times and hours, upon notification to the Sublessee and during a scheduled time such as not to disrupt educational activities, to inspect the Premises and Improvements in order to determine whether Sublessee is complying with its undertakings, duties, and obligations under this Sublease, to make such necessary repairs, additions, improvements, changes, or alterations to the Premises and Improvements as Sublessor or Trustee may elect to make.

**SECTION 17. Events of Default and Remedies.**

(a) Events of Default Defined. An “Event of Default” has occurred if (i) Sublessee fails to perform or cause to be performed any term, covenant, condition, or provision hereof or under the Ground Lease, (ii) there is a breach of or material inaccuracy in the representation and warranties of Sublessee, or (iii) Sublessee files a voluntary petition in bankruptcy, and Sublessee fails to correct such default within thirty (30) days after written notice specifying the default is given. In the case of any such default that cannot with due diligence be corrected within such thirty (30) day period, but can be wholly corrected within a period of time not materially detrimental to the rights of Sublessor, it shall not constitute an Event of Default if corrective action is instituted by the Sublessee within the applicable period and diligently pursued until the default is corrected in accordance with and subject to any directions or limitations of time established in writing by the Sublessor and Trustee.

(b) Sublessor Remedies. Upon the occurrence of an Event of Default by Sublessee, Sublessor may upon ninety (90) days written notice and opportunity to cure provided to Sublessee and Trustee, with or without additional notice or demand, which are hereby waived by Sublessee, and without limiting the Sublessor’s remedies as a result of the Event of Default, do any of the following:

(i) Terminate this Sublease and the Sublessee’s right to possession to the Premises and Improvements, subject to any vested right or title of Sublessee in any Improvements acquired pursuant to Section 3(c). In such event, the Sublessor shall be entitled to recover from the Sublessee all damages incurred by the Sublessor by reason of the Event of Default by the Sublessee including, but not limited to, the cost of recovering possession of the Premises and Improvements, subject to any vested right or title of Sublessee in any Improvements acquired pursuant to Section 3(c) and reasonable attorneys’

fees;

(ii) Maintain the Sublessee's right to possession and obligation to complete construction of the Improvements, in which case this Sublease shall continue in effect notwithstanding that the Sublessee shall have surrendered, vacated or abandoned the Premises and Improvements. In such event, the Sublessor shall be entitled to enforce all of its rights and remedies under this Sublease, including the right to recover Rent, Additional Rent and Lease Purchase Acquisition Payments, as they become due;

(iii) Compel specific performance by the Sublessee of its obligations under this Sublease, including specifically, the Sublessee's obligation to construct the Improvements;  
or

(iv) Pursue any other remedy available to the Sublessor under the laws of the State of Oklahoma.

The failure of Sublessor to exercise such rights after one or more Events of Default shall not be a waiver of the rights of Sublessor upon the occurrence of any subsequent Event of Default. In all cases of an Event of Default, the Sublessor agrees to use all reasonable means to mitigate its damages.

**SECTION 18. Expiration or Termination.** Subject to any vested right or title of Sublessee in any Improvements acquired pursuant to Section 3(c) and the Trustee's rights under the Bond Documents, upon the Termination Date of this Sublease and the Leasehold Estate for any cause, all rights and interests of Sublessee, and all persons whomsoever claiming by, through or under Sublessee shall immediately cease and terminate, and the Improvements, including all buildings, improvements, engines, machinery, generators, boilers, furnaces, elevators, fire escapes, and all lifting, lighting, heating, cooling, refrigerating, air conditioning, ventilating, gas, electric and plumbing apparatus, appliances and fixtures, as well as other fixtures attached to or within the Improvements, shall thereafter constitute and belong to and be the absolute property of Sublessor or Sublessor's successors and assigns, without further act or conveyance, and without liability to make such compensation to Sublessee or to anyone whomsoever, and free and discharged from all and every lien, encumbrance, claim and charge of any character created or attempted to be created by Sublessee at any time, but subject to the Ground Lease and the Security Interests if the obligations secured thereby have not been satisfied. Sublessee agrees, at the termination of this Sublease, to surrender unto Sublessor, all and singular the Premises and Improvements and Sublessee's interest in the Leasehold Estate. If the obligations secured by the Security Interests have not been satisfied upon the Termination Date of this Sublease, Sublessee's possession of any Improvements not acquired by Sublessee during the Term of this Sublease as provided in Section 3(c), shall be surrendered to Sublessor on the Termination Date.

**SECTION 19. Encumbering Interests in Sublease.** Sublessor, and every permitted successor and assign of Sublessor, shall have the right, in addition to any other rights granted in this Sublease, to encumber its interest in this Sublease, under any one or more Assignments of Rents and Leases or similar security instruments in favor of Trustee to secure payment of the

Bonds or obligations under the Indenture. In accordance with the foregoing, Sublessee hereby acknowledges Sublessor's encumbrance of its interest in this Sublease pursuant to the Assignment of Rents and Lease to the Trustee which shall secure payment of the Bonds. Sublessor agrees, that anything in this Sublease to the contrary notwithstanding, as long as the Indenture or similar security instruments in favor of Trustee are in force and effect, the following provisions shall apply:

(a) Consent to Amendment. There shall be no amendment, change or modification of this Sublease by Sublessor or Sublessee without the prior written consent of the Trustee.

(b) Notices to Trustee. Sublessor, upon serving Sublessee with any notice of an Event of Default, failure to comply, or termination, shall simultaneously serve a copy of such notice on the Trustee. If Sublessor shall serve Sublessee with a notice of a failure to comply with any term, covenant, condition, or provision hereof, the Trustee shall then have the same period after service of the notice on it as is given to Sublessee hereunder to remedy or cause to be remedied such failure, and Sublessor shall accept performances by or at the instigation of any Trustee as if it had been done by Sublessee. Any notice required to be given to any Trustee shall be in accordance with Section 20 hereof.

(c) Curative Rights of Trustee. In addition to the rights granted to the Trustee under subsection (b) of this Section, the Trustee shall have an additional period of ninety (90) days to remedy or cause to be remedied any Event of Default of which it shall receive notice.

(d) Assignment. Sublessor agrees that, in the event of any enforcement of remedies under the Indenture by the Trustee, either by judicial proceedings, under power of sale or otherwise, all right, title and interest encumbered by the Indenture may, without the consent of Sublessor, be assigned to and vested in the Trustee or to such other party as Trustee is entitled to convey such rights and interests.

(e) Agreement Between Sublessor and Trustee. Sublessor, upon request, shall execute, acknowledge, and deliver to the Trustee an agreement, in form reasonably satisfactory to the Trustee and Sublessor, by and among Sublessor, Sublessee, and the Trustee (provided the same has been previously executed by Sublessee and Trustee) agreeing to all of the provisions of this Section.

(f) Limitation on Liability of Trustee. Notwithstanding any other provision of this Sublease, Sublessor agrees that the Trustee shall in no manner or respect whatsoever be (i) liable or responsible for any of Sublessee's obligations or covenants under this Sublease (nor shall any rights of such Trustee be contingent on the satisfaction of such obligations or covenants), or (ii) required to cure any Event of Default; provided, however, that if such Trustee becomes the successor to Sublessor's interests in this Sublease, then such Trustee shall be responsible and liable for all obligations and covenants accruing during such Trustee's tenure as Sublessor's successor. Notwithstanding the foregoing, the liability of a Trustee with respect to its obligations under this Sublease shall be non-recourse as to such Trustee and limited to its interest in the Sublease.

**SECTION 20.**        **Notices.**

(a) All notices, certificates, demands, requests, or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by certified mail, postage prepaid, return receipt requested, or given when dispatched by facsimile transmission, or by personal delivery or overnight courier addressed as follows:

If to Sublessee:        Norman Public Schools  
                                 Attention: Dr. Nick Migliorino, Superintendent  
                                 131 S. Flood Avenue  
                                 Norman, Oklahoma 73069  
                                 Tele. No.: (405) 366-5874

If to Sublessor:        Cleveland County Educational Facilities Authority  
                                 Cleveland County Courthouse  
                                 201 S. Jones Avenue  
                                 Norman, Oklahoma 73069  
                                 Attn.: Chairman  
                                 Tele. No.: (405) 329-6600

With a copy to:        BancFirst  
                                 100 N. Broadway, Suite 1400  
                                 Oklahoma City, Oklahoma 73102  
                                 Attention: Jackie Gates-Jefferson  
                                 Tele. No. (405) 218-4645

(b) Either party hereto may, by notice given to the other, designate any additional or different addresses to which subsequent notices, certificates, demands, requests, or other communications shall be sent.

(c) Notwithstanding anything contained herein to the contrary, any notice required to be given by Sublessor or Sublessee hereunder shall be deemed to have been given and shall be effective as of the date such notice is received or refused reflected on said notice. All notices, certificates, demands, requests, or other communications made by either party to the other which are required or permitted by the provisions of this Sublease shall be in writing.

(d) If Sublessee does not intend to renew its contract or agreement with the Financial Advisor for the next fiscal year, Sublessee shall deliver written notice to the Financial Advisor, Sublessor, and Bond Counsel no less than thirty (30) days before the close of the current fiscal year during which the contract or agreement with the Financial Advisor remains in effect.

**SECTION 21.**        **Submission of Matters to Sublessor for Approval.** Any matter which must be submitted to and consented to or approved in writing by Sublessor or any matter which

must be submitted to Sublessor or Trustee which may become effective if not denied by Sublessor or Trustee, as required under this Sublease, shall be submitted to Sublessor or Trustee (as applicable) by hand or mailed by United States certified or registered mail return receipt requested, to the address of Sublessor and Trustee designated for the giving of notice to Sublessor and Trustee under Section 20 hereof and shall either be approved or rejected by Sublessor and Trustee (as applicable) within thirty (30) days after receipt unless a shorter period of time is expressly stated elsewhere herein. If Sublessor or Trustee should fail so to approve or reject within such thirty (30) day period as provided for herein, Sublessor's or Trustee's approval shall be assumed to have been unconditionally granted and Sublessee shall have the right to proceed on such matter so submitted. Sublessor and Trustee (as applicable) shall inform Sublessee in writing of its rejection or approval of such submitted matter by hand delivery or by United States certified or registered mail, return receipt requested, to the address of Sublessee designated for the giving of notice to Sublessee in Section 20 hereof. Any review by Sublessor of any matter submitted to Sublessor is for Sublessor's own convenience and purpose only. By undertaking such review, Sublessor does not obtain or have any liability to Sublessee or any other person, including, without limitation, the insurers and lenders of Sublessee.

**SECTION 22.**            **Miscellaneous.**

(a)    *No Waiver of Rights.* No failure of Sublessor or Sublessee to exercise any power given to either party hereunder or to insist upon strict compliance by the other party with its undertakings, duties and obligations hereunder, and no custom or practice of the parties hereto at variance with the provisions hereof shall constitute a waiver of either of Sublessor's or Sublessee's right to demand exact compliance with the provisions contained in this Sublease.

(b)    *Rights are Cumulative.* All rights, powers, and privileges conferred herein upon both parties hereto shall be cumulative.

(c)    *Provisions are Binding Upon Assigns and are Real Covenants.* It is mutually covenanted, understood and agreed by and between the parties hereto, that each of the provisions of this Sublease shall apply to, extend to, be binding upon and inure to the benefit or detriment of not only the parties hereto, but also the legal representatives, successors and assigns of Sublessor and Sublessee hereto, and shall be deemed and treated as real covenants running with the Real Property during the Term. The parties further acknowledge and agree that the Trustee and its successors and assigns shall be deemed third party beneficiaries hereunder. Whenever a reference to the parties hereto is made, such reference shall be deemed to include the legal representatives, successors and assigns of said party, the same as if in each case expressed.

(d)    *Applicable Law and Court Proceedings.* This Sublease shall be governed, construed, performed and enforced in accordance with the laws of the State (excluding principles of conflict of law). Any suit, action or proceeding against any party arising out of or relating to this Sublease, any transaction contemplated thereby, or any judgment entered by any court in respect of any thereof may be brought in State District Court located in Cleveland County, Oklahoma, and each party hereby submits to the nonexclusive jurisdiction of such court for the purpose of any such suit, action or proceeding.

(e) All Genders and Numbers Included. Whenever the singular or plural number, or masculine, feminine, or neuter gender is used in this Sublease, it shall equally apply to, extend to, and include the other.

(f) Invalidity of Provision or Part Thereof. In the event any provision, or any portion of any provision of this Sublease is held invalid, the other provisions of this Sublease and the remaining portion of said provision, shall not be affected thereby and shall continue in full force and effect.

(g) Time is of the Essence. All time limits stated in this Sublease are of the essence of this Sublease.

(h) Section Captions are to be Disregarded. The captions of the numbered sections of this Sublease are for purposes of identification and convenience only and are to be completely disregarded in construing this Sublease.

(i) Entire Agreement; Amendments. This Sublease, and the Ground Lease described herein, constitute the full, complete and entire agreement between and among the parties hereto. No agent, employee, officer, representative or attorney of the parties hereto has authority to make, or has made, any statement, agreement, representation or contemporaneous agreement, oral or written, in connection herewith modifying, adding to or changing the provisions of this Sublease. No amendment of this Sublease shall be binding unless such amendment shall be in writing, signed by both parties hereto and approved by the Trustee and attached to, incorporated in and by reference made a part of this Sublease.

(j) No Partnership or Agency. Nothing in this Sublease is intended, or shall in any way be construed, so as to create any form of partnership or agency relationship between the parties. The parties hereby expressly disclaim any intention of any kind to create any partnership or agency relationship between themselves. Nothing in this Sublease shall be construed to make either party liable for any of the indebtedness of the other, except as specifically provided herein.

(k) Limitation of Liability. Notwithstanding anything herein to the contrary, the liability of Sublessor hereunder (including, but not limited to any indemnity obligations) under this Sublease shall be non-recourse as to Sublessor and, accordingly, Sublessee's sole source of satisfaction of such obligations shall be limited to Sublessee's interest in the Premises, the Improvements, and Real Property except as to any intentional misconduct or violation of law by Sublessor, to the extent permitted by applicable law. Sublessee shall not seek to obtain payment from any person or entity comprising Sublessor or from any assets of Sublessor other than those described herein, notwithstanding the survival of any obligation of Sublessor beyond the Term. No recourse under or upon any obligation, covenant, or agreement contained in this Sublease or for any claim based thereon, or under any judgment obtained against Sublessor or by the enforcement of any assessment or penalty or otherwise or by any legal or equitable proceeding by virtue of any constitution, rule of law or equity, or statute or otherwise or under any other

circumstances, under or independent hereof, shall be had against any incorporator, director, member, or officer, as such, past, present, or future of Sublessor or any incorporator, director, member, or officer of any successor entity, as such, either directly or through Sublessor or any successor entity, or otherwise, for the payment of any sum that may be due and unpaid by Sublessee under this Sublease.

(l) Recordation of Lease. Sublessor and Sublessee acknowledge and agree that this Sublease may be recorded in the appropriate records of Cleveland County, Oklahoma.

(m) Counterparts. This Sublease may be executed simultaneously in two or more counterparts, each of which shall be deemed original and all of which, when taken together, shall constitute one in the same document. The signature of any party to any counterpart shall be deemed a signature too, and may be appended to, any other counterpart.

(n) Preservation of Tax Exemption. Sublessee shall not take any action with respect to the Premises and Improvements that would adversely affect the exemption of interest on any Series 2023A Bonds from gross income for federal income tax purposes or would otherwise result in a breach of any representations, conditions, or covenants of Sublessee as set forth in the Bond Documents.

(o) No Merger. It is the intent of the parties and they agree that so long as the Assignment, Indenture or any similar security instrument in favor of Trustee to secure payment of the Bonds and the Indenture are in force and effect and unless the Trustee shall otherwise agree in writing, the fee title to the Real Property, Sublessor's leasehold estate created under the Ground Lease and the Leasehold Estate of the Sublessee created under this Sublease shall not merge but shall remain separate and distinct.

(p) Holding Over by Sublessee. Sublessee shall not use or remain in possession of the Premises and Improvements after the termination of this Sublease. Any holding over, or continued use or occupancy by Sublessee after the termination of this Sublease, without the written consent of Sublessor and Trustee, shall constitute a month-to-month tenancy, and all expenses, obligations and payments in effect for the immediately preceding month of this Sublease shall apply to the month-to-month tenancy. There shall be no renewal whatsoever of this Sublease by operation of law.

(q) Laws, Rules and Regulations. Sublessor and Sublessee and their respective officers, agents, employees, contractors, licensees and any other person whom they control or have the right to control, shall comply with all present and future laws, ordinances, orders, directives, rules and regulations of the United States of America, the State of Oklahoma, the County of Cleveland, Oklahoma, applicable cities and towns and their respective agencies, departments, authorities and commissions which may either directly or indirectly affect Sublessor or Sublessee or the operations on or in connections with the Premises and Improvements.

(r) Force Majeure. Neither party shall be held responsible for losses resulting from its non-performance under this Sublease, if fulfillment of any terms or provisions of this

Sublease are delayed or prevented by any cause not within the control of the party whose performance is interfered with and which said party is unable to prevent by the exercise of reasonable diligence.

(s) Subordination. This Sublease is subject and subordinate to the Ground Lease and the Security Interests, the leasehold estate or estates thereby created or the real property of which the Premises form a part, and to any and all renewals, modifications, consolidations, replacements and extensions thereof. This Sublease shall terminate on the termination of the Ground Lease.

(t) Indenture. This Sublease shall be subject to all terms and conditions of the Indenture.

Executed as of the date shown on the first page of this Sublease

### **Exhibits**

Exhibit "A" – Legal Description of Real Property

Exhibit "B" – Schedule of Payments

Exhibit "C" – Schedule of Lease Purchase Acquisition Payments for Improvements

Exhibit "D" – Plans and Specifications for Improvements and Schedule for Completion

Exhibit "E" - Form of Requisition Certificate

Exhibit "F" - Combined Schedule of Semi-Annual Rent Payments and Acquisition Payments

Exhibit "G" – Form of Bill of Sale

Exhibit "H" – Form of Release of Security Interest

***Remainder of Page Intentionally Left Blank.***

SUBLESSEE:

INDEPENDENT SCHOOL DISTRICT NO. 29 OF  
CLEVELAND COUNTY, OKLAHOMA  
(NORMAN PUBLIC SCHOOLS)

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

ATTEST: (Seal)

\_\_\_\_\_  
Clerk

SUBLESSOR:

CLEVELAND COUNTY EDUCATIONAL  
FACILITIES AUTHORITY

By: \_\_\_\_\_  
Chairman of Trustees

ATTEST: (Seal)

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

**STATE OF OKLAHOMA**

)

) **SS:**

**COUNTY OF CLEVELAND**

)

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2023, by \_\_\_\_\_, President of the Board of Education of Independent School District No. 29 of Cleveland County, Oklahoma (Norman Public Schools), an independent school district organized and existing under the laws of the State of Oklahoma, on behalf of said School District.

\_\_\_\_\_  
Notary Public in and for the State of Oklahoma

My commission expires: \_\_\_\_\_

My commission number: \_\_\_\_\_

(SEAL)

**STATE OF OKLAHOMA**

)

) **SS:**

**COUNTY OF CLEVELAND**

)

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 2023, by \_\_\_\_\_, Chairman of Trustees of the Cleveland County Educational Facilities Authority, a public trust organized and existing under the laws of the State of Oklahoma, on behalf of the trust.

\_\_\_\_\_  
Notary Public in and for the State of Oklahoma

My commission expires: \_\_\_\_\_

My commission number: \_\_\_\_\_

(SEAL)

**EXHIBIT "A"**

**Legal Description of the Real Property**

**EXHIBIT “B”**

**Schedule of Semi-Annual Rent Payments**

**EXHIBIT "C"**

**Schedule of Lease Purchase Acquisition Payments for Improvements (Purchase Price)**

DATE	PURCHASE PRICE	NATURE OF IMPROVEMENTS
------	----------------	------------------------

**EXHIBIT “D”**

**Plans and Specifications for Improvements**  
**(On File with the School District)**

**Schedule for Completion**

**EXHIBIT “E”**

**Form of Requisition Certificate**  
**(Submit in Quadruplicate)**

BancFirst  
Oklahoma City, Oklahoma 73102

Corporate Trust Department:

This certificate is provided to you pursuant to Section 4.02 of the Indenture, dated as of \_\_\_\_\_ 1, 2023 (the “Indenture”), between you as trustee (the “Trustee”) and the Cleveland County Educational Facilities Authority (the “Issuer”), and in accordance with Section 4 of the Sublease Agreement, dated as of \_\_\_\_\_ 1, 2023 (the “Sublease”), between the Issuer and Independent School District No. 29 of Cleveland County, Oklahoma (Norman Public Schools) (the “School District”). The capitalized terms used in this certificate have the same meanings given such terms in the Indenture and the Sublease.

On behalf of the School District, I, the undersigned representative of the School District, do hereby certify as follows:

(i) Set forth in Attachment 1 hereto are (A) the name and address of each Person to whom payment will be made with the funds received pursuant to this requisition, (B) the amount to be paid to each such Person, (C) the total obligation to be paid to each such Person, the amounts previously paid to each such Person and the unpaid balance for each such Person as of the date of the requisition and (D) the total amount requested under this requisition.

(ii) Each obligation described in clause (i) to be paid with funds from this requisition was properly incurred and is a proper charge against the Improvement Fund under the Indenture and is due and unpaid.

(iii) With respect to each obligation described in clause (i) to be paid with funds from this requisition, there are no vendors', mechanics', or other liens, which should be satisfied or discharged before the payments for such obligations are made, or which will not be discharged before the payments for such obligations are made, or which will not be discharged by such payment.

(iv) The amount remaining in the Improvement Fund after payment of this requisition will be sufficient to pay all remaining Project Costs.

(v) The construction work can be completed in the time shown on the Plans.

(vi) The work performed or materials supplied for which requisition for payment is hereby made is satisfactory to the School District.

(vii) At least eighty-five percent (85%) of the total amounts previously disbursed plus the amount requested by this requisition to be disbursed to pay Project Costs have been and will be used to pay costs described as Project Costs under the Indenture within three years from November 16, 2023.

(viii) There are no defaults under or pending claims or actions to terminate the Sublease or Ground Lease, and both the Sublease and Ground Lease are in full force and effect.

You are hereby directed to pay [transfer] the amount of \$\_\_\_\_\_ (which is the amount requisitioned by clause (i) above) from the Improvement Fund to \_\_\_\_\_.

INDEPENDENT SCHOOL DISTRICT NO. 29 OF  
CLEVELAND COUNTY, OKLAHOMA  
(NORMAN PUBLIC SCHOOLS)

By: \_\_\_\_\_  
Authorized Representative

Requisition Paid on \_\_\_\_\_, 20\_\_.

One copy of this Requisition shall be retained by the Trustee, two copies sent to the Issuer and one copy sent to the District.

**EXHIBIT“F”**

**Combined Schedule of Semi-Annual Rent Payments and Acquisition Payments**

<b>PAYMENT DATE</b>	<b>DUE DATE</b>	<b>RENTAL PAYMENTS</b>	<b>ACQUISITION PAYMENTS</b>	<b>DISTRICT PAYMENTS DUE</b>
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**EXHIBIT “G”**

**Form of Bill of Sale**

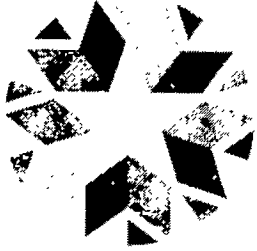
**See Attached**

**EXHIBIT “H”**

**Form of Release of Security**

**See attached**

Exhibit H



# OKLAHOMA Education

**Audit Acknowledgement**  
**Audit Year: 2021-2022**

District Name Norman Public Schools

District Number 129

County Name Cleveland

County Code 14

The annual independent audit was presented to the Board of Education in a meeting conducted in accordance with the Open Meeting Act 25 O.S. Section 301-314 on 3-20-23

The audit was presented by Eide Bailly  
(Independent Auditor)

Date of Meeting  
Vanessa M. Deaton  
(Independent Auditor's Signature)

The School Board acknowledges that as the governing body of the district, responsible for the district's financial and compliance operations, the audit findings and exceptions have been presented to them.

A copy of the audit, including this acknowledgement form, will be sent to the State Board of Education and the State Auditor and Inspector within 30 days from its presentation, as stated in 70 O.S. § 22-108:

"The district board of education shall forward a copy of the auditor's opinions and related financial statements to the State Board of Education and the State Auditor and Inspector within thirty (30) days after receipt of the audit."

Signature of the Board of Education:

\_\_\_\_\_  
Superintendent

\_\_\_\_\_  
Board of Education Vice President

\_\_\_\_\_  
Board of Education President

\_\_\_\_\_  
Board of Education Member

\_\_\_\_\_  
Board of Education Member

\_\_\_\_\_  
Board of Education Member

\_\_\_\_\_  
Board of Education Member

Subscribed and sworn before me on \_\_\_\_\_

My Commission expires \_\_\_\_\_

\_\_\_\_\_  
(Notary Public)



Financial Statements and  
Reports Required by Uniform Guidance

# Norman Independent School District No. 29

June 30, 2022

Norman Independent School District No. 29

Cleveland County, Oklahoma

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June 30, 2022

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## Independent Auditor's Report

To the Board of Education  
Norman Independent School District No. 29  
Norman, Oklahoma

### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Norman Independent School District No. 29 as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Norman Independent School District No. 29, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Norman Independent School District No. 29 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Adoption of New Accounting Standard***

As discussed in Note 1 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, Leases, for the year ended June 30, 2022. No restatements were necessary with regards to this new standard. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Norman Independent School District No. 29's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Norman Independent School District No. 29's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Norman Independent School District No. 29's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America requires that the management's discussion and analysis, the budgetary comparison schedules – General Fund, the schedule of the District's proportionate share of the net pension liability, schedule of the District's contributions - pension, the schedule of the District's proportionate share of the net OPEB liability (asset), and the schedule of the District's contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Norman Independent School District No. 29's basic financial statements. The combining nonmajor fund financial statements; the combining schedule of changes in assets and liabilities – all activity funds; and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal *Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements; the combining schedule of changes in assets and liabilities – all activity funds; and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison schedule – Building Fund; the budgetary comparison schedule – Child Nutrition Fund; the schedule of statutory, fidelity and honesty bonds; and schedule of accountant's professional liability insurance affidavit but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2023 on our consideration of the Norman Independent School District No. 29'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 Norman Independent School District No. 29'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 Norman Independent School District No. 29's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Oklahoma City, Oklahoma  
March 14, 2023

This section of Norman Independent School District's (NISD or the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

These statements reflect the implementation of GASB statements 68 and 71 all addressing the accounting and presentation of pension plans which impacts the district-wide financial statements but not the fund financial statements for both years presented. For the District, this includes the District's portion of the unfunded liability of the Oklahoma Teachers Retirement System (OTRS) to the district-wide financial statements. While the implementation of these standards have had a significant impact on the statements by decreasing net position, management does not believe that it indicates a true negative impact on the financial condition of the institution.

### FINANCIAL HIGHLIGHTS

- The District's financial status increased by approximately \$28.1 million from last year. Total net position increased approximately 33 percent over the course of the year.
  - Overall revenues were \$199.1 million and overall expenses were \$171 million in FY2022. This is compared to FY2021 revenues of \$172.7 million and expenses of \$177.3 million.
  - The District's portion of the net pension liability decreased by \$73.9 million to \$83.4 million due to actuarial factors relates to the calculation of the net pension liability Oklahoma Teachers Retirement System for the District.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts -- management's discussion and analysis (this section), the basic financial statements, and supplementary information (required and other). The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operation in more detail than the district-wide statements.
- The *governmental funds* statements tell how *basic* services like regular and special education were financed in the *short term* as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of supplementary information (required and other) that further explains and supports the financial statements with a comparison of the District’s budget for the year.

**Figure A-1  
 Major Features of District-Wide and Fund Financial Statements**

	<u>District-wide Statements</u>	<u>Fund Financial Statements Governmental Funds</u>
<b>Scope</b>	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building Maintenance
<b>Required financial statements</b>	1) Statement of net position 2) Statement of activities	1) Balance Sheet 2) Statement of revenues, expenditures, and changes in fund balances
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<b>Type of asset/liability information</b>	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
<b>Type of inflow/outflow information</b>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

Figure A-1 summarizes the major features of the District’s financial statements. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

**District-wide Statements**

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the District’s assets and liabilities. It also includes deferred inflows and deferred outflows related to the District. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. As stated above, the district-wide statements were significantly impacted by the implementation of new standards related to recording the District’s portion of the net pension liability.

The two district-wide statements report the District’s *net position* and how they have changed. Net position – the difference between the District’s assets plus deferred outflows of resources and liabilities plus deferred inflows of resources – is one way to measure the District’s financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are categorized as governmental activities.

- *Governmental activities* – The District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid formula finance most of these activities.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues.

The District's basic services are included in *governmental funds*, which generally focus on 1) how cash and other financial assets that can readily be converted to cash flow in and out and 2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information with the governmental funds statements that explain the relationship (or differences) between them.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Table A-1**  
**Norman Public School's Net Position**  
 (in millions of dollars)

	FY2022	FY2021
Assets		
Current and other assets	\$ 88.2	\$ 69.8
Capital assets	330.9	345.6
Total assets	419.1	415.4
Deferred outflows of resources	42.3	71.7
Liabilities		
Current and other liabilities	13.7	9.9
Long term debt, including current maturities	186.4	209.1
Net pension liability	83.4	157.3
Total liabilities	283.5	376.3
Deferred inflows of resources	64.7	25.7
Net position		
Net investment in capital assets	161.5	153.8
Restricted	40.9	29.6
Unrestricted	(89.2)	(98.3)
	\$ 113.2	\$ 85.1

**Net Position.**

As a result of the pension standards reflected in both fiscal years presented, the District's unrestricted net position is in a deficit position, decreasing the deficit by \$9.1 million in FY22 (See Table A-1). Again, management does not believe that this indicates a true negative impact on the financial condition of the institution.

The District's change in financial position is the product of many factors. A growth during the year in Federal and state grants, taxes, and state aid had a favorable impact on net position.

**Table A-2**  
**Changes in Norman Public School's Net Position**  
 (in millions of dollars)

	FY2022	FY2021
Revenues		
Program Revenues		
Charges for services	\$ 16.5	\$ 4.5
Federal and state grants	29.9	20.6
General revenues		
Property taxes	77.1	75.4
Other taxes	14.4	13.8
State entitlement	60.6	57.0
Other	0.6	1.4
Total revenues	199.1	172.7
Expenses		
Program expenses		
Instruction	85.5	100.8
Support services	59.6	57.3
Non-instruction	11.4	4.5
Interest on long-term debt	2.7	3.5
Depreciation - unallocated	11.8	11.2
Total expenses	171.0	177.3
Increase (Decrease) in net position	\$ 28.1	\$ (4.6)

**Changes in net position.** The District's total revenues increased \$26.4 million to \$199.1 million. (See Table A-2) Property taxes and state entitlement funds accounted for most of the District's revenue, with each contributing about 69 cents of every dollar raised. Another 15 percent came from state and federal aid for specific programs, and the remainder from fees charged for services and miscellaneous sources. Total revenues surpassed expenses, increasing net position by \$28.1 million.

The total cost of all programs and services decreased by \$6.3 million between the two years largely due to the large fluctuation in the expense impact of the reduction in the net pension liability. The District's expenses are predominantly related to educating and caring for students (80-90 percent). The purely administrative activities of the District accounted for less than 1 percent of total costs.

The most significant contributors to the fluctuation in net position were the funds used to purchase or build capital assets, and also the funds necessary for repayment of principal on long-term debt issues. Repayments on long-term debt this year were more than debt issued in FY22. The net pension liability and the related deferred inflows and outflows of resources also created significant fluctuations largely due to actuarial factors related to the liability.

### **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As the District completed the year, its governmental funds reported *combined* fund balances of \$66.8 million, compared to last year's ending fund balances of \$54.6 million. In comparison to FY21's net decrease in fund balance of \$7.0 million, this year's increase was \$12.3 million largely due to insurance recoveries.

#### **General Fund Budgetary Highlights**

At the beginning of the 2022 fiscal year, the District's State Entitlement funds (the State Aid Formula funds) were increased by approximately \$1,800,000 from the previous fiscal year. This was due to an increase in state funding and a slight increase in statewide WADM. This initial allocation in State Aid was increased by approximately \$1,300,000 in December, when the mid-term adjustments were made by the State Department of Education. Our district experienced 3.8% local growth in assessed valuation. Due to the COVID-19 pandemic's impact on enrollment, our District's State Aid funding continued to be calculated using our previous 2019-20 higher enrollment.

- Actual revenues were higher than expected at mid-year, due largely to a high collection rate of property tax revenues. Also, mortgage tax, school land earnings and motor vehicle collections revenue increased.
- The actual expenditures were below budget, due primarily to continued reductions in non-salary administrative budget areas, and by expenditure budgets that remained unspent at June 30, 2022.

### **OTHER FUNDS**

Debt service fund activity was consistent with FY21 with revenues of \$31.2 million in FY21 and \$31.5 million in FY22. Expenditures were \$39.2 million in FY21 and \$30.6 million in FY22.

The 2022 Bond Fund was a new capital project fund in FY22 related to the debt issuance of \$32 million in FY22. This compares to the 2021 Bond Fund that was a major fund in FY21 to present the use of the FY21 debt issuance of \$28.9 million.

The Casualty/Flood Insurance Recovery fund was a new major fund in FY22 due to the large receipt of insurance proceeds in recovery of losses caused by previous weather events.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

By the end of 2022, the District had invested in a broad range of capital assets, including site renovations/improvements, furniture and equipment, and vehicles.

The District anticipates spending approximately \$9 million for capital projects in 2023, with some of the major projects as follows:

- \$2.2 million for middle school and high school site improvements
- \$7 million for elementary school improvements

See additional information regarding Capital Assets in Note 3 to the Notes to the Financial Statements.

### **Long-term Debt**

At year-end the District had \$186.4 million in total long-term debt outstanding (including compensated absences). This is a decrease from last year's amount of \$209.1 million.

In February 2019, the District patrons voted on and approved a six-year bond issue. This issue, for \$186 million, is funded with lease revenue bonds. General obligation bonds will be sold for six years, to make the annual lease revenue payments required. The bond election called for an increase in the targeted sinking fund millage rate from 26 to 30 mills, and this was communicated to the district patrons prior to the vote. The bonds will be issued in a timely manner over six years to meet the projected millage rates to assure citizens will not face any additional taxes beyond the anticipated increase.

FY22 activity included:

- The District continued to pay down its debt, retiring \$56.0 million of outstanding bonds and capital lease payable.
- \$32 million in new bond debt was issued during the year.

See additional information regarding Long-term Debt in Note 4 to the Notes to the Financial Statements.

## **FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The COVID-19 pandemic has continued to impact schools across the nation. School leaders have faced steep challenges and high costs in serving students at home and as well as those returning to the classroom.
- The Federal government has provided financial aid to assist with expenditures related to preventing, preparing for, and responding to COVID-19. Norman Public Schools' share from these federal CARES, ESSER, and ARP relief funds is over \$29 million. The district is continuing to spend these program dollars to fill anticipated budget gaps, meet student needs, retain employees, and cover pandemic-related costs.
- The district is being mindful of the impact on the budget as these one-time funds expire in the next two years. Since the learning loss of students will extend beyond 2024, the district will need to maintain big investments in learning recovery and social-emotional-health supports for years to come.
- The Oklahoma legislature provided additional State funding this year with the intent to reduce class sizes. Continued investment in public schools is critical as we face the challenges of high inflation, teacher shortages, and the diminishing pandemic-related federal funding.
- The Oklahoma economy has grown and provided a surplus for legislators to use as they make budget decisions. There is a push for school choice tax credit funding for families who home school or enroll in other private school programs. We support choice, but we must continue to push for public dollars to fund Public Education.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designated to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer's Office, Norman Public School District, 131 South Flood, Norman, OK 73069.

Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Statement of Net Position  
June 30, 2022

	Governmental Activities
<b>Assets</b>	
Cash	\$ 73,466,587
Property taxes receivable	6,367,501
Due from other governments	4,841,036
Other receivables	1,304,487
Inventories	170,798
Net OPEB asset	2,079,973
Nondepreciated capital assets	111,719,348
Depreciated capital assets, net of depreciation	219,227,005
Total Assets	419,176,735
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to OPEB	486,662
Deferred outflows related to pensions	41,803,923
Total Deferred Outflows of Resources	42,290,585
<b>Liabilities</b>	
Accounts payable and other current liabilities	13,442,895
Unavailable revenue	251,471
Long-term obligations	
Due within one year	36,317,223
Due beyond one year - net pension liability	83,427,520
Due beyond one year - other	150,041,272
Total Liabilities	283,480,381
<b>Deferred Inflows of Resources</b>	
Deferred inflows related to leases	285,422
Deferred inflows related to OPEB	1,564,613
Deferred inflows related to pensions	62,871,617
Total Deferred Inflows of Resources	64,721,652
<b>Net Position (Deficit)</b>	
Net investment in capital assets	161,504,407
Restricted for:	
Debt service	23,135,698
School organizations	2,515,000
Child nutrition	3,420,994
Buildings	1,662,068
OPEB	1,002,022
Other	9,201,758
Unrestricted (deficit)	(89,176,660)
Total Net Position	\$ 113,265,287

Norman Independent School District No. 29

Cleveland County, Oklahoma

Statement of Activities

Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Changes in Net Position
				Total Governmental Activities
Governmental Activities:				
Instruction	\$ 85,506,443	\$ 156,462	\$ 18,223,093	\$ (67,126,888)
Support services	59,583,901	2,721,336	3,690,152	(53,172,413)
Non-instruction services	11,382,555	13,707,462	7,952,172	10,277,079
Interest on long-term debt	2,704,234	-	-	(2,704,234)
Depreciation - unallocated	11,844,666	-	-	(11,844,666)
Total school district	<u>\$ 171,021,799</u>	<u>\$ 16,585,260</u>	<u>\$ 29,865,417</u>	<u>\$ (124,571,122)</u>
General Revenues:				
Taxes				
				40,745,344
				5,814,603
				30,629,794
				14,370,944
				60,556,971
				(15,350)
				591,692
				<u>152,693,998</u>
				28,122,876
				<u>85,142,411</u>
				<u>\$ 113,265,287</u>

# Norman Independent School District No. 29

Cleveland County, Oklahoma

## Balance Sheet – Governmental Funds and Reconciliation to Statement of Net Position

June 30, 2022

Assets	General Fund	Debt Service Fund	2022 Bond Fund	Casualty/Flood Insurance Recovery Fund	Other Governmental Funds	Total Governmental Funds
Pooled Cash and Investments	\$ 15,894,569	\$ 22,904,416	\$ 7,423,893	\$ 10,303,104	\$ 16,940,605	\$ 73,466,587
Property Taxes Receivable	2,909,025	3,050,242	-	-	408,234	6,367,501
Due from Other Governments	4,728,008	-	-	-	113,028	4,841,036
Other Receivables	1,181,099	39,449	-	44,592	39,347	1,304,487
Inventories - Supplies, Materials	170,798	-	-	-	-	170,798
<b>Total Assets</b>	<b><u>\$ 24,883,499</u></b>	<b><u>\$ 25,994,107</u></b>	<b><u>\$ 7,423,893</u></b>	<b><u>\$ 10,347,696</u></b>	<b><u>\$ 17,501,214</u></b>	<b><u>\$ 86,150,409</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable and Accrued Liabilities	10,312,691	-	36,720	1,695,265	795,429	12,840,105
Unearned Revenue	96,967	-	-	-	154,504	251,471
<b>Total Liabilities</b>	<b><u>10,409,658</u></b>	<b><u>-</u></b>	<b><u>36,720</u></b>	<b><u>1,695,265</u></b>	<b><u>949,933</u></b>	<b><u>13,091,576</u></b>
<b>Deferred Inflows of Resources</b>						
Leases	285,422	-	-	-	-	285,422
Unavailable revenue - taxes	2,675,074	2,858,409	-	-	370,531	5,904,014
Unavailable revenue - other	-	-	-	44,592	-	44,592
<b>Total Deferred Inflows of Resources</b>	<b><u>2,960,496</u></b>	<b><u>2,858,409</u></b>	<b><u>-</u></b>	<b><u>44,592</u></b>	<b><u>370,531</u></b>	<b><u>6,234,028</u></b>
<b>Fund Balances</b>						
Nonspendable	170,798	-	-	-	-	170,798
Restricted	476,543	23,135,698	7,387,173	8,607,839	16,180,750	55,788,003
Committed	164,068	-	-	-	-	164,068
Unassigned	10,701,936	-	-	-	-	10,701,936
<b>Fund Balances, End of Year</b>	<b><u>11,513,345</u></b>	<b><u>23,135,698</u></b>	<b><u>7,387,173</u></b>	<b><u>8,607,839</u></b>	<b><u>16,180,750</u></b>	<b><u>66,824,805</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 24,883,499</u></b>	<b><u>\$ 25,994,107</u></b>	<b><u>\$ 7,423,893</u></b>	<b><u>\$ 10,347,696</u></b>	<b><u>\$ 17,501,214</u></b>	
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 as assets in governmental funds. The cost of the assets is \$479,589,291 and the accumulated depreciation is \$148,642,938.						330,946,353
Property taxes receivable will be collected next year, but are not available soon enough to pay for the current period's expenditures, and therefore are not reported in the funds.						5,904,014
Grant revenues that will be collected next year, but are not available soon enough to pay for the current period's expenditures, and therefore are not reported in the funds.						44,592
Deferred outflows/inflows of resources related to the net pension liability and other postemployment benefit (OPEB) asset are not are not current financial resources and are not recorded in the fund financial statements but are recorded in the governmental activities.						
	Deferred outflows of resources				\$ 42,290,585	
	Deferred inflows of resources				(64,436,230)	(22,145,645)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:						
	Bonds Payable (including premiums)				\$ 105,139,447	
	Finance lease payable				1,985,720	
	Long-term Revenue Lease Payable				77,566,474	
	Net Pension Liability				83,427,520	
	Net OPEB Asset				(2,079,973)	
	Accrued Interest on Bonds				602,790	
	Compensated Absences				1,666,854	(268,308,832)
<b>Total Net Position - Governmental Activities</b>						<b><u>\$ 113,265,287</u></b>

Norman Independent School District No. 29  
Cleveland County, Oklahoma

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
Year Ended June 30, 2022

	General Fund	Debt Service Fund	2022 Bond Fund	Casualty/Flood Insurance Recovery Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Property Taxes	\$ 40,535,741	\$ 30,753,010	\$ -	\$ -	\$ 5,784,706	\$ 77,073,457
Interest	36,388	43,737	67,530	17,551	32,348	197,554
County Revenue	4,725,734	-	-	-	-	4,725,734
State Revenue	70,569,644	-	-	-	57,685	70,627,329
Federal Revenue	16,440,049	-	-	-	7,893,874	24,333,923
Other	2,605,762	49,519	-	11,417,529	3,318,946	17,391,756
<b>Total Revenues</b>	<b>134,913,318</b>	<b>30,846,266</b>	<b>67,530</b>	<b>11,435,080</b>	<b>17,087,559</b>	<b>194,349,753</b>
<b>Expenditures</b>						
Instruction	84,048,311	-	3,743	59,713	2,310,783	86,422,550
Support services	49,195,816	-	76,614	409,060	11,591,737	61,273,227
Non-instruction services	102,389	-	-	-	7,103,615	7,206,004
Capital Outlays	450	-	24,600,000	3,044,006	1,549,029	29,193,485
Other Outlays	156,315	-	-	-	-	156,315
Debt Service						
Interest paid	-	2,142,125	-	-	-	2,142,125
Principal retirement	-	28,410,000	-	-	-	28,410,000
<b>Total Expenditures</b>	<b>133,503,281</b>	<b>30,552,125</b>	<b>24,680,357</b>	<b>3,512,779</b>	<b>22,555,164</b>	<b>214,803,706</b>
Excess (Deficiency) of Revenues over (under) Expenditures	1,410,037	294,141	(24,612,827)	7,922,301	(5,467,605)	(20,453,953)
<b>Other Financing Sources (Uses)</b>						
Transfers In	-	-	-	-	41,684	41,684
Transfers Out	-	(41,684)	-	-	-	(41,684)
Premium on Bonds	-	721,252	-	-	-	721,252
Proceeds from Bonds	-	-	32,000,000	-	-	32,000,000
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>679,568</b>	<b>32,000,000</b>	<b>-</b>	<b>41,684</b>	<b>32,721,252</b>
Net Change in Fund Balances	1,410,037	973,709	7,387,173	7,922,301	(5,425,921)	12,267,299
Beginning Fund Balances	10,103,308	22,161,989	-	685,538	21,606,671	54,557,506
Ending Fund Balances	<u>\$ 11,513,345</u>	<u>\$ 23,135,698</u>	<u>\$ 7,387,173</u>	<u>\$ 8,607,839</u>	<u>\$ 16,180,750</u>	<u>\$ 66,824,805</u>

# Norman Independent School District No. 29

Cleveland County, Oklahoma

## Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds Year Ended June 30, 2022

Total net changes in fund balances - governmental funds \$ 12,267,299

The change in net position reported in the statement of activities is different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays during the period.

	Capital asset additions	\$ 1,591,213	
	Depreciation	<u>(11,844,666)</u>	(10,253,453)

In the statement of activities, the loss on disposal of capital assets is reported, where as in the governmental funds proceeds from the sale increase financial resources if funds are received. The change in net position differs from the change in fund balance by the cost of assets disposed, net of related depreciation.

(15,350)

The lease revenue bonds are only recorded in governmental activities and not the fund financial statements. As non-capitalizable items are expensed as incurred and recognized in the statement of activities but not the fund financial statements.

(4,337,016)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead counted as unavailable revenues. They are, however, recorded as revenues in the statement of activities.

116,288

Because some grant revenues will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead counted as unavailable revenues. They are, however, recorded as revenues in the statement of activities.

(135,970)

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts actually paid). This year, vacation and sick leave used exceeded amounts earned.

11,194

Long term debt, such as bond proceeds, are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

	Bond proceeds	\$ (32,000,000)	
	Principal repayments	<u>54,720,754</u>	22,720,754

Changes in net pension liabilities and related deferrals are not recorded in the fund financial statements but is recorded in the statement of activities.

7,201,194

Changes in net OPEB asset and related deferrals are not recorded in the fund financial statements but is recorded in the statement of activities.

414,443

Bond premiums are shown as a liability on the statement of net position and as revenue in the governmental fund. The bond premium is amortized against interest expense using the effective interest method.

24,533

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources when paid. In the statement of activities, however, interest expense is recognized as the interest accrued, regardless of when it is due.

108,960

Change in net position of governmental activities

\$ 28,122,876

**Note 1 - Summary of Significant Accounting Policies**

The Norman Independent School District No. 29 (the District) is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on the State of Oklahoma for support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70 of the Oklahoma Statutes.

The District's financial statements are prepared in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB).

**The Reporting Entity** - The governing body of the District is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the District. There are no component units included within the reporting entity.

**Basic Financial Statements – Government-Wide Statements** - The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type activities. Governmental Activities include programs primarily supported by taxes, State aid, grants and other intergovernmental revenue.

In the government-wide Statement of Net Position, the District's governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. These statements also recognize deferred outflows of resources and deferred inflows of resources. The District's net position are reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's programs and functions. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Direct expenses are those that are clearly identifiable with a specific function. Program revenues must be directly associated with the function. Charges for services include charges and fees to students, or customers who purchase, use or directly benefit from the goods, services, or privileges provided by a given function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

All interfund transactions are eliminated in the district-wide statements.

The net costs are normally covered by general revenue (property taxes, State and Federal aid, other taxes etc.).

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Major individual governmental funds are reported in separate columns in the fund financial statements.

**Basic Financial Statements – Fund Financial Statements** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, deferred inflows of resources, and fund balances are included on the balance sheet. The fund financial statements provide reports on the financial condition and results of operations of governmental fund categories.

The District reports the following major governmental funds:

- **General Fund** is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Debt Service Fund** is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.
- **2022 Bond Fund** is used to account for the financial resources to be used for the acquisition or construction of major capital facilities as approved by the voters for the 2022 bond issue.
- **Casualty/Flood Insurance Recovery Fund** is used to account for insurance proceeds from damages to the District property based on previous weather events.

Additionally, the District reports the following fund types included in the Other Governmental Funds column:

**Governmental Funds:**

1. Special Revenue Funds – The District accounts for resources restricted for specific purposes by the District or a grantor in a special revenue fund.
2. Capital Project Funds – The proceeds from long-term financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

**Basis of Accounting** - Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual: The government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Modified Accrual:** The funds' financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e. both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**Inventories** - Inventories in the general fund consist of expendable supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories are accounted for using the consumption method where materials and supplies are recorded as an expenditure when used rather than when purchased.

On the government-wide financial statements, United States Department of Agriculture (USDA) food commodities are recorded as revenue at fair value at the date of receipt and as an expense when used. USDA food commodities are not reported in the governmental funds.

**Capital Assets** - Capital assets purchased with an original cost of \$5,000 or more are reported at historical cost or acquisition value on the date of donation if acquired by gift. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

School Buildings	50 years
Site Improvements	20 years
Portable Classrooms	25 years
Kitchen Equipment	15 years
Business Machines and Computers	5 years
Licensed Vehicles	8 years
Audio Visual Equipment, Musical Instruments	10 years

**Compensated Absences** - Certified District employees earn sick leave starting the first day of the school year, as defined for each individual. Support personnel are eligible for paid sick leave benefits on their start date. Sick leave is accrued at different rates depending on number of contract days worked. Unused sick leave is cumulative up to 185 days. Upon termination, resignation, retirement or death, unused sick leave is reimbursable up to a maximum of 120 days at rates varying from \$5 per day for the first 30 days to \$25 per day for the last 20 days. Vacation days accrue by month only after the completion of the full month. The rate of accrual is based on the number of contract days an employee works. Vacation may be accumulated and reimbursed for up to 80 days for employees hired before August 1, 2019. Those hired on or after August 1, 2019, may accumulate up to 80 days, but only be reimbursed for up to 20 days. Unused vacation days beyond the 20 maximum will be applied toward the 120 days available under the reimbursement provisions for unused sick leave. Reimbursement for unused vacation is paid at 100% of the employee's current rate of pay.

**Deferred Outflows/Inflows of Resources** - Deferred outflows represent a consumption of net position that applies to a future period(s) and so they will not be recognized as an outflow of resources (expense) until then. The District's deferred outflows of resources were comprised of statutorily required pension contributions, changes in actuarial assumptions, differences between expected and actual experience, difference between projected differences in pension contributions during the measurement period, and actual earnings on pension plan investments, and changes in proportion that are applicable to future reporting periods. Also reported in deferred outflows are OPEB related changes in proportion, projected differences in OPEB contributions during the measurement period, statutorily required OPEB contributions.

Deferred inflows are the acquisition of net position by the District that is applicable to a future reporting period. The District's deferred inflows of resources were comprised of amounts recognized as receivables but not revenues in the governmental funds because the revenue recognition criteria (availability) has not been met such as leases receivable; and at the government-wide level, changes in net pension obligation related to differences between expected and actual experience for pensions, changes of pension assumptions, difference between projected differences in pension contributions during the measurement period, and changes in proportion for pensions that are applicable to future reporting periods. Also reported in deferred inflows at the government-wide level are OPEB related differences between expected and actual experience, actual earnings on OPEB plan investments, changes in proportion, and projected differences in OPEB contributions during the measurement period.

**Budgets and Budgetary Accounting** - The District is required by state law to prepare an annual budget. The District by resolution of the Board of Education has adopted the School District Budget Act. This act requires that within the thirty-day period preceding the beginning of each fiscal year, a budget shall be approved by the governing body. The original budget is to be amended after the June financial activity has been recorded, the annual allocations have been released, and the property tax valuations have been certified for all affected counties within the district.

A budget is legally adopted by the Board of Education for the General Fund and Special Revenue Funds that includes revenues and expenditures.

**Deposits** - The District considers all cash on hand, demand deposits, money market checking and certificates of deposit, held at an individual bank which are subject to early withdrawal penalties no matter what the maturity period, to be cash. All short-term cash surpluses are maintained in a cash pool, the earnings from which are allocated to each fund based on month-end deposit balances. State statutes require collateral for deposits in excess of insured amounts. The collateral's market value must exceed the insured deposit.

**Property Tax Revenues** - The District is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes are due prior to January 1. The second half is due prior to April 1.

If the first payment is not made timely, the entire tax becomes due and payable on January 1. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

Property taxes receivable by the District include uncollected taxes assessed in prior years. Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion of the property taxes receivable that meets the revenue recognition criteria is reported as revenue in the fund financial statements. No provision has been made for uncollectible amounts because uncollectible amounts are considered insignificant.

**State Revenues** - Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the districts.

After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally, such adjustments are treated as reductions or additions of revenue of the year when the adjustment is made.

The District receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the programs for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

**Interfund Transfers** - During the course of normal operations, the District has transactions between funds including expenditures and transfers of resources to provide services, purchase assets and service debt. Transactions that are normal and recurring between funds are recorded as transfers.

**Bond Premium** - Bond premiums are deferred and amortized over the life of the bonds using the effective interest method.

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

**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 Teachers Retirement System (OTRS) and additions to/deductions from OTRS's fiduciary net position have been determined on the same basis as they are reported by OTRS. 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.

**OPEB** – For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Oklahoma Teachers Retirement System (OTRS) and additions to/deductions from OTRS's fiduciary net position have been determined on the same basis as they are reported by OTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

**Net Position and Fund Balance** - District-Wide Financial Statements – When the District incurs an expense for which it may use either restricted or unrestricted net position, it uses restricted net position first unless unrestricted net position will have to be returned because they were not used.

Net position on the Statement of Net Position includes the following:

Net investment in Capital Assets - The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for Debt Service - The component of net position that reports the amount of funds restricted for payment of principal and interest on debt. This amount is restricted by enabling legislation and debt covenants.

Restricted for Buildings - The component of net position that reports the excess of property taxes and other revenue collected in excess of expenses for operation of the District's buildings. This amount is restricted by enabling legislation.

Restricted for School Organizations - The component of net position that reports the assets restricted for use by student organizations and extracurricular activities. This amount is restricted by regulations of the Oklahoma State Department of Education.

Restricted for Child Nutrition - The component of net position that reports the assets restricted for use by Child Nutrition program.

Restricted for Other – General Fund grants, gifts from donors, and insurance purposes.

Restricted for OPEB – The component of net position that reports the net OPEB asset restricted for other post-employment benefits, and deferred outflows of resources netted against its related deferred inflows of resources

Unrestricted – The difference between the sum of assets and deferred outflows of resources and the sum of liabilities and deferred inflows of resources that is not reported as restricted for any particular purpose.

**Governmental Fund Reporting** – The District follows Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Types*, which defines how fund balances of the governmental funds are presented in the financial statements. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified inventory as being nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified school construction and building maintenance expenditures as being restricted because their use is restricted by state statute or legislation regarding use of expenditures. Debt service resources are to be used for future servicing of the debt and are restricted through debt covenants. Food service resources are to be used for the District's child nutrition program and are restricted through federal and state regulations. The District has classified school program activities, miscellaneous site grants and grant carryover as being restricted because their use is imposed by the Oklahoma State Department of Education or other authority regarding use of expenditures. Other purposes are restricted for insurance purposes and scholarship purposes from contributors.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to management through the budgetary process. The District has no assigned funds as of June 30, 2022.

Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification would also include any negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. The District has not established a formal stabilization arrangement regarding minimum funding requirements. The Board of Education, however, has made it a goal to achieve and maintain a minimum fund balance of 5% in the general fund of the current year total revenue collections as well as a minimum fund balance in the building fund of 35% of the current year total revenue collections.

As of June 30, 2022, fund balances are comprised of the following:

	General Fund	Debt Service Fund	2022 Bond Fund	Casualty/Flood Insurance Recovery Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:						
Nonspendable						
Inventory	\$ 170,798	\$ -	\$ -	\$ -	\$ -	\$ 170,798
Restricted for:						
School construction	-	-	7,387,173	-	8,465,312	15,852,485
Building maintenance	-	-	-	-	1,662,068	1,662,068
Debt service reserve	-	23,135,698	-	-	-	23,135,698
School programs	-	-	-	-	2,515,000	2,515,000
Food services	-	-	-	-	3,420,994	3,420,994
Insurance purposes	-	-	-	8,607,839	39,487	8,647,326
Gifts from donors	-	-	-	-	77,889	77,889
Miscellaneous site grants and Federal and state grants carryover	476,543	-	-	-	-	476,543
Total restricted	<u>476,543</u>	<u>23,135,698</u>	<u>7,387,173</u>	<u>8,607,839</u>	<u>16,180,750</u>	<u>55,788,003</u>
Committed to:						
Miscellaneous site	164,068	-	-	-	-	164,068
Total committed	<u>164,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,068</u>
Unassigned	10,701,936	-	-	-	-	10,701,936
Total fund balances	<u>\$ 11,513,345</u>	<u>\$ 23,135,698</u>	<u>\$ 7,387,173</u>	<u>\$ 8,607,839</u>	<u>\$ 16,180,750</u>	<u>\$ 66,824,805</u>

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**Implementation of GASB Statement No. 87:** As of July 1, 2021 the District implemented GASB Statement No. 87, Leases. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the District must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments, and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties.

### **Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to properly classify beginning balances with respect to capital assets. The reclassifications had no impact on change in net position/fund balance or net position/fund balances.

### **Note 2 - Cash and Investments**

**Deposits** - At June 30, 2022, the bank balance of deposits and cash pools was \$80,327,949. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts. The deposit policy for custodial credit risk requires compliance with the provisions of state law. The bank balance was completely covered by federal depository insurance and by collateral held by the District's third-party agent in the District's name.

**Interest Rate Risk** – The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

**Note 3 - Capital Assets**

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balances (as reclassified)	Increases	Decreases	Ending Balances
<b>Capital Assets not being depreciated:</b>				
Land	\$ 4,363,195	\$ -	\$ -	\$ 4,363,195
Construction in Progress	116,880,332	394,139	9,918,318	107,356,153
Total capital assets not being depreciated	<u>121,243,527</u>	<u>394,139</u>	<u>9,918,318</u>	<u>111,719,348</u>
<b>Capital Assets being depreciated:</b>				
Buildings	120,592,716	-	274,390	120,318,326
Improvements	215,520,509	5,597,862	25,270	221,093,101
Furniture and Equipment	4,528,796	695,101	-	5,223,897
Musical Instruments	295,003	-	-	295,003
Computers	9,057,976	131,075	-	9,189,051
Vehicles	12,172,652	354,338	776,425	11,750,565
Total capital assets being depreciated	<u>362,167,652</u>	<u>6,778,376</u>	<u>1,076,085</u>	<u>367,869,943</u>
<b>Less accumulated depreciation for:</b>				
Buildings	70,408,609	2,249,137	274,390	72,383,356
Improvements	52,568,625	6,783,482	21,256	59,330,851
Furniture and Equipment	3,000,216	260,746	-	3,260,962
Musical Instruments	791,989	16,364	-	808,353
Computers	3,690,754	1,715,090	-	5,405,844
Vehicles	7,398,814	819,847	765,089	7,453,572
Less total accumulated depreciation	<u>137,859,007</u>	<u>11,844,666</u>	<u>1,060,735</u>	<u>148,642,938</u>
Total capital assets being depreciated, net	<u>224,308,645</u>	<u>(5,066,290)</u>	<u>15,350</u>	<u>219,227,005</u>
Governmental activity capital assets, net	<u>\$ 345,552,172</u>	<u>\$ (4,672,151)</u>	<u>\$ 9,933,668</u>	<u>\$ 330,946,353</u>

Depreciation is not allocated by function in the statement of activities.

**Note 4 - Long-term Liabilities**

The long-term liability balances and activity for the year were as follows:

	Beginning	Additions	Reductions	Ending Balance	Amounts Due Within 1 Year
Bonds Payable	\$ 99,180,000	\$ 32,000,000	\$ (28,410,000)	\$ 102,770,000	\$ 29,160,000
Bond Premium	2,393,980	721,252	(745,785)	2,369,447	752,402
Compensated Absences	1,678,048	546,093	(557,287)	1,666,854	1,666,854
Financed Lease Payable	5,032,442	-	(3,046,722)	1,985,720	-
2019 Lease Revenue Payable	100,830,506	-	(23,264,032)	77,566,474	4,737,967
Total governmental activity long-term liabilities	<u>\$ 209,114,976</u>	<u>\$ 33,267,345</u>	<u>\$ (56,023,826)</u>	<u>\$ 186,358,495</u>	<u>\$ 36,317,223</u>

General Obligation Bonds

Bonds payable at June 30, 2022 are composed of the following individual general obligation bond issues:

Original Issue Amount	Annual Installment	Issue Date	Final Maturity Date	Interest Rate	Outstanding Amount at June 30, 2022
\$ 29,480,000	\$ 7,370,000	3/1/2018	3/1/2023	2-3%	\$ 7,370,000
36,820,000	9,205,000	5/1/2019	5/1/2024	2-3%	18,410,000
18,600,000	4,650,000	3/1/2020	3/1/2025	2%	13,950,000
2,800,000	700,000	3/1/2020	3/1/2025	1.5-2.5%	2,100,000
26,540,000	6,635,000	3/1/2021	3/1/2026	1.25%	26,540,000
2,400,000	600,000	3/1/2021	3/1/2026	0.625%	2,400,000
30,100,000	7,525,000	3/1/2022	3/1/2027	2%	30,100,000
1,900,000	475,000	3/1/2022	3/1/2027	2%	1,900,000
					<u>\$ 102,770,000</u>

Payments on bonds are made by the debt service fund with property taxes. Compensated absences are generally liquidated by the general fund.

The annual requirements to amortize all bond debt outstanding as of June 30, 2022 including interest payments are as follows:

Year Ending June 30	Principal	Interest	Total Debt Service
2023	\$ 29,160,000	\$ 2,071,875	\$ 31,231,875
2024	29,790,000	1,384,438	31,174,438
2025	20,585,000	757,750	21,342,750
2026	15,235,000	406,688	15,641,688
2027	8,000,000	160,000	8,160,000
	<u>\$ 102,770,000</u>	<u>\$ 4,780,751</u>	<u>\$ 107,550,751</u>

Norman Independent School District No. 29

Cleveland County, Oklahoma

Notes to Financial Statements

June 30, 2022

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue. General obligation bonded debt of the District is limited by state law to 10% of the assessed valuation of the District. The legal debt limit for general obligation bonds at June 30, 2022 is approximately \$80.6 million.

Proceeds of general obligation bond issues are recorded in the capital project funds and at least 85% of the proceeds are restricted to the use for which they were approved in the bond elections.

Financed Lease Payable

Financed lease payable entered into by the District contain non-appropriation clauses to comply with the state statutes prohibiting the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. The payments on these leases are only made if the governing body appropriates for the payments in each budget year. At June 30, 2022 the financed lease payable for the District consist of the following:

Arvest Bank – amended May 2022 lease purchase agreement to purchase Triad land and building in the original amount of \$1,985,720, with an interest rate of 4.66% and maturity date of November 2026; annual payments of interest only for \$94,537 for the first 4 years, with final annual payment made November 2026 for both principal and interest of \$2,019,393.

\$ 1,985,720

\$ 1,985,720

The annual requirements to amortize all capital leases payable outstanding as of June 30, 2022 including interest payments are as follows:

Year Ending June 30	Principal	Interest	Total Debt Service
2023	\$ -	\$ 94,537	\$ 94,537
2024	-	94,537	94,537
2025	-	94,537	94,537
2026	-	94,537	94,537
2027	1,985,720	33,672	2,019,392
	<u>\$ 1,985,720</u>	<u>\$ 411,820</u>	<u>\$ 2,397,540</u>

Assets purchased with financed leases are as follows:

	Cost	Accumulated Depreciation	Net
Land	\$ 222,500	\$ -	\$ 222,500
Buildings	2,013,220	(150,991)	1,862,229
Computers	8,392,275	(4,755,623)	3,636,652
	<u>\$ 10,627,995</u>	<u>\$ (4,906,614)</u>	<u>\$ 5,721,381</u>

Lease Revenue Payable - See discussion of lease revenue payables at Note 13.

**Note 5 - Leases**

The District functions as a landlord in a ground lease agreement which meets the classification requirements of long-term leases under GASB Statement No. 87, *Leases*. As a result, the District recognizes a lease receivable and a deferred inflow of resources. The discount rate used for the present value calculations for the leases is 1.63% with a defined annual payment of \$7,350 ending November 18, 2024 with options to renew expected to occur. The amounts recorded as of June 30, 2022 for lease receivable and the related deferred inflow of resources is \$285,422.

**Note 6 - Employee Retirement System**

**Plan Description** - The District contributes to the state-administered Oklahoma Teachers' Retirement System ("the System" or "OTRS"), a cost-sharing, multiple-employer public employee retirement plan (the Plan). The System is administered by a board of trustees. OTRS provides retirement, disability and death benefits to plan members and beneficiaries. Oklahoma State Statute 70, Article 17 assigns the authority to establish and amend benefit provisions to the OTRS Board of Trustees. Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the System; which can be located at [www.ok.gov/OTRS](http://www.ok.gov/OTRS).

**Policy** - Under the System, contributions are made by the District, the State of Oklahoma, and the participating employees. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public educational institutions who work at least 20 hours per week.

**Contributions** - The contribution rates for the District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District was required by statute to contribute 9.5% of applicable compensation for the year ended June 30, 2022. Plan members are required to contribute 7% of their annual covered salary. The District pays full-time employees' contribution as allowed by statute. Contributions to the pension plan from the District were \$8,543,079. The State of Oklahoma also made on-behalf contributions to OTRS, of which \$4,522,105 was recognized by the District; these on-behalf payments did not meet the criteria of a special funding situation.

**Benefits** - Benefit provisions include:

- Members become 100% vested in retirement benefits earned to date after five or seven years (depending on hire date) of credited Oklahoma service. Members who joined the System on June 30, 1992 or prior are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining the System after June 30, 1992 are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2% of final compensation for each year of credited service.
- Final compensation for members who joined the System prior to July 1, 1992 is defined as the average salary for the three highest years of compensation. Final compensation for members joining the System after June 30, 1992 is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995 to \$40,000 or \$25,000, depending on the member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995 are calculated based on each member's final average compensation, except for certain employees of the two comprehensive universities.
- Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.

- Upon the death of a retired member, the System will pay \$5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.
- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.
- Upon separation from OTRS, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the IRC.
- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code Section 403(b).

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2022, the District reported a liability of \$83,427,520 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net pension liability was based on the District's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2021. Based upon this information, the District's proportion was 1.6330%, a decrease from 0.0246% at June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$5,842,995 in compensation and benefits expense. June 30, 2022, the District 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	\$ 5,500,972	\$ 3,102,386
Changes of assumptions	12,977,953	830,834
Net difference between projected and actual earnings on pension plan investments	-	43,331,243
Changes in proportion	14,222,740	15,125,525
Differences between District contributions and proportionate share of contributions	559,179	481,629
District contributions subsequent to the measurement date	8,543,079	-
	\$ 41,803,923	\$ 62,871,617

The \$8,543,079 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

The average expected remaining life of the Plan is determined by taking the calculated total future service years of the Plan divided by the number of people in the Plan including retirees. The total future service years of the plan are estimated at 5.27 years at June 30, 2021 and are determined using the mortality, termination, retirement and disability assumptions associated with the Plan. Deferred outflows resulting from the difference between projected and actual investment earnings, will be recognized in pension expense over a period of five years.

Other than contributions provided subsequent to the measurement date, deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ (5,736,447)
2024	(5,617,840)
2025	(5,387,081)
2026	(12,645,518)
2027	<u>(223,887)</u>
	<u>\$ (29,610,773)</u>

**Actuarial Assumptions** - The total pension liability as of June 30, 2022, was determined based on an actuarial valuation prepared as of June 30, 2021 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Asset Valuation Method – 5-Year Smoothed Market
- Inflation - 2.25%
- Future Ad Hoc Cost-of-living Increases - None
- Salary Increases - Inflation rate of 2.25% plus productivity increase rate of 0.75% plus step-rate/promotional adjustments with less than 25 years of service
- Investment Rate of Return – 7.00%
- Retirement Age - Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the five year experience study for the period ending June 30, 2019
- Mortality Rates for retired member – 2020 GRS Southwest Region Teacher Mortality Table for males and females. Generational mortality improvement rates from the MP-2014 through MP-2019 tables projected from the year 2020.
- Mortality Rates for active members – Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the ultimate mortality improvement rates from the MP-2014 through MP-2019 tables projected from the year 2010.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the five year period ending June 30, 2019.

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	43.5%	4.3%
International Equity	19.0%	5.2%
Fixed Income	22.0%	0.4%
Real Estate**	9.0%	4.3%
Alternative Assets	6.5%	6.5%
Total	100.0%	

\*\* The Real Estate total expected return is a combination of US Direct Real Estate (unlevered) and US Value added Real Estate (unlevered)

**Discount Rate** - A single discount rate of 7.0% was used to measure the total pension liability as of June 30, 2021. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were projected to be available to finance 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. The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

**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 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% decrease 6.0%	Current Discount 7.0%	1% increase 8.0%
Net pension liability	\$ 136,363,650	\$ 83,427,520	\$ 39,603,595

**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 OTRS; which can be located at [www.ok.gov/OTRS](http://www.ok.gov/OTRS).

**Note 7 - Other Post-Employment Benefits (OPEB)**

**Plan description** - The District as the employer, participates in the Supplemental Health Insurance Program—a cost-sharing multiple-employer defined benefit OPEB plan administered by the Oklahoma Teachers Retirement System (OTRS). Title 74 O. S. Sec. 1316.3 defines the health insurance benefits. The authority to establish and amend benefit provisions rests with the State Legislature. OTRS issues a publicly available financial report that can be obtained at [www.ok.gov/OTRS](http://www.ok.gov/OTRS).

**Benefits provided** - OTRS pays a medical insurance supplement to eligible members who elect to continue their employer provided health insurance. The supplement payment is between \$100 and \$105 per month, remitted to the Oklahoma Management Enterprise Services Employees Group Insurance Division, provided the member has ten (10) years of Oklahoma service prior to retirement.

**Contributions** - Employer and employee contributions are made based upon the TRS Plan provisions contained in Title 70, as amended. However, the statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. Based on the contribution requirements of Title 70 employers and employees contribute a single amount based on a single contribution rate as described in Note 5; from this amount OTRS allocates a portion of the contributions to the supplemental health insurance program. The cost of the supplemental health insurance program averages 1.5% of normal cost as determined by an actuarial valuation. Contributions allocated to the OPEB plan from the District were \$105,600.

**OPEB Liabilities (Assets), OPEB Expense (Benefit), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** – At June 30, 2022, the District reported an asset of \$2,079,973 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2021. The District’s proportion of the net OPEB asset was based on the District’s contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2021. Based upon this information, the District’s proportion was 1.6576%, a decrease from 0.0246% at June 30, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense (benefit) of \$(308,875). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 325,634
Changes of assumptions	282,715	-
Net difference between projected and actual earnings on plan investments	-	1,115,552
Changes in proportion	57,918	52,657
Differences between District contributions and proportionate share of contributions	40,429	70,770
District contributions subsequent to the measurement date	<u>105,600</u>	<u>-</u>
	<u>\$ 486,662</u>	<u>\$ 1,564,613</u>

The \$105,600 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2023	\$ (304,339)
2024	(248,187)
2025	(258,203)
2026	(350,012)
2027	(17,574)
Thereafter	<u>(5,236)</u>
	<u>\$ (1,183,551)</u>

Actuarial Assumptions- The total OPEB liability (asset) as of June 30, 2021, was determined based on an actuarial valuation prepared as of June 30, 2021 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Asset Valuation Method – 5-Year Smoothed Market
- Inflation - 2.25%
- Future Ad Hoc Cost-of-living Increases - None
- Salary Increases - Inflation rate of 2.25% plus productivity increase rate of 0.75% plus step-rate/promotional adjustments with less than 25 years of service
- Investment Rate of Return – 7.00%
- Retirement Age - Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the five year experience study for the period ending June 30, 2019
- Mortality Rates for retired member – 2020 GRS Southwest Region Teacher Mortality Table for males and females. Generational mortality improvement rates from the MP-2014 through MP-2019 tables projected from the year 2020.
- Mortality Rates for active members – Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the ultimate mortality improvement rates from the MP-2014 through MP-2019 tables projected from the year 2010.

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	43.5%	4.3%
International Equity	19.0%	5.2%
Fixed Income	22.0%	0.4%
Real Estate**	9.0%	4.3%
Alternative Assets	6.5%	6.5%
Total	<u>100.0%</u>	

\*\* The Real Estate total expected return is a combination of US Direct Real Estate (unlevered) and US Value added Real Estate (unlevered)

**Discount Rate-** A single discount rate of 7.00% was used to measure the total OPRB liability (asset) as of June 30, 2021. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the OPEB plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset). The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State’s contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

**Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate**-The following presents the net OPEB liability (asset) of the employer calculated using the discount rate of 7.0%, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% decrease 6.0%	Current Discount 7.0%	1% increase 8.0%
Net OPEB (asset) liability	\$ (1,336,276)	\$ (2,079,973)	\$ (2,710,136)

**OPEB plan fiduciary net position** - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report of the OTRS; which can be located at [www.ok.gov/OTRS](http://www.ok.gov/OTRS) .

**Note 8 - Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**Note 9 - Disaggregation of Payable Balances**

	Vendors	Salaries and Benefits	Accrued Interest	Total Payables
Governmental Activities:				
General and other governmental funds	\$ 4,677,541	\$ 8,162,564	\$ -	\$ 12,840,105
Reconciliation of balances in fund financials to government-wide statements	-	-	602,790	602,790
Total governmental activities	\$ 4,677,541	\$ 8,162,564	\$ 602,790	\$ 13,442,895

**Note 10 - Schedule of Transfers**

The transfers for the year ended June 30, 2022 are as follows:

Transfer From	Transfer To	Amount	Nature of Transfer
Debt Service Fund	Building Fund	\$ 41,684	Intrafund Transfer
	Total Transfers between Funds	<u>\$ 41,684</u>	

Transfers are used for (1) reimbursement of funds collected by one fund that are accounted for in another fund and (2) return of funds in excess of budgetary requirements.

**Note 11 - Contingencies and Commitments**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the District believes the resolution of these matters will not have a material adverse effect on the financial condition of the District. Should a judgment be awarded against the District, it would be levied through the District’s sinking fund over a three-year period pursuant to state law.

The District has outstanding construction commitments of approximately \$20.9 million as of June 30, 2022.

During the year ended June 30, 2022, the District did not reduce insurance coverage from coverage levels in place as of June 30, 2021. No settlements have exceeded coverage levels in place during 2022.

**Note 12 - Cybersecurity Event**

On the morning of November 4, 2022, the District discovered it was the victim of a malicious ransomware attack. Upon learning of the event, the District moved quickly to investigate and respond to the event, assess the security of our systems, and notify staff, students, and parents of the event.

With the assistance of third-party data forensics and incident response specialists, the District immediately investigated to determine the full nature and scope of the event and cooperated with law enforcement. The investigation has determined that an unauthorized actor gained access to certain District systems, and that information contained on those systems may have been viewed or taken by the unauthorized actor. The District reviewed of the data in its possession to identify individuals with personal information that was potentially impacted. The District placed notations in the electronic records online for potentially impacted students.

Those notations will describe the type of information that was potentially viewed or taken by the unauthorized actor.

As of the date of this report, the District remains unaware of any actual or attempted misuse of anyone’s personal information as a result of this event. Nevertheless, the District encourages potentially affected individuals to review the steps one can take. The District continues to offer identity theft protection services to all potentially impacted individuals for twelve (12) months, through IDX, the data breach and recovery services expert.

**Note 13 - Sublease Agreement**

The District entered into a sublease agreement in June 2019 with the Cleveland County Education Facilities Authority (the Authority) in which the Authority advanced \$117,550,000 in educational facilities lease revenue bonds, Series 2019 (lease revenue bonds), to the District for the acquisition and construction of buildings, improvements, and furniture and equipment. These bonds were issued with a premium of \$14.5 million.

The following schedule presents the remaining payment activity of the lease revenue bonds for the Authority’s lease revenue bonds as of June 30, 2022:

	Principal Amount	Premium	Total
	\$ 7,340,000	\$ 243,834	\$ 7,583,834
	16,405,000	1,077,480	17,482,480
	20,465,000	1,972,416	22,437,416
	2,200,000	274,296	2,474,296
	1,250,000	129,387	1,379,387
	44,540,000	6,725,094	51,265,094
	3,000,000	148,890	3,148,890
	22,350,000	3,945,892	26,295,892
	<u>\$ 117,550,000</u>	<u>\$ 14,517,289</u>	<u>\$ 132,067,289</u>

	Principal Amount	Interest	Total
2023	\$ 4,737,967	\$ 1,030,033	\$ 5,768,000
2024	47,195,885	967,115	48,163,000
2025	25,632,622	340,378	25,973,000
	<u>\$ 77,566,474</u>	<u>\$ 2,337,526</u>	<u>\$ 79,904,000</u>

The District has pledged approximately \$138.9 million in future issuances of general obligation bonds to repay these amounts, including interest. The general obligation bonds will be issued prior to the payment due of the lease revenue bond payments.

Norman Independent School District No. 29

Cleveland County, Oklahoma

Notes to Financial Statements

June 30, 2022

The lease revenue bonds were issued at a premium. The related premium per principal amount is as follows:

Principal Amount	Premium	Total
\$ 7,340,000	\$ 243,834	\$ 7,583,834
16,405,000	1,077,480	17,482,480
20,465,000	1,972,416	22,437,416
2,200,000	274,296	2,474,296
1,250,000	129,387	1,379,387
44,540,000	6,725,094	51,265,094
3,000,000	148,890	3,148,890
22,350,000	3,945,892	26,295,892
<u>\$ 117,550,000</u>	<u>\$ 14,517,289</u>	<u>\$ 132,067,289</u>

The annual requirements of the District to pay the lease revenue bonds as of June 30, 2022 including interest payments are as follows:

	Principal Amount	Interest	Total
2023	\$ 4,737,967	\$ 1,030,033	\$ 5,768,000
2024	47,195,885	967,115	48,163,000
2025	25,632,622	340,378	25,973,000
	<u>\$ 77,566,474</u>	<u>\$ 2,337,526</u>	<u>\$ 79,904,000</u>

Upon payment of the lease purchased acquisition payments, legal title will go to the District for all construction, acquisition and renovations completed with the revenue lease bonds. At the start of the lease revenue bond transaction, the estimated capitalizable sublease activity of \$138 million was included on the statement of net position as capital assets and a long-term lease. These financing agreements are accounted for as finance leases for accounting purposes as the title transfers at the end of the lease term.

Lease bond revenue projects in process at June 30, 2022 totaled approximately \$3 million.

The trustee bank holds the cash and makes payments after authorization from the District.



Financial Statements  
Required Supplementary Information  
June 30, 2022

# Norman Independent School District No. 29

Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Budgetary Comparison Schedule – General Fund (Unaudited)  
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Budgetary Fund Balance, July 1	\$ 7,456,847	\$ 10,103,307	\$ 10,103,308	\$ 2,646,460	\$ 1
Resources (inflows)					
Property Taxes	39,113,933	41,036,088	40,535,741	1,922,155	(500,347)
Interest	20,000	16,111	36,388	(3,889)	20,277
County Revenue	4,700,000	4,872,000	4,725,734	172,000	(146,266)
State Revenue	70,420,434	70,020,334	70,569,644	(400,100)	549,310
Federal Revenue	17,386,130	17,485,180	16,440,049	99,050	(1,045,131)
Other	1,735,012	1,844,607	2,605,762	109,595	761,155
Amounts Available for Appropriation	<u>140,832,356</u>	<u>145,377,627</u>	<u>145,016,626</u>	<u>4,545,271</u>	<u>(361,001)</u>
Charges to Appropriations (outflows)					
Instruction	85,466,222	84,584,521	84,048,311	881,701	536,210
Support Services	47,652,447	50,346,570	49,195,816	(2,694,123)	1,150,754
Non-instruction Services	21,750	150,675	102,389	(128,925)	48,286
Capital Outlays	28,152	25,642	450	2,510	25,192
Other Outlays	262,626	464,717	156,315	(202,091)	308,402
Total Charges to Appropriations	<u>133,431,197</u>	<u>135,572,125</u>	<u>133,503,281</u>	<u>(2,140,928)</u>	<u>2,068,844</u>
Budgetary Fund Balance, June 30	<u>\$ 7,401,159</u>	<u>\$ 9,805,502</u>	<u>\$ 11,513,345</u>	<u>\$ 2,404,343</u>	<u>\$ 1,707,843</u>

**Budgeting** – Oklahoma statutes required that the District Board of Education approve a budget within thirty days of the beginning of each fiscal year. The school district’s budget is to contain a budget summary accompanied by a minimum of the following for each fund in tabular form:

1. Actual revenues and expenditures for the immediate prior fiscal year.
2. Revenues and expenditures for the current fiscal year as shown by the budget as amended.
3. Estimated revenues and expenditures for the budget year.

A public hearing on the proposed budget must be held within forty-five days preceding the beginning of the budgetary year.

The District shall amend the original budget after June 30 of each year after the June financial activity has been recorded, the annual Foundation and Salary Incentive Aid allocation has been released, and the property tax valuations have been certified for all affected counties with the District.

Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Schedule of District's Proportionate Share of the Net Pension Liability  
for Oklahoma Teachers Retirement System – Pension  
Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	1.6330%	1.6576%	1.4502%	1.9455%	1.6095%	1.5677%	1.5504%	1.5360%
District's proportionate share of the net pension liability	\$ 83,427,520	\$ 157,313,491	\$ 95,976,887	\$ 117,585,659	\$ 106,571,969	\$ 130,833,885	\$ 94,153,782	\$ 82,635,807
District's covered payroll	\$ 86,977,748	\$ 82,314,554	\$ 80,395,676	\$ 70,488,085	\$ 66,718,456	\$ 64,343,044	\$ 64,127,709	\$ 61,128,259
District's proportionate share of the net pension liability as a percentage of its covered payroll	96%	191%	119%	167%	160%	203%	147%	135%
Plan fiduciary net position as a percentage of the total pension liability	80.80%	63.37%	71.58%	72.74%	69.32%	62.24%	70.31%	72.43%

**Notes to Schedule:**

Only eight fiscal years are presented because 10-year data is not yet available.

The amounts present for each fiscal year were determined as of 6/30

The Plan's net position liability increased between 2015 and 2016 and again between 2018 and 2021 due to changes in assumptions adopted by the System's Board.

The most notable changes during fiscal year 2021 were:

The decrease of the inflation rate from 2.5% to 2.25%

The decrease of the estimated investment rate of return from 7.5% to 7.0%

Changes to retirement age tables based on the five year experience study for the period ending June 30, 2019.

Mortality rate tables were updated to the 2020 GRS Southwest Region Teacher Mortality Table for males and females.

**Norman Independent School District No. 29**  
 Cleveland County, Oklahoma  
 Schedule of District's Pension Contributions to Oklahoma Teachers Retirement System  
 Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>*2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 8,648,679	\$ 8,138,330	\$ 7,962,064	\$ 7,944,342	\$ 6,586,047	\$ 6,586,047	\$ 6,660,331	\$ 6,468,241
Contributions in relation to the contractually required contribution	<u>8,648,679</u>	<u>8,138,330</u>	<u>7,962,064</u>	<u>7,944,342</u>	<u>6,586,047</u>	<u>6,586,047</u>	<u>6,660,331</u>	<u>6,468,241</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 86,977,748	\$ 82,314,554	\$ 80,395,676	\$ 70,488,085	\$ 66,718,456	\$ 64,343,044	\$ 64,127,709	\$ 61,128,259
Contributions as a percentage of covered payroll	9.94%	9.89%	9.90%	11.27%	9.87%	10.24%	10.39%	10.58%

**Notes to Schedule:**

10-year data is not yet available.

\*Amount of contributions reduced by \$74,284 due to implementation of GASB Statement No. 75. Amounts prior to 2017 have not been determined.

**Norman Independent School District No. 29**  
 Cleveland County, Oklahoma  
 Schedule of District's Proportionate Share of the Net OPEB Liability (Asset)  
 Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability (asset)	1.6330%	1.6576%	1.4502%	1.9455%	1.6095%
District's proportionate share of the net OPEB liability (asset)	\$ (2,079,973)	\$ (164,217)	\$ (896,746)	\$ (1,257,268)	\$ (717,757)
District's covered payroll	\$ 86,977,748	\$ 82,314,554	\$ 80,395,676	\$ 70,488,085	\$ 66,718,456
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-2.39%	-0.20%	-1.12%	-1.78%	-1.08%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	129.91%	102.30%	115.07%	115.41%	110.40%

Information to present a 10 year schedule is not yet available.

**Norman Independent School District No. 29**  
 Cleveland County, Oklahoma  
 Schedule of District's OPEB Contributions to Oklahoma Teachers Retirement System  
 Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 105,600	\$ 15,300	\$ 14,969	\$ 53,227	\$ 109,299	\$ 104,574
Contributions in relation to the contractually required contribution	<u>105,600</u>	<u>15,300</u>	<u>14,969</u>	<u>53,227</u>	<u>109,299</u>	<u>104,574</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 86,977,748	\$ 82,314,554	\$ 80,395,676	\$ 70,488,085	\$ 66,718,456	\$ 64,343,044
Contributions as a percentage of covered payroll	0.12%	0.02%	0.02%	0.08%	0.16%	0.16%

Information to present a 10 year schedule is not yet available.



Financial Statements  
Other Supplementary Information  
June 30, 2022

# Norman Independent School District No. 29

Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Combining Balance Sheet – Other Governmental Funds  
June 30, 2022

	<u>Building Fund</u>	<u>Child Nutrition</u>	<u>Gifts</u>	<u>Student Activity</u>	<u>Workers' Compensation</u>	<u>Total Capital Project Funds</u>	<u>Governmental Funds</u>
<b>Assets</b>							
Pooled Cash and Investments	\$ 1,940,622	\$ 3,527,697	\$ 83,447	\$ 2,550,877	\$ 39,487	\$ 8,798,475	\$ 16,940,605
Property Taxes Receivable	408,234	-	-	-	-	-	408,234
Due from Other Governments	-	113,028	-	-	-	-	113,028
Other Receivables	7,410	29,942	-	1,995	-	-	39,347
<b>Total Assets</b>	<u>\$ 2,356,266</u>	<u>\$ 3,670,667</u>	<u>\$ 83,447</u>	<u>\$ 2,552,872</u>	<u>\$ 39,487</u>	<u>\$ 8,798,475</u>	<u>\$ 17,501,214</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>							
<b>Liabilities</b>							
Accounts Payable and Accrued Liabilities	\$ 323,667	\$ 95,169	\$ 5,558	\$ 37,872	\$ -	\$ 333,163	\$ 795,429
Unearned Revenue	-	154,504	-	-	-	-	154,504
<b>Total Liabilities</b>	<u>323,667</u>	<u>249,673</u>	<u>5,558</u>	<u>37,872</u>	<u>-</u>	<u>333,163</u>	<u>949,933</u>
Deferred Inflows of Resources							
Unavailable revenue - taxes	370,531	-	-	-	-	-	370,531
<b>Total Deferred Inflow of Resources</b>	<u>370,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>370,531</u>
Fund Balances							
Restricted	1,662,068	3,420,994	77,889	2,515,000	39,487	8,465,312	16,180,750
<b>Fund Balances, End of Year</b>	<u>1,662,068</u>	<u>3,420,994</u>	<u>77,889</u>	<u>2,515,000</u>	<u>39,487</u>	<u>8,465,312</u>	<u>16,180,750</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 2,356,266</u>	<u>\$ 3,670,667</u>	<u>\$ 83,447</u>	<u>\$ 2,552,872</u>	<u>\$ 39,487</u>	<u>\$ 8,798,475</u>	<u>\$ 17,501,214</u>

Norman Independent School District No. 29

Cleveland County, Oklahoma

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Governmental Funds

Year Ended June 30, 2022

	Building Fund	Child Nutrition	Gifts	Student Activity	Workers' Compensation	Total Capital Project Funds	Total Other Governmental Funds
<b>Revenues</b>							
Property Taxes	\$ 5,784,706	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,784,706
Interest	4,630	5,405	194	5,047	72	17,000	32,348
State Revenue	-	57,685	-	-	-	-	57,685
Federal Revenue	-	7,893,874	-	-	-	-	7,893,874
Other	62,716	314,377	151,990	2,789,863	-	-	3,318,946
<b>Total Revenues</b>	<b>5,852,052</b>	<b>8,271,341</b>	<b>152,184</b>	<b>2,794,910</b>	<b>72</b>	<b>17,000</b>	<b>17,087,559</b>
<b>Expenditures</b>							
Instruction	-	-	187	772,946	-	1,537,650	2,310,783
Support Services	5,175,908	236,089	86,258	1,220,944	-	4,872,538	11,591,737
Non-Instruction Services	-	6,418,189	-	685,426	-	-	7,103,615
Capital Outlays	3,000	3,270	-	922	-	1,541,837	1,549,029
<b>Total Expenditures</b>	<b>5,178,908</b>	<b>6,657,548</b>	<b>86,445</b>	<b>2,680,238</b>	<b>-</b>	<b>7,952,025</b>	<b>22,555,164</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>673,144</b>	<b>1,613,793</b>	<b>65,739</b>	<b>114,672</b>	<b>72</b>	<b>(7,935,025)</b>	<b>(5,467,605)</b>
<b>Other Financing Sources (Uses)</b>							
Transfers In	41,684	-	-	-	-	-	41,684
Transfers Out	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>41,684</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,684</b>
<b>Net Change in Fund Balances</b>	<b>714,828</b>	<b>1,613,793</b>	<b>65,739</b>	<b>114,672</b>	<b>72</b>	<b>(7,935,025)</b>	<b>(5,425,921)</b>
<b>Beginning Fund Balances</b>	<b>947,240</b>	<b>1,807,201</b>	<b>12,150</b>	<b>2,400,328</b>	<b>39,415</b>	<b>16,400,337</b>	<b>21,606,671</b>
<b>Ending Fund Balances</b>	<b>\$ 1,662,068</b>	<b>\$ 3,420,994</b>	<b>\$ 77,889</b>	<b>\$ 2,515,000</b>	<b>\$ 39,487</b>	<b>\$ 8,465,312</b>	<b>\$ 16,180,750</b>

Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Combining Balance Sheet – Capital Project Funds  
June 30, 2022

	2014 Bond Fund	2015 Bond Fund	2016 Bond Fund	2017 Bond Fund	2018 Bond Fund	2019 Bond Fund	2020 Bond Fund	2021 Bond Fund	Total Capital Project Funds
<b>Assets</b>									
Pooled Cash and Investments	\$ 85,675	\$ 20,073	\$ 61,282	\$ 150,849	\$ 454,029	\$ 2,394,151	\$ 655,627	\$ 4,976,789	\$ 8,798,475
Total Assets	<u>\$ 85,675</u>	<u>\$ 20,073</u>	<u>\$ 61,282</u>	<u>\$ 150,849</u>	<u>\$ 454,029</u>	<u>\$ 2,394,151</u>	<u>\$ 655,627</u>	<u>\$ 4,976,789</u>	<u>\$ 8,798,475</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>									
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,717	\$ 124,056	\$ 86,390	\$ 333,163
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,717</u>	<u>124,056</u>	<u>86,390</u>	<u>333,163</u>
Fund Balances Restricted	<u>85,675</u>	<u>20,073</u>	<u>61,282</u>	<u>150,849</u>	<u>454,029</u>	<u>2,271,434</u>	<u>531,571</u>	<u>4,890,399</u>	<u>8,465,312</u>
Fund Balances, End of Year	<u>85,675</u>	<u>20,073</u>	<u>61,282</u>	<u>150,849</u>	<u>454,029</u>	<u>2,271,434</u>	<u>531,571</u>	<u>4,890,399</u>	<u>8,465,312</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 85,675</u>	<u>\$ 20,073</u>	<u>\$ 61,282</u>	<u>\$ 150,849</u>	<u>\$ 454,029</u>	<u>\$ 2,394,151</u>	<u>\$ 655,627</u>	<u>\$ 4,976,789</u>	<u>\$ 8,798,475</u>

Norman Independent School District No. 29

Cleveland County, Oklahoma

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Capital Project Funds

Year Ended June 30, 2022

	2014 Bond Fund	2015 Bond Fund	2016 Bond Fund	2017 Bond Fund	2018 Bond Fund	2019 Bond Fund	2020 Bond Fund	2021 Bond Fund	Total Capital Project Funds
<b>Revenues</b>									
Interest	\$ 156	\$ 36	\$ 112	\$ 275	\$ 830	\$ 4,493	\$ 1,587	\$ 9,511	\$ 17,000
<b>Total Revenues</b>	<u>156</u>	<u>36</u>	<u>112</u>	<u>275</u>	<u>830</u>	<u>4,493</u>	<u>1,587</u>	<u>9,511</u>	<u>17,000</u>
<b>Expenditures</b>									
Instruction	-	-	-	-	-	163,154	977,679	396,817	1,537,650
Support Services	-	-	-	58	20	1,079,685	1,903,861	1,888,914	4,872,538
Capital Outlays	-	-	-	-	63,903	209,273	980,000	288,661	1,541,837
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58</u>	<u>63,923</u>	<u>1,452,112</u>	<u>3,861,540</u>	<u>2,574,392</u>	<u>7,952,025</u>
<b>Net Change in Fund Balances</b>	156	36	112	217	(63,093)	(1,447,619)	(3,859,953)	(2,564,881)	217
<b>Beginning Fund Balances</b>	<u>85,519</u>	<u>20,037</u>	<u>61,170</u>	<u>150,632</u>	<u>517,122</u>	<u>3,719,053</u>	<u>4,391,524</u>	<u>7,455,280</u>	<u>16,400,337</u>
<b>Ending Fund Balances</b>	<u>\$ 85,675</u>	<u>\$ 20,073</u>	<u>\$ 61,282</u>	<u>\$ 150,849</u>	<u>\$ 454,029</u>	<u>\$ 2,271,434</u>	<u>\$ 531,571</u>	<u>\$ 4,890,399</u>	<u>\$ 8,465,312</u>

Norman Independent School District No. 29  
 Cleveland County, Oklahoma  
 Budgetary Comparison Schedule – Building Fund (Unaudited)  
 Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Budgetary Fund Balance, July 1	\$ 629,412	\$ 947,240	\$ 947,240	\$ 317,828	\$ -
Resources (inflows)					
Property Taxes	5,723,562	5,849,984	5,784,706	126,422	(65,278)
Interest	2,300	2,111	4,630	(189)	2,519
State Revenue	1	1	-	-	(1)
Other	43,629	20,000	104,400	(23,629)	84,400
Amounts Available for Appropriation	<u>6,398,904</u>	<u>6,819,336</u>	<u>6,840,976</u>	<u>420,432</u>	<u>21,640</u>
Charges to Appropriations (outflows)					
Support Services	5,262,475	5,166,970	5,175,908	95,505	(8,938)
Capital Outlays	15,000	12,000	3,000	3,000	9,000
Total Charges to Appropriations	<u>5,277,475</u>	<u>5,178,970</u>	<u>5,178,908</u>	<u>98,505</u>	<u>62</u>
Budgetary Fund Balance, June 30	<u><u>\$ 1,121,429</u></u>	<u><u>\$ 1,640,366</u></u>	<u><u>\$ 1,662,068</u></u>	<u><u>\$ 518,937</u></u>	<u><u>\$ 21,702</u></u>

Norman Independent School District No. 29  
 Cleveland County, Oklahoma  
 Budgetary Comparison Schedule – Child Nutrition (Unaudited)  
 Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Budgetary Fund Balance, July 1	\$ 1,257,717	\$ 1,807,201	\$ 1,807,201	\$ 549,484	\$ -
Resources (inflows)					
Interest	2,000	2,000	5,405	-	3,405
Local Revenue	123,014	190,212	314,377	67,198	124,165
State Revenue	55,691	57,685	57,685	1,994	-
Federal Revenue	4,869,497	7,108,092	7,893,874	2,238,595	785,782
Amounts Available for Appropriation	<u>6,307,919</u>	<u>9,165,190</u>	<u>10,078,542</u>	<u>2,857,271</u>	<u>913,352</u>
Charges to Appropriations (outflows)					
Non-instruction services	4,996,460	6,800,000	6,418,189	(1,803,540)	381,811
Capital Outlays	3,540	203,540	3,270	(200,000)	200,270
Other Outlays	-	-	236,089	-	(236,089)
Total Charges to Appropriations	<u>5,000,000</u>	<u>7,003,540</u>	<u>6,657,548</u>	<u>(2,003,540)</u>	<u>345,992</u>
Budgetary Fund Balance, June 30	<u><u>\$ 1,307,919</u></u>	<u><u>\$ 2,161,650</u></u>	<u><u>\$ 3,420,994</u></u>	<u><u>\$ 853,731</u></u>	<u><u>\$ 1,259,344</u></u>

Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds  
Year Ended June 30, 2022

Activities	Ending Balance As of June 30, 2021	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2022
<b>Assets</b>				
Football	\$ 59,588	\$ 77,039	\$ 83,237	\$ 53,390
Boys Basketball	19,589	30,379	31,840	18,128
Girls Basketball	662	21,258	21,258	662
Boys Swimming	2,653	1,640	1,640	2,653
Baseball	5,888	36,547	42,435	-
FastPitch Softball	3,352	17,419	17,456	3,315
Wrestling	440	11,699	11,699	440
Boys Tennis	1,286	4,793	5,103	976
Girls Tennis	1,375	5,999	6,309	1,065
Slowpitch Softball	757	20,330	17,312	3,775
Girls Cross Country	737	4,690	4,690	737
Boys Golf	3,066	18,178	18,678	2,566
Boys Cross Country	818	6,385	6,385	818
Boys Soccer	1,735	18,895	18,895	1,735
Volleyball	16,653	22,514	30,500	8,667
Boys Track	13,201	38,442	42,251	9,392
Girls Track	6,214	5,786	5,786	6,214
General Athletics	44,821	183,756	158,124	70,453
ASCE	19,082	-	-	19,082
Girls Golf	1,804	6,739	6,939	1,604
Girls Soccer	7,583	25,388	25,388	7,583
Girls Swimming	1,595	1,640	1,640	1,595
AP Tests	96,756	40,609	77,430	59,935
Art	38,445	4,548	2,354	40,639
Art in Education	34	-	-	34
Coke	188,294	6,896	57,888	137,302
Band	16,221	50,105	46,850	19,476
Snack Shack	54,983	33,004	44,768	43,219
Save Darfur Club	22	-	-	22
Consumer Education	28	-	-	28
Cheerleaders	17,020	57,990	41,650	33,360
Business	115	-	-	115
Link Crew	1,186	785	1,270	701
Freshmen	11	-	-	11
Ag Ed (FFA)	40,546	56,753	55,166	42,133
Camp Turning Point	7,387	(2,300)	161	4,926
Clearing Account	823	77	-	900
Book Club	75	-	-	75
Book Fair	16,192	13,234	11,099	18,327
Drama Club	6,925	5,407	5,192	7,140
Drafting	-	-	-	-
Drug Free/Chemical Depend	1,141	-	-	1,141
Black Stud Assoc/Stomp	249	40	-	289
Pack Shack/Link Crew	30,822	46,161	33,769	43,214
OK Youth & Government	185	-	-	185
English	319	-	-	319
Environmental Club	283	-	-	283

Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds  
Year Ended June 30, 2022

	Balance As of June 30, 2021	Total Receipts	Total Disbursements	Balance As of June 30, 2022
Explo	\$ 482	\$ -	\$ -	\$ 482
Enrichment	749	-	256	493
Faculty Services	1,263	854	-	2,117
African Amer Assoc	2,636	354	621	2,369
Field Trips	54,481	19,739	16,829	57,391
Parking Decals	32,161	485	5,634	27,012
G.E.M.S.	3,278	55	686	2,647
Foreign Language-All	881	-	223	658
French	1,011	287	151	1,147
Principal	271,795	151,899	184,847	238,847
Ecology Club	47	-	-	47
Gifted and Talented	4,068	1,620	2,930	2,758
Hispanic & Latino Students	499	890	434	955
Sophomore	3,536	(1,607)	962	967
5th Grade	1,761	802	2,437	126
Junior	3,619	491	708	3,402
6th Grade	272	4,160	4,000	432
7th Grade	4,234	-	-	4,234
8th Grade	11,403	28	4,410	7,021
Grants	2	268	268	2
FACS	3,801	295	1,232	2,864
Senior	8,199	1,541	1,146	8,594
Honor Society	9,694	5,764	4,990	10,468
DECA	28,411	157,573	145,658	40,326
Instrumental Music	56,852	75,394	86,909	45,337
Indigent Student Fund	3,704	-	-	3,704
Athletic Trainer	13,002	7,000	6,587	13,415
Independent Living	1,550	-	-	1,550
Spud-North	30,912	253,447	238,312	46,047
Leadership Council	11,750	1,584	6,564	6,770
Latin	4,792	859	759	4,892
Cultural Diversity	886	-	-	886
Library/Media Center	51,999	107,189	91,441	67,747
Computers	42	-	-	42
Natl Art Honor Society	1,951	-	-	1,951
Modern Dance Club	16,198	185	-	16,383
Misc Transaction	1,498	-	-	1,498
Model United Nations	38	-	-	38
Mu Alpha Theta	2,189	1,830	1,748	2,271
Music/Drumline	35,773	36,393	29,982	42,184
Newspaper/Journalism	2,738	-	-	2,738
Parenting	78	-	-	78
Orchestra	55,848	30,528	26,077	60,299
Office	1,057	-	352	705
Memorial Fund	181	-	-	181
Poms	1,788	920	1,458	1,250
Physical Education	2,229	-	710	1,519
Prof Leave/Development	11,094	-	1,502	9,592
Partners-In-Ed	593	-	-	593

Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds  
Year Ended June 30, 2022

	Ending Balance As of June 30, 2021	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2022
PTA-Student	\$ 12,998	\$ 47,073	\$ 27,636	\$ 32,435
Native American Club	7,031	-	851	6,180
Donations	13,569	1,026	310	14,285
Outdoor Classroom	2,092	-	-	2,092
Global Awareness	279	-	-	279
Service Learning	8,103	1,130	334	8,899
Renaissance Program	971	-	-	971
PSAT/Guidance Serv	1,597	45	-	1,642
Prom	28,956	33,184	25,513	36,627
Psychology	204	-	-	204
Spanish Nat Honor Society	808	-	-	808
Model Congress	327	-	-	327
School Climate	14,372	-	150	14,222
Recycling	228	-	-	228
Resource Center Material	(4,955)	5,621	5,703	(5,037)
Fundraiser	31,517	74,653	63,878	42,292
Orange Thumb	484	-	-	484
Sat School/Student Int	20	-	-	20
SADD	120	-	-	120
Science	593	-	-	593
Gay/Straight Alliance	730	88	143	675
Spanish	1,238	357	357	1,238
Speech	38,013	19,677	23,222	34,468
Special Ed/Spec Athletes	20,581	-	965	19,616
Fine Arts	98,977	30,715	26,738	102,954
Student Council/Congress	30,945	52,901	39,192	44,654
Store-School	4	-	-	4
Special Education	584	514	485	613
Musicals	8,689	1,108	1,075	8,722
Rotary Inter-ACT	1,337	200	-	1,537
Key Club	2,620	-	-	2,620
6th Grade Books	609	-	-	609
Theater Art	6,856	1,166	1,555	6,467
Technology	10,551	2,445	300	12,696
Vocal Music	41,013	40,474	49,260	32,227
Teen Volun/Parent Outreach	1,506	97	84	1,519
VRC-Video Resource Center	7,823	131	389	7,565
PR Fund	79	-	-	79
Yearbook	89,962	42,335	32,253	100,044
Vegetarian Club	406	-	-	406
Elem Music/Art	5,127	4,000	5,847	3,280
Wildcat Memories	100	-	-	100
Stand For Silence	4	-	-	4
Interior Design	100	-	-	100
Young Democrats	1,036	125	-	1,161
Life Skills	1,200	-	-	1,200
Botball	14,755	1,556	5,828	10,483
Student Assistance Fund	3,687	2,863	3,251	3,299
Sewing	226	-	-	226

Norman Independent School District No. 29  
 Cleveland County, Oklahoma  
 Combining Schedule of Changes in Assets and Liabilities – All Activity Funds  
 Year Ended June 30, 2022

	Ending Balance As of June 30, 2021	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2022
Administration	\$ 89,136	\$ (3,000)	\$ 2,940	\$ 83,196
Sociology	301	-	-	301
WOW	11,484	9,430	7,654	13,260
Anthology	5,411	1,675	1,997	5,089
Academic Teams	7,038	545	1,005	6,578
Republican Club	492	-	69	423
Third Grade	124	-	-	124
Dumbledore's Army	735	-	-	735
Transition Center	61	-	-	61
Pre Engineering	6,903	7,307	6,906	7,304
Quidditch Club	135	-	-	135
Chinese Club	666	-	96	570
Logo Royalties	2,234	1,104	-	3,338
FCCLA	2,919	900	1,617	2,202
Art Club	80	-	-	80
Step Dance Team	834	-	-	834
Made	1,032	-	-	1,032
Ilearn Fluently	4	-	-	4
Pulling for Root	20	-	-	20
Tech Now	567	-	-	567
Lock In	2,102	-	-	2,102
Young Adult Book Club	34	-	-	34
Music Club	260	-	-	260
Future City/History Day	16	-	-	16
Tabletop Gaming Assoc	2,781	-	-	2,781
Hildebrand Scholarship	1,025	-	-	1,025
Big Brothers/Big Sisters	184	-	-	184
Autism	39	-	-	39
Tracks	72	-	-	72
Trust Club	499	-	-	499
Avid	100	-	-	100
Timberwolf Pantry	1,672	-	999	673
Garden Club	775	-	62	713
German Club	1,826	25	239	1,612
Norman Arts Council	3,501	-	-	3,501
Class of 66 Scholarship	1,750	-	-	1,750
Triathlon Club	2,137	-	-	2,137
Sports Marketing	2,630	(2,000)	-	630
Literacy Magazine	576	(526)	-	50
6th Grade Lightning Thief	2,913	-	-	2,913
Watch Dogs	310	-	-	310
After School Detention	941	-	-	941
Anime/Cosplay Club	173	-	-	173
Counselor Donation	13	300	230	83
Joe Lawson Memorial	952	-	-	952
Capstone	12	-	-	12
Student Store	177	(177)	-	-
Irving Edition	342	1,766	1,591	517
Fine Arts Sponsorships	358	150	(50)	558

Norman Independent School District No. 29  
 Cleveland County, Oklahoma  
 Combining Schedule of Changes in Assets and Liabilities – All Activity Funds  
 Year Ended June 30, 2022

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Administration	\$ 89,136	\$ (3,000)	\$ 2,940	\$ 83,196
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Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds  
Year Ended June 30, 2022

	Ending Balance As of <u>June 30, 2021</u>	Total <u>Receipts</u>	Total <u>Disbursements</u>	Ending Balance As of <u>June 30, 2022</u>
North Place Student Store	\$ 1,019	\$ (1,019)	\$ -	\$ -
Tigers Helping Tigers	3,571	-	1,708	1,863
Christians on Campus	149	-	-	149
Breakfast Club	230	-	-	230
Anti Bullying Club	122	-	-	122
Technology Student Assoc	15,578	13,826	5,766	23,638
NHS Rocketry	20	-	-	20
Women's Advocacy	85	787	439	433
Ritchey Revocable Trust	569	-	-	569
Ethics Club	400	-	-	400
Teacher Support	600	-	-	600
Hatch Donations	1,623	-	567	1,056
Summer Band Camp	-	5,540	867	4,673
Wednesday Warriors	188	-	-	188
Thrift Club	236	-	-	236
American Sign Language	141	-	-	141
Moch Donation	10	-	-	10
Picture Commission	130,329	51,170	18,865	162,634
Solar Panels	8,537	4,017	186	12,368
NHS Outdoor Stage	-	-	-	-
Sponsorships	31,617	1,500	10,286	22,831
Girls Group	802	-	-	802
SRO Donation	524	200	-	724
Norman Water Club	234	575	758	51
Kindness Club	80	90	-	170
Running Club	591	-	-	591
Project Linus	258	1,100	978	380
Rho Kappa	109	161	-	270
Transition Program	1,026	-	-	1,026
Equip/Repair/Furn	229	-	-	229
First Grade	89	-	-	89
NHS Instrument Fund	-	70	-	70
Concessions	-	207,606	206,435	1,171
School Stores	30,856	147,969	174,196	4,629
Celebration of Excellence	14,950	37,680	37,265	15,365
Vending	1,196	27,218	27,218	1,196
Astronomy	-	1,388	1,388	-
Concessions-Athletics	-	56,796	-	56,796
Concessions-District	-	32,024	-	32,024
Mathematica	-	86,500	45,639	40,861
NN Courtyard	-	200	-	200
Supt's Activity Fund	-	3,750	1,060	2,690
Travel Club	-	1,128	-	1,128
Rounding	(44)	(1)	(42)	(3)
Total assets	<u>\$ 2,400,328</u>	<u>\$ 2,794,910</u>	<u>\$ 2,680,238</u>	<u>\$ 2,515,000</u>

**Norman Independent School District No. 29**  
 Cleveland County, Oklahoma  
 Combining Schedule of Changes in Assets and Liabilities – All Activity Funds  
 Year Ended June 30, 2022

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Liabilities

Due to Student Groups	<u>\$ 2,400,328</u>	<u>\$ 2,794,910</u>	<u>\$ 2,680,238</u>	<u>\$ 2,515,000</u>
Total liabilities	<u><u>\$ 2,400,328</u></u>	<u><u>\$ 2,794,910</u></u>	<u><u>\$ 2,680,238</u></u>	<u><u>\$ 2,515,000</u></u>

**Note 1 - Basis of Presentation**

The above schedule and format is required by the Oklahoma State Department of Education and is not intended to represent a financial statement in accordance with generally accepted accounting principles.

Norman Independent School District No. 29  
 Cleveland County, Oklahoma  
 Schedule of Statutory, Fidelity, and Honesty Bonds (Unaudited)  
 Year Ended June 30, 2022

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<b>NAME</b>	<b>TYPE</b>	<b>COMPANY</b>	<b>BOND #</b>	<b>AMOUNT</b>	<b>BEG DATE</b>	<b>END DATE</b>
Dr. Nick Migliorino	Public Official Bond	Travelers Casualty and Surety Company	106784796	\$100,000	7/1/21	6/30/22
Brenda R. Burkett	Public Official Bond	Travelers Casualty and Surety Company	105306354	\$100,000	9/16/21	9/15/22
Janine Anne Warren	Public Official Bond	Hartford Fire Insurance Company	38BSBCJ1584	\$100,000	11/16/21	11/16/22
Norman Public Schools	Commercial Crime Policy	St Paul Travelers	104343265	\$100,000	7/1/04	Until cancelled

Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Deferred Revenue (Accounts Receivable) July 01, 2021	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2022
U.S. Department of Education						
Direct Programs						
Indian Education, Grants to Local Educational Agencies	84.060	n/a	\$ (240,443)	\$ 401,790	\$ 456,782	\$ (295,435)
Passed Through Oklahoma Department of Career and Technology Education						
Vocational Education - Basic Grant to States	84.048	421, 424, 426	(84,121)	133,366	112,189	(62,944)
Passed Through Oklahoma State Department of Education						
Title I, Improving Basic Programs	84.010	511	(1,058,687)	2,516,269	2,155,394	(697,812)
Title I, Part A Neglected	84.010	518	(11,368)	24,909	18,047	(4,506)
Title I			(1,070,055)	2,541,178	2,173,441	(702,318)
Special Education - Grants to States	84.027	613, 621, 625	(930,528)	2,673,025	3,221,610	(1,479,113)
COVID 19 Special Education	84.027	651	(105,935)	105,935	-	-
COVID 19 Special Education (ARP Flowthrough)	84.027	628	-	45,767	169,173	(123,406)
Special Education - Preschool Grants	84.173	641, 642	(13,000)	109,273	135,841	(39,568)
Special Education Cluster			(1,049,463)	2,934,000	3,526,624	(1,642,087)
Title II, Part A Teacher and Principal Training and Recruiting Fund	84.367	541	(86,557)	274,765	274,923	(86,715)
Title III Part A English Language Acquisition	84.365	571, 572	(24,458)	101,109	101,350	(24,699)
Title IV Student Support and Enrichment Program	84.424A	552	(31,521)	117,818	86,429	(132)
Adult Basic Education	84.002	731, 733	(29,127)	74,408	76,408	(31,127)
Title I Neglected/Delinquent	84.013	532	(21,080)	145,104	145,843	(21,819)
Jobs Training-OJT	84.126	456	-	4,433	4,433	-

Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Deferred Revenue (Accounts Receivable) July 01, 2021	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2022
COVID-19 Education Stabilization Fund (ESF)						
Emergency Relief Fund (ESSER)						
GEER-CARES State Level	84.425C	721	-	200,933	200,933	-
School Counselor Corps	84.425U	722	-	72,086	128,000	(55,914)
Student Teacher Stipend	84.425U	725	-	10,494	10,494	-
ESSERF/CARES Act-COVID	84.425D	788	(712,986)	1,597,141	885,142	(987)
ESSER II-COVID	84.425D	793	(385,816)	2,465,067	2,104,462	(25,211)
ESSER II State Level Set Aside	84.425D	794	-	935,640	935,640	-
American Rescue Plan-ESSER III	84.425U	795	-	3033006	3,500,090	(467,084)
ARP-ESSER III Homeless	84.425U	796	-	5,372	5,404	(32)
Total ESF			<u>(1,098,802)</u>	<u>8,319,739</u>	<u>7,770,165</u>	<u>(549,228)</u>
Total U.S. Department of Education			<u>(3,735,627)</u>	<u>15,047,710</u>	<u>14,728,587</u>	<u>(3,416,504)</u>
U.S. Department of the Interior						
Passed through the Oklahoma State Department of Education						
Indian Education - Assistance to Schools						
Johnson O'Malley Program (477 cluster)	15.130	563	\$ -	\$ 55,964	\$ 55,964	\$ -
Total U.S. Department of the Interior			<u>-</u>	<u>55,964</u>	<u>55,964</u>	<u>-</u>
Federal Communications Commission						
Passed through the Oklahoma State Department of Education						
Emergency Connectivity Fund Program	32.009	774	-	-	835,068	(835,068)
Total Federal Communications Commission			<u>-</u>	<u>-</u>	<u>835,068</u>	<u>(835,068)</u>

Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Deferred Revenue (Accounts Receivable) July 01, 2021	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2022
U.S. Department of Agriculture						
Passed through the Oklahoma State Department of Education						
Child Nutrition Cluster						
Breakfast Program - cash assistance	10.553	764	-	1,494,617	1,494,617	-
Lunch Program - cash assistance	10.555	759/763	-	6,083,599	6,163,283	(79,684)
Lunch Program- commodities	10.555	763	-	421,313	421,313	-
Summer Food Service - cash assistance	10.559	766	(116,313)	226,843	143,873	(33,343)
			<u>(116,313)</u>	<u>8,226,372</u>	<u>8,223,086</u>	<u>(113,027)</u>
P-EBT Program	10.649	760	-	5,814	5,814	-
				<u>5,814</u>	<u>5,814</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>(116,313)</u>	<u>8,232,186</u>	<u>8,228,900</u>	<u>(113,027)</u>
Department of Homeland Security						
Direct Programs						
Disaster Grants - Public Assistance	97.036	n/a	-	180,562	180,562	-
				<u>180,562</u>	<u>180,562</u>	<u>-</u>
Total Department of Health and Human Services				<u>180,562</u>	<u>180,562</u>	<u>-</u>
Department of Health and Human Services						
Passed through the Oklahoma State Department of Education						
Block Grant for Prevention and Treatment of Substance Abuse	93.959	1167	-	73,540	73,540	-
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	723	-	346,996	820,428	(473,432)
				<u>346,996</u>	<u>820,428</u>	<u>(473,432)</u>
Total Department of Health and Human Services				<u>420,536</u>	<u>893,968</u>	<u>(473,432)</u>
				<u>420,536</u>	<u>893,968</u>	<u>(473,432)</u>
			<u>\$ (3,851,940)</u>	<u>\$ 23,936,958</u>	<u>\$ 24,923,049</u>	<u>\$ (4,838,031)</u>

**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Norman Independent School District No. 29 (the District) under programs of the federal government for the year ended June 30, 2022. The information is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or fund balance of the District.

**Note 2 – Significant Accounting Policies**

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

No federal financial assistance has been provided to a subrecipient.

**Note 3 – Indirect Cost Rate**

The Organization has not elected to use the 10% de minimis cost rate.

**Note 4 – Food Donation**

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed.



**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 *Government Auditing Standards***

To the Board of Education  
Norman Independent School District No. 29  
Norman, Oklahoma

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Norman Independent School District No. 29 (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated March 14, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District’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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiency described as 2022-001 in the accompanying schedule of findings and questioned costs to be a material weakness.

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 consider the deficiency described as 2022-002 in the accompanying schedule of findings and questioned costs to be a significant deficiency.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District'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 financial statements. 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-002.

### **Norman Independent School District No. 29's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Oklahoma City, Oklahoma  
March 14, 2023



**Independent Auditor’s Report on Compliance for Each Major Federal Program and  
Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Education  
Norman Independent School District No. 29  
Norman, Oklahoma

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Norman Independent School District No. 29’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Norman Independent School District No. 29’s major federal programs for the year ended June 30, 2022. Norman Independent School District No. 29’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Norman Independent School District No. 29 (the District) complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Norman Independent School District No. 29 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Norman Independent School District No. 29’s compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-003 and 2022-004 to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Oklahoma City, Oklahoma  
March 14, 2023

**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No
Identification of major programs:	

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing</u>
COVID-19 Education Stabilization Fund (ESF)	84.425D, 84.425U
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323
COVID-19 Emergency Connectivity Fund Program	32.009
Special Education Cluster	84.027, 84.173
Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
Auditee qualified as low-risk auditee	No

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**Section II – Financial Statement Findings**

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2022-001 Material Adjustments

Material Weakness in Internal Controls over Financial Reporting

**Criteria:** Controls over complete year-end financial reporting process should be in place. Controls should be in place to record all amounts in accordance with generally accepted accounting principles.

**Condition:** The District does have procedures in place for the preparation of the fund financial statements and government wide financial statements and related disclosures as required by generally accepted accounting principles.

However, certain adjustments were noted in the financial statements and the schedule of expenditures of federal awards (SEFA):

- Certain capital assets required beginning balance reclassifications which also impacted beginning accumulated depreciation. Some disposals were also not properly removed. Lastly, the trust accounts for the lease revenue bonds were not timely reconciled to help identify discrepancies in the construction in progress.
- Accrual of certain liabilities were required as identified in our search for unrecorded liabilities.
- Two programs needed to be added to the SEFA in order to be complete.
- Adjustments for Federal Emergency Management Agency funds needed to be made to correctly state receivables, deferred revenues, and revenues.
- Adjustments to properly state the P-Card liability by fund.

We also identified immaterial differences between provided-by-client schedules and the general ledger that had not been reconciled for the interest payable and accounts payable.

**Cause:** While there are several controls in place to ensure proper presentation in accordance with GAAP certain elements required to properly record all adjustments in accordance with generally accepted accounting principles were not fully implemented.

**Context:** We noted instances that resulted in adjustments to capital assets and related depreciation, cash, liabilities, revenues, and expenses. Additionally, an audit adjustment was made to the SEFA.

Norman Independent School District No. 29

Cleveland County, Oklahoma  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2022

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**Effect:** The District is at risk for material misstatements and incomplete or inaccurate financial statements. Further, certain adjustments resulted as part of the audit.

**Recommendation:** Certain controls should be put in place to ensure that adjustments are made to properly state financials in accordance with GAAP.

Views of Responsible  
Officials:

- Management does have controls in place for recording financial transactions properly in the fund financial statements
- Management understands the importance of ensuring that adjustments are made to properly state government-wide financials in accordance with generally accepted accounting principles.
- Management will put additional procedures in place to ensure all elements required to properly record adjustments are followed.

2022-002 Student Activity funds  
Significant Deficiency in Internal Controls over Financial Reporting; Compliance

**Condition:** Certain student activity receipts were not properly reconciled prior to the time of deposit to justify that amounts were deposited timely and accurately.

**Criteria:** Oklahoma Statutes Section 70-5-129 related to student activity funds states “deposits subject to the requirements of this section shall be made by the end of the next business day; however, if the deposit for a day totals less than \$100, a school district may accumulate monies required to be deposited into the fund on a daily basis until the total accumulated balance of deposits equals or exceeds \$100...shall deposit accumulated monies not less than one time per week.”

**Cause:** In some cases, there are some processes that are not in place to ensure that the teacher sponsor receipts were properly received and deposited within the prescribed timeframe determined by state statute.

There were other instances where the original receipt could not be reconciled to the deposit to support whether or not the activity fund receipt followed state statutes.

**Context:** Approximately 25% of deposits tested (10 in our sample of 40) contained an exception. Out of these exceptions 6 did not have proper reconciliation and deposit records to ensure that amounts were properly received by the Financial Secretary and timely deposited. The remaining 4 exceptions were not deposited timely.

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Effect: Failure to comply with State law indicating a failure to exercise control over funds received from student activities.

Recommendation: Requirements for daily submission of student activity funds should be monitored for all sites by District administration.

Response and  
Corrective Action Plan: The District administration has been communicating these receipt and deposit legal requirements to site staff. Financial secretary turnover and vacancies contributed to this finding. We will continue to work with Principals and financial secretaries, with an emphasis on the importance of proper reconciliation as well as timely depositing of following these legal requirements.

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**Section III – Federal Award Findings and Questioned Costs**

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**2022-003**

**Suspension and Debarment Control**

**Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), Assistance Listing #93.323; Special Education Cluster, Assistance Listing #84.027 and #84.173; Emergency Connectivity Fund (ECF) Program, Assistance Listing #32.009**

**Compliance Requirement: Suspension and Debarment**

**Material Weakness in Internal Control over Compliance**

Criteria:

Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration (GSA) and available at <https://www.beta.sam.gov/> (click on Search Record, then click on Advanced Search-Exclusions) (**Note:** The OMB guidance at 2 CFR Part 180 and agency implementing regulations still refer to the SAM Exclusions as the Excluded Parties List System (EPLS)), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Condition:

During the fiscal year ended June 30, 2022, it does not appear that the expenditures under the federal grants have a consistent control in place to check applicable vendors for potential suspension and/or debarment for covered transactions. Any such controls are not documented for a proper audit trail.

No vendors selected in our testwork were listed as suspended or debarred.

Norman Independent School District No. 29

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Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

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Cause: The District does not appear to have a consistent process in place to check vendors under covered transactions (\$25,000 or more) in accordance with federal regulations.

Effect: The District could be out of compliance with federal requirements regarding suspension and debarment controls by potentially contracting with a suspended or debarred vendor.

Context/Sampling: No covered transactions in our nonstatistical sample appeared to have a verifiable control in place to identify the vendor as suspended or debarred prior to transacting with that vendor.

Repeat Finding  
From Prior Year: No

Questioned costs: None, no vendors in our samples were listed as suspended or debarred.

Recommendation: Control procedures should be implemented to ensure that all vendors under covered transactions are checked against the federal website for vendors that could be suspended or debarred prior to transacting with such vendors or another process as allowed by the federal regulations discussed above.

Views of  
Responsible  
Officials: We agree with the finding. The Purchasing Director does check all new applicable vendors for potential debarment, but has not retained written documentation of his process. We will now ensure documentation is retained.

2022-004

**Unmet Need**  
**Emergency Connectivity Fund (ECF) Program, Assistance Listing #32.009**  
**Compliance Requirement: Special Tests – Unmet Need**  
**Material Weakness in Internal Control over Compliance**

Criteria:

To ensure that funding is focused on *unmet need*, the Commission requires schools, library, and consortia to certify, as part of their funding application, that they are only seeking support for eligible equipment and/or broadband provided to students and school staff who would otherwise lack access to connected devices and/or broadband connectivity sufficient to engage in remote learning.

At the application stage, school need only provide the best estimates of their unmet need. They may use whatever method they deem appropriate for estimating unmet need and are not required to provide any documentation to support these estimates when they submit their ECF FCC Form 471 application.

When schools file for requests for reimbursement, however, they should only request reimbursement for eligible equipment and services provided to students or school staff who would otherwise lack broadband services and/or devices sufficient to engage in remote learning. For example, if a school requested ECF funding to support the broadband services at the homes of 100 students based on an estimate of those that lacked services, but it determines during the school year that only 90 students have unmet need, the school should only seek reimbursement for the services provided to those 90 students. Schools may also be asked to provide documentation to support actual costs of assigned equipment and/or services after funds have been committed).

Condition:

During the fiscal year ended June 30, 2022, it does not appear that the District had a control in place to monitor unmet need and to ensure that the federal reimbursement was for students or staff who have an unmet need for the devices reimbursed by the federal program.

Cause:

The District does not appear to have a consistent process in place to validate unmet need requirements of the District for purposes of this federal program.

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Cleveland County, Oklahoma

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

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Effect: The District could be out of compliance with federal requirements by receiving a reimbursement of federal funds for ECF devices and other services that were not provided to students or staff with unmet needs.

Context/Sampling: While the District does monitor if there is an unmet need when providing devices, they do not have an established control to ensure there is an unmet need before reimbursement is requested, and therefore, no control testing could be performed on a sample of items.

Repeat Finding  
From Prior Year: No

Questioned costs: None reported.

Recommendation: Control procedures should be implemented to ensure that devices/services are provided to students and staff with unmet needs (i.e. application for checkout with identifying reason for the need).

Views of  
Responsible  
Officials:

The Technology Services team did determine the unmet need for the devices utilizing a parent survey but did not have additional documentation to support that a control was in place to ensure unmet need before requesting reimbursement. We will ensure we have documentation that the unmet need still exists with any future requests for federal reimbursement.

Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Schedule of Accountant's Professional Liability Insurance Affidavit  
June 30, 2022

STATE OF OKLAHOMA )  
 )  
County of Oklahoma ) ss  
 )

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit law" at the time of audit contract and during the entire audit engagement with Norman Independent School District No. 29 for the audit year 2021-2022.

EIDE BAILLY, LLP

Vanessa M. Dutta

Subscribed and sworn to before me on this 14 day of March, 2023.

Erika Ackley  
Notary Public  
My commission expires 1/27/27

