

**MINUTES OF
REGULAR MEETING OF THE DIRECTORS OF
THE OKLAHOMA DEVELOPMENT FINANCE AUTHORITY
October 27, 2021**

The Directors of the Oklahoma Development Finance Authority held a Regular Meeting at 10:00 a.m. on Wednesday, October 27, 2021, in the Conference Room of the Oklahoma Development Finance Authority, 9220 North Kelley Avenue, Oklahoma City, Oklahoma.

The following members of the Authority were PRESENT:

Mr. Chris Condley, Chairman
Mr. Keith Ventris, Vice Chairman
Mr. Bridger Cox, Secretary
Mr. Hank Bradley, Member
Mr. Peter Carey, Member
Mr. Brent Kisling, Ex-Officio

The following member of the Authority was ABSENT:

Mr. D.R. Shipley, Member

Others attending the meeting were members of the Oklahoma Development Finance Authority staff and other guests representing firms doing business with ODFA, who are listed on the Attendance Register which is kept in the original meeting file.

ROLL CALL

Chairman Condley called the meeting to order and requested a roll call from the Assistant Secretary, after which he declared a quorum present.

In response to a question by Chairman Condley, it was reported that notice of the Regular Meeting of the Authority was filed in the office of the Oklahoma Secretary of State and public notice of this meeting was posted in prominent view at 9220 North Kelley Avenue, Oklahoma City, Oklahoma, twenty-four (24) hours prior to this meeting excluding Saturdays, Sundays, and legal holidays, all in compliance with the Oklahoma Open Meeting Act.

Mr. Davis introduced and welcomed the ODFA's new board member Mr. Peter Carey. Mr. Carey will serve a term of 6 years.

Mr. Carey stated that he is happy to be here and that he is looking forward to serving the board.

APPROVAL OF MINUTES OF THE MEETING OF SEPTEMBER 29, 2021

Minutes of the meeting held September 29, 2021, had been sent electronically to the Board Members prior to the meeting and the reading was waived. Mr. Cox made a motion to approve the minutes as transmitted. Mr. Bradley seconded the motion. All members present voted Aye.

FINANCIAL REPORT

Mr. Davis reported that the trended financials were on pages 10 and 11 of the board packets. The revenue for FY 22 is a little over \$370,000 compared to \$402,000 last year this is an 8% decrease. The expenses were higher at \$285,500 versus \$251,000 and this leaves a net income of \$84,000 compared to \$151,000 a year ago. Mr. Davis stated that this is a significant decrease, but he is not concerned and feels it is due to timing issues. There are several projects that are complete that are pending to close, and the pipeline is full. Mr. Davis looks for the trend to reverse and will be at the FY 21' numbers soon.

Chairman Condley asked if there were any questions or comments concerning the report. Hearing none, he asked if there was a motion. Mr. Cox made a motion to approve the financial report, as presented. Mr. Carey seconded the motion. All members present voted AYE.

NEW LOAN APPLICATIONS/PROJECTS

A. Oklahoma Development Finance Authority (ODFA) – \$200,000 Oklahoma Community Economic Development Pooled Finance Act Award (GAMCO), Series 2021

Discussion and possible with respect to a resolution acknowledging receipt of a Determination Letter from the Oklahoma Department of Commerce (“ODOC Determination Letter”); implementing the financial incentive described in the ODOC Determination Letter, namely, The Oklahoma Community Economic Development Pooled Finance Act (GAMCO Project), Series 2021, in an aggregate principal amount estimated at \$200,000 (the “Award”); approving and authorizing the execution and delivery of a Funding Agreement and other related documents; and containing additional matters relating thereto.

Mr. Stoner stated that this item is for a business expansion incentive program award for GAMCO, based in Durant. Mr. Stoner added that Mr. Ketan Jain, the manager will give more background about the company and the project. The incentive program was created in 2009. There have been almost 50 projects that have been completed over the years. The applications, for this program goes through the Oklahoma Department of Commerce and they are evaluated by the research division. That division determines if the project has a net positive benefit to the state. The division looks at the capital investment of a project, as well as the jobs and the impact of these jobs for the community and for the state. The net positive benefit for this project was completed by the research division and a recommendation for \$200,000 award was made, based on a \$1 million project renovation to the facilities. This supports 90 existing employees and creates 15 new jobs in Durant with an average salary of \$40,000. The incentives are paid from withholding taxes of GAMCO employees in Durant. There is no credit from ODFA or the State for this program. Mr. Jain added more information concerning the project. GAMCO has been in business since 1906. GAMCO moved from Gainesville over 30 years ago and specializes in fabrication of commercial stainless steel restroom accessories. GAMCO offers a complete line of stainless-steel grab bars, fold up shower seats, towel dispensers, waste receptacles, toilet tissue holders, hand dryers, mirrors, stainless steel hardware and soap dispensers.

GAMCO will be renovating the office complex at its Durant manufacturing plant. The new office complex will make for more efficient management processes through better space utilization and new collaborative space. In addition to the office space, the new complex will house a large training room, so that the company can more effectively conduct large-scale workforce training. A better trained workforce will enable the company to reduce downtime and work-related injuries and increase production. Supply chain disruptions have negatively impacted the global economy during COVID, and this investment improves the company's resiliency to be more competitive in the global economy.

Mr. Stoner added that this incentive award will be paid off in 2 years and a summary of the project is on page 94 of the board packet.

Mr. Cox made a motion to approve the project. Mr. Ventris seconded the motion. Upon Roll Call, the vote was as follows:

AYE: Bradley, Carey, Condley, Cox, Kisling, Ventris
NAY: NONE

B. Oklahoma Development Finance Authority (ODFA) – \$1,500,000 Oklahoma Community Economic Development Pooled Finance Act Award (Berry Global), Series 2021

Discussion and possible with respect to a resolution acknowledging receipt of a Determination Letter from the Oklahoma Department of Commerce (“ODOC Determination Letter”); implementing the financial incentive described in the ODOC

Determination Letter, namely, the Oklahoma Community Economic Development Pooled Finance Act (Berry Global Project), Series 2021, in an aggregate principal amount estimated at \$1,500,000 (the "Award"); approving and authorizing the execution and delivery of a Funding Agreement and other related documents; and containing additional matters relating thereto.

Ms. Harris stated that Mr. Andrews with Berry Global was unable to attend the meeting due to a prior engagement. Berry Plastics is in Pryor, Oklahoma, in the MidAmerica facility. It is a division of Berry Global. Berry Plastics creates innovative packing and engineered products. Globally, Berry Plastics has over 47,000 employees in over 295 locations. They are mainly located East of the Mississippi and they do have quite a bit in the Midwest. The Pryor location currently employs over 253 employees. Berry Plastics is expanding this project to include construction of a new building and the installation of two new production lines. In the Fall of 2022 they will be installing two additional production lines to keep up with demand. Ms. Harris stated that she has toured the facility and was impressed with the cleanliness. The production lines will produce shrink wrap targeting a custom plastic and partial service expansion market. The expansion of this site will make the Pryor plant the largest division within Berry Global. This expansion is expected to cost \$29 million and will add 36 new jobs over two years with an average wage of \$47,000 a year. This project has been deemed to have a positive net benefit for the State of Oklahoma. In addition, the Oklahoma Department of Commerce has approved a Business Expansion Incentive Award in the amount of \$1.5 million over the next four years.

Mr. Davis added that the Authority has worked with Berry Plastic in the past at their facility in McAlester around 2012. This facility on the agenda is in Pryor, Oklahoma.

Mr. Ventris made a motion to approve the project. Mr. Cox seconded the motion. Upon Roll Call, the vote was as follows:

AYE: Bradley, Carey, Condley, Cox, Kisling, Ventris
NAY: NONE

Presentation and possible vote to approve the ODFA audit for fiscal year ended June 30, 2021.

Mr. Davis introduced the auditor from HBC, Mr. Chris Heim. Mr. Heim thanked the Board for engaging HBC to perform the audit and thanked Mr. Davis and Ms. Dobbins for their help. Mr. Heim hit the highlights of the audit. Mr. Heim went through the management discussion and analysis. Mr. Heim stated that last year the QJIP program was on the books as of June 30, 2020. Right after the year end the assets and liabilities were transferred to the General Fund and the debt was paid down to \$3 million. The current asset line shows a decrease just over \$7 million and that was due to the reduction of the bonds payable of \$6.9 million. The bonds payable under the liabilities decreases \$3 million and the prior year was \$9,999,000. This explains a wash on these two items. The operating fee revenues increased \$100,000 over the prior year. The interest in investment income increased by \$150,000 and that is due to the reduction of the assets. The

operating expenses decreased by \$100,000 in interest expense, also because of the bonds payable. The other operating expenses increased \$50,000. If you look at change in net position which was \$452,000 compared to last year of \$466,000, there are a lot of fluctuations between 2021 and 2020 but the change in net position is comparable to prior year.

Mr. Heim stated that the financial statements presented fairly in all material respects, the financial position of ODFA. This is a clean opinion and the best opinion that can be offered.

This is what the auditors call a by-product of what they do. They are not setting out to set an opinion on internal controls. However, as they go through procedures they determine if what you say your controls are in place. The auditors did not find any deficiencies in ODFA's internal control. In the last paragraph they also look at compliance in any debt agreements, laws, regulations or contracts and they did not find any non-compliance.

Mr. Davis thanked Mrs. Dobbins and Ms. Collier for the work of chasing down document requests and making sure the auditors had all that they needed. Mr. Heim stated that this was also a different year with the change in accountants, so staff did more than normal, and he appreciated it.

Mr. Cox made a motion to approve the audit report. Mr. Ventris seconded the motion. Upon Roll Call, the vote was as follows:

AYE:	Bradley, Carey, Condley, Cox, Kisling, Ventris
NAY:	NONE

PRESIDENT'S REPORT

Mr. Davis gave a quick update on the state incentive programs that ODFA administers that are owned by the Oklahoma Department of Commerce. The Business Expansion Incentive Program is a program that has \$200 million capacity. There are 29 active projects that have been approved, closed, and are receiving payments. The outstanding balance of awards to be paid is just under \$44 million and this is about 22% utilization. The Bounce Back program is being wrapped up and this program was a response to the 2020 COVID pandemic. ODFA extended maturities for 32 companies. These companies faced many headwinds and challenges during COVID. Between the Authorities and the Department of Commerce extensions were allowed to the companies to allow them to collect most of their incentives. In August there were \$550,000 in payments made and \$475,000 remains to be collected and disbursed.

The emergency Bounce Back program solution was turned into an annual subscription incentive program called the Oklahoma Innovation Expansion Program. This program is working excellent with \$7.5 million awards. And in the first 120 days, \$3.4 million of payments went out and there is \$3.28 million remaining. This will be an annual program and Mr. Davis does not anticipate any extensions to the contracts under this program. The application window will open again next Spring and he expects the demand to be strong again.

Mr. Davis then gave an update on the utility ratepayer relief stating there wasn't anything requiring action at this time. Senate Bill 1050 provided the solution for regulated utilities. OG&E was the first utility that has begun the process with hearings, administrative law judge, corporation commission and the full analysis. There are several articles that have been written as they move through the process. The last article alluded to the fact that the average residential customer will pay \$2 a month for 28 years. It is getting near the end of the process and Mr. Davis continues to have conversations with the financial group and the professional service providers that have been hired, as well as the State Bond Advisor, AG's Office, Corporation Commission to ensure that ODFA is ready when the Corporation Commission makes the decision and provides a financing order. Mr. Davis fully expects to sell the first series of bonds in March. Right now, everything is based off projections, and we won't know until we receive the actual performance and receipts to see if too much or not enough will be collected. Mr. Davis stated that this Board will be asked to approve the authorization of these bonds. Neither the Board or the staff is responsible as to whether the fuel overages are valid or not. All that responsibility resides with the Corporation Commission. ODFA is just the financing mechanism to carry out the financing order with the sole purpose of saving money to the rate payors. Yesterday, Mr. Davis had a conversation with the financial advisor, and he said traditionally, a special purpose vehicle would be created as a bankruptcy remote vehicle, and bonds would be issued through it and carry a credit rating of the utilities and that is how they would recoup fuel overcharges or the convergent of a coal burning plant to a natural gas or install scrubbers on coal burning plant. The rate that the utilities would be able to achieve is in the 8% range, but with this program they will be AAA rated and the interest around 2-3%.

Mr. Cox asked who was carrying the cost right now and Mr. Davis stated that everyone has short term financing right now because they knew as soon as the storm hit, they had to cut the check to the provider. Mr. Davis feels it is probably very large banks that come in and float them for a year. Mr. Davis stated the Authority is not making any decisions on what they should pay or not pay. The Authority's role is to save rate payers money and serve as a conduit issuer.

Mr. Davis stated that his experience at the Student Loan Authority was asset backed securitization and everything with ODFA has been municipal bonds. This is like a hybrid of the two and there has been an inordinate amount of work that has been put into this deal.

Mr. Davis reported that a website has been constructed and it is okutilitybonds.com. The website is designed to generate investor interest and provide information to investors. There will be information about the Authority, disclosure documents and news stories. Mr. Davis stated that he is trying to make this website about investor information as well as public website information. As we move forward the public will be more and more engaged, and this will be a place that they will go to get information. The agendas and minutes for the Authority's Board meeting will be posted on this site. The Board members names are listed on the website.

Senate Bill 1049 was designed to provide a solution for unregulated utilities. Mr. Davis is continuing to work with GRDA's executive leadership. GRDA has shown an interest and they

have a loan application that they are working through. Mr. Davis is not sure if they will use the program or not.

Mr. Davis stated that this concluded the President's Report. Chairman Condley made note that no formal action was taken during the President's report.

ADJOURNMENT

Chairman Condley asked if there were any announcements. Hearing none, he asked if there was a motion to adjourn. Mr. Cox made a motion to adjourn. Mr. Ventris seconded the motion. All members present voted AYE.

These minutes officially approved and adoption this ____ day of _____, 2021.

Chairman

SEAL

Assistant Secretary