LOAN AGREEMENT
FOR DRINKING WATER SRF LOAN

This LOAN AGREEMENT FOR DRINKING WATER SRF LOAN (the "Loan Agreement"), dated as of the 1st day of January, 2009, is by and between the OKLAHOMA WATER RESOURCES BOARD (the "OWRB"), a body corporate and politic and an instrumentality, agency and department of the State of Oklahoma (the "State") and THE GUTHRIE PUBLIC WORKS AUTHORITY, Logan County, Oklahoma (the "Borrower"), a public trust with The City of Guthrie, Logan County, Oklahoma (the "City") as beneficiary.

WITNESSETH:

WHEREAS, Title 82, Oklahoma Statutes 2001, Section 1085.73 *et seq.* (the "Act") established a Drinking Water Treatment Revolving Loan Account ("DWTRLA") to enable the State of Oklahoma to match federal funds and implement the Federal Safe Drinking Water Act by providing for a program for financial assistance (commonly known as the "Drinking Water SRF Financing Program") to eligible entities for certain authorized purposes; and

WHEREAS, the Borrower has requested a loan through the Drinking Water SRF Financing Program to provide low interest financing for the cost of constructing a drinking water treatment project as described in the Borrower's Application for Funding; and

WHEREAS, the OWRB is authorized to enter into binding loan agreements with eligible entities specified by the Department of Environmental Quality ("DEQ"), pursuant to the terms of the Act; and

WHEREAS, the DEQ and the OWRB have made all findings required under the Act for approval of the loan, and the OWRB is willing to make a loan to the Borrower for the aforementioned purposes.

NOW, THEREFORE, in consideration of these premises and the mutual covenants and agreements hereinafter contained, the Borrower and the OWRB hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1. Except where the context clearly indicates otherwise, the terms "eligible entity", "Safe Drinking Water Act", and "drinking water treatment project" shall have the definitions and meanings ascribed to them under the Act.

1.2 "Accountant" shall mean an independent certified public accountant or firm of independent certified public accountants of recognized standing qualified to perform the duties required in this Loan Agreement.

1.3 "Application for Funding" shall mean the Borrower's Application for Funding No. ORF-08-0009-DW to the DEQ and the OWRB for a loan for the purpose of financing drinking water treatment system improvements, a copy of which application is attached hereto as Exhibit "A".

1.4 "Bond Indenture" with respect to each series of Bonds, shall mean the bond indenture or other similar document between the OWRB and the Trustee Bank, pursuant to which a series of Bonds is issued and delivered.

1.5 "Bonds" shall mean obligations issued by the OWRB to provide a source of funding for the Drinking Water SRF Financing Program, to which revenues received from repayment of this Loan may be pledged from time to time.

1.6 "Consulting Engineer" shall mean an independent consulting engineer or firm of independent consulting engineers retained by the Borrower, designated in the Application for Funding and acceptable to the DEQ, and qualified to perform the duties required in the Loan Agreement.

1.7 "DEQ" shall mean the Department of Environmental Quality of the State of Oklahoma.

1.8 "Drinking Water SRF" shall mean the State Drinking Water Treatment Revolving Loan Account, or DWTRLA.

1.9 "Drinking Water SRF Financing Program" shall mean the State's permanent program approved by EPA for providing financial assistance for drinking water treatment projects, established in accordance with Section 130 of the Safe Drinking Water Act and Title 82, Oklahoma Statutes 2001, Section 1085.73 *et seq.* as amended.

1.10 "EPA" shall mean the United States Environmental Protection Agency or Regional Office thereof.

1.11 "Existing Indebtedness" shall mean any existing obligations of the Borrower payable from the Revenues pledged by the Borrower to the payment of the debt service

requirements of the Loan, including specifically: (i) the Borrower's Utility System Revenue Bonds, Refunding Series 2001, issued in the original principal amount of $2,750,000; (ii) the Borrower's Refunding Revenue Bonds, Series 2002, issued in the original principal amount of $5,345,000; (iii) the Borrower's Series 2004 Small Community Clean Water SRF Promissory Note to Oklahoma Water Resources Board, issued in the original principal amount of $607,000; (iv) the Borrower's Series 2004A Drinking Water SRF Promissory Note to Oklahoma Water Resources Board, issued in the original principal amount of $2,500,000; and (v) the Borrower's Series 2008 Drinking Water SRF Promissory Note to Oklahoma Water Resources Board, issued in the original principal amount of $8,000,000 (items (i) and (ii) herein referred to as the "Prior Senior Lien Debt" and items (iii), (iv), and (v) herein referred to as the "Prior Subordinate Lien Debt").

1.12 "Indenture" shall mean the Trust Agreement dated as of January 1, 2009, by and between the Borrower and the Local Trustee.

1.13 "Lease Agreement" shall mean the Lease dated April 19, 1966, but to be effective July 1, 1966, as amended by an Amendment to Lease dated August 4, 1987, as amended by a Second Amendment to Lease dated March 15, 1994, as amended by a Third Amendment to Lease dated October 19, 1999, all by and between the Borrower and the City, whereby the City has leased its water and sanitary sewer systems to the Borrower, and whereby the Borrower has agreed to operate and maintain the same.

1.14 "Loan" shall mean the particular loan for long-term financing to be made by the OWRB to the Borrower pursuant to the terms of this Loan Agreement for Drinking Water SRF Loan.

1.15 "Local Act" shall mean an official action of the Borrower taken in accordance with applicable ordinances or rules of the Borrower and laws of the State.

1.16 "Local Trustee" shall mean The Bank of New York Mellon Trust Company, N.A., a commercial banking entity, with corporate trust powers domiciled in the State, experienced and qualified to act as a corporate trustee, selected by the Borrower, and approved by the OWRB to serve as trustee for the Borrower pursuant to Section 2.7(W) hereof.

1.17 [Left Blank Intentionally]

1.18 "Net Revenues Available for Debt Service" shall mean the Revenues of the System less: (a) any amounts required to replenish the debt service reserve fund established in regard to any Existing Indebtedness; and (b) the Operation and Maintenance Expenses of the System [except that (1) interest on any debt payable from the Revenues of the System and any other revenue source pledged to payment of the Note, (2) depreciation and any other items not requiring the expenditure of cash, (3) any amounts expended for capital replacements, repairs, and maintenance not recurring annually (or at shorter intervals) or reserves therefor, and (4) reserves for administration, operation, and maintenance occurring in the normal course of business, shall not be included as "Operation and Maintenance Expenses" for purposes of this Section 1.18(b)], plus any other Revenues pledged to payment of the Note.

1.19 "Note" shall mean the Series 2009 Drinking Water SRF Promissory Note to Oklahoma Water Resources Board to be issued by the Borrower pursuant to the Act, as amended, to evidence the Loan and which obligation will be purchased by the OWRB in accordance with the provisions of this Loan Agreement for Drinking Water SRF Loan.

1.20 "Operation and Maintenance Expenses" shall mean the costs of operating and maintaining the System pursuant to generally accepted accounting principles.

1.21 "OWRB" shall mean the Oklahoma Water Resources Board.

1.22 "Project" shall mean the drinking water treatment system improvements, all as described in the Application for Funding No. P40-1020903-02 (OWRB Loan No. ORF-08-0009-DW), to be constructed, modified, expanded, financed, or refinanced by the Borrower with, among other funds, the proceeds of the Loan.

1.23 "Project Costs" shall mean in connection with the Project or any future project, together with any other proper cost items not specifically mentioned herein, all costs of acquiring, constructing, furnishing, equipping, and financing the Project as specified on Exhibit "D" attached hereto, including but not limited to: obligations incurred for labor and materials and to contractors, builders, and materialmen; restoration or relocation of property damaged or destroyed in connection with such construction; premiums on contractors' performance, payment, and completion bonds if required; the cost of machinery, equipment, or supplies purchased by the Borrower for inclusion as part of the System; fees, compensation, and expenses of the Borrower for services rendered during said period; taxes, fees, charges, and expenses due and payable in connection with the Project, the financing thereof, or the issuance of and security for bonds or notes; premiums on insurance in connection with the Project, the financing thereof, or the issuance of and security for bonds or notes; premiums on insurance in connection with the construction of additions to the System; costs of architects' and engineers' services; all costs incident to and properly allocable to the acquisition, equipping, and construction of the Project and placing of the same in operation; capitalizing principal and interest requirements and any reserve funds for any bonds or notes; legal, financing, financial, administrative, accounting, printing, and recording expenses and fees; and the fees and expenses of bond counsel.

1.24 "Project Costs Disbursement Account" shall mean the account the Borrower maintains with a federally insured banking institution, which may or may not be the Local Trustee, that is separate and apart from all other funds and accounts of the Borrower for the purpose of receiving disbursements of Loan funds pursuant to Section 2.2 and Section 2.11 herein.

1.25 "Replacement Costs" shall mean expenditures for obtaining and installing equipment, accessories, or appurtenances during the useful life of the treatment works necessary to maintain the capacity and performance for which such works are designed and constructed, excluding capital replacements, repairs, and maintenance not recurring annually (or at shorter intervals) or reserves therefor.

1.26 "Revenues" shall mean: (i) all rates, fees, rentals, other charges, income, and monies properly allocable to the System in accordance with generally accepted accounting principles

resulting from the ownership and/or operation of the System, excluding customer deposits and any other deposits subject to refund until such deposits have become the property of the Borrower; (ii) the proceeds of any insurance covering business interruption loss relating to the System; (iii) revenues derived from the Sales Tax Agreement; and (iv) any other monies from other sources pledged by the Borrower to the payment of debt service requirements of the Note. Such Revenues derived from the System shall, unless precluded by restrictions relating to Existing Indebtedness of the Borrower, be dedicated for payment of debt service requirements of the Loan prior to payment of Operation and Maintenance Expenses of the System.

1.27 "Sales Tax Agreement" shall mean the Sales Tax Agreement by and between the Borrower and the City dated as of December 1, 2008.

1.28 "Security Agreement" shall mean the Security Agreement dated as of January 1, 2009, by the Borrower in favor of the Oklahoma Water Resources Board.

1.29 "System" shall mean collectively the its water and sanitary sewer systems now or hereafter owned or operated by the Borrower, the proceeds from the operation of which are pledged to the payment of the Note.

1.30 "Trustee Bank" shall mean BancFirst, Oklahoma City, Oklahoma, and any successor entity meeting the qualifications prescribed in the applicable Bond Indenture and selected to perform the duties as Trustee Bank for the OWRB set out in the applicable Bond Indenture.

End of Article I

ARTICLE II

TERMS AND CONDITIONS OF LOAN; SECURITY FOR LOAN; REPAYMENT OF LOAN; COVENANTS AND REPRESENTATIONS OF BORROWER

2.1 Subject to the provisions of this Loan Agreement for Drinking Water SRF Loan, applicable state statutes, those items listed on Exhibit "E" attached hereto, and applicable rules, regulations, and procedures of the OWRB and of the DEQ, and in anticipation of the Borrower's issuance of its Note as provided herein, it is hereby agreed that the OWRB shall make a Loan to the Borrower and the Borrower shall accept the Loan from the OWRB, and to such end, it is agreed that the Borrower shall sell to the OWRB and the OWRB shall purchase from the Borrower, the Note in the principal amount of Seven Million Three Hundred Twenty Thousand and 00/100 Dollars ($7,320,000.00).

2.2 The OWRB shall disburse proceeds of the Loan to the Borrower only for incurred Project Costs and in accordance with Drinking Water SRF Financing Program procedures. The Borrower shall submit certified requests for disbursement of loan proceeds to the DEQ on DW-271 forms. The requests shall be accompanied by such invoices or other documentation as may be required by the DEQ to demonstrate that such amounts have been incurred by or on behalf of the Borrower for the payment of Project Costs. Upon approval by DEQ, the request shall be forwarded to the OWRB, which shall provide for disbursement of the loan proceeds to the Borrower in an expeditious and timely manner. The Borrower shall maintain a Project Costs Disbursement Account separate and apart from all other funds and accounts of the Borrower for the purpose of receiving disbursements of Loan funds pursuant to this Section 2.2 (the "Project Costs Disbursement Account"). The Borrower covenants and agrees that all disbursements of loan proceeds received in the Project Costs Disbursement Account shall be immediately and expeditiously transferred or paid out, as appropriate, for payment of Project Costs as specified by the Borrower on the corresponding DW-271 form. If any deposits to the Project Costs Disbursement Account are funded in whole or in part with proceeds of Bonds issued after January 1, 2008, the OWRB shall give written notice at the time of deposit. Such notice shall provide the amount of proceeds funded from proceeds of Bonds and the Issuance Date of such Bonds (referred to herein as the "Issuance Date"). Anything in this Agreement to the contrary notwithstanding, should the construction of the Project not be completed within thirty (30) days prior to third anniversary of the Issuance Date of such Bonds, the parties agree that the unfunded balance of the Loan may, at the option of the OWRB, be deposited with the Local Trustee in the Project Costs Disbursement Account created under the Indenture (as defined herein), and disbursements for Project Costs shall be made, in accordance with the provisions of Section 2.11.

2.3 According to EPA requirements for the Drinking Water SRF Financing Program, (x) the Note must be fully amortized and repaid no later than twenty (20) years after the date construction of the Project is completed, and (y) the Borrower must commence repayment of principal no later than one (1) year after the date the Project is completed. Accordingly, the parties agree that the Note shall mature on the earlier of (i) the March 15 or September 15 next preceding the date which is twenty (20) years after completion of construction of the Project as certified to the OWRB by the Borrower, or (ii) September 15, 2030. The outstanding principal balance of the

Note, together with all accrued, but unpaid, interest and administrative fees shall be due and payable in full on said maturity date. The Note shall contain other provisions set forth in Exhibit "B" attached hereto and made a part hereof.

2.4 The Borrower shall make semi-annual payments of principal, interest, and administrative fee directly to the OWRB or the OWRB's Trustee Bank (as directed by the OWRB), in such amounts and at such times as described below, until the Project is complete and the Amortization Table is provided to the Borrower and the Local Trustee as provided for below. Upon completion of the Project and provision of the Amortization Table, the Borrower shall be required to commence monthly payments of principal, interest, and administrative fee to the Local Trustee, and the Local Trustee shall remit semi-annual payments as provided for below.

The Borrower shall pay to the OWRB or the Trustee Bank (as directed by the OWRB) interest on the Loan at the rate of 4.01% per annum, plus an administrative fee at the rate of 0.5% per annum, all on the outstanding balance of disbursed loan proceeds. Interest and the administrative fee shall be computed on the basis of a year of 360 days and the number of actual days elapsed. The interest and administrative fee payments shall be made on a semi-annual basis, commencing on March 15, 2009, and continuing each March 15 and September 15 thereafter for the term of the Loan. The Borrower shall commence repayment of principal on the earlier of (i) the March 15 or September 15 next following the date the Project is completed, as certified to the OWRB by the Borrower, or (ii) March 15, 2011, and shall continue to repay principal semiannually for the term of the Loan according to the Amortization Table to be provided by the OWRB as described hereinbelow; provided, the Borrower shall commence repaying principal to the OWRB as provided in the Preliminary Principal Payment Schedule as set forth on Schedule "A" to the Note, until such time as the OWRB provides the final Amortization Table to the Borrower and the Local Trustee as set forth below. After the Project is completed and the Borrower has certified to the OWRB that all Project Costs have been paid, then the OWRB shall produce and provide to the Borrower and the Local Trustee an Amortization Table which reflects the total amount of principal advanced under the Note less any principal payments already received, plus interest and administrative fees due and payable. [The amortization table will provide to the extent possible for the payment of level debt service payments on the Note.] The amortization table will be attached as Schedule "A" to the Note at the time it is provided by the OWRB to the Borrower and the Local Trustee, and shall replace and supersede the Preliminary Principal Payment Schedule in all respects, and will require no further action or approval by the Borrower or the governing body of the City. In the event the Borrower defaults in the payment of any of its required payments to the OWRB or the Trustee Bank, the amount of such default shall bear interest at the rate of fourteen percent (14%) per annum, from the date of the default until the date of payment thereof. In the event any due date for payment of any installment of principal, interest, or administrative fee shall not be a regular business day, then such date for payment of principal, interest, or administrative fee shall be the immediately preceding business day.

Notwithstanding the provisions of the immediately preceding paragraph, should the construction of the Project not be completed within thirty (30) days prior to third anniversary of the Issuance Date of Bonds, the parties agree that the unfunded balance of the Loan may, at the option of the OWRB, be deposited to the Project Costs Disbursement Account, and thereupon the OWRB shall provide the Amortization Table to the Borrower and the Local Trustee, and the

Borrower shall be required to commence monthly payments of principal, interest, and administrative fee to the Local Trustee as provided for above.

2.5 The Borrower, as one of the further conditions of the OWRB making the Loan and as authorized by the Local Act, hereby pledges, grants a security interest in, and dedicates the Revenues derived from the operation of the System (said security interest in Revenues, as defined herein, being on a parity with the security interest in said Revenues securing the Borrower's Existing Indebtedness) to the repayment of the Loan. The Loan is further secured according to the terms and conditions of the Security Agreement.

2.6 Subject to provisions of the Existing Indebtedness, Revenues generated from the operation of the System will be used monthly: (i) first, to provide debt service on the Note and, if appropriate, other indebtedness payable from such revenues on a parity with the Note, (ii) second, to pay Operation and Maintenance Expenses of the System, and (iii) third, to make payments, if required, to replenish any amount drawn from any OWRB debt service reserve fund for the benefit of the Borrower or to replenish the minimum required balance of the reserve of the Borrower relating to Note payments and other System indebtedness. So long as there shall exist any outstanding balance on the Note, the gross revenues of the System shall always be used to satisfy the requirements reflected above, and after satisfying the requirements set forth herein, such revenues may be utilized by the Borrower for any legal purpose.

2.7 As further conditions of the OWRB making the Loan, the Borrower covenants, agrees, and represents as follows:

(A) The Borrower agrees and represents that it shall comply with all applicable requirements of Federal and State law and authority, including but not limited to:

(1) The laws and executive orders listed on Exhibit "E" attached hereto and the Federal Historic Sites Act;

(2) State statutes and rules administered by the DEQ (as codified in Title 252 of the Oklahoma Administrative Code) regarding the design, construction, operation, and maintenance of water and wastewater collection, treatment, and distribution facilities; and

(3) The OWRB Rules codified in Title 785 of the Oklahoma Administrative Code;

(B) (1) The Borrower will expeditiously proceed with and complete the Project in accordance with Project plans and specifications approved by the DEQ and in accordance with the following schedule:

February 1, 2009	Start Construction
September 15, 2010	Projected Completion of Construction

March 15, 2011 Deadline for Completion of Construction

Upon completion of construction, the Borrower agrees to provide to the DEQ, with a copy to the OWRB, a certification in such form as is acceptable to the DEQ regarding completion of construction and quantification of any unexpended loan proceeds. Thereafter, the OWRB will de-obligate any such unexpended loan proceeds and make said funds available for other borrowers; and

(2) The Loan proceeds disbursed to the Borrower shall be used solely and exclusively for the payment of authorized and approved Project Costs incurred toward those items specified on Exhibit "D" attached hereto or as otherwise approved by the DEQ. In the event the DEQ or the OWRB determines that funds furnished were utilized and expended for any unauthorized or unallowable purpose, the Borrower shall return or otherwise pay to the OWRB, for deposit in the DWTRLA, any and all such amounts of funds used and expended for unauthorized or unallowable purposes plus interest on such amount(s) at the Loan rate accruing from and after the date of the unauthorized expenditures;

(C) The Borrower agrees to operate and maintain the System in good condition, or will cause the City to operate and maintain the System in good condition;

(D) (1) The Borrower shall maintain separate Project accounts in accordance with generally accepted government accounting standards, including those set forth in the "Standards for Audit of Government Organizations, Programs, Activities and Functions," published by the U.S. General Accounting Office;

(2) The Project may be funded from a grant award from EPA referenced as follows:

CFDA title:	Safe Drinking Water State Revolving Fund
CFDA number:	66.468
Award number:	ORF-08-0009-DW

Accordingly, the Borrower agrees that it will comply with the provisions of OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations* for the Borrower's fiscal years that end after December 31, 2003. If the Borrower expends Federal funds in a total amount equal to or greater than $500,000.00 in any fiscal year of the Borrower, then the Borrower shall complete an annual audit report in accordance with OMB Circular A-133 (an "A-133 Audit") and submit a copy thereof to the OWRB and the DEQ within one hundred fifty (150) days after the end of each such fiscal year;

(3) The Borrower shall permit the DEQ and the OWRB, acting by and through their duly authorized representatives, to inspect any and all projects, incidental works, facilities, and premises otherwise pertaining to the Project. The DEQ and the OWRB shall be permitted to inspect at any and all reasonable times for purposes

of audit and examination all books, accounts, records, contracts, or other documents possessed by the Borrower or its contractors, agents, employees, or representatives which relate to the Loan; and

(4) The Borrower shall submit to the OWRB monthly operating statements, reflecting the Revenues and Operation and Maintenance Expenses of the System, together with any changes in the governing body members, pertinent staff, or pertinent rate structure(s) of the Borrower, all by the 15th day of the succeeding month. The Borrower shall submit to the DEQ and the OWRB (i) annual audits and (ii) such other documents and information as said agencies may reasonably require in connection with the administration of the facilities financed by the Loan. The Borrower shall cause its books and records and accounts to be audited (the "Financial Audit") within 30 days after the close of each fiscal year by an Accountant acceptable to the OWRB and, within 150 days after the end of each fiscal year, furnish copies of the reports of such audits to the OWRB including statements in reasonable detail, certified by said Accountant as to the financial condition of the Borrower and detailing the Revenues. The Financial Audit may be, but need not necessarily be, combined with the A-133 Audit into a single audit. The Financial Audit shall be performed and presented in accordance with *Government Auditing Standards*;

(E) The Borrower shall not enter into any contract with any person who has been convicted of any offense under the criminal provisions of the Federal Clean Air Act and the Federal Water Pollution Control Act, as amended, for the procurement of goods, materials, and services if such contract is to be performed at any facility at which the violation which gave rise to such conviction occurred, and if such facility is owned, leased, or supervised by such person. This prohibition shall continue with respect to any person to whom it applies until the EPA Administrator certifies that the condition giving rise to such conviction has been corrected;

(F) (1) The Borrower agrees to comply with DEQ's directives regarding procurement of supplies, construction, or services from small, minority, and women's business enterprises; and

(2) The Borrower agrees to submit to the DEQ Project Officer a completed EPA Form 5700-20a within 15 days after the end of each Federal fiscal quarter during which the Borrower or its contractors award any subagreements to a minority or women's business for building and building related services;

(G) [Left Blank Intentionally]

(H) The Borrower hereby represents, covenants, and acknowledges that all requisite action required on its part to have been taken or performed prior or requisite to the issuance of the Note, specifically including the passage and adoption of the Local Act and the waiver of competitive bidding for the sale of the Note, if required, have happened, occurred, and been performed according to law and that the Note is the valid, legal, and enforceable

obligation of the Borrower. The Borrower has obtained all requisite authorizations, orders, and approvals necessary for the issuance of the Note and the proper dedication of the security for the Note, including any required approvals from the beneficiary of the Borrower, if any, and if appropriate, the imposition of rates and fees for use of the System. The Borrower further certifies that it has duly authorized the issuance of and shall have delivered at closing the Note for purchase by the OWRB. All legal matters incident to the authorization, issuance, sale, and delivery of the Note shall be approved by legal counsel experienced in matters of law relating to municipal bonds and public finance and acceptable to the OWRB, in an opinion in substantially the form attached hereto as Exhibit "C". As an additional condition of the OWRB making the Loan, the Borrower shall execute and deliver contemporaneously with the issue of the Note, a Use of Proceeds Certificate in substantially the form of the appropriate certificate attached hereto as Exhibit "F". The Borrower hereby covenants to comply with all terms, conditions, and requirements contained in said Use of Proceeds Certificate;

(I) The Borrower's schedule of rates or charges for the services of the System shall be sufficient to provide funds which, together with other revenues pledged under the Local Act, will provide Net Revenues Available for Debt Service equal to at least 125% of the maximum annual amount required for debt service on all obligations secured by a lien on the Revenues which is senior to the lien on the Revenues securing the Note or on a parity with the lien on said Revenues securing the Note (the "Rate Covenant"); provided that calculation of the Rate Covenant on variable rate obligations in favor of the OWRB shall be on the basis of the average rate of interest borne by variable rate loans in the Oklahoma Water Resources Board's State Loan Program for the immediately preceding 12 month period; and provided further that the schedule of rates or charges for the services of the System shall always be at least sufficient to provide monies to pay the Operation and Maintenance Expenses of the System without consideration of any other revenue source;

(J) The Borrower shall provide the OWRB with a certificate reflecting that the Net Revenues Available for Debt Service will satisfy the Rate Covenant. Such certificate shall be provided by either: (a) an Accountant reflecting that the Net Revenues Available for Debt Service satisfied the Rate Covenant in each of the two full fiscal years immediately preceding the closing for the Note or (b) an Accountant or Consulting Engineer projecting that in the first two fiscal years following completion of the Project, the Net Revenues Available for Debt Service will satisfy the Rate Covenant. In the event that the Accountant or Consulting Engineer shall provide the certificate to the OWRB pursuant to clause (b) above, the calculations reflecting the sufficiency thereof shall be based upon Net Revenues Available for Debt Service in twelve (12) consecutive months of the previous eighteen (18) months and may take future System rate increases into consideration; provided, however, that for such rate increases to be taken into consideration by the Accountant or Consulting Engineer, the Borrower and any other entity required to give its approval for such rate increases to be effective shall have given such required approvals prior to the closing for the Loan. Additionally, the Accountant or Consulting Engineer may take into consideration additional future revenues of the System to be derived from contractual agreements entered into by the Borrower with other eligible entities. The projections to be made by the Accountant or Consulting Engineer shall only reflect growth in the customer base of the

Borrower to the extent that such growth is a result of services to be provided to an existing customer base not currently served by the Borrower;

(K) The Borrower shall not, subsequent to the date of the Loan, issue any other obligations payable from the Revenues, except (i) subordinate obligations without limitation and (ii) obligations on a parity with the Note or the Existing Indebtedness (which obligations referenced in this subpart (ii) shall be hereinafter referred to as "Additional Indebtedness"). Any such Additional Indebtedness shall be issued only if (x) any applicable provisions of Existing Indebtedness and (y) the conditions of Section 2.7(I) herein, shall be met for the issuance thereof. Prior to the issuance of any Additional Indebtedness, the Borrower shall provide the OWRB with a certificate reflecting that the Net Revenues Available for Debt Service will satisfy the Rate Covenant with respect to the Existing Indebtedness, the Note, and the proposed Additional Indebtedness. Such certificate shall be provided by either: (a) an Accountant reflecting that the Net Revenues Available for Debt Service satisfied the Rate Covenant in each of the two full fiscal years immediately preceding the closing for the Additional Indebtedness, or (b) an Accountant or Consulting Engineer projecting that in the first two fiscal years following completion of the project, if any, to be funded with the Additional Indebtedness, the Net Revenues Available for Debt Service will satisfy the Rate Covenant. In the event that the Accountant or Consulting Engineer shall provide the certificate to the OWRB pursuant to clause (b) above, the calculations reflecting the sufficiency thereof shall be based upon Net Revenues Available for Debt Service in twelve (12) consecutive months of the previous eighteen (18) months and may take future System rate increases into consideration; provided, however, that for such rate increases to be taken into consideration by the Accountant or Consulting Engineer, the Borrower and any other entity required to give its approval for such rate increases to be effective shall have given such required approvals prior to the closing for the Additional Indebtedness. Additionally, the Accountant or Consulting Engineer may take into consideration additional future revenues of the System to be derived from contractual agreements entered into by the Borrower with other eligible entities. The projections to be made by the Accountant or Consulting Engineer shall only reflect growth in the customer base of the Borrower to the extent that such growth is a result of services to be provided to an existing customer base not currently served by the Borrower. No approval by the OWRB is required in connection with the issuance of the Additional Indebtedness and the OWRB is authorized to execute any necessary documentation to evidence the lien position securing the Additional Indebtedness. Provided, however, that additional obligations may be issued to complete any Project in an amount not to exceed 10% of the Project Costs for such Project without meeting such requirements of Section 2.7(I); and provided further that any payments on subordinate obligations shall be made only after the requirements in items (i) through (iii) of Section 2.6 have been satisfied;

(L) The Borrower hereby irrevocably covenants and agrees to comply with all of the terms, conditions, and requirements of this Loan Agreement and the Local Act. The Borrower hereby further irrevocably covenants and agrees that, as one of the conditions of the OWRB to make the Loan, it has fixed and collected, or will fix and collect (subject to approval by the City Council of the City) adequate rates, fees, and other charges for the use of the System which will be sufficient to satisfy the Rate Covenant;

(M) In the event, for any reason, the Revenues as set forth in the Application for Funding shall prove to be insufficient to produce the minimum sums set forth in Section 2.7(I) hereof, the Borrower hereby covenants and agrees that it will (subject to approval by the City Council of the City), upon notice by the OWRB, to the extent or in the manner authorized by law, within thirty (30) days of receipt of such notice, adjust and increase such rates, fees, and charges or the source of additional collateral so as to provide funds sufficient to produce the minimum sums set forth in Section 2.7(I);

(N) The Borrower acknowledges that the OWRB may assign all or a portion of its rights under the Note and this Loan Agreement, and hereby irrevocably covenants and agrees that in the event of any default hereunder by the Borrower, upon the occurrence of such event, the OWRB or its trustee bank, as assignee, may exercise any or all of the rights and powers provided by law, including without limitation, the right to directly impose, enforce, and collect charges upon users of the System;

(O) The Borrower will not render any free services of the System except to its beneficiary. In the event the Borrower owns or leases the System, it shall, to the fullest extent permitted by law, discontinue or shut off or cause to be discontinued or shut off the services and facilities of the System to all delinquent users of services of the System and will not restore or cause to be restored such services until all delinquent charges for the services of such System have been fully paid. The Borrower will not grant any franchise to provide any services which would compete with the System, and further, to the extent authorized by the laws of the State, the Borrower shall require prospective users of the System to connect thereto;

(P) The Borrower agrees that the System may not be sold, leased, or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be at least sufficient to fully pay the Note; provided, however, the OWRB may approve the release from the lien created hereunder of any portion of the System which in its discretion is not needed to secure payment of the Note and does not adversely impact the Borrower's ability to pay same;

(Q) (1) The Borrower will carry such insurance covering the System as is customarily carried with respect to works and properties similar to such System and as is reasonably acceptable to the OWRB; and

(2) The Borrower agrees that each of its officers, employees, agents, or other representatives who handle funds of the Borrower shall be covered by a fidelity bond or position coverage in an amount and form acceptable to the OWRB, and further agrees to furnish to the OWRB appropriate proof of such fidelity bond or position coverage;

(R) No litigation of any nature is now pending or, to the best of the Borrower's knowledge, threatened which would restrain or enjoin the execution or delivery of this Loan Agreement or the Note, the payment of administrative fees or interest on or the principal

thereof, the collection of rates and charges to pay the same, or in any manner questioning the authority or proceedings for the execution or delivery of this Loan Agreement or the Note or affecting the validity thereof;

(S) The Borrower agrees to indemnify, defend, and save harmless the State, the DEQ, the OWRB, and the officers, agents, and employees of each, against and from any and all claims, demands, damages, losses, costs, expenses, or liability accruing or resulting to any and all contractors, subcontractors, employees, and any other person, firm, or corporation furnishing or supplying services, materials, or supplies in connection with the construction of the Project, and from any and all claims, demands, damages, losses, costs, expenses, or liability accruing or resulting to any person, firm, or corporation, as a result of or incident to, either in whole or in part, whether directly or indirectly, the construction of the Project and the operation of the facilities financed with the proceeds of the Note;

(T) The Borrower hereby warrants and represents that all information provided to the OWRB in this Loan Agreement, in Borrower's Application for Funding, in Borrower's Use of Proceeds Certificate, or in any other document or instrument relating hereto was at the time provided, and is now true, correct, and complete, and such information does not omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to its purchase of the Note and making of the Loan, the OWRB shall have the right to cancel all or any of its obligations under this Loan Agreement if (a) any representation made to the OWRB by the Borrower in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Borrower has violated any commitment made in its Application for Funding or in any supporting documentation or has violated any of the terms or conditions of this Loan Agreement;

(U) The Borrower and the DEQ have acknowledged that there are no known historical or archaeological sites in the area where the Project will be constructed. If any sites are discovered during construction, work shall cease in that area and the Borrower shall notify the DEQ of the discovery. The DEQ shall then proceed in accordance with the regulations of the Advisory Council on Historic Preservation found at 36 CFR Part 800; and

(V) The Borrower agrees that should either endangered or threatened plant or animal species be discovered during construction, work shall cease in that area and the Borrower shall notify the DEQ of the discovery. The DEQ shall then proceed in accordance with any applicable provisions of the Endangered Species Act of 1973, as amended.

(W) The Borrower shall select and the OWRB shall approve the appointment of a Local Trustee to administer the funds and accounts required to be established pursuant to this Loan Agreement. In order to qualify to serve as Local Trustee a financial institution or other entity must: (a) have a minimum of $100,000,000 in assets; (b) have capital, surplus, and undivided profits of at least $10,000,000; (c) must have a full-time trust officer; and (d) have previously acted or currently be acting as trustee on similar municipal revenue bond financings.

(X) The Local Trustee acceptable to the OWRB as required under Section 2.7(W) hereof and the Borrower shall enter into such contract, indenture, or agreement (referred to herein as the "Indenture") as shall be appropriate and will require the Local Trustee to receive and deposit Note payments sufficient in amount to fully amortize and make when due scheduled payments of principal and interest on the Loan in accordance with the terms of the Note over the term thereof, to be made directly to the Local Trustee by the Borrower on or before the 15th day of each month and thereafter to remit such Note payments to the Trustee Bank in accordance with provisions of Section 2.4 herein. The Indenture shall provide details regarding the duties and obligations of the Local Trustee to receive payments from the Borrower and to make payments to the Trustee Bank in accordance with the provisions of the Bond Resolution and otherwise to administer funds and accounts as specified therein.

2.8 Proceeds of the Note, including: (i) costs of issuance thereof, (ii) capitalized interest, if any, to be deposited into the debt service fund held by the Local Trustee, and (iii) proceeds, if any, to be deposited into the local reserve fund held by the Local Trustee; shall be deposited in the appropriate funds and accounts created under the Indenture (in accordance with Section 2.7(X) herein) as directed in the Closing Order of the Borrower. All other proceeds of the Note shall be retained by the OWRB and periodically disbursed to the Project Costs Disbursement Account pursuant to the provisions of Section 2.2 and Section 2.11 herein. To the extent permissible under the Indenture, the holder of the Note shall have a lien on any proceeds deposited in the Project Costs Disbursement Account or with the Local Trustee until such proceeds are applied to the accomplishment of the Project.

2.9 It being the intent of the OWRB to ensure that sufficient monies are available to retire a commensurate amount of the Bonds in the event of prepayment of any Note, the Borrower will not redeem the Note in part or in full without the prior written consent of the OWRB, which consent shall not be unreasonably withheld, and any such redemption authorized by the OWRB shall provide for the payment of a sum sufficient to pay the principal and interest requirements of the Loan and/or principal, interest, premium, if any, and any fees to be paid upon the redemption by the OWRB of the appropriate amount of the Bonds represented by the outstanding balance of the Loan at the time of such redemption. Nothing in this Loan Agreement shall be construed to prohibit the OWRB from refunding any of its obligations including, but not limited to the Bonds, and any such refunding need not be based upon or result in any benefit to the Borrower.

2.10 In the event that the Loan should at any time be determined to be a "private activity bond" under the Internal Revenue Code of 1986, as amended, Borrower agrees to prepay the Loan in full, in accordance with written directions of the OWRB.

2.11 Should the construction of the Project not be completed within thirty (30) days prior to third anniversary of the Issuance Date of the Bonds, any proceeds of which were used to fund all or any portion of the Loan, the OWRB may, at the option of the OWRB, transfer to the Borrower on or before the third anniversary of such Issuance Date from the remaining proceeds of such Bonds an amount no greater than the unfunded balance of the Loan. The amount so transferred shall be deposited to the credit of the Project Costs Disbursement Account, and disbursed from time to time in the manner hereinafter provided. The Borrower agrees that no

disbursement of such amount deposited to the credit of the Project Costs Disbursement Account shall be made without the approval of the DEQ and the OWRB as hereinafter provided. The Borrower shall submit to the DEQ and the OWRB certified requests seeking the approval of the disbursement of all or any portion of such amount on DW-271 forms. The requests shall be accompanied by such invoices or other documentation as may be required by the DEQ and the OWRB to demonstrate that such amounts have been incurred by or on behalf of the Borrower for the payment of Project Costs. Upon approval by the DEQ and the OWRB, the OWRB shall authorize the disbursement of the funds held in the Project Costs Disbursement Account by the Borrower for the payment of the approved Project Costs in an expeditious and timely manner. The Borrower covenants and agrees that such disbursements from the Project Costs Disbursement Account shall be immediately and expeditiously transferred or paid out, as appropriate, for payment of Project Costs as specified by the Borrower and approved by the DEQ and the OWRB on the corresponding DW-271 form.

2.12 The Borrower, for and in consideration of the issuance of the Bonds by the OWRB under the Bond Resolution and the making of the Loan pursuant to this Loan Agreement from proceeds of the Bonds, in addition to making the scheduled payments of principal and interest on the Note with respect to the Loan, hereby covenants and agrees to make the following payments:

(A) Local Trustee expenses consisting of the fees and expenses to be paid directly to the Local Trustee upon demand commencing upon the closing on the Loan and continuing until the principal of and interest on the Note shall have been fully paid including: (i) the annual fee of the Local Trustee for its ordinary services rendered and its ordinary expenses in connection with the administration of the funds and accounts established under this Loan Agreement; and (ii) the reasonable fees and charges of the Local Trustee for necessary extraordinary services rendered by it and extraordinary expenses incurred by it hereunder as and when the same become due, provided that the Borrower may, without creating a default hereunder, contest in good faith the necessity for any such extraordinary services and expenses and the reasonableness of any such fees, charges, or expenses.

End of Article II

ARTICLE III

ADDITIONAL CONSTRUCTION REQUIREMENTS

3.1 The Borrower shall provide that each construction contractor furnish a performance bond, a payment bond, and a maintenance bond each in an amount at least equal to one hundred percent (100%) of the contract price of the portion of the Project covered by the particular contract, as security for the faithful performance of such contract.

3.2 The Borrower shall require each of its contractors to maintain during the life of the construction contract, workers' compensation insurance, public liability insurance, property damage insurance, and vehicle liability insurance in amounts and on terms satisfactory to the Consulting Engineer. Until the Project facilities are completed and accepted by the Borrower, the Borrower or (at the option of the Borrower) the contractor shall maintain builders risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the OWRB, the Borrower, and the prime contractor, as their interests may appear.

3.3 The Borrower shall provide and maintain competent and adequate engineering services regarding the supervision and inspection of the development and construction of the Project, and bear the responsibility of assuring that construction conforms to the plans, specifications, and designs prepared by the Consulting Engineer and approved by all necessary governmental bodies. The provider of such engineering services shall certify to the DEQ as to various stages of completion as requests for disbursements are submitted and shall further certify to the DEQ, the OWRB and the Borrower at the completion of construction that construction is in accordance with the approved plans, specifications, and designs, or amendments thereto, and has been approved by all necessary governmental bodies.

End of Article III

ARTICLE IV

DEFAULTS AND REMEDIES

4.1 **Events of Default**. Each of the following events is hereby declared an "Event of Default":

(A) The interest or administrative fee on the Loan is not paid punctually when due; or

(B) The principal of the Loan is not paid punctually when due, whether at the stated maturity thereof, or upon proceedings for redemption or prepayment thereof, or upon the maturity thereof by declaration; or

(C) This Loan Agreement is terminated or for any reason declared invalid or unenforceable in any material respect by or against the Borrower; or

(D) Default by the Borrower in the due and punctual performance of any other of the covenants, conditions, agreements, and provisions contained in the Note or in this Loan Agreement on the part of the Borrower to be performed, and such default shall continue for ninety (90) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Borrower by the OWRB; or

(E) If an order, judgment, or decree shall be entered by any court of competent jurisdiction (a) appointing a receiver, trustee, or liquidator for the Borrower or the whole or any substantial part of the System, (b) approving a petition filed against the Borrower under the provisions of Chapter 9 of Title 11 of the United States Code, as amended (the "Bankruptcy Code"), (c) granting relief substantially similar to that afforded by said Chapter 9, or (d) assuming custody or control of the Borrower or of the whole or any substantial part of the System under the provisions of any law for the relief or aid of debtors and such order, judgment, or decree shall not be vacated or set aside or stayed (or, in case custody or control is assumed by said order, such custody or control shall not be otherwise terminated), within sixty (60) days from the date of the entry of such order, judgment, or decree; or

(F) If the Borrower shall (a) admit in writing its inability to pay its debts generally as they become due, (b) file a petition in bankruptcy or seeking a composition of indebtedness, (c) make an assignment for the benefit of its creditors, (d) consent to the appointment of a receiver of the whole or any substantial part of the System, (e) file a petition or an answer seeking relief under any amendment to said Bankruptcy Code which shall give relief substantially the same as that afforded by said Chapter 9, or (f) consent to the assumption by any court of competent jurisdiction under the provisions of any other law for the relief or aid of debtors of custody or control of the Borrower or of the whole or any substantial part of the System.

The word "default" where used above shall mean failure of performance when due, exclusive of any period of grace required to correct any such failure.

4.2 **Remedies**.

(A) Upon the occurrence of an Event of Default, the OWRB, acting by and through the Attorney General of the State of Oklahoma, and the Trustee Bank shall have all the rights and remedies at law or equity as may be allowed by law, or pursuant to the provisions of this Loan Agreement, including but not limited to, suit for specific performance of any or all of the covenants of the Borrower contained in this Loan Agreement or in the Note; acceleration of the payment of principal of and interest accrued on the Note; appointment of temporary trustees to take over, operate, and maintain the System on a profitable basis and ensure the payment of the principal of and interest and administrative fees on the Note and any other Borrower indebtedness; or suit at law or equity to enforce or enjoin the action or inaction of parties under the provisions of this Loan Agreement.

(B) The Borrower hereby acknowledges its understanding of the various provisions of this Loan Agreement vesting in the OWRB and the Trustee Bank certain powers, rights, and privileges in the event of default by the Borrower of any of its obligations or responsibilities under the terms and conditions hereof and the Borrower hereby covenants and agrees that it shall take no action of any nature whatsoever calculated to inhibit, nullify, void, or delay such action of the OWRB or the Trustee Bank in the due and prompt implementation of this Loan Agreement.

4.3 **Discontinuance of Proceedings**. In case any proceeding taken by the OWRB or the Trustee Bank on account of any default shall have been discontinued or abandoned for any reason, then and in every such case the Borrower, the OWRB, and the Trustee Bank shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers, and duties of the OWRB and the Trustee Bank shall continue as though no proceeding had been taken.

4.4 **Appointment of Receiver**. Upon the occurrence of an Event of Default or in the event of the appointment of a receiver for the Borrower or for any part of the System, or in the event bankruptcy proceedings are instituted by or against the Borrower, or in the event the Borrower makes an assignment of a substantial part of its assets for the benefit of its creditors, or in the event the Borrower fails to strictly and promptly comply with any of its covenants and agreements in this Loan Agreement, or to strictly and promptly perform any provisions hereof (after the OWRB or the Trustee Bank has first given ten (10) days written notice to comply therewith and upon failure of the Borrower so to comply within said ten (10) day period), or in the event the priority of the pledge and assignment of the Revenues is not at all times fully maintained upon and with respect to the System and every part thereof, or in the event the Borrower is found or adjudged not to be regularly seized of an indefeasible right in and to any part of the System which it purports herein to possess, or in the event the Borrower is found or adjudged not to have had good right and full power and authority to encumber the System or any part thereof in the manner hereby contemplated, then and in any such event, the OWRB and/or the Trustee Bank shall be entitled at its option and election and without prior notice to or demand upon the Borrower to have or cause to be appointed a receiver or temporary trustee or trustees for the Borrower to take over, operate, and maintain the System on a profitable basis and ensure the payment of the principal of and interest on the Note and any other Borrower indebtedness. Every appointment shall be in writing or shall be

made pursuant to an action filed in a court of competent jurisdiction and shall specify the default or defaults existing hereunder whereby the power of appointment hereby granted is involved, and shall designate, by name, the person or persons to be such receiver or temporary trustee or trustees and the officers, servants, or employees of the Borrower so supplanted shall ipso facto cease to have any power or authority under this Loan Agreement.

The receiver or temporary trustee or trustees shall receive a reasonable fee for services rendered in an amount fixed by the OWRB, the Trustee Bank, or court to be paid from the Revenues of the System. In the event of any vacancy in the office or position of any receiver or temporary trustee or trustees, no officer, servant, or employee of the Borrower so supplanted shall be entitled to act on behalf of the Borrower under this Loan Agreement by reason thereof, but such vacancy shall continue to exist until some person be appointed as temporary receiver or trustee under this Section. Notice of the written appointment of any receiver or temporary trustee or trustees hereunder shall be sent by registered mail to the OWRB. Upon the curing of the default or defaults pursuant to which any receiver or temporary trustee or trustees shall have been appointed, and if there shall not be then any default under any of the provisions of this Loan Agreement, the Borrower may give written notice to the OWRB, the Trustee Bank, or court of the curing of said default or defaults and the non-existence of any other defaults hereunder, and upon the delivery of said notice to the OWRB, the Trustee Bank, or court and its acquiescence therein, the receiver or temporary trustee or trustees appointed hereunder shall ipso facto cease to have any power or authority hereunder, and the Borrower shall be reinstated with all rights and powers to the same extent as though a receiver or temporary trustee or trustees had not been appointed.

During the period of continuance of any default hereunder, the receiver or temporary trustee or trustees appointed as provided herein shall take charge of the System for the purpose of collecting the Revenues thereof, for the purpose of exercising all rights and remedies conferred by this Loan Agreement, and for the purpose of doing all things necessary to assure the most remunerative use of the System. Any trustee or receiver of the System, whether appointed by the OWRB, the Trustee Bank, or court, shall be appointed and serve pursuant to this section. The rights and protection of the OWRB set out herein is essential to their security, and receivership and trusteeship procedures hereunder shall be exclusive. All Revenues shall be deposited and disposed of in accordance with the provisions of this Loan Agreement; provided, however, that the appointment of any receiver or temporary trustee or trustees pursuant to the provisions of this section shall not be construed as curing or waiving any default hereunder and, notwithstanding any such appointment of any receiver or temporary trustee or trustees, the OWRB and/or the Trustee Bank may enforce any other remedy herein provided.

4.5 **Other Remedies**. Upon the occurrence of an Event of Default, the OWRB and/or the Trustee Bank may, as an alternative, either after entry or without entry, pursue any available remedy by suit at law or equity to enforce the payment of the principal of and interest and administrative fees on the Note then outstanding, including, without limitation, mandamus.

4.6 **Remedies Not Exclusive**. No remedy by the terms of this Loan Agreement conferred upon or reserved to the OWRB and/or the Trustee Bank is intended to be exclusive of any other remedy, but each and every remedy shall be cumulative and shall be in addition to every other

remedy given under this Loan Agreement or existing at law or in equity or by statute on or after the date of execution and delivery hereof.

4.7 **Remedies Vested in Trustee Bank and OWRB**. All rights of action (including the right to file proof of claims) under this Loan Agreement, or under the Note may be enforced by OWRB and/or the Trustee Bank without the possession of such obligations and without their production in any trial or other proceedings relating thereto. Any suit or proceeding instituted by the Trustee Bank may be brought in its own name as Trustee Bank, and any such action or any action instituted by the OWRB may be brought without the necessity of joining as plaintiffs or defendants any holders of the Note.

4.8 **OWRB and/or Trustee Bank Control Proceedings**. If an Event of Default shall have occurred and be continuing, the OWRB and/or the Trustee Bank shall have the right, at any time by an instrument in writing executed and delivered to the Borrower, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of this Loan Agreement, provided the direction is in accordance with law and the provisions of this Loan Agreement, and provided further, that nothing in this Section shall impair the right of the OWRB and/or the Trustee Bank in its discretion to take any other action under this Loan Agreement which it may deem proper.

4.9 **Waiver and Non-Waiver of Event of Default**.

(A) No delay or omission of the OWRB or the Trustee Bank to exercise any right or power accruing upon any Event of Default shall impair the right or power or shall be construed to be a waiver of an Event of Default or an acquiescence therein. Every power and remedy given by this Article to the OWRB and the Trustee Bank may be exercised from time to time and as often as may be deemed expedient.

(B) The OWRB and/or Trustee Bank may waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action, or proceeding instituted by the OWRB and/or the Trustee Bank under the provisions of this Loan Agreement or before the completion of the enforcement of any other remedy under this Loan Agreement.

(C) Notwithstanding anything contained in this Loan Agreement to the contrary, the Trustee Bank, upon the written request of the OWRB, shall waive any Event of Default and its consequences; provided, however, a default in the payment of the principal of and interest on the Note, when due and payable, may not be waived.

(D) In case of a waiver by the Trustee Bank of an Event of Default, the Borrower, the OWRB, and the Trustee Bank shall be restored to their former positions and rights under this Loan Agreement but no waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

End of Article IV

ARTICLE V

MISCELLANEOUS

5.1 If any provision of this Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement, and this Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

5.2 This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one of the same instrument. Each party agrees that it will execute any and all other and further documents or other instruments, and take such other action as may be necessary to give effect to the terms and intent of this Loan Agreement.

5.3 No waiver by either party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other term or condition, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase, or other provision of this Loan Agreement.

5.4 This Loan Agreement shall become effective as of the date of execution and delivery and shall remain in full force and effect until the Loan made pursuant hereto shall have been fully paid.

5.5 This Loan Agreement may be amended by mutual written agreement executed by the parties hereto as may be allowed pursuant to the applicable Bond Indenture.

5.6 This Loan Agreement, together with the Note, the Security Agreement, the Sales Tax Agreement, and all other and further related documents supersedes all prior negotiations, representations, and agreements between the parties hereto relating to the Loan and constitutes the entire agreement between the parties hereto in respect thereof.

5.7 Wherever in this Loan Agreement a party is named or referred to, it shall be deemed to include any other entity organized and existing which may succeed to the respective functions and powers of that party, and all the covenants and provisions contained in this Loan Agreement shall bind and inure to the benefit of said successor.

End of Article V

IN WITNESS WHEREOF, the parties have caused this Loan Agreement to be executed by their respective duly authorized officers as of this 1st day of January, 2009.

THE GUTHRIE PUBLIC WORKS AUTHORITY, LOGAN COUNTY, OKLAHOMA,
"Borrower"

(SEAL)
ATTEST:

By _____
Name: Chuck Burtcher
Title: Chairman

_____
Name: Wanda K. Calvert
Title: Secretary

OKLAHOMA WATER RESOURCES BOARD, "OWRB"

By _____
Board Member

EXHIBIT A

[Application for Funding]

[Copy on file with Oklahoma Water Resources Board]

EXHIBIT B

[Form of Note]

[See Tab 7 of Transcript of Proceedings]

EXHIBIT C

[Form of Opinion of Bond Counsel]

[See Tab 1 of Transcript of Proceedings]

EXHIBIT D

INITIAL PROJECT BUDGET

DATE: January 2, 2009
PROJECT NAME: The Guthrie Public Works Authority
PROJECT LOAN NUMBER: ORF-08-0009-DW

COST CLASSIFICATIONS	SERIES 2008 DRINKING WATER SRF AMOUNTS	SERIES 2009 DRINKING WATER SRF AMOUNTS	LOCAL AMOUNTS	TOTAL AMOUNTS
Costs of Issuance				
Bond Counsel Fee/Expenses	$ 62,500.00	$ 54,900.00	$ -	$ 117,400.00
Financial Advisor Fee/Expenses	$ 62,500.00	$ 54,900.00	$ -	$ 117,400.00
Local Counsel Fee/Expenses	$ 13,055.00	$ 11,945.00	$ -	$ 25,000.00
Project Costs				
Section A - Water Treatment Facility	$ 5,408,000.00	$ 4,992,000.00	$ -	$ 10,400,000.00
Section B - Raw Water Main	$ 1,257,645.00	$ 1,160,903.00	$ -	$ 2,418,548.00
Section C - Liberty Lake and Guthrie Lake Intak	$ 87,360.00	$ 80,640.00	$ -	$ 168,000.00
Section D - Cottonwood Creek Intake	$ 162,968.00	$ 150,432.00	$ -	$ 313,400.00
Inspection	$ 78,000.00	$ 72,000.00	$ -	$ 150,000.00
Engineering Fees	$ 393,523.00	$ 423,081.00	$ -	$ 816,604.00
Enironmental Information Document	$ 79,150.00	$ -	$ -	$ 79,150.00
Construction Staking	$ 49,500.00	$ -	$ -	$ 49,500.00
Contingency (5%)	$ 345,799.00	$ 319,199.00	$ -	$ 664,998.00
TOTAL	**$ 8,000,000.00**	**$ 7,320,000.00**	**$ -**	**$ 15,320,000.00**

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EXHIBIT D Continued

PROPOSED CONSTRUCTION ITEMS

Date: January 2, 2009

Name of Project: The Guthrie Public Works Authority
Project No.: P40-1020903-02 Loan No.: ORF- 08-0009-DW

Minor variations within an item are to be expected and will not affect its eligibility. Any changes in the items, or substantial changes within an item, however, will be considered ineligible unless reconsideration is specifically required and approved by the Department of Environmental Quality and the Oklahoma Water Resources Board.

DESCRIPTION OF ITEMS	Eligible for DWSRF Participation	
	YES	NO
Enhanced Coagulation – Conventional/Actiflo Process		
- Concrete vessels, site work, electrical, influent and effluent piping, chemical feed system installation, process unit installation, mechanical systems in treatment area, installation of control and instrumentation systems	X	
- Actiflo equipment	X	
- Four-cell filter system with filter controls	X	
- Four 150-HP high service pumps	X	
- Backwash pumps and cans	X	
- Filter to waste pumps	X	
- Vertical chemical tanks	X	

DESCRIPTION OF ITEMS	Eligible for DWSRF Participation	
	YES	NO
- Duplex liquid chemical feed pump skids	X	
- Chlorine dioxide manual generator	X	
- PAC feed system	X	
- Lot gas chlorine feed equipment with cylinders	X	
- Main control panel, SCADA system, tower RTUs, pump station RTUs, turbidimeters, magnetic flow meters, chlorine residual analyzers, level transducers, level floats, pH meters, ultrasonic flowmeter	X	
- Water treatment zone	X	
- Chemical feed zone	X	
- Service deck zone	X	
- Toilet locker room zone	X	
- Office zone 2nd floor	X	
- Building facade	X	
Raw Water Supply Improvements		
- Raw water intakes retrofit	X	

DESCRIPTION OF ITEMS	Eligible for DWSRF Participation	
	YES	NO
- Install permanent features at Cottonwood intake	X	
- 24 inch raw water main	X	
- 24 inch PE pipe	X	
- 16 inch raw water main	X	
- Directional bore for 24 inch PE pipe	X	
- Bore and encasing	X	
- 24 butterfly valves	X	
- Interconnects	X	
- Appurtenances	X	
Water Distribution System Improvements		
- 18 inch water main in place	X	
- 12 inch water main in place	X	

EXHIBIT E

LIST OF FEDERAL LAWS AND AUTHORITIES

Environmental:

Archeological and Historic Preservation Act of 1974, Pub. L. 86-523, as amended

Clean Air Act, Pub. L. 84-159, as amended,

Coastal Barrier Resources Act, Pub. L. 97-348

Coastal Zone Management Act of 1972, Pub. L. 92-583, as amended

Endangered Species Act, Pub. L. 93-205 as amended

Environmental Justice, Executive Order 12898

Floodplain Management, Executive Order 11988 as amended by Executive Order 12148

Protection of Wetlands, Executive Order 11990

Farmland Protection Policy Act, Pub. L. 97-98

Fish and Wildlife Coordination Act, Pub. L. 85-624, as amended

National Historic Preservation Act of 1966, Pub. L. 89-665, as amended

Safe Drinking Water Act, Pub. L. 92-523, as amended

Wild and Scenic Rivers Act, Pub. L. 90-542, as amended

Economic and Miscellaneous Authorities:

Demonstration Cities and Metropolitan Development Act of 1966, Pub. L. 89-754, as amended, Executive Order 12392

Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans

Uniform Relocation and Real Property Acquisition Policies Act of 1970, Pub. L. 91-646, as amended

Debarment and Suspension, Executive Order 12549

Social Policy Authorities:

Age Discrimination Act of 1975, Pub. L. 94-135

Civil Rights Act of 1964, Pub. L. 88-352

Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Pub. L. 92-500 (the Clean Water Act)

Section 504 of the Rehabilitation Act of 1973, Pub. L. 93-112 (including Executive Orders 11914 and 11250)

Equal Employment Opportunity, Executive Order 11246

Women's and Minority Business Enterprise, Executive Orders 11625, 12138, and 12432

Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590

Preservation of Open Competition and Government Neutrality Toward Government Contractors' Labor Relations on Federal Construction Contracts (Executive Order 13208)

EXHIBIT F

[Form of Use Of Proceeds Certificate]

[See Tab 21 of Transcript of Proceedings]