

MINUTES OF A SPECIAL MEETING
BOARD OF REGENTS OF THE UNIVERSITY OF OKLAHOMA
SATURDAY, APRIL 20, 1974

A special meeting of the Board of Regents of the University of Oklahoma was held in Dining Room 2, Oklahoma Memorial Union, on Saturday, April 20, 1974, beginning at 9:20 a.m.

The following were present: Regent Jack H. Santee, President of the Board, presiding; Regents Walter Neustadt, Jr., Mack M. Braly, Thomas R. Brett, and Bob G. Mitchell, M.D.

Absent: Regent K.D. Bailey and Richard A. Bell (appointment not yet confirmed by the Senate).

The following were also present: Dr. Paul F. Sharp, President of the University; Vice Presidents Burr, Dean, Nordby, and White; Mr. R. Boyd Gunning, Trust Officer of the University; Mr. Joseph C. Ray, Executive Assistant to the President; Dr. Thomas H. Tucker, University Chief Counsel; and Mrs. Barbara H. James, Secretary of the Board of Regents.

Regent Santee made the following statement:

"The purpose of this special meeting is for the Regents to consider the approval of a bond issue in the amount of \$5,000,000.00 for the funding of the Stadium Expansion Program.

"Private fund-raising for the Stadium Expansion has been doing exceptionally well. \$3.6 million has been raised in a 6 months period, and it is continuing steadily toward the initial goal of \$4.7 million. It has always been and still is the intention of the Regents to finance the stadium expansion project from private donations; however in order to let the general contract for the project, the total funds needed must be on deposit in the office of the State Treasurer. Since \$1.6 million of the amount donated to date has been received in cash and the total remainder is in pledges, and since it now seems necessary to let a general contract for the entire project so that construction can begin this summer, a bond issue is the clearest and best--if not the only--means of proceeding on schedule with the project. Letting a general contract at this time in our opinion is also our best hedge against further inflationary increases that have been facing us in this project.

"We are faced with a time schedule which does not permit us to defer action until the regular May meeting. If the Stadium Expansion Project is to be completed for the 1975 season, we must open construction bids by next July 24, and this means that the proposed bond program must be approved now and immediately forwarded to the State Regents for their approval.

"With this proposed method of funding, it also seems desirable for the Regents to review the action taken at the regular meeting earlier this month when certain elements of the project were removed from the base plans to an alternate position in order to hold the construction costs within the original estimate. It now seems feasible with the possibility of a revenue bond to include in the base construction those alternates which were designated as C, D, E, and F, and which are, respectively, the lounge and concession area, the 4 elevators, the camera level of the press box, and the covering of the seats in the west stands. This would bring the total construction costs to \$5,079,000.00. This does not include funds for professional fees, administrative costs, any contingency funds or cushion for materials inflation. When these are added the total project cost is now estimated at \$6.14 million. Therefore, with the \$1.6 cash now on hand, a \$5 million revenue bond issue would cover the total project.

"This does, however, necessitate the setting of a new goal for the private fund raising for the Stadium Expansion Project. It was originally intended to raise funds by committing only 2800 new seats in a priority plan for donors (that was 1300 seats under deck, and 1500 seats in the deck). It will now be necessary to expand the number of deck seats committed to STEP, to raise the additional funds by an additional 1500; however, we can also extend the time during which the funds must be raised in order to insure the success of the campaign. On the basis of our progress to date, we are convinced that the additional funds can be raised given the time which the bond issue permits.

"As a contingency, in the event that the private fund-raising does not reach its goal, and in order to insure the payment of the bonds, we are requesting that the Big 8 Conference approve a plan which would allow a conference school to add a surcharge to the price of a ticket which would not need to be divided with the visiting team. This would insure the bond holders of our ability to meet the bond obligation, in as much as these funds would be available if the private funds are not raised. Certainly we do not intend to abandon private fund-raising; in fact it becomes more important. It is my understanding that the Big 8 faculty representatives will consider this matter on May 16.

"Since time does not permit us any further delay, I suggest that the Regents approve this bond issue and Facilities Use Fee contingent upon the May 16 action, so that we can move ahead with the formal processing of the revenue bond issue."

A copy of the Official Statement had been distributed to each member of the Board by mail prior to the meeting. Regent Santee said the administration's study of the bond issue has continued during this week and the Official Statement should be modified to reflect the following:

- (1) The objective of the STEP program should be increased to \$6.142 million which is sufficient to pay the entire Project Costs.
- (2) An "Athletic Department Auxiliary Fund" should be created to receive stadium gate receipts and concession income, which funds should be examined monthly by the University to insure that sufficient monies are contained therein which, when coupled with the balance in the Revenue Fund, will pay the principal and interest due on the Bonds on the next ensuing principal and/or interest payment date.
- (3) The Facilities Use Fee shall be imposed and shall be available if necessary to meet the principal and interest requirements on the Bonds.

Regent Neustadt moved approval of Regent Santee's statement and adoption of the following Resolution:

A RESOLUTION APPROVING THE OFFICIAL STATEMENT RELATING TO THE \$5,000,000 STADIUM SYSTEM REVENUE BONDS, SERIES 1974 AND DIRECTING THAT A STATEMENT OF ESSENTIAL FACTS BE DELIVERED TO THE STATE REGENTS FOR HIGHER EDUCATION FOR CERTIFICATION TO THE ATTORNEY GENERAL; AND CONTAINING OTHER PROVISIONS THERETO.

WHEREAS, it has been determined that it is necessary for the continued growth and development of the athletic program of the University of Oklahoma and the welfare of the students thereof that Oklahoma Memorial Stadium be remodeled, updated and expanded; and

WHEREAS, in order to accomplish aforesaid purpose it is necessary that the Regents issue their \$5,000,000 Stadium System Revenue Bonds, Series 1974.

NOW, THEREFORE, BE IT RESOLVED BY THE REGENTS OF THE UNIVERSITY OF OKLAHOMA:

Section 1. The Official Statement, including the Statement of Essential Facts, dated April 1, 1974, is hereby adopted and approved and the President is hereby authorized and directed to deliver same to the Oklahoma State Regents for Higher Education for examination and certification to the Attorney General of Oklahoma.

All members voted AYE.

A copy of the Official Statement as approved is attached hereto as a part of these minutes.

Regent Santee said one other item requires action at this meeting and it is as follows:

Current casualty insurance policies providing the coverage required by bond indentures expire May 1, 1974. During the past three years, a total of \$53,812,000 property insurance and \$7,906,600 tuition fee insurance, with \$10,000 deductible applicable to the property insurance, has been provided at an annual premium cost of \$133,596 by the Muldrow and Agar-Ford & Jarmon agencies of Norman. To provide \$70,636,000 property insurance and \$6,529,400 tuition fee insurance, with \$500 deductible applicable to the property insurance, for three years beginning May 1, 1974, the following quotations of annual premium have been obtained from the sources indicated:

Marsh & McLennan, Tulsa	\$146,271
Agar-Ford, Jarmon & Muldrow, Norman	105,092
Employer's Insurance of Wausau, Oklahoma City	71,044

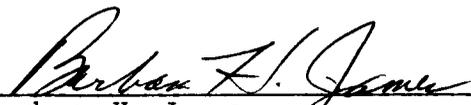
Provisions of the new policies that would be written by the aforementioned firms have been reviewed along with present coverage by the University's Legal Counsel and found comparable in all essential respects. The University's interest would be fully protected by the form of the policies, the financial stability of the underwriters and the services offered by any of the three sources.

President Sharp recommended that the Regents accept the offer of the low quotation from Employer's Insurance of Wausau for a three-year contract at a premium cost of \$71,044 annually.

Approved on motion by Regent Braly.

Regent Braly requested that an examination be made of other similar types of services that are purchased and determine whether or not they are being handled on a competitive bid or a negotiated basis. Unless there is some overriding reason for negotiation, he suggested that these matters should be handled on a bid basis. Regent Santee requested the administration to proceed as suggested by Regent Braly. He asked, too, that the outside auditors keep this in mind as they proceed with their audit for this year and if they observe opportunities where the University might obtain better prices for services through the bid method, then the administration should be so informed.

There being no further business the meeting adjourned at 9:35 a.m.


 Barbara H. James
 Secretary of the Board of Regents

April 20, 1974

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Others present at all or part of the meeting:

Mr. Scott Brown, Bond Counsel
Mr. Gary Bush, Bond Counsel
Mr. Robert B. Lewis, Financial Consultant, Leo Oppenheim & Co.
Dr. Robert Shapiro, Associate Vice President for Administration and Finance
Mr. Wade Walker, Director of Athletics
Mr. Arthur Tuttle, University Architect
Mr. Randy Rutherford, Assistant to the Vice President for University
Relations
Mr. Jack Cochran, Director of Public Relations
Ms. Donna Murphy, Writer, Media Information Office
Mr. Mike Treps, Director of Media Information
Mr. David Graham, Assistant Director of Media Information
Mr. Weldon Watson - WKY-TV
Mr. Ray Bribieska - KWTW
Mr. Jim Gray - KOCY Radio
Mr. Mike Shannon - Oklahoma City Times
Mr. Steve Trolinger - Daily Oklahoman
Mr. Jim Bross - Norman Transcript
Mr. Ed Kelly - Oklahoma Daily

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SUMMARY STATEMENT

Purpose — The proceeds received from the sale of these Bonds will provide the funds, including fees and expenses, for the following purposes:

- A. To prepay, in whole, without penalty, the unpaid balance of a \$590,000 Promissory Note, dated September 10, 1971.
- B. To implement the Stadium Expansion Program ("STEP"), a capital improvement program to remodel, update, and expand Oklahoma Memorial Stadium (the "Stadium" or the "Project") on the Norman, Oklahoma campus of the University of Oklahoma (the "University"). The program includes the construction of a 9000-seat upper deck on the west side of the Stadium, a 1300-seat under deck seating area, new press box facilities, renovation of all Stadium restrooms and concession stands, improvements in lighting, painting, new graphics, additional entrances and exits, and improved and expanded student and faculty seating areas.

Security — This issue of Bonds will be a special obligation of the Board of Regents of the University of Oklahoma (the "Board of Regents") and shall be secured as follows and in the following priorities:

- A. A first lien on and pledge of the revenues received from the gifts and pledges made to the University of Oklahoma Foundation, Inc. and the University of Oklahoma for the benefit of STEP.
- B. In the event the revenues received pursuant to "A" above are insufficient to amortize the principal and interest on these Bonds, the Bonds are payable from legally available income and revenues derived from Stadium gate receipts and concession income by the University of Oklahoma Athletic Department (the "Athletic Department"), subject to prior liens, including but not limited to Regents of the University of Oklahoma Student Facilities Revenue Bonds of 1963, Series "D", in the original amount of \$1,800,000; Regents of the University of Oklahoma Student Facilities System of 1971 Bonds, Series "A", in the original amount of \$1,760,000; and Series "B", in the original amount of \$4,000,000.

The Board of Regents will covenant in the Bond Resolution to impose and collect fees and charges for the use of the Stadium and further that it shall impose and shall if necessary collect the Facilities Use Fee in the minimum amount of \$225,000 a year during the life of this Bond issue, which collectively with other Athletic Department revenues shall be sufficient to permit the prompt payment of the debt service requirements on the Bonds and any other requirements specified under the Bond Resolution.

As additional security, in the event of a default, the holder or holders of 66 2/3% of the principal amount of the outstanding Bonds have the right to enter into possession of the Project and to operate it, except for those portions used for educational purposes, or the Trustee Bank may so do upon the request of said holder or holders

until said default is remedied or until all bonded indebtedness related to the Project is retired, whichever shall first occur.

These Bonds are not an indebtedness of the State of Oklahoma, nor the University, nor the Board of Regents, but are a special obligation payable solely from the afore-said revenues.

The Board of Regents — The government of the University is vested in the Board of Regents, a constitutional board of seven members appointed by the Governor for staggered seven year terms, subject to confirmation by the State Senate.

The University of Oklahoma — The University marks its beginning with legislation enacted by the first territorial legislature in 1890. It is a member of the Oklahoma State System of Higher Education that includes all collegiate institutions in Oklahoma supported wholly, or in part, by State appropriations. It is located in Norman, Oklahoma about 17 miles south of Oklahoma City. The University is coeducational and for the fall semester of 1973 had an enrollment of 19,647 on the Norman campus.

Capitalized Bond Fund Reserve Account — Bond proceeds in the amount of \$500,000 shall be transferred for deposit into the Bond Fund Reserve Account of the Bond Fund.

Capitalized Interest — Bond Proceeds in the amount of six months interest less accrued interest received will be transferred for deposit into the Interest Account of the Bond Fund.

Total Bonded Indebtedness of the University (Norman Campus) — Upon delivery of and payment for the Bonds, the total bonded indebtedness of the University (Norman Campus) will be \$37,383,000 less restricted funds of \$8,024,229.

Revenues and Coverage — The projected revenues from gifts, fees and released funds, debt service requirements (DSR) and coverage during the first five (5) years are as follows:

<u>Year</u>	<u>Revenue</u>	<u>DSR</u>	<u>Coverage</u>
1975	\$1,375,000	\$ 900,000	1.53 times
1976	1,375,000	1,005,000	1.37 "
1977	1,275,000	940,000	1.36 "
1978	675,000	396,200	1.70 "
1979	675,000	382,400	1.77 "

Debt service requirements decline each year after 1979, but projected revenues remain constant.

THE UNIVERSITY OF OKLAHOMA

BOARD OF REGENTS

MR. JACK H. SANTEE, Tulsa
President

MR. THOMAS R. BRETT, Tulsa

MR. WALTER NEUSTADT, JR., Ardmore,
Vice President

BOB G. MITCHELL, M.D., Sallisaw

MR. K. D. BAILEY, Okmulgee

MR. MACK M. BRALY, Ada

MR. RICHARD A. BELL, Norman

UNIVERSITY OFFICIALS INCLUDE

DR. PAUL F. SHARP, President

DR. GENE M. NORDBY, Vice President for Administration & Finance

MR. DAVID A. BURR, Vice President for Development

UNIVERSITY COUNSEL

MR. THOMAS H. TUCKER, Chief Counsel

ARCHITECT

LOCKWOOD, ANDREWS & NEWNAM, INC., Houston, Texas

BOND COUNSEL

FAGIN, BROWN & BUSH, Oklahoma City, Oklahoma

FINANCIAL CONSULTANT

LEO OPPENHEIM & CO., INC., Oklahoma City, Oklahoma

The information contained in this Official Statement has been compiled from sources believed to be reliable. The Official Statement contains estimates and matters of opinion which are not intended as representative of fact. This Official Statement is not to be construed as a contract with the Purchasers of the Bonds.

THE DATE OF THIS OFFICIAL STATEMENT IS APRIL 1, 1974

OFFICIAL NOTICE OF SALE

\$5,000,000

REGENTS OF THE UNIVERSITY OF OKLAHOMA

STADIUM SYSTEM REVENUE BONDS, SERIES 1974

The Board of Regents of the University of Oklahoma, hereinafter called the "Board of Regents", will receive sealed bids on the 13th day of June 1974, at 9:30 o'clock A.M. Central Daylight Savings Time, in the Office of the President of the University of Oklahoma at Norman, Oklahoma, in the Administration Building (Evans Hall) of the University of Oklahoma at Norman, Oklahoma, for the purchase of the \$5,000,000 Regents of the University of Oklahoma Stadium System Revenue Bonds, Series 1974, hereinafter called the "Bonds", in accordance with the terms of this Official Notice of Sale.

The Bonds are to be dated July 1, 1974, and shall be due on July 1, in each of the years and in the principal amounts as follows:

<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>
\$750,000	1975	\$230,000	1983
750,000	1976	230,000	1984
730,000	1977	230,000	1985
230,000	1978	230,000	1986
230,000	1979	230,000	1987
230,000	1980	230,000	1988
230,000	1981	240,000	1989
230,000	1982		

PAYMENT OF INTEREST

Interest shall be payable January 1, 1975, and semi-annually each July 1 and January 1 thereafter.

PLACE OF PAYMENT

Principal and semi-annual interest on this issue of Bonds shall be payable at a bank to be designated by the purchaser of the Bonds; or, at the option of the holder, at the Fiscal Agency of the State of Oklahoma in the City of New York, New York; or, in the event of the discontinuance of that Agency, then at The Chase Manhattan Bank, National Association, in the City of New York, New York.

DENOMINATION AND FORM OF BONDS

The Bonds shall be issuable in bearer form with coupons attached and registrable as to principal in \$5,000 denominations and in fully registered form in \$5,000 denominations, or, with respect to principal maturing on the same date, in multiples thereof.

TERMS OF REDEMPTION

The Bonds maturing in the years 1975 to 1979, inclusive, shall not be subject to redemption prior to maturity. The Bonds maturing in the years 1980 and thereafter shall be subject to redemption at the option of the Board of Regents, in whole at any time, or in part in inverse order of maturity and by lot within a maturity, on any interest payment date on and after July 1, 1979, at the principal amount thereof, plus, accrued interest to the date fixed for redemption.

INTEREST RATES AND LIMITATIONS

Bidders must specify the rate or rates of interest the Bonds shall bear in multiples of one-eighth ($1/8$ th) or one-twentieth ($1/20$ th) of one percent (1%) per annum. Bidders are not restricted as to the number of rates that may be named; provided that only one single rate shall be specified for all bonds of the same maturity. The spread between the highest and the lowest coupon rate shall not exceed two percent (2%). Supplemental coupons shall not be acceptable. The maximum rate allowed by the laws of the State of Oklahoma is eight percent (8%).

AWARD OF BONDS, COMPUTATION OF INTEREST COST, AND RIGHT OF REJECTION

The Bonds shall be sold in one block, all or none, at a price of not less than the principal amount thereof and accrued interest to the date of delivery and payment therefor. The award, if any, will be made to the bidder complying with this Official Notice of Sale and offering to purchase the Bonds at the lowest net interest cost to the Board of Regents and who agrees to pay accrued interest from July 1, 1974 to the date of delivery computed on a 360-day year basis. The lowest net interest cost is the smallest dollar amount of interest payable on the Bonds from July 1, 1974 to the respective maturity dates at the rate or rates specified by the bidder, and deducting therefrom the premium, if any, specified by such bidder. The Board of Regents reserves the right, to the extent not prohibited by law, to reject any or all proposals, and to waive any irregularity or informality in any bid.

OFFICIAL BID FORM AND GOOD FAITH CHECK

Each bid must be submitted without deviation on the Official Bid Form furnished by the Board of Regents and shall be enclosed in a sealed envelope addressed to the Board of Regents of the University of Oklahoma and marked "Bid for \$5,000,000 Regents of the University of Oklahoma Stadium System Revenue Bonds, Series 1974", and shall be accompanied by a Certified or Cashier's Check in the sum of \$100,000 (2%) payable to the Treasurer of the State of Oklahoma. No interest shall be allowed

on such check. Upon the awarding of the Bonds, all checks submitted by unsuccessful bidders shall be promptly returned. The good faith check submitted by the successful bidder shall be retained as fully liquidated damages in the event the bidder does not comply with the terms of his bid. At the time the Bonds are ready for delivery, the successful bidder shall have the option of either applying the good faith deposit toward the purchase of the Bonds or of having the good faith deposit returned. Sealed bids plainly marked "Bid for \$5,000,000 Regents of the University of Oklahoma Stadium System Revenue Bonds, Series 1974", may be mailed to "The Board of Regents of the University of Oklahoma, c/o Mrs. Barbara James, Secretary of the Board of Regents, University of Oklahoma, 660 Parrington Oval, Room 112, Norman, Oklahoma 73069."

CORPORATE TRUSTEE

The Corporate Trustee shall be an eligible Oklahoma bank designated by the purchaser of the Bonds.

DELIVERY OF AND PAYMENT FOR THE BONDS

Delivery of the Bonds shall be made on or about July 18, 1974 at the office of the Treasurer of the State of Oklahoma, State Capitol Building, Oklahoma City, Oklahoma. The Bonds shall be paid for with Federal funds. If the Bonds are not delivered within seventy-five (75) days from the date of sale, the successful bidder may withdraw his bid and receive the return of his good faith deposit.

LEGAL OPINION AND TAX EXEMPTION

The unqualified approving opinion of Fagin, Brown and Bush, Oklahoma City, Oklahoma, Bond Counsel shall be furnished by the Board of Regents without expense to the purchaser. The opinion of such counsel shall state that the interest earned on the Bonds is exempt from existing Federal and State of Oklahoma Income Taxes. A transcript of the legal proceedings approved by the Attorney General of the State of Oklahoma, including a certificate that there is no litigation pending affecting the Bonds, and other closing papers shall be furnished to the purchaser without charge by the Board of Regents.

MISCELLANEOUS

Further information with respect to this issue of Bonds may be obtained from the Financial Consultant to the University, Leo Oppenheim & Co., Inc., 1810 First National Center, Oklahoma City, Oklahoma 73102 (Robert B. Lewis, 405-235-5538).

/s/ Mrs. Barbara James
Secretary of the Board of Regents
University of Oklahoma

OFFICIAL STATEMENT

\$5,000,000

REGENTS OF THE UNIVERSITY OF OKLAHOMA STADIUM SYSTEM REVENUE BONDS, SERIES 1974

The purpose of this Official Statement is to give certain data, as of April 1, 1974, relating to the Board of Regents of the University of Oklahoma, hereinafter called the "Board of Regents", the governing board of the University of Oklahoma, hereinafter called the "University" and the Stadium System Revenue Bonds, Series 1974, hereinafter called the "Bonds", for the information of all those who may be interested in bidding on this Bond issue. These Bonds are being issued under the provisions of Title 70, Oklahoma Statutes, 1971, Sections 4001 to 4014, inclusive, as amended.

THE UNIVERSITY OF OKLAHOMA AND THE BOARD OF REGENTS

The University is a member of the Oklahoma State System of Higher Education that includes all collegiate institutions in Oklahoma supported wholly, or in part, by State appropriations. The government of the University is vested in the Board of Regents, a constitutional board of seven members appointed by the Governor for staggered seven year terms, subject to confirmation by the State Senate. Members of the Board of Regents are listed on Page 3 of this Official Statement.

PURPOSE OF ISSUE

These Bonds, including fees and expenses, are being issued to provide funds for the following purposes:

- A. To prepay, in whole, without penalty, the unpaid balance of a \$590,000 Promissory Note, dated September 10, 1971.
- B. To implement the Stadium Expansion Program, hereinafter called "STEP", which consists of a capital improvement program to remodel, update, and expand the 49-year old Oklahoma Memorial Stadium, hereinafter called the "Stadium" or the "Project", at the University of Oklahoma. The program includes the construction of a 9000-seat upper deck on the west side of the Stadium, a 1300-seat under deck seating area, new press box facilities, renovation of all Stadium restrooms and concession stands, improvements in lighting, painting, new graphics, additional entrances and exits, and improved and expanded student and faculty seating areas.

SECURITY FOR THE BONDS

This issue of Bonds will be a special obligation of the Board of Regents and shall be secured as follows and in the following priorities:

- A. A first lien on and pledge of the revenues received from the gifts and pledges made to the University of Oklahoma Foundation, Inc. and to the University of Oklahoma for the benefit of STEP, said gifts and pledges and program being more fully described in a later Section of this Official Statement; and
- B. In the event the aforesaid revenues received pursuant to "A" above are insufficient to amortize the principal and interest on these Bonds, the Bonds are payable from legally available income and revenues derived from Stadium gate receipts and concession income by the University of Oklahoma Athletic Department, hereinafter called the "Athletic Department", subject to prior liens, including but not limited to Regents of the University of Oklahoma Student Facilities Revenue Bonds of 1963, Series "D", dated January 1, 1963, in the original amount of \$1,800,000, Regents of the University of Oklahoma Student Facilities System of 1971 Bonds, Series "A", dated September 1, 1971, in the original amount of \$1,760,000, and Series "B", dated October 1, 1972, in the original amount of \$4,000,000.

Additional revenues will be received by the Athletic Department as a result of STEP (there will be a net increase of 8,000 seats), the freeing of athletic revenues by reason of donations received pursuant to the annual donors program, additional revenues to be received pursuant to a Facilities Use Fee which was approved by the Big 8 Conference on May 16, 1974, plus the freeing of \$100,000 annually by pre-paying the Promissory Note of September 10, 1971.

As additional security, in the event of a default, the holder or holders of 66 2/3% of the principal amount of the outstanding Bonds have the right to enter into possession of the Project and to operate it, except for those portions used for educational purposes, or the Trustee Bank may so do upon the request of said holder or holders, until said default is remedied or until all bonded indebtedness related to the Project is retired, whichever shall first occur.

These Bonds are not an indebtedness of the State of Oklahoma, nor the University, nor the Board of Regents, but are a special obligation payable solely from the aforesaid revenues.

SYSTEM

A new System is herein being created consisting of the Stadium, and such other improvements and additions which may be constructed from the proceeds of the issuance of additional bonds provided for herein.

PROJECT COSTS AND SOURCES OF FUNDING

CONSTRUCTION COSTS

Construction bids have not been taken, so precise costs are not known at this time. The total cost of all construction and equipment is estimated to be \$5,642,000 with the necessary funds in excess of the net proceeds of this Bond issue coming from contributions, other sources of fund raising, and other funds available to the University that may be used for construction of the Project. A breakdown of estimated

costs is as follows:

<u>Cost Item</u>	<u>Amount</u>
Construction and Equipment	\$5,079,000
Professional Fees	259,000
Contingencies	254,000
University of Oklahoma Costs and Services	<u>50,000</u>
TOTAL	<u>\$5,642,000</u>

TOTAL PROJECT COSTS AND SOURCES OF FUNDING

<u>Project Costs</u>	<u>Sources of Funding</u>		<u>Total</u>
	<u>Bond Proceeds</u>	<u>Cash Pledges Received</u>	
Construction and Equipment	\$4,000,000	\$1,642,000	\$5,642,000
Prepaying Promissory Note	300,000		300,000
Capitalized Interest (6 months)	150,000		150,000
Capitalized Bond Fund Reserve	500,000		500,000
Legal, Financial, and Expenses	<u>50,000</u>		<u>50,000</u>
TOTAL	<u>\$5,000,000</u>	<u>\$1,642,000</u>	<u>\$6,642,000</u>

REVENUES AND COVERAGE ^{1/}

REVENUES

A. Between Fiscal Years 1969 and 1973, the total funds available from the Athletic Department for debt service were as follows: (See Exhibit B.)

1973	\$367,271.22 ^{2/} , ^{3/}
1972	444,708.55 ^{2/}
1971	437,544.07
1970	441,896.17
1969	313,988.90

^{1/} The Athletic Department is an auxiliary enterprise of the University and all income and revenues derived thereby are under the exclusive management and control of the Board of Regents.

^{2/} \$94,400.00 in Fiscal Year 1973 and \$71,026.99 in Fiscal Year 1972 were paid on the Promissory Note that is being prepaid by a portion of the proceeds of this Bond issue

^{3/} \$123,209.06 in Fiscal Year 1973 was expended for Capital Improvements. Debt service retirement will take priority over all future Capital Improvements with the exception of those funded by the proceeds of this Bond issue.

B. It is estimated that the following additional funds will be available for debt service on this Bond issue:

(1) Stadium Expansion Program

Cash on hand	\$1,642,000
Pledge payments, June 1, 1975	700,000
Pledge payments, June 1, 1976	700,000
Pledge payments, June 1, 1977	600,000

(2) Annual Revenues

Prepayment of Promissory Note releases	\$ 100,000
Income from 8,000 added seats, assuming only 80% occupancy	100,000
Facilities Use Fee (minimum amount that will be charged during the life of the Bond Issue)	225,000
Portion of funds released due to success of Annual Athletic Donor Program	<u>250,000</u>
TOTAL	<u>\$ 675,000</u>

C. As previously mentioned in the Section on "Security For the Bonds" there is a first lien and pledge of Stadium gate receipts and concession income to the operation and maintenance of the Stadium and the Power and Heating Plant and the payment of the principal and interest requirements on the outstanding "Regents of the University of Oklahoma Student Facilities Revenue Bonds of 1963, Series D". The outstanding Series "D" Bonds and the maturities thereof are as follows:

<u>Maturity</u>	<u>Amount</u>	<u>Interest</u>
7-1-74	\$220,000	2.9%
7-1-75	230,000	2.9%
7-1-76	240,000	3.0%
7-1-77	245,000	3.0%
7-1-78	130,000	3.0%

There is presently a balance of \$519,458 in the Reserve Fund which may be used to pay the last maturing Series "D" Bonds. To date, Stadium gate receipts and concession income have never been needed or utilized to meet the aforesaid requirements.

D. Also, as previously mentioned in the Section on "Security For the Bonds" there is a prior lien and pledge of revenues by the Athletic Department in the minimum amount of \$100,000 per year to the Regents of the University

of Oklahoma Student Facilities System of 1971 Bonds, Series "A", dated September 1, 1971, in the original amount of \$1,760,000 and Series "B", dated October 1, 1972, in the original amount of \$4,000,000. Based on revenues from the Student Facilities Fee, which is the primary pledge to pay the aforementioned bond issues, and current and projected enrollment figures, there should be no requirement for funds from the Athletic Department until 1981. From 1981 until 1986, when the Student Facilities System of 1971 Bonds, Series "A" are retired, there could possibly be a yearly requirement for approximately \$100,000 from the Athletic Department. The Athletic Department will have an increased source of revenue with the opening next year of the multi-purpose arena financed by the Student Facility System of 1971 Bonds, Series "B".

COVERAGE

<u>Year</u>	<u>Estimated Debt Service Requirement</u>	<u>Estimated Additional Funds Available for Debt Service</u>	<u>Coverage</u>
1975	\$ 900,000	\$1,375,000	1.53 times
1976	1,005,000	1,375,000	1.37 "
1977	940,000	1,275,000	1.36 "
1978	396,200	675,000	1.70 "
1979	382,400	675,000	1.77 "
1980	368,600	675,000	1.83 "
1981	354,800	675,000	1.90 "
1982	340,000	675,000	1.99 "
1983	327,200	675,000	2.06 "
1984	313,400	675,000	2.15 "
1985	299,600	675,000	2.25 "
1986	285,800	675,000	2.36 "
1987	272,000	675,000	2.48 "
1988	258,200	675,000	2.61 "
1989	254,400	675,000	2.65 "

STADIUM EXPANSION PROGRAM

PHASE I

The objective of the STEP as approved by the Board of Regents is to raise \$6.142 million to pay the full Project cost including the construction of a 9000-seat upper deck on the west side of the Stadium, a new press box, and other Stadium improvements. The Project will be entirely funded from non-appropriated funds, private gifts, and Athletic Department revenues.

The highest priority area will be a section of 1,300 theater style seats to be located under the deck of 9,000 seats in the new area now occupied by the top fourteen

rows of the west side. Donors of \$2,500 will be given first priority to purchase a season ticket in this area for a ten year period. The area can be reached by elevator and there will be a lounge area with rest rooms and concession facilities immediately behind the seating area, which will be reserved for use by those occupying the 1,300 seats. Seats in this area will be rotated on an annual basis so that each person will share the most and least favored seats.

The other priority area will be in the new deck and those who donate \$1,000 will be given a ten year priority to purchase one season ticket in this area. Elevators will serve these 3,000 seats and there will be chair-backs for the seats in this section.

Phase I donors are being asked to make their total donation prior to the end of 1975, with two-thirds of the total pledge being received by the University of Oklahoma Foundation, Inc. by October of 1974. Therefore, if donors wish, they may make their donations in three payments; one in 1973, the second by October of 1974, and the third in 1975. Subsequently, 1976 was added for those donors who contributed after January 1, 1974.

The campaign is still underway, however, on April 1, 1974, a total of \$3,500,362 has been pledged and the balance of cash on hand from gifts was \$1,550,000.

PHASE II

A donors program was adopted by the Board of Regents on March 14, 1974 allowing priority seating in the Stadium for those making annual contributions to the University within the following guidelines:

- A. No change in the present ticket policy will be made prior to the season ticket distribution for the fall of 1975.
- B. No current season ticket holder who reorders tickets at the appropriate time will be denied seats at the regular price and longevity in the continuous purchasing of season tickets will continue to be honored after donor priorities are met.
- C. Those who do not wish to donate or who are unable to do so should have every right to the purchase of a ticket and to this end over 90% of the total seats in the Stadium will be available to non-donors.
- D. All funds donated to the Athletic Department through the annual donors program will be earmarked for scholarships. Earmarking these funds to help defray the \$500,000 annual scholarship expenses of the Athletic Department will make available a like amount from other revenues of the Athletic Department to meet operational and capital needs. Up to an amount of \$250,000 from this source may be called on annually to help meet the debt service requirements of this Bond issue.

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

BOND PROCEEDS

The proceeds of the Bonds, excluding accrued interest, if any, shall be deposited with the Treasurer of the State of Oklahoma to the credit of a special account entitled the "University of Oklahoma Stadium System Revenue Bonds, Series 1974, Project Fund", hereinafter called "Project Fund". Monies contained in the Project Fund shall be drawn upon, with proper authorization, for the following purposes:

- A. To pay the professional and miscellaneous expenses incidental and necessary to the issuance of the Bonds;
- B. To transfer immediately to the Trustee Bank an amount equal to the interest requirements on the Bonds between July 1, 1974 and December 31, 1974, less accrued interest received, for deposit in the Interest Account of the "University of Oklahoma Stadium System Revenue Bonds, Series 1974, Bond Fund", hereinafter called "Bond Fund" (described in detail below);
- C. To transfer immediately to the Trustee Bank the amount of \$500,000 for deposit into the Bond Fund Reserve Account of the Bond Fund;
- D. To pay the Project construction costs, and complete the development of the Project; and
- E. When all costs pertaining to the Project construction have been paid, any monies remaining in the Project Fund shall be transferred to a special account entitled the "University of Oklahoma Stadium System Revenue Bonds, Series 1974, Special Reserve Fund", hereinafter called the "Special Reserve Fund" (described in detail below).

Accrued interest shall be paid to the Trustee Bank at the time the Bond proceeds are received. The Trustee Bank shall deposit such accrued interest in the Interest Account of the Bond Fund, and such accrued interest shall be used to reduce the deposit due on the next interest payment date.

USE OF FUNDS

The Funds and Accounts and their use shall be as follows:

- A. The Project Fund shall be used to receive the proceeds of the Bonds, excluding accrued interest; to receive the proceeds of any other sources of funds; and to complete the development of the Project, including receiving interest earned during construction. The Project Fund shall be maintained with the Treasurer of the State of Oklahoma.
- B. The University of Oklahoma Stadium System Revenue Bonds, Series 1974, Revenue Fund, hereinafter called the "Revenue Fund", shall be used to

receive the proceeds of the gifts and pledges made to the University of Oklahoma Foundation, Inc. and to the University of Oklahoma for the benefit of STEP. The Revenue Fund shall be maintained as a trust fund in the custody of the Treasurer of the State of Oklahoma.

- C. The University of Oklahoma Stadium System Revenue Bonds, Series 1974, Athletic Department Auxiliary Account, hereinafter called the "Athletic Department Auxiliary Account", shall be used to receive the proceeds derived from Stadium gate receipts and concession income. The balance in said Account shall be reviewed monthly by the University to insure that sufficient funds, when coupled with the balance of the Revenue Fund, will be available to pay the debt service requirements on the Bonds due and payable on the next ensuing January 1 or July 1. The Athletic Department Auxiliary Account shall be maintained by the University.
- D. The Bond Fund and its corresponding Principal Account, Interest Account, and Reserve Account shall be used for the following purposes:
- (1) The Interest Account shall be used to receive transfers from the Project Fund, the Revenue Fund, the Athletic Department Auxiliary Account, the Bond Fund Reserve Account and the Special Reserve Fund in amounts sufficient to pay, when due and payable, the interest on the Bonds.
 - (2) The Principal Account shall be used to receive transfers from the Revenue Fund, the Athletic Department Auxiliary Account, the Bond Fund Reserve Account and the Special Reserve Fund in amounts sufficient to pay, when due and payable, the principal of the Bonds and, if funds are available for such purpose, to effect the purchase or redemption of the Bonds prior to stated maturity.
 - (3) The Bond Fund Reserve Account shall be used to receive the transfer from the Project Fund to be maintained as a minimum balance equal to the maximum remaining annual debt service requirement on the Bonds maturing after July 1, 1977 and shall be used to prevent any default in paying the principal of and interest on the Bonds, to pay excess construction costs, and to pay the last remaining outstanding Bonds and interest thereon. If a portion of the Bond Fund Reserve Account is expended so that it is below the minimum balance, or if all of the Bond Fund Reserve Account is expended, it will be replenished to the minimum amount by transfers from the Revenue Fund or the Athletic Department Auxiliary Account after the required transfers to the Principal and Interest Accounts, or from any other available sources of funds, within a period of forty-eight months of the creation of such deficiency. Amounts in excess of the minimum balance required may, at the discretion of the Board of Regents, be transferred to the Special Reserve Fund to reduce debt service requirements or to purchase or redeem Bonds prior to stated maturity.

The Bond Fund and related Accounts shall be maintained with the Trustee Bank.

- E. The Special Reserve Fund shall be used to receive surplus monies contained in the Project Fund, the Bond Fund Reserve Account, and all other Accounts and Funds. Upon proper authorization of the Board of Regents, the Special Reserve Fund may be used as follows:
- (1) To pay the principal and/or interest requirements on the Bonds due and payable on the next ensuing January 1 or July 1, in whole or in part, through transfers to the Principal Account and/or Interest Account of the Bond Fund;
 - (2) To purchase Bonds on the open market through transfers to the Principal Account of the Bond Fund;
 - (3) To redeem Bonds prior to stated maturity through transfers to the Principal Account of the Bond Fund;
 - (4) Upon issuance of additional bonds, if it is desired to expand this Project at a later date, to adjust the minimum balance required in the Bond Fund Reserve Account as a result of the issuance of such additional bonds;
 - (5) To pay the costs of improving the Project; or
 - (6) To be used for any lawful purpose of the University.

The Special Reserve Fund shall be maintained with the Trustee Bank.

FLOW OF FUNDS

As the funds coming in from the gifts and pledges to the University of Oklahoma Foundation, Inc. and to the University of Oklahoma for the benefit of STEP are collected, the Trustees of the University of Oklahoma Foundation, Inc. or the Board of Regents, whichever is appropriate, shall cause these funds to be deposited as soon as possible in the Revenue Fund in the possession of the Treasurer of the State of Oklahoma.

- A. On or before each June 15 and December 15 on which the Bonds are outstanding, the Board of Regents shall cause the amount required to pay the debt service requirement on Bonds payable on the next ensuing July 1 or January 1 to be transferred from the Revenue Fund and the Athletic Department Auxiliary Account to the Bond Fund for disposition into the Principal and Interest Accounts.
- B. If after the aforesaid transfers the monies contained in the Principal and Interest Accounts of the Bond Fund are not sufficient to make the required payments, the Trustee Bank shall utilize monies, contained in the following Reserves, in the following order, to complete such transfers:
 - (1) The Special Reserve Fund
 - (2) The Bond Fund Reserve Account
- C. If the Bond Fund Reserve Account has been depleted through withdrawals, the Board of Regents shall cause the amount remaining in the Revenue Fund and the Athletic Department Auxiliary Account, after the required transfers

to the Principal and Interest Accounts of the Bond Fund, on or before each June 15 and December 15, to be transferred to the Bond Fund Reserve Account so that the required minimum balance of said Account is re-established within no more than forty-eight months of the date of the original depletion.

- D. After the required transfers have been made to the Bond Fund from the Revenue Fund and the Athletic Department Auxiliary Account, including transfers to the Bond Fund Reserve Account, the Board of Regents may, at the time such required transfers are made, transfer any monies remaining in the Revenue Fund to the Special Reserve Fund.

PURCHASE OF BONDS ON THE OPEN MARKET

Whenever, after completion of the Project, there is in the Principal and Interest Accounts of the Bond Fund a surplus in excess of the amount of interest and principal becoming due within the next twelve months and the Bond Fund Reserve Account is fully replenished if any payments have been made therefrom, such excess may be transferred to the Special Reserve Fund or used by the Board of Regents to retire Bonds prior to maturity, through the purchase thereof on the open market at a price not in excess of the next applicable call price of any redeemable Bonds, exclusive of accrued interest; provided, however, that no Bonds shall be purchased on the open market within a period of sixty days prior to the date when such Bonds may be called for redemption from the Bond Fund.

ADDITIONAL BONDS

After the issuance, sale and delivery of the Bonds, and for so long as any Bonds remain outstanding, the Board of Regents shall not issue any additional parity bonds except as hereafter set forth. The Board of Regents may issue additional bonds payable from the revenues derived from the Trust Estate pari passu with the Bonds provided:

- A. The improvements and/or additions to be built or acquired from the proceeds of the additional pari passu bonds shall be made a part of the System created by the issuance of the Bonds and its or their revenues are pledged as additional security for the additional pari passu bonds and all bonds outstanding against the System;
- B. The Board of Regents shall not at the time of the issuance of the additional pari passu bonds be in default as to any covenant, condition, or obligation prescribed by the Bond Resolution and that each of the Funds created in the Bond Resolution contain the amount of money then required to be on deposit;
- C. The net pledged revenues for the fiscal year or twelve month period next preceding the issuance of additional pari passu bonds are certified by an independent certified public accountant, employed by the Board of Regents, to have been equal to at least one and twenty-five hundredths (1.25) times the average annual debt service requirement on all Bonds then outstanding and all bonds issued on a parity therewith; in making this computation the final maturity will be reduced by the current Bond Fund Reserve Account balance;

- D. The estimated earnings of the improvements and/or additions to be constructed with the proceeds of such additional pari passu bonds, when added to the estimated future net revenues, shall equal at least one and twenty-five hundredths (1.25) times the average annual requirements for the principal and interest on all Bonds then outstanding and on the additional pari passu bonds to be so issued, such estimate to be approved by the Board of Regents; in making this computation the final maturity will be reduced by the current Bond Fund Reserve Account balance;
- E. The monies in the Bond Fund shall be used for the payment of the debt service requirements of this Bond issue and all subsequently issued bonds secured equally with these Bonds as to which there would be a default if the money were not so used. In the event additional bonds are issued pari passu with these Bonds, as herein provided, the Bond Resolution authorizing additional bonds shall provide for an identical Flow of Funds as heretofore prescribed, and shall specify that all revenue deposited into the Funds and Accounts already established shall be commingled. It shall provide for payment of such sums into the Bond Fund Reserve Account as an additional reserve, so that the Bond Fund Reserve Account will in not more than five years contain a balance of not less than the maximum annual principal and interest requirement on all pari passu bonds outstanding after the additional bonds proposed to be issued are issued.
- F. If it is required, in the Bond Resolution authorizing subsequently issued bonds pari passu with this issue of Bonds, that surplus revenues be used to accelerate retirement of debt, such provisions shall apply on a pro rata basis to these Bonds.

Nothing shall prevent the Board of Regents from issuing refunding bonds payable from the pledged income, nor prevent the Board of Regents from issuing additional bonds payable from and constituting a lien, pledge, or charge on the pledged income junior and inferior to the Bonds.

ARBITRAGE

Notwithstanding all the provisions hereof, monies in the various funds, accounts and reserves created in the Bond Resolution shall not be allowed to accumulate or be invested in a manner which would result in the loss of exemption from Federal income taxation of interest on the Bonds or in such a manner which would result in the Bonds constituting taxable "arbitrage bonds" within the meaning of Section 103(d) of the Internal Revenue Code.

INVESTMENTS

Monies contained in the Project Fund and the Revenue Fund shall be continuously invested and reinvested in direct obligations of the United State of America or

in obligations the principal and interest of which are unconditionally guaranteed by the United States of America that shall mature not later than the respective dates, as estimated, when the monies in said Fund shall be required for the purposes intended.

Monies contained in the Bond Fund and the Special Reserve Fund shall be continuously invested and reinvested by the Trustee Bank at the direction of the Board of Regents in securities that shall mature in a manner consistent with the use of the monies contained in such Fund but within no more than five years. These monies may be invested in direct general obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America; bonds, debentures, or notes issued by any of the following agencies: Bank for Cooperatives, Federal Land Banks, or Federal National Mortgage Association, including Participation Certificates; Public Housing Bonds, Temporary Notes, or Preliminary Loan Notes, fully secured by contracts with the United States of America; full faith and credit direct and general obligations of any State, or unlimited tax direct and general obligations of any political subdivision thereof, to the payment of which the full faith and credit of such political subdivision is pledged, provided that at the time of purchase such obligations are rated in either of the three highest rating categories by one nationally recognized bond rating agency and are legal investments for fiduciaries in both New York and Oklahoma; and bank savings accounts, or time certificates of deposits, or certificates of deposit, including those issued by the Trustee Bank, provided that such accounts or certificates are collaterally secured by securities which themselves are previously described as being eligible and have a market value at least equal to the amount held in such bank savings accounts or held under such certificates of deposit and are in or issued by a bank having capital and surplus of not less than \$15,000,000.

Interest earned on the investment of the Project Fund; the Athletic Department Auxiliary Account; the Principal and Interest Accounts, and the Bond Fund Reserve Account of the Bond Fund; and the Special Reserve Fund shall be deposited in the Account or Fund from which it was derived. When not required to meet requirements as set out in the Bond Resolution, the investment income and other monies contained in the Bond Fund Reserve Account in excess of the minimum balance required in said Account may at the discretion of the Board of Regents, be transferred to the Special Reserve Fund to be used to reduce debt service requirements or to purchase or redeem Bonds prior to stated maturity.

Investment income derived from the Revenue Fund, when not required to meet requirements as set out in the Bond Resolution, shall not be deposited in said Fund but shall be forwarded to the Trustee Bank to be deposited in the Special Reserve Fund.

DEPOSITORY OF FUNDS AND SECURITY FOR DEPOSITS

The Project Fund and the Revenue Fund shall be maintained by the Treasurer of the State of Oklahoma. The Bond Fund, including the Principal and Interest Accounts,

the Bond Fund Reserve Account, and the Special Reserve Fund shall be maintained with the Trustee Bank as special trust accounts for the benefit of the holders of the Bonds and shall not be subject to lien or attachment by any creditors of the Board of Regents. The Athletic Department Auxiliary Account shall be maintained by the University. The money in said Funds shall be continuously secured as are deposits of the State of Oklahoma or in the manner prescribed by Federal Law for securing trust funds, which qualified securities shall have a market value of not less than the total amounts on deposit in said Accounts.

The Trustee Bank shall, in due season prior to the dates on which principal and interest fall due, make proper arrangements with any bank or Agency, which is serving as the additional paying agent for the Bonds, in order that all Bonds and coupons shall be paid promptly upon presentation at either place of payment.

PARTICULAR COVENANTS

The Board of Regents covenants and agrees in the Bond Resolution to the following:

- A. It shall punctually pay all debt service requirements on the Bonds and will faithfully observe and perform all agreements, covenants, and obligations to be performed under the Bond Resolution.
- B. It shall not create any pledge, lien, charge, or other encumbrance upon the pledged income, other than the lien and pledge created by the Bond Resolution and any supplemental bond resolutions which would authorize and secure additional bonds, except a pledge and lien junior and inferior to the Bonds.
- C. It shall impose and collect fees and charges for the use of the Stadium and further that it shall impose and shall if necessary collect the Facilities Use Fee in the minimum amount of \$225,000 a year during the life of this Bond issue, which collectively with other Athletic Department revenues derived from Stadium gate receipts and concession income shall be sufficient to permit the prompt payment of the debt service requirements on the Bonds and any other requirements specified under the Bond Resolution.
- D. It shall at all times keep the Stadium in good repair, working order, and condition; shall make all necessary repairs, renewals, replacements, additions, extensions, and betterments thereto; and shall pay the costs of such activities from legally available sources of the University.
- E. It shall keep the Stadium, including its furnishings and equipment, continuously insured through fire and extended coverage insurance against loss or damage by fire, lightning, windstorm, explosion and other hazards in amounts sufficient to provide for full recovery whenever the loss from causes covered by such insurance does not exceed eighty percent (80%) of the full insurable value of the damaged property. In case of loss, the proceeds of the insurance shall be promptly applied to the repair or restoration of the damaged or destroyed property and contents to their former

condition or deposited in the Principal and Interest Accounts of the Bond Fund to be applied, with any other money legally available for such purposes, to the retirement of the Bonds. The Board of Regents shall also carry Use and Occupancy, or similar type, insurance that is reasonably available in an amount sufficient to enable the Board of Regents to deposit in the Bond Fund, out of the proceeds of such insurance, an amount equal to the sum which would have been normally available for deposit in such Fund during the period in which the structure is not available for use. All proceeds derived from such use and occupancy policies shall be deposited in the applicable Account in the Bond Fund. Each such insurance policy shall be acceptable to the Trustee Bank and shall contain a loss payable clause making any loss thereunder payable to the Trustee Bank as its interest may appear.

- F. It shall keep proper books of record and account (separate and apart from all other records and accounts) in which complete and correct entries shall be made of all transactions relating to the operation and maintenance of the Stadium and the allocation and application of the revenues thereof, and such books shall be available for inspection by the Trustee Bank and the holder of any of the Bonds at reasonable hours and under reasonable conditions. Not more than six months after the close of each fiscal year, the Board agrees to furnish to the Trustee Bank, the Financial Consultant, and each holder of any of the Bonds who may so request, a complete operating and income statement covering the operation of the Stadium for such year, certified by a firm of certified public accountants to be employed by the Board of Regents.
- G. It may at any time sell, destroy, abandon, or otherwise dispose of or alter the Stadium, provided that it is in full compliance with all covenants and undertakings in connection with all of its bonds or other obligations then outstanding and payable from the pledged income and if:
 - (1) The facilities or property to be abandoned or destroyed are certified by the President of the University to be no longer economically usable and the facilities or property are replaced by other facilities or property of at least equal value or utility; or,
 - (2) The proceeds from the sale or other dispositions are applied to either (a) purchase or redemption of outstanding bonds payable from the pledged income in accordance with the provisions governing purchase or redemption of such bonds in advance of maturity, or (b) replacement of the facility or property so disposed of by another facility or other property.
- H. If the furnishings and equipment included in the Stadium are sold, destroyed, abandoned or otherwise disposed of, they shall be replaced with furnishings and equipment of not less than equal value and utility.

- I. In the event of a default, the Board of Regents vests in the holder or holders of 66 2/3% of the principal amount of the outstanding Bonds the right to enter into possession of the Project and to operate it, except for those portions used for educational purposes, or the Trustee Bank may so do upon the request of said holder or holders, until said default is remedied or until all bonded indebtedness related to the Project is retired, whichever shall first occur.

REDEMPTION OF BONDS

The Bonds shall be subject to redemption prior to maturity as set forth under "Terms of Redemption" in this Official Statement, provided, however, that all Bonds of whatever maturity shall be subject to redemption in whole or in part at any time, in inverse order of maturities or by lot within a maturity, if such redemption is made: (a) from insurance proceeds; (b) from expropriation awards; and (c) from the proceeds of the sale of the properties to be acquired and constructed from the proceeds of the Bonds. In the event that such redemption is made in accordance with this provision, such redemption shall be made at the principal amount therein, plus accrued interest to the date fixed for redemption, and (a) if such redemption is made prior to July 1, 1979, a premium on each Bond so redeemed equal to one year's interest thereon; and (b) if such redemption is made on or after the first date upon which such Bond would otherwise be subject to redemption, at the principal amount thereof, plus, accrued interest to the date fixed for redemption.

CONCERNING THE TRUSTEE BANK

The exculpatory clauses will be limited to the following:

- A. The Trustee Bank shall be entitled to rely upon the advice of attorneys, professional architects, and accountants, and any act or omission to act done or omitted by the Trustee Bank in reliance upon such advice and counsel shall not constitute negligence.
- B. The Trustee Bank shall not be required to take notice or be deemed to have notice of any state of default hereunder unless such notice be given in writing by a bondholder.
- C. The Trustee Bank may execute any trusts or powers hereunder and perform any duties hereunder through employees, attorneys, agents or servants, and it shall be entitled to advice of counsel in regard thereto, and may receive or recover any reasonable costs or expenses in connection therewith.
- D. The Trustee Bank shall not be responsible for doing or performing any thing or act which the Board of Regents shall have covenanted to do or perform or for any other compliance with any covenant by the Board of Regents, or for the sufficiency of the security for the Bonds issued, or otherwise

as to maintenance of such security; nor shall the Bank be bound to ascertain or inquire as to the performance of any covenant, condition or agreement by the Board of Regents, but it may require full information and advice in regard to any of the foregoing.

- E. The Trustee Bank shall not be accountable for the use of any Bonds authenticated or delivered, or for any of the proceeds of such Bonds after the same shall have been paid out by it; and the holders of the Bonds shall not be entitled to any interest from the Trustee Bank on funds in its hands for payment of the same.
- F. The Trustee Bank shall not be accountable for acting upon any notice, requisition, request, consent, certificate, order, affidavit or other information believed by it to be genuine and correct and to have been signed or sent by the person or persons proper to have done so.
- G. The Trustee Bank shall not be bound to recognize any person or persons as a bondholder or bondholders or to take action at his or their request, unless such Bond or Bonds be deposited with the Trustee Bank or submitted to it for inspection; and any action taken by the Trustee Bank pursuant to the Bond Resolution upon request or authority of the bondholders shall be conclusive and binding upon all future owners of the same Bond or any Bonds issued in exchange therefor or in place thereof.

The foregoing summary or description of provisions in the Bond Resolution do not purport to be complete and reference is hereby made to the complete document, copies of which will be furnished by the Board of Regents upon request.

THE UNIVERSITY OF OKLAHOMA

GENERAL

At the first meeting of the territorial legislature of Oklahoma on December 19, 1890, legislation was enacted which called for the building of three institutions of higher education, a normal school at Edmond, an agricultural and mechanical school at Stillwater and a university at Norman. This legislation marked the beginning of The University of Oklahoma.

The University has since grown to include the Norman campus of approximately 1,000 acres, on which are located 230 buildings valued at more than \$100,000,000; and the Health Sciences Center of the University which is located in Oklahoma City. The University academic structure consists of fifteen colleges. Colleges located on the Norman campus include the University College, the College of Arts & Sciences, the College of Business Administration, the College of Education, the College of Engineering, the College of Environmental Design, the College of Fine Arts, the College of Liberal Studies, the College of Pharmacy, the College of Law, and the Graduate College. Colleges located on the Oklahoma City campus include the Colleges of Dentistry, Health and Allied Health Professions, Medicine, and Nursing.

ENROLLMENT AND LIBRARY FACILITIES

Enrollment for the fall semester of 1973 at the University totaled 23,574 students, of which 19,647 were in residence on the main campus in Norman. The University grants bachelor degrees in some 135 major fields of study. A masters degree may be earned in 130 major fields and doctoral degrees are offered in 60 major fields. In 1957 the year of the fiftieth anniversary of Oklahoma statehood, the University of Oklahoma awarded its fifty-thousandth degree. This spring, the one hundred-thousandth degree will be granted at commencement.

The William Bennett Bizzell Memorial Library on the Norman campus houses more than 1,400,000 volumes and includes a number of special collections such as the world renowned DeGolyer Collection in the History of Science and Technology, an assembly of rare editions and source books of approximately 40,000 volumes; the Frank Phillips Collection in Indian, Oklahoma and Western History which is one of the most significant collections of historical research materials in the nation; the Harry W. Bass Collection in Business History; and the William Bennett Bizzell Bible Collection.

UNIVERSITY FACILITIES

Buildings under construction or recently completed at the Norman campus of the University include the Physical Sciences Center; the Charles B. Goddard Student Health Center; the Fred Jones, Jr. Memorial Art Center; and the Lloyd Noble All-Purpose Arena; all of these represent an approximate cost of \$13,000,000. It is

also pertinent to add for the purpose of this Bond issue that the University Memorial Stadium located on the Norman campus consists of more than 62,000 seats, a press box, dressing rooms, field lighting and other service features.

Through the Oklahoma Center for Continuing Education, the University offers part time studies for adults at an adult education center financed primarily by a gift of \$2,000,000 received from the W. K. Kellogg Foundation of Battle Creek, Michigan. At the time this Center was constructed, this was the largest grant ever made to an educational institution in Oklahoma, and it made Oklahoma the fifth link in an education program center composed of Michigan State and the Universities of Georgia, Chicago and Nebraska. Statistics reveal the scope and impact of this center on the State and Nation. In 1972-73 there were a total of 1,377 programs offered to 58,546 adults through the Center. Seventy Oklahoma communities benefitted from continuing education and public service programs along with those in thirty other states. In addition, ninety-three programs were provided to fourteen locations outside the United States. The instruction for the program was provided by the University of Oklahoma faculty with 284 out of a total full-time faculty of 656 taking part.

Other University facilities include the Naval Technical Training Center, known as the South Base, and properties located at the Naval Air Station of World War II, known as the North Base. Located at the North Base are: the Max Westheimer Airfield which is the largest University owned airport in the nation; Swearingen Research Park; and the Merrick Computer Center which is a major data facility providing research, administrative and informational services to the campus and to other institutions of the State and region.

A biological research station is located at Willis, Oklahoma on Lake Texhoma. There are also: a fisheries research center at Noble; an Earth Sciences Observatory near Tulsa; an adult education center at the Hacienda El Cobano in Colima, Mexico; and resident credit centers which are located at Fort Sill in Lawton, Tinker Air Force Base in Midwest City, Tulsa and Ardmore.

FOOTBALL

The athletic program at the University of Oklahoma was established in the early territorial years. It was in 1945 that Oklahoma's modern era of football was launched by the employment of Jim Tatum and his young assistant, Bud Wilkinson. During the ensuing years Wilkinson, who was head coach after the first year, accumulated a series of national records which still remain on the books. The football program continues to prosper and the total average attendance for home games during the 1972 season was 61,840 per game and for the 1973 season was 61,943 per game. Attendance has been running at this level for some years.

PRESENT BONDED INDEBTEDNESS

The statement of the University's (Norman Campus) bonded indebtedness as of the month of March, 1974 is shown in Exhibit C. All bonds have been issued as revenue bonds. Most bonds have been issued for student housing projects or for student facilities.

As is shown in Exhibit C, as of the month of March, 1974, the University (Norman Campus) has an outstanding bonded indebtedness of \$32,383,000 which together with the delivery of and payment for the Bonds will result in a total bonded indebtedness of \$37,383,000. There is a total of \$7,524,229 in restricted funds, which, in addition to the \$500,000 reserve for the Bonds, would leave an outstanding less total restricted balance of \$29,358,771.

LEGAL OPINION AND TAX EXEMPTION

The unqualified approving opinion of Fagin, Brown and Bush, Oklahoma City, Oklahoma, Bond Counsel shall be furnished by the Board of Regents without expense to the purchaser. The opinion of such counsel shall state that the interest earned on the Bonds is exempt from existing Federal and State of Oklahoma Income Taxes. A transcript of the legal proceedings approved by the Attorney General of the State of Oklahoma, including a certificate that there is no litigation pending affecting the Bonds, and other closing papers shall be furnished to the purchaser without charge by the Board of Regents.

This Official Statement has been approved by the Board of Regents.

BOARD OF REGENTS OF THE
UNIVERSITY OF OKLAHOMA

By: Jack H. Santee, President

Exhibit A

\$5,000,000

ESTIMATED DEBT SERVICE REQUIREMENTS

REGENTS OF THE UNIVERSITY OF OKLAHOMA
STADIUM SYSTEM REVENUE BONDS, SERIES 1974

<u>Maturity Date July 1</u>	<u>Debt Service Requirement</u>	<u>Reserve^{1/}</u>	<u>Interest Payments^{2/}</u>	<u>Principal Payments</u>	<u>Principal Balance</u>
1974		<u>\$500,000</u>			\$5,000,000
1975	\$1,050,000		\$ 300,000 ^{3/}	\$ 750,000	4,250,000
1976	1,005,000		255,000	750,000	3,500,000
1977	940,000		210,000	730,000	2,770,000
1978	396,200		166,200	230,000	2,540,000
1979	382,400		152,400		2,310,000
1980	368,600		138,600		2,080,000
1981	354,800		124,800		1,850,000
1982	340,000		110,000		1,620,000
1983	327,200		97,200		1,390,000
1984	313,400		83,400		1,160,000
1985	299,600		69,600		930,000
1986	285,800		55,800		700,000
1987	272,000		42,000		470,000
1988	258,200		28,200		240,000
1989	<u>254,400</u>		<u>14,400</u>	<u>240,000</u>	-0-
	<u>\$6,847,600</u>		<u>\$1,847,600</u>	<u>\$5,000,000</u>	

^{1/} Capitalized. The Reserve shall be maintained as a minimum balance equal to the maximum annual debt service requirement on the Bonds maturing after July 1, 1977. It may be used to pay the final maturing bonds and interest thereon.

^{2/} Interest Rate assumed at 6%.

^{3/} First six (6) months interest capitalized (\$150,000).

Exhibit B

ATHLETIC DEPARTMENT
University of Oklahoma

STATEMENT OF OPERATIONS

	<u>1968-69</u>	<u>1969-70</u>	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>
Total Income	\$1,859,841.82	\$2,082,317.90	\$2,293,338.04	\$2,556,710.21	\$2,838,747.18
Less: Contract payments to other schools	<u>400,001.09</u>	<u>521,755.85</u>	<u>540,590.01</u>	<u>675,723.72</u>	<u>677,418.52</u>
Gross Income	<u>\$1,459,840.73</u>	<u>\$1,560,562.05</u>	<u>\$1,752,748.03</u>	<u>\$1,880,986.49</u>	<u>\$2,161,328.66</u>
Expenses:					
Salaries & Wages	\$ 517,809.09	\$ 584,739.68	\$ 625,974.48	\$ 683,276.79	\$ 766,129.39
Travel - Team & Staff	157,434.93	188,932.63	234,006.15	237,052.95	267,429.85
Scholarships	403,191.37	420,718.56	472,372.29	532,752.15	566,892.61
Operating Expense	753,470.97	869,143.38	921,396.35	1,084,102.06	1,118,193.02
Debt Service				71,026.99	94,400.00
*Capital Improvements	<u>28,212.53</u>	<u>6,256.85</u>	<u>37,477.51</u>	<u>11,270.03</u>	<u>123,209.06</u>
Total Expenses	\$1,860,118.89	\$2,069,791.10	\$2,291,226.78	\$2,619,480.97	\$2,936,253.93
Less: Contract Payments Excess Income (or Loss) Over Expenses	(400,001.09) <u>(277.07)</u>	(521,755.85) <u>12,526.80</u>	(540,590.01) <u>2,111.26</u>	(675,723.72) <u>(62,770.76)</u>	(677,418.52) <u>(97,506.75)</u>
	<u>\$1,459,840.73</u>	<u>\$1,560,562.05</u>	<u>\$1,752,748.03</u>	<u>\$1,880,986.49</u>	<u>\$2,161,328.66</u>
Excess Income (or Loss) Over Expenses	\$ (277.07)	\$ 12,526.80	\$ 2,111.26	\$ (62,770.76)	\$ (97,506.75)
Surplus	296,795.05	296,505.62	309,032.42	248,372.92	150,866.17
Private Gifts	<u>17,470.92</u>	<u>132,863.75</u>	<u>126,400.39</u>	<u>188,079.40</u>	<u>219,511.80</u>
Total Funds Available	<u>\$ 313,988.90</u>	<u>\$ 441,896.17</u>	<u>\$ 437,544.07</u>	<u>\$ 373,681.56</u>	<u>\$ 272,871.22</u>

tirement will take first priority over all future Capital Improvements.

Exhibit C

UNIVERSITY OF OKLAHOMA

STATEMENT OF BONDED INDEBTEDNESS
For the Month of March, 1974

<u>Bond Issue</u>	<u>Length of Issue</u>	<u>Bond Principal</u>		<u>Principal & Interest</u>	<u>Restricted Funds</u>		<u>Total</u>	<u>Percent Invested</u>	<u>Outstanding Less Total Restricted</u>
		<u>Original Amount</u>	<u>Outstanding</u>		<u>Reserve</u>	<u>Repair & Replacement</u>			
<u>Student Housing Revenue Bonds:</u>									
1957 Bond System:									
Series A and B (1957)	40	\$ 6,541,000	\$ 2,533,000	\$ 317,643	\$ 702,796	\$ 421	\$1,020,860	69	\$ 1,512,140
Series C (OCCE 1959)	30	1,400,000	1,037,000	1,402	257,586	-0-	258,988	98	778,012
1963-64 Bond System:									
Series A and B (1963)	40	5,700,000	4,954,000	184,782	648,813	359,931	1,193,526	98	3,760,474
Series C (1964)	39	3,000,000	2,775,000	147,016	371,587	233,239	751,842	98	2,023,158
1966 Bond System	33	13,600,000	13,300,000	901,526	933,885	291,513	2,126,924	99	11,173,076
<u>Student Facilities Revenue Bonds:</u>									
Series D (1963)	15	1,800,000	1,065,000	244,681	519,458	-0-	764,139	99	300,861
Series A (1971)	15	1,760,000	1,590,000	86,456	212,128	84,366	382,950	99	1,207,050
Series B (1971)	25	4,000,000	4,000,000	233,760	377,974	-0-	611,734	99	3,388,266
<u>Oklahoma Memorial Union Bonds</u>	30	2,300,000	635,000	115,457	175,000	-0-	290,457	97	344,543
<u>Organized Group Housing:</u>									
Series A (PKP)	30	220,000	187,000	54	40,510	16,082	56,646	94	130,354
Series B (SAE)	30	340,000	307,000	8,896	40,267	17,000	66,163	97	240,837
TOTAL		<u>\$40,661,000</u>	<u>\$32,383,000</u>	<u>\$2,241,673</u>	<u>\$4,280,004</u>	<u>\$1,002,552</u>	<u>\$7,524,229</u>		<u>\$24,858,771</u>

Note: No accrued interest payable or receivable is included in the bonds outstanding and restricted funds totals.