

**EXECUTIVE OFFICES**

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Baton Rouge, LA 70808  
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[www.provident.org](http://www.provident.org)

*NOTICE OF SETTLEMENT*

RE: \$198,130,000 in aggregate principal amount of those certain Tax-Exempt Revenue Bonds (Provident Oklahoma Education Resources, Inc. – Cross Village Student Housing Project) Series 2017A and \$53,550,000 Federally Taxable Revenue Bonds (Provident Oklahoma Education Resources, Inc. – Cross Village Student Housing Project) Series 2017B (the “Series 2017A Bonds” and the “Series 2017B Bonds,” jointly referred to herein as the “Bonds”)

CUSIPs: 678908Y81, 678908Y99, 678908Z23, 678908Z31, 678908Z49, 678908Z56,  
678908Z64, 678908Z72, 678908Z80, 678908Z98, 678908Y40, 678908Y57, 678908Y65,  
678908Y73<sup>1</sup>

Provident Oklahoma Education Resources Inc., an Oklahoma not for profit corporation (“Borrower”) is a party to the loan agreement, dated as of March 1, 2017 between Borrower and the Oklahoma Development Finance Authority (the “Authority”), pursuant to which the proceeds of the Bonds were loaned to Borrower to develop the Project.

UMB Bank, N.A. serves as successor Trustee (the “Trustee”) pursuant to that certain Trust Indenture dated as of March 1, 2017 (the “Indenture”) between the Authority, as Issuer, and BOKF, N. A., as prior trustee. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Indenture or, if not defined in the Indenture, in the Official Statement, dated March 1, 2017 (the “OS”).

**BORROWER’S LEGAL ACTION**

By Notice, dated January 21, 2020, the Trustee disclosed that on December 16, 2019, the Borrower filed its Petition against the State of Oklahoma, ex rel. Board of Regents of the University of Oklahoma (the “University”) in the District Court of Cleveland County, in the State of Oklahoma, file stamped as Case No. CJ-2019-1618 (the “Lawsuit”).

**MEDIATION DISCUSSIONS**

By Notice, dated February 5, 2021, the Trustee disclosed that Lawsuit, as amended by the Borrower’s amended petition (the “Amended Petition”), would be the subject of mediation sessions between the parties that were scheduled to take place on February 9 and 10, 2021 (the “Mediation”).

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<sup>1</sup> Borrower is not responsible for the selection or use of CUSIP numbers. They are included solely for the convenience of the Owners of the Bonds.



## SETTLEMENT

Borrower, the University, the Trustee (collectively, the “Parties”), and their counsel attended the Mediation. The Parties have reached an agreement to settle various claims between and among them, including those included in the Lawsuit, according to the terms of the Term Sheet attached hereto as Exhibit A, which remains subject to negotiation and execution of definitive documentation.

Additional information relevant to the Bonds is available from the Electronic Municipal Market Access Service (the “EMMA Service,” [www.emma.msrb.com](http://www.emma.msrb.com)). Borrower is not responsible for the maintenance or accuracy of the EMMA Service, however, and makes no representations or warranties with respect thereto.

Sincerely,

Steve E. Hicks, CEO  
Provident Resources Group, Inc.  
Sole Member of the Owner/Borrower

March 24, 2021

**BINDING TERM SHEET**

This binding term sheet (this “*Term Sheet*”) sets forth certain key terms for a settlement agreement (the “Settlement Agreement”) among the Parties hereto, subject to approval by the governing bodies of each party, including the Board of Regents for the University of Oklahoma.

**THIS TERM SHEET IS SUBJECT TO A SETTLEMENT AGREEMENT, LEASE AND PURCHASE AGREEMENT (AS DEFINED HEREIN), CLOSING ESCROW AGREEMENTS (AS DEFINED HEREIN) AND ANY ADDITIONAL DOCUMENTATION DEEMED MATERIAL BY THE PARTIES HERETO (COLLECTIVELY, THE “AGREEMENTS”), AS SET FORTH THEREIN, PROVIDED THAT THIS TERM SHEET WILL TERMINATE AUTOMATICALLY IF SUCH AGREEMENTS ARE NOT ENTERED INTO BY THE PARTIES HERETO ON OR PRIOR TO MAY 18, 2021. THE PARTIES HERETO AGREE TO USE THEIR BEST EFFORTS TO ENTER INTO THE AGREEMENTS. SHOULD THE PARTIES BE UNABLE TO ENTER INTO ANY OF THE AGREEMENTS, THIS TERM SHEET SHALL TERMINATE AND NONE OF THE PARTIES HERETO SHALL BE UNDER ANY FURTHER OBLIGATION.**

<b>Parties</b>	(i) UMB Bank, N.A., not in its individual capacity but solely in its capacity as successor trustee (the “Trustee”) pursuant to that certain Trust Indenture dated as of March 1, 2017 and related agreements (collectively, the “Indenture”) between the Oklahoma Development Finance Authority, as Issuer, and BOKF, N. A., as prior trustee; (ii) Provident Oklahoma Education Resources Inc. (“Provident”); (iii) the Board of Regents of the University of Oklahoma (the “University”); and (iv) Sovereign Properties Holdco, LLC (“Sovereign Holdco”) as a designee of the Chickasaw Nation, individually (a “Party”) and collectively (the “Parties”).
<b>Settlement Amount</b>	\$180 million in full and final settlement of all amounts owed under the Indenture and all claims and causes of action under the Lawsuit (as hereinafter defined) (the “Settlement Amount”).
<b>Settlement Structure</b>	<ul style="list-style-type: none"> <li>• The Trustee will issue a notice of default under the terms of the Indenture to Provident no later than 5 business days after the date (the “Settlement Date”) of the execution and delivery by the Parties of a binding Settlement Agreement, which Settlement Agreement shall be executed and delivered no later than May 18, 2021.</li> <li>• The Trustee will deliver to the University a fully executed instruction letter from the majority of the bondholders (the “Required Bondholders”) under the Indenture that directs the Trustee to execute this Term Sheet and that attaches this Term Sheet as an exhibit.</li> <li>• The Trustee may, at its option, initiate a filing pursuant to a Trust Instruction Procedure (“TIP Proceeding”) under the Minnesota Trust Code, Chapter 501C, Minn. Stat. §§ 501C.0201–.0208, in addition to, and not in limitation of, the authority granted to the Trustee under the Indenture.</li> <li>• On the Effective Date (as defined below), pursuant to and subject to the terms to be negotiated and included in the Settlement Agreement, and in exchange for the transfer of the Ground Lease (the “Ground Lease”) by</li> </ul>

and between the University and Provident dated May 14, 2017 covering the mixed-use housing, parking, and commercial facility on the University's Norman Campus called Cross Village (the "Cross Facility"), from Provident to Sovereign Holdco as instructed by the Trustee pursuant to the default remedies under the Indenture in lieu of foreclosure, Sovereign Holdco will the pay Settlement Amount to the Trustee in full satisfaction of the outstanding bonds under the Indenture and all claims and causes of action under the Lawsuit.

- On May 18, 2021, pursuant to a separate escrow agreement (the "Closing Escrow Agreement"), (i) Sovereign Holdco shall issue and deposit into escrow a letter of credit in the amount of the Settlement Amount and in the form and substance as typically issued by banks, providing that the Settlement Amount will be funded upon the release of the letter of credit from escrow to the Trustee; and (ii) the Trustee and Provident shall cause to be deposited into escrow documents consistent with the Settlement Agreement and sufficient to cause the transfer of the Ground Lease from Provident to Sovereign Holdco at the direction of the Trustee. The Closing Escrow Agreement shall provide that the Settlement Amount and the transfer documents will be released from escrow upon the earlier of (such date, the "Effective Date"): (i) an instruction delivered to the escrow agent by the Trustee no earlier than July 1, 2021 that the Trustee has obtained relief under the TIP Proceeding; or (ii) on July 15, 2021 without the need for further instruction by any of the Parties, in each case pursuant to and subject to the terms to be negotiated and included in the Agreements.
- By no later than two business days after the Effective Date, the Trustee shall deposit \$1,500,000 (the "Escrowed Funds") into an escrow account maintained by an escrow agent pursuant to an escrow agreement, which shall be held in escrow for a period of 30 (thirty) months after the Effective Date (the "Escrow Period"). The University and Sovereign Holdco shall be entitled to receive up to the entire amount of the Escrowed Funds, as further defined in the Settlement Agreement, by providing to the Trustee and the escrow agent, prior to the expiration of the Escrow Period, a written invoice for attorney's fees and costs incurred by them in connection with defending any claim, action, proceeding, or lawsuit brought by any current or former Bondholder (unaffiliated with, and not acting in concert with the University) against them and arising from the Bonds, the Trust Indenture, the Loan Agreement, the Agreements, or the Cross Project. Following the expiration of the Escrow Period, any remaining Escrowed Funds will be paid to the Trustee.
- The Settlement Agreement will be contingent upon and will contain, among other things, mutual releases, cooperation clauses, non-disparagement clauses, and covenants not to sue among all Parties to this Term Sheet. For the avoidance of doubt, the Settlement Agreement shall also provide for mutual releases by and between the University, Provident, the Trustee, Sovereign Holdco, and the Required Bondholders, in each case releasing claims against those entities as well as their respective principals, affiliates and successors.

<b>Sublease</b>	On the Effective Date, Sovereign Holdco will lease the Cross Facility to the University on terms and conditions to be determined by separate agreement between Sovereign Holdco and the University (the “Lease and Purchase Agreement”). For the avoidance of doubt, the Lease and Purchase Agreement shall also provide for the establishment of lease payments, operating terms related to the Cross Facility, terms and timing related to the purchase of the Cross Facility from Sovereign Holdco by the University and remedies available to the Sovereign Holdco for failure by the University to purchase the Cross Facility in a timely manner.
<b>Marketing of Cross Facility</b>	The Trustee will instruct Provident to permit the University to market the Cross Facility to students of the University as of the Settlement Date.
<b>Standstill</b>	On the Effective Date, the Borrower’s litigation against the University in the District Court of Cleveland County, in the State of Oklahoma, file stamped as Case No. CJ-2019-1618 (the “ <u>Lawsuit</u> ”) and the University’s counter claims in connection with the Lawsuit will be dismissed with prejudice. Provident and the University shall consent to and cooperate with an entry of a mutual agreed order staying the Lawsuit pending the Effective Date. In the Event the Settlement Date or the Effective Date do not occur, the Parties will be returned to their status quo ante without penalty.

**ACKNOWLEDGED AND AGREED BY:**

**PROVIDENT OKLAHOMA EDUCATION  
RESOURCES, INC.**

By:   
Name: Steve E. Hicks  
Title: President

**BOARD OF REGENTS OF THE  
UNIVERSITY OF OKLAHOMA**

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

**UMB BANK, N.A., not in its individual  
capacity, but solely in its capacity as Trustee.**

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

**SOVEREIGN PROPERTIES HOLDCO, LLC**

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

**ACKNOWLEDGED AND AGREED BY:**

**PROVIDENT OKLAHOMA  
EDUCATION RESOURCES, INC.**

**UMB BANK, N.A., not in its individual  
capacity, but solely in its capacity as  
Trustee.**

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

By: Michael G. Slade  
Name: Michael G. Slade  
Title: Senior Vice President

**BOARD OF REGENTS OF THE  
UNIVERSITY OF OKLAHOMA**

**SOVEREIGN PROPERTIES HOLDCO,  
LLC**

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

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

**ACKNOWLEDGED AND AGREED BY:**

**PROVIDENT OKLAHOMA  
EDUCATION RESOURCES, INC.**

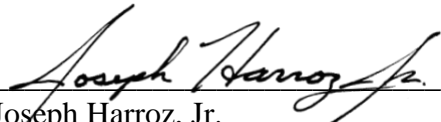
**UMB BANK, N.A., not in its individual  
capacity, but solely in its capacity as  
Trustee.**

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

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

**BOARD OF REGENTS OF THE  
UNIVERSITY OF OKLAHOMA**

**SOVEREIGN PROPERTIES HOLDCO,  
LLC**

By:   
Name: Joseph Harroz, Jr.  
Title: President

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



**ACKNOWLEDGED AND AGREED BY:**

**PROVIDENT OKLAHOMA  
EDUCATION RESOURCES, INC.**

**UMB BANK, N.A., not in its individual  
capacity, but solely in its capacity as  
Trustee.**

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

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

**BOARD OF REGENTS OF THE  
UNIVERSITY OF OKLAHOMA**

**SOVEREIGN PROPERTIES HOLDCO,  
LLC**

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

By: Bill G. Lawrence  
Name: Bill G. Lawrence  
Title: Sec of Commerce