

**MINUTES OF
REGULAR MEETING OF THE DIRECTORS OF
THE OKLAHOMA DEVELOPMENT FINANCE AUTHORITY
December 21, 2021**

The Directors of the Oklahoma Development Finance Authority held a Regular Meeting at 10:00 a.m. on Tuesday, December 21, 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. Peter Carey, Member
Mr. D.R. Shipley, Member
Mr. Brent Kisling, Ex-Officio

The following member of the Authority was ABSENT:

Mr. Hank Bradley, 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.

APPROVAL OF MINUTES OF THE MEETING OF OCTOBER 27, 2021

Minutes of the meeting held October 27, 2021, had been sent electronically to the Board Members prior to the meeting and the reading was waived. Mr. Shipley made a motion to approve the minutes as transmitted. Mr. Carey seconded the motion. All members present voted Aye.

FINANCIAL REPORT

Mr. Davis reported that the trended financials were on pages 12 and 13 of the board packets. The revenue for FY 22 was off 17% compared to the same period a year ago at \$585,200 in 2021 vs. \$659,830 in 2020. The expenses were up 3% at \$431,000 versus \$417,000 a year ago. This leaves the operating net income of \$114,000 compared to \$243,000 a year ago. Mr. Davis added that this is a sharp decline but with the projects in the pipeline that will be closing will close the gap soon.

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

NEW LOAN APPLICATIONS/PROJECTS

A. Oklahoma Development Finance Authority (ODFA) – Not to exceed \$800,000,000 Ratepayer-Backed Bonds (Oklahoma Gas and Electric Company), Series 2022

Discussion and possible with respect to a resolution authorizing the Oklahoma Development Finance Authority to issue its ratepayer-backed bonds (Oklahoma Gas and Electric Company), Series 2022 (Federally Taxable) in the total aggregate principal amount not to exceed \$800,000,000 (the “Bonds”); authorizing the sale of the bonds at negotiated sale and waiving competitive bidding; approving a bond purchase agreement; approving an indenture of trust by and between the Authority and the trustee bank, whereby the Authority authorized issuance and delivery of the Bonds; approving and authorizing a securitization property purchase and sale agreement by and between the Authority and Oklahoma Gas and Electric Company (the “Utility”); approving and authorizing a bill of sale by and between the Authority and the Utility; approving and authorizing a servicing agreement by and between the Authority and the Utility; providing that the organizational document creating the Authority is subject to the provisions of said bond indenture; approving the preliminary and final official statement pertaining to the bonds and authorizing distribution of the same; approving a continuing disclosure agreement; authorizing application and validation of the Bonds with the Supreme Court of the State of Oklahoma; approving and directing execution of the Bonds with the Supreme Court of the State of Oklahoma; approving and directing execution of the Bonds and other documents relating to the transaction; and containing other provisions relating thereto.

Mr. Davis stated that this issue has been talked about at each board meeting since last March. The Authority has received its first financing order from the Oklahoma Corporation Commission for OG&E. This will be the first issuance of ratepayer backed bonds. OG&E has been through the complete process with the Corporation Commission and the financing order was approved on December 16th. Mr. Davis gave an overview of the Winter Storm Uri that created the extraordinary increase in fuel costs, why the ODFA is involved and its role. He also spoke of the process to date and what the next steps will be. In February there were 4 to 5 days of weather that wreaked havoc on the better part of the middle section of the United States. This was a historical storm that created temperatures that are not normally seen in Oklahoma. This storm created a very strong imbalance between the supply and demand of natural gas that was needed create electricity and to warm homes. A price spike in natural gas was experienced that was normally \$2-\$4 a unit increased to over \$1,000. The utilities had to keep the lights and heat on, it was a public safety issue and so they continued to buy gas and they had fuel costs that far outran what we would normally see, traditionally. The costs outran by a great magnitude. The initial estimates of the storm costs were \$4.5 billion dollars. Mr. Davis is not sure if this will be the actual number when all securitizations are completed. Faced with this reality, these were bigger costs than investor-owned utilities would have normally ever seen. The ratepayers in Oklahoma were facing astronomical bills and wondering how this would be paid and provide the lowest cost possible on the ratepayers.

Mr. Davis stated that the ODFA did not ask for nor was a participant in the creation of policy or legislation as a solution. The ultimate solution was for utility securitization with ODFA as issuer. Legislation, Senate Bill 1049 and Senate Bill 1050, were introduced, approved and signed into law by the governor on April 21, 2021. The utility securitization model did not exist in Oklahoma prior to this authorizing legislation. Mr. Davis stated that Oklahoma is not the first state to do some form of utility securitization.

This securitization model is designed to allow for the lowest possible cost to the ratepayer. The process to date and specifically OG&E and all the other investor utilities will go through the same process. OG&E filed a complete application to the Corporation Commission creating a case with the Corporation Commission. The Corporation Commission has 180 days to approve or deny a final financing order. Mr. Davis stated that the ODFA are not experts on the Corporation Commission, but he has followed the proceedings closely. The first step was for the application to go to the public utilities division within the Corporation Commission as they conducted a thorough review and audit of the dollars that the investor-owned utility asked to recoup. That audit is performed to determine which costs are extraordinary which costs are allowable to be recaptured and to ensure that the investor-owned utilities are not profiting and that all they are doing is recapturing the actual costs that were allowable. Once this step is complete there is an administrative law judge that reviews the case, there is testimony from parties that are both in favor and opposed to approval. This is an opportunity for interested parties to have a public voice through that process. There is a draft of a financing order that comes down from the administrative law judge process and the financing order is ultimately what is voted on by the Corporation Commission. These three members met last Thursday on December 16th, and by a vote of 2-1, they approved the financing order, and now we have the final financing order.

Mr. Davis continued stating that the next step will be the issuance of bonds. Mr. Davis stated that ODFA is asking the board to authorize the issuance of bonds for OG&E not to exceed \$800 million,

this is the number that is prescribed in the financing order. Also, in the financing order is the term of the payback. It is also prescribed and it is 28 years with a 30-year stated final.

The ODFA has executed the procurement process for the service providers for the financial analyst, underwriters, bond counsel and special counsel throughout the year. Today on the agenda following this item we will visit and select for the trustee of the program as well as the financial printer. The procurement process has been done the exact same way ODFA has always done for professional service providers. This is a competitive request for proposals, and we have worked closely with our financial advisor and the State Treasurer's Deputy Director of Debt to determine the lowest and best cost provider. This has been done throughout the year because as soon as Mr. Davis realized ODFA was the financing mechanism to affect this change he began working with these folks, putting together documents so that we can get to the market quickly. The market is currently in a good place with low rates. The short-term financing that the utilities took out to pay for the fuel cost back in February were a 1-year term deal. This debt needs to be taken out before it matures, if possible so we do not incur additional interest costs. There has been a great deal of work done and the documents are almost ready to go.

Mr. Davis stated that he is asking the Board for authorization for ODFA to issue bonds for OG&E not to exceed \$800 million. The final financing order is for \$760 million. If the Board authorizes the issuance of these bonds the Council of Bond Oversight will take the issue up tomorrow at their commission meeting. If this project is approved by the Council of Bond Oversight, a brief is prepared and will be filed with the Oklahoma State Supreme Court. The statute requires Supreme Court validation.

Mr. Davis stated they have recently engaged with the rating agencies, S&P and Fitch. The bonds will be structured to achieve the highest quality rating with the goal of being AAA rated. Achieving a AAA rating creates a lot of demand from investors, and it drives down the interest cost. There have been recent utility securitization deals done on the market that carried an interest cost of 1.8% to 2.4%. If OG&E were to go out and do this under traditional methods their interest costs would be 8-10% so there is a significant savings. Mr. Davis stated that once the ratings are received, they will market and price the bonds.

In regards, to post issuance the utility remains the servicer and they are collecting the dollars and submitting them to the trustee daily. The trustee will be taking care of the dollars and the debt service. There are protections provided in statute but also in the agreements that are a part of this bond issue, specifically the servicing agreement that protect the ODFA from potential unforeseen expenses in the future. We are talking about 28 to 30 years that we will have the ability to recoup these expenses, so that we are not out some unforeseen expenses somewhere down the road. There is a true-up mechanism after post issuance, this is done semiannually. The bonds will be structured on an estimation of what historical usage has been and the customer base and how the customer base will grow. This gives an estimate of what the Corporation Commission and utilities think the collections will be. The collections may come in higher, or they may come in lower at any given point and time, so there is a true-up that is handled through the Corporation Commission and handled by an independent accountant that will determine in the collections are higher or lower and then the adjustment on the ratepayers' bill is adjusted accordingly. The monthly tariff rate

could go up or down based on the true-up mechanism. There will be public debt bond disclosure semi-annually as well as annual reporting. The annual reporting is also provided in statute. The ODFA provides an annual report to the leadership and the legislature as well as the Governor's Office. Mr. Davis stated that ODFA will have the undertaking of the semi-annual and annual reporting. We will do that, and it will be in the servicing agreement. The servicer will have the information about the collections coming in and the Trustee will have the information about the trust fund balances and the debt service payments. Mr. Davis stated that ODFA's role will be an aggregator, convener, complier of these reports. At this time, Mr. Davis does not feel like he will need additional staff to cover the additional work post issuance. Mr. Davis introduced guests that are part of the servicer team includes: Mike Newman, with Hilltop Securities as the financial advisor. Jered Davidson, Public Finance Law Group as the bond counsel. Mr. Davis asked Mr. Davidson to speak more about the securitization model and if Mr. Newman would speak about the timeline of the bond issuance.

Mr. Davidson stated that the securitization process is unique in Oklahoma but not unique in other jurisdictions. The real crux of securitization is that you go through the process with the Corporation Commission and the Corporation Commission creates the securitization part. This is the right to collect these extraordinary costs. This mechanism created by the Corporation Commission is then sold to ODFA. ODFA will issue bonds to purchase the securitization property. The whole concept is that we segregate this special charge as being allowed by the Corporation Commission on these regulating utilities and not commingle these assets with other assets of the utility. There is a straight line that investors and everyone can see. In Oklahoma it is a bit unique in the fact that ODFA is serving as the conduit issuer instead of other jurisdictions that have a special purpose and created very specifically to accomplish this cause. As a result of that we have been through an opinion diligence process that is involved in bankruptcy law, constitutional law from the federal and state law perspective and then the regular security interest issues that rating agencies and investors will be looking for. Mr. Davidson said there is a specific indenture that statute requires that only securitization property serve as the security for these bonds. There is no state backing of the transaction. ODFA is merely serving as a conduit issuer. This is just like any other issue that ODFA is the conduit issuer whether it be a private activity bond project, a 501c3 hospital project all of those are really the model that ODFA is attempting to follow. These issues are typically done for catastrophic situation, fire, hurricane, earthquake. Mr. Davidson stated that assuming the project is approved today, it will go to Counsel of Bond Oversight tomorrow and if they approve; a brief will be filed with the Supreme Court, and he expects a hearing in the middle of January. Typically, post hearing the referee has the transaction for about 2 weeks and then he submits his conference report to the full Supreme Court for an opinion and briefing. Mr. Davidson added that he is hopeful, and he addressed in the brief the importance and significance of the timeline regarding limiting additional interest costs. He is hopeful the bonds will be issued in the middle of March.

Mr. Davidson asked Mr. Mike Newman to discuss the details of the securitization. Mr. Newman, with Hilltop Securities added that he is the financial advisor on the proposed issue for both the ODFA and the Corporation Commission. He felt that there are basic things that need to be understood and stated that the ODFA and he as the advisor of the Corporation Commission do not opine on the prudence of the authorized recovery amount. This is handled solely by the public utility division and the Commissioners of the Corporation Commission. That is totally vested in

them. As Mr. Davis stated the term is recommended by the utility and the decisions solely, vested in the Commissioners of the Corporation Commission. As Mr. Davis mentioned the utility put together their proposal and there are people that are interveners, ultimately the interveners and the utility came to an agreement. The utility and those that opposed it came to terms with a recommendation to commissioners that they are not required to accept but to take under advisement. Ultimately, the commissioners are likely to use the terms of the joint stipulation, so that all the parties agreed that were involved in the matter. The whole point of this is to create a right to receive a charge and to separate that right from the bankruptcy risks of the utility collecting. We must get that charge to an entity that is not subject to bankruptcy. When the legislature looked at putting this legislation in place, they had two choices; to create a new state entity to do this or find an existing entity that could serve as a conduit issuer. This led them to ODFA, because a large part of business is a conduit issuer. ODFA is simply a conduit of this debt to the ODFA. Not only is there no recourse to the debt but to ensure that there are revenues to compensate ODFA for the costs that they incur in administering this program.

Mr. Newman added that the financing order is based on the testimony. The bond issue is based on the financing order. It all builds on each other. With the issuance of the financing order the regulatory process concludes. This is the first time these types of bonds have been issued in the State of Oklahoma, it is typical for a new form of financing is done it is brought to the State's Supreme Court. This is a common practice and is not out of concern. This is done to protect both the issuer of the securities and the investors. Once this financing is validated by the Supreme Court, they are not contestable in any court in the State of Oklahoma. Mr. Davidson has prepared the brief and no bond counsel in the State of Oklahoma has presented more validations to the Supreme Court than Mr. Davidson's firm Public Finance Law Group. He will oversee this for the financing team. Every financing under this program will go through this same process because it is laid out by statute to protect all parties involved. These deals have been done nationally and the most recent was in California for the wildfires. They have also been done in California to repair the grid for big expenses. The closest analogy to Oklahoma is Louisiana where the State authority is taking on a similar role to ODFA for the exact same purpose, so that the State can control the process to insure it is done for the benefit of the ratepayers. That is what this financing is all about, because of the price spike. Utilities in Oklahoma are only cost reimbursed, that prudence that review is the utilities division within the Corporation Commission. This is to reimburse utilities for costs already spent. The sooner the financing is done the sooner the carry costs will end. In not knowing exactly when we can be done versus the carrying cost changing, we ask for approval for a slight difference to cover the cost of issuance. Mr. Newman does not expect it to be \$800,000,000 we do not want to be short and be unable to get the financing done timely. The financing teams' goal is to receive a AAA rating. ODFA will be issuing bonds payable for the charge. The charge payable for many different individuals disbursed over a large area, is pretty good odds of payment. Because no one individual dictates whether there is enough money and then if something happens, we have the true-up mechanism to make sure there is enough money to pay the debt service and no more money than is necessary. The goal is not for anyone to profit but to pay a debt as cheaply as possible and minimize the monthly impact on consumers. The numbers will range from \$2.00 to \$2.50 something in that range per month for individuals. The numbers absent the use of this legislation were \$1,000 for several months to several hundred a month. The idea is to spread the cost out and make it affordable. Electricity is an essential service and now we have the charge of essential service spread out over many years. We have a mechanism that if things go differently than expected we can make adjustments. These are things

that we know to use to get us to AAA. There are precedent and there are criteria, the rating agencies will have him run stress cases. Such as, what happens if 50% of the people do not pay, where does the charge go? What percentage of the bill? These are the stress cases of the cash flows we will approve to justify the ratings the rating agencies ultimately assign. Because we will be dealing with a large geographic area and now by the passable charge you will see that reference in legislation. These are the ingredients to get to AAA rating and will be at no risk of bankruptcy of the utility. It is the utility that will know the charge, so who better to service that; but they are not engaged as servicer to make money. They are specifically engaged at costs basis and that was set by the corporation commission through the issuance of the financing order. All of this is simply for the repayment of a bill that occurred and to keep the monthly costs as low as possible. Mr. Newman will finish the stress cases and the rating agencies are currently reviewing the historical and projected data. There is a presentation scheduled for the middle of January with the rating agencies. Mr. Newman expects follow up questions and a rating to be available the first of March. It is a two-step process in this sector, which will allow us to price bonds and close in March. This would allow the utility to be reimbursed and in turn repay their own financings thereby ceasing any incremental costs. They have provided numbers for reimbursement based on closing by the end of March. The managing team will work with all indulgence to achieve this because it will save money for the rate payors, which is the goal of the entire project.

Mr. Davis added that in the board packet was a briefing on utility securitization that began on page 21 and a comparison of the cost utilizing different models. This includes traditional models versus securitization and then the full financing order begins on page 31 and is about a 90-page document. All information was provided in the board packet.

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

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

B. Oklahoma Development Finance Authority (ODFA) – Regulated and Unregulated Utility Ratepayer Backed Bonds – Request for Professional Services for Trustee (RFP Selection)

Discussion and possible vote on selection of Trustee for the potential issuance of Regulated and Unregulated Utility Ratepayer Backed Bonds by ODFA

Mr. Davis explained that, regarding Senate Bill 1049 and Senate Bill 1050 and for any issuances under that legislation we have gone through the procurement process by sending out RFPs for both the Trustee and the Financial Printer. This agenda item is for the Trustee. The State Treasurer's Office/Bond Advisor maintains a list of banks that can serve as Trustee on issues. Mr. Davis received responses back and they were from UMB and Bank of Oklahoma. On Senate Bill 1050, Bank of Oklahoma was the lowest cost option and on Senate Bill 1049 UMB was slightly lower but not by any material amount. Mr. Davis recommended that the Bank of Oklahoma serve as the

Trustee for both Senate Bill 1049 and Senate Bill 1050. Mr. Davis stated that Rachel Singleton from the Bank of Oklahoma and Brenda Bachelor were present if the board had any questions.

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

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

C. Oklahoma Development Finance Authority (ODFA) – Regulated and Unregulated Utility Ratepayer Backed Bonds – Request for Professional Services for Printer (RFP Selection)

Discussion and possible vote on selection of Printer for the potential issuance of Regulated and Unregulated Utility Ratepayer Backed Bonds by ODFA

Mr. Davis stated that this agenda item is for the procurement of a financial printer. These are the organizations that print the preliminary official statement and the official statement. There is also technology with digital versions and investor presentations and tracking for the people that are watching the investor presentations. ODFA received two responses, one lacked the ability to post investor presentations with voice and lacked the technical ability to track who was accessing them.

Mr. Davis stated that after discussions with the Oklahoma State Treasurer’s Office and the financial advisor in reviewing the RFP’s, given the size of the bonds that will be issued under the program they decided that the benefit of having these additional tools in marketing these bonds will far out way a price difference of a couple of hundred dollars in price. Mr. Davis stated that his recommendation was to select ImageMaster.

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

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

Mr. Davis stated that on the last page of the securitization briefing outlines three other investor-owned utilities that are going through the process right now. They are all in different stages, but he anticipates that the Oklahoma Natural Gas will be the next one that the Corporation Commission will have to take action to approve or deny the financial order. After that will be PSO and the third will be CenterPoint. Mr. Davis stated he expects there to be an agenda item on this utility securitization projects each month through March. As soon as ODFA receives the financing order we will go through the process again to get approval for each order. This is the first one and its always the heaviest lift in terms of building a model that did not exist. Mr. Davis stated that as we move forward, he feels there is a good model in place both with ODFA and the Corporation

Commission. Mr. Davis thanked the professional providers who provided comments and answered questions from the Board.

Mr. Davis added that the ODFA's role is to serve as nothing but to benefit the ratepayers and provide the lowest cost.

D. Oklahoma Development Finance Authority (ODFA) – \$20,000,000 Solid Waste Disposal Revenue Bonds (Alden Group Renewable Energy, LLC Project), Series 2021

Discussion and possible with respect to a resolution authorizing the Oklahoma Development Finance Authority to issue its solid waste disposal facilities revenue bonds, in one or more series, in the aggregate principal amount of not to exceed \$20,000,000 to finance certain solid waste disposal facilities (the "Bonds"); authorizing a certificate of determination setting forth the interest rates, redemption provisions, size, and maturities of the Bonds; waiving competitive bidding and authorizing execution and delivery of the bonds, an indenture of trust (the "Indenture"), loan agreement and additional documents supporting the transaction; authorizing a limited offering memorandum or other offering document; authorizing execution, modification and delivery of any documents regarding the bonds including security, tax and other documents as deemed necessary by staff, and containing other provisions related thereto.

Mr. Stoner stated that Item D. is for \$20 million Solid Waste Disposal Revenue Bonds for Alden Group Renewable Energy, LLC, Series 2021. Mr. Stoner pointed out that on page 122-128 of the Board packet is an application and summary for the project. In September there was an inducement resolution that was approved for this same project. At that time, the inducement resolution was the first step in the process and as promised the project has come back to the Board for final approval and authorization of the bonds. This will be a conduit issuance and does not obligate ODFA nor the State for repayment. The application is to construct and equip a solid waste disposal facility in Tulsa. It is a \$23 million project with \$3 million equity contribution and \$20 million in financing. This will be a direct placement bond issuance and it is expected to create fifteen jobs and a little over \$1 million in new payroll. Mr. Stoner introduced Mr. Jered Davidson with Public Finance Law Group who is serving as the Bond Counsel. Also present is Mr. Richard Thayer, President of Alden Group Renewable Energy.

Mr. Davidson said that the process was started back in September with the inducement resolution. They submitted their application for private activity bond cap from the State. This application was submitted December 20, 2021. They received confirmation that they will receive the full allocation of the \$20 million. With the approval of the Board, they expect to close the transaction next week. Mr. Davidson stated that they have interest from a buyer that is anxiously waiting to move forward with the project. Mr. Davidson stated the Mr. Thayer could give the details of the process.

Mr. Thayer gave a brief overview of the project and stated that they look for infrastructure to develop and invest in opportunities across the country, mostly using the tax-free bond avenue.

They are really excited about this project as it will bring about fifteen jobs directly to Tulsa. There will also be transportation element that will bring another twenty jobs. Mr. Thayer stated that they have started hiring and they will be running by April.

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

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

E. Oklahoma Development Finance Authority (ODFA) – Health System Revenue Bonds (Oklahoma Proton Center)

Consider and adopt a resolution authorizing and approving the execution and delivery by the Oklahoma Development Finance Authority of document amendments relating to its Senior Revenue Bonds, Series 2021A-1 and Series 2021A-2, Federally Taxable Senior Revenue Bonds, Series 2021B, and Subordinate Revenue Bonds, Series 2021C (Oklahoma Proton Center), and authorizing and approving other matters pertaining thereto.

Mr. Stoner explained that in February 2021, ODFA issued roughly \$72 million for the purpose of the acquisition and improvements to the Oklahoma Proton Center in Oklahoma City. These bonds were sold with \$54 million as Senior Bonds and another \$17.5 million subordinate bonds to local bondholders. Today the item on the agenda is to modify documents. They are not issuing any new money, but it does require ODFA Board approval for the amendments and modifying the indenture and loan agreement for the bonds. It also requires 100% of the subordinate bond holders' approval which they already have. It will also require a majority of the senior bond holders to approve as well. The short summary of the document changes include modifying the payment default language so that each set of bond holders have their own unique payment default, which makes sense it just wasn't done upfront. So now the senior bond payment default will be based on the Senior bond payment schedule and for the subordinates as well. These will no longer be tied together and there is a slight modification to the liquidities test requirements also associated with that. Mr. Stoner introduced Mr. Tom Welch, President of the Oklahoma Proton Center. Mr. Welch stated that these bonds have been outstanding for about 10 months now and they got to the first covenant measurement date and the trustee informed them that they had not been interpreting the bonds correctly. What happened was that the master trust indenture and the bond indenture language were not the same. The master trust indenture was what they wanted it to be which was basically saying if you do not pay the senior debt you don't have to fund the subordinate debt which is exactly what the senior bond holders wanted. So now they are asking for the bond indenture to match the master trust indenture, which is basically they are not paying the senior bonds, the Proton Center does not have to fund the sub bonds. They knew that going in and they signed off on this change, so it is really cleaning up after the fact.

Mr. Stoner added that Mr. Skarky reviewed the documents and did not have any edits.

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

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

F. Oklahoma Development Finance Authority (ODFA) – \$1,500,000 Oklahoma Community Economic Development Pooled Finance Act Award (CaptiveAire), Series 2022

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 (CaptiveAire Project), Series 2022, 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.

Mr. Stoner stated that these last two items are for the Business Expansion Incentive Program, these are not obligations to ODFA, but we are the funding mechanism for this incentive program. Item F. is for \$1.5 million for CaptiveAire, Series 2022. A project summary is provided on page 129 of the board packet. CaptiveAire is based in Raleigh, North Carolina. They have six manufacturing locations in the US including, North Carolina, Iowa, California, Pennsylvania, Florida and Muskogee, Oklahoma. CaptiveAire is a previous recipient of the OIEP annual program. They had an \$1.5 million expansion of office buildings and equipment last year. As a result of that award, they came back to Oklahoma with \$27 million and additional expansion efforts. Mr. Shane McCullough of Muskogee CaptiveAire gave an overview and short video of CaptiveAire.

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

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

G. Oklahoma Development Finance Authority (ODFA) – \$2,000,000 Oklahoma Community Economic Development Pooled Finance Act Award (City of Newcastle), Series 2022

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 (City of Newcastle Project), Series 2022, 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.

Mr. Stoner explained that this item is for a \$2 million Economic Development Pooled Finance Act Award for the City of Newcastle, Series 2022. The summary for this project is on page 130 of the board packet. The existing wastewater treatment facility is near capacity and the new facility will allow existing businesses to expand and new business attraction as well as residential attraction. The city made an application through the BEIP P3 program, a public/private partnership that allows public entities to offset Capex from employee withholding taxes of for profit entities. The city’s infrastructure cost \$21.5 million on a new facility. There are four partners that will be directly impacted by the water treatment plant improvements which include: Ardor Solutions, Thru-Tubing Solutions, Traditions Spirits and Walker & Sons Enterprises. These companies combined have an annual payroll of \$27 million. They employ 350 jobs and have the potential to create another eighty-five jobs and \$6 million in additional payroll. The Department of Commerce did a net positive benefit to the State of Oklahoma and has issued an award amount of \$2 million. These four companies have agreed under the terms of the program to allow the City of Newcastle to capture 100% withholding taxes to support the incentive award up to a 3-year period.

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

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

REVIEW AND POSSIBLE APPROVAL OF TRAVEL CLAIMS

Mr. Shipley made a motion to approve the travel claims. Mr. Cox seconded the motion. All members present voted AYE.

PRESIDENT’S REPORT

Mr. Davis reported that staff is currently managing thirty-four active projects for the Business Expansion Incentive Program. The outstanding balance of awards to be paid is \$46 million. There is an availability of \$200 million under this program. There is plenty of capacity for incentivizing economic development that generates net positive benefit to the state. With Oklahoma Innovation Expansion Program, Mr. Davis feels they found an elegant solution to support Oklahoma businesses in expanding capabilities and diversifying revenue streams that make them stronger and to retain existing employment and create new employment. There was an application period that was open in late April 2021 and closed 10 days later. There were 105 awards for \$7.5 million

and to date through December ODFA has made \$4.63 million in payments with \$1.99 million remaining to collect and disburse. Mr. Davis added that he has every expectation that the program will be opened again in late April and will be open for 10 days and then a whole round of companies will be funded again.

Mr. Davis stated that located on page 131 and 132 of the board packet was the Authorities Operation and Business Development list which has become lengthy. The Authorities are a small shop with five employees, and OIEP has given the Authorities a foot in the door with 186 companies across the state with all different kinds of companies. Mr. Davis added that his team has done an exceptional job at handling 186 companies. These companies have had a front row seat to how well the organization executes and how easy we are to work and deal with. It has opened the door for the Authorities to have conversations and to tour the facilities which is always enjoyable. To sit down and visit with the companies and to be able to find out what is going on and what their needs are enables the Authorities to refer them to different resources or how we can help. This is more companies than the Authorities has been able to touch in the 11 years that Mr. Davis has been with the Authorities. This is exciting for Mr. Davis, and he just wishes there were more employees to travel to the companies. He is also trying to take advantage of every low cost and efficient way to stay in front of these people. Also, for the first time over two hundred greeting cards were mailed to the companies to try and stay in front of the companies.

Mr. Kisling added that he has said this numerous times at the board meetings but the way that Michael, Jeremy, and the team has put together the integration grants is amazing. They are very innovative and useful and create a lot of new products across the state with new industries and manufacturers. Mr. Kisling stated that he applauds the work that the Authorities does. Mr. Davis stated that we have not done this alone and, in a vacuum, these are State of Oklahoma incentive programs. The Department of Commerce owns them, and Jon and his group do an excellent job in determining a net positive benefit to the State and the award amount. This has been a good working relationship with both entities.

Mr. Davis stated that relative to the utility ratepayer relief securitization bond financing that was spoken about earlier today is that there will be continued maintenance of the OKUtilityBonds.com website. Now that we have a case that will go to the Supreme Court, and we get approval the traffic on that website will pick up. This website is a platform for investors and will be used as a marketing tool. This will be aimed at trying to help the execution of selling the bonds. ODFA is also leveraging the website as a public information transparency website. Mr. Davis added that the director's names are listed on the site as well as the agenda and minutes. The offering documents will also be going on the website and when the ratings are received from the rating agencies, they will also be available on the website.

Mr. Davis also announced the hiring of Melissa Burgard to replace Ms. Slifer who left in September. This is Ms. Burgard's first board meeting, and she comes to us with 18 years of experience in the investment industry and 13 years from the Oklahoma Student Loan Authority. Mr. Davis stated that he had the privilege and opportunity to work with Melissa while he was at the Oklahoma Student Loan Authority and the work that she did at the Oklahoma Student Loan Authority was with asset backed securitizations which is what we now have that is new to the

Authority. In that capacity she was doing investor relations and investor management reporting. ODFA will be the convener and aggregator for semi and annual reporting and now we have a seasoned expert that just joined us. Mr. Davis stated that the timing could not be any better and he is so excited to have her on board.

Lastly, Mr. Davis commented that this has been an extraordinarily busy period for both Authorities. Sometimes you cannot see the forest for the trees but in thinking about this meeting, we have seen just about every type of touch point and impact that these Authorities have. The first one with ratepayer relief is the worst of a bad situation, and this will save ratepayers. We have seen the solid waste public debt as a conduit issuer. There will be tremendous environmental opportunities there that can be solved with that issue. We have impacted health care by issuing the bonds for the Proton Center. Also, today we saw the business retention and expansion incentive program for CaptiveAire which increases their capabilities and helps retain existing workforce and adds new jobs and makes indoor spaces safer. This is important to all of us. Also, there was municipal infrastructure for Newcastle. There are communities that are lacking capacity and infrastructure is important because in this case there is even the ability to add homes. When you do not have the primary building capacities then you do not even have a chance to be in the competition. Mr. Davis stated that on the OIFA agenda we will be partnering with an organization to provide low-cost competitive lending to the expanding businesses here in the State of Oklahoma. Mr. Davis stated that we are touching healthcare, infrastructure and environmental issues, economic development growing and expanding Oklahoma's businesses will all lead to jobs and investments and a higher quality of life for everyone.

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 _____, 2022.

Chairman

SEAL

Assistant Secretary