

**MINUTES OF
REGULAR MEETING OF THE DIRECTORS OF
THE OKLAHOMA DEVELOPMENT FINANCE AUTHORITY
January 28, 2022**

The Directors of the Oklahoma Development Finance Authority held a Regular Meeting at 11:00 a.m. on Friday, January 28, 2022, 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 DECEMBER 21, 2021

Minutes of the meeting held December 21, 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 for December 31st, FY22, the revenues were \$661,349 compared to the same period a year ago at \$767,215. This is a decrease of 14% which is fairly significant. Mr. Davis felt there were a couple of things that were driving this, and one is the extremely low interest rates which makes the interest income off. Also, the annual admin fee was off, primarily due to the refunding of the principal amount of bonds that OSU did in May of 2021. The Cross Village bonds that were defeased in a settlement issue also contributed to this. The expenses were \$520,244 versus \$495,801, a 5% increase from a year ago. This leaves the operating net income of \$141,105 compared to \$278,498 a year ago. There are several projects that are in the pipeline that will be closing 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) – \$200,000,000 The Oklahoma Development Finance Authority Conduit Program – Higher Education Master Lease/Purchase Real Property Program, Series 2022

Discussion, possible action granting preliminary and final approval authorizing the Authority to enter Higher Education Master Lease/Purchase Real Property Program and cause to be issued bonds under said Program (the Bonds) in one or more series in the total aggregated principal amount not to exceed \$200,000,000 for the calendar year 2021

Mr. Stoner stated that the next three items pertain to the Master Lease Program. Every year at the beginning of the year we need approvals for the calendar year. The Master Lease Program has been around since 2001 and has helped to support over twenty-five different colleges and universities that are under the Oklahoma State Regents for Higher Education. This program has been an efficient program for the Authority and for the State. This program allows projects to be pooled from various universities and have the ultimate backstop of the Higher Education appropriation dollars to help attain the State's credit rating. Many colleges and universities would not have the access to the market and would not have the State's credit rating. This also allows them to share expenses.

This first agenda item is for \$200 million Higher Education Master Lease/Purchase Real Property Program, Series 2022. This part of the program began in 2006. There is no statutory cap on how much can be issued each year. The \$200 million request is not an indication of how much might be utilized this year. The projects are currently in the process of review and approval. The Regents for Higher Education are currently gathering the projects from the different universities. They are due today and next week the Regents will submit the list of approved projects to the Legislature for review. After a 45-day review period there will be a final list that we will begin to work from. In recent years there has been a public hearing to review the list. The Authority's position has always been to approve the program and get the financing team in place, so that when the projects have been approved and are ready, we can move forward. Last year, the Authority issued \$45 million in this program. The year before that \$81 million was issued. Mr. Stoner stated that you would have to go back several years before the program issued, over \$100 million. The amount for today is not to exceed \$200 million for the Master Lease/Purchase Real Property Program, Series 2022.

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) – \$50,000,000 Master Lease Equipment Program, Series 2022

Discussion, possible action granting preliminary and final approval authorizing the Authority to enter into Higher Education Master Lease/Equipment Program and cause to be issued bonds under said Program (the Bonds) in one or more series in the total aggregated principal amount not to exceed \$50,000,000 for the calendar year 2022

Mr. Stoner added that Item B. is like Item A., but this is specifically for the Master Lease Equipment Program, Series 2022. There is a statutory annual cap of \$50 million. The Authority has not exceeded \$20 million in the last 7 years of this program. These items are for equipment needs for the university and colleges and they get pooled together. They do not have the same review process at the legislature as the Real Property projects because they are much smaller projects. By allowing the universities/colleges the opportunity to pool the projects and get better financing terms, lower rates, and lower cost of issuance. This approval is for the 2022 Master Lease Equipment Program for the calendar year in an amount not to exceed \$50 million.

Mr. Ventris made a motion to approve the project. Mr. Carey 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) – Conduit Program Higher Education Master Lease/Purchase Program, Series 2022 (Equipment and Real Property) – Request for Professional Services (RFP Selection)

Discussion and possible vote on selection of Bond Counsel, Underwriter, Trustee Bank, Special Tax Counsel and Printer Services for the ODFA’s Higher Education Master Lease/Purchase Program, Series 2022

Mr. Stoner stated that the last agenda item under the Master Lease Program is for the service providers. Every year the Authority puts together an RFP for several service providers which include underwriter, bond counsel, special tax counsel, trustee, and printer. Mr. Stoner stated that this process is done every January to define the team so that once the projects are ready, we have a team in place to begin working on the projects. They can begin to structure the projects and put them together and look at the timeline needs and different things that might be imperative to the program each year. The RFPs were sent out the first of January and the Authority received RFPs and have reviewed them with a subcommittee made of Mr. Shipley, Mr. Carey, and Mr. Ventris. The subcommittee has made a recommendation for the service providers. Mr. Shipley stated that they have reviewed the numbers and have chosen the providers and he asked for approval as presented.

Mr. Stoner added that the recommendation for approval is as follows: Underwriter - Bank of Oklahoma; Bond Counsel – Public Finance Law Group; Trustee Bank – Bank of Oklahoma; Special Tax Counsel – Hawkins, Delafield & Wood; Printer – Financial Printing Resources, Inc.

Mr. Shipley made a motion to approve the RFP selections. Mr. Ventris seconded the motion. Upon Roll Call, the vote was as follows:

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

D. Oklahoma Development Finance Authority (ODFA) – \$300,000 Oklahoma Community Economic Development Pooled Finance Act Award (Home Wet Bar), 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 (Home Wet Bar Project), Series 2022, in an aggregate principal amount estimated at \$300,000 (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 three items are for the Business Expansion Incentive Program, these are not obligations to ODFA, but we are the funding mechanism for this incentive program. The incentive program was established in 2009 and ODFA administers the program. Mr. Stoner added that we do not have application or credit exposure. ODFA administers the funds, and this program is designed to help growing Oklahoma businesses. About 80% of new jobs created tend to come from existing businesses. This incentive program is the best in the nation in terms of “grow your own” and helping businesses grow. The research division at the Oklahoma Department of Commerce reviews every application and is required by statute to determine a net positive benefit of each of the projects before they come for Board approval. ODFA’s responsibility is the administration including documentation, managing funds and approval from the Board.

The first project is for Home Wet Bar. Mr. Stoner introduced Mr. Keith Winter, President of Home Wet Bar. Home Wet Bar was a recipient of OIEP, and they have an opportunity for more growth and have submitted another application. Mr. Winter gave a brief overview of the business.

Mr. Stoner added that on page 33 of the board packet is a summary of the project. This documents that Home Wet Bar is making a capital investment of \$4.3 million. The award amount is for \$300,000 over a 4-year term. This will create an additional \$2.5 million in annual payroll.

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

E. Oklahoma Development Finance Authority (ODFA) – \$150,000 Oklahoma Community Economic Development Pooled Finance Act Award (E&I Co.), 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 (E&I Co. Project), Series 2022, in an aggregate principal amount estimated at \$150,000 (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 presented E&I Co. out of Tulsa, Oklahoma. This company was established in 1974 and they are a family-owned business. The company was founded by Ron Scott and Steve Jansen, who is a disabled Vietnam veteran. The men and their sons run the operations. They deliver creative engineering solutions for electric motors, custom controls, automation in electrical buildings. The clients are in the oilfield, industrial, mechanical, and agribusiness sectors. They also provide a control panel for the schools located in Oklahoma. The current facility is over 50,000 square feet with fifty employees. In response to Covid 19 they leveraged their core electrical engineering expertise to develop an electrostatic sprayer system. This system has been beneficial in combatting Covid 19. E&I sales is currently adding an additional 20,000 square feet and purchasing over \$450,000 in equipment to keep up with the demand. Ms. Harris stated that they helped assist this business last year with an SBA loan to build this addition to their building and at they time they purchased additional equipment. E&I is seeking \$150,000 award and they are a current OIEP recipient. They will employ ten new people in 2022 and in 2023 for a total of twenty new employees. The Oklahoma Department of Commerce has determined that this project is a net benefit positive for the State. They seek the Board's approval for this award in the amount of \$150,000. The payback for the award will be for 3 years.

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

F. Oklahoma Development Finance Authority (ODFA) – \$1,000,000 Oklahoma Community Economic Development Pooled Finance Act Award (Kelvion Project), 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 (Kelvion Project), Series 2022, in an aggregate principal amount estimated at \$1,000,000 (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 introduced Ms. Christine O’Connor, managing director of Kelvion located in Catoosa, OK. The Oklahoma Department of Commerce has determined that they are eligible for a \$1 million award.

Ms. O’Connor stated that Kelvion is a company that makes heat exchangers. Tulsa is the heating exchanger capitol of the world. There are more heat exchange manufacturers located in Oklahoma than anywhere else in the world. Ms. O’Connor stated that they have been growing steadily and gave a slide presentation of the plant.

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

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 thanked all the board members for their flexibility with the meeting date and time being changed. In working with the utility securitization, it may require some more flexibility with the February meeting.

Mr. Davis stated that today the board heard about three new projects with the Business Expansion Incentive Program. It is always exciting to see what this program is doing to incentivize capital investment, job creation, and good Oklahoma companies expanding their capabilities and diversifying revenue sources. This makes for healthier companies, communities, and employees. The staff is currently managing thirty-seven active projects for this program. There is a \$200 million capacity that is an evergreen concept of every dollar that gets paid back on a project, frees that dollar up for another project. This means that there is \$43 million between the thirty-seven projects. There is \$157 million capacity in the program. The thirty-seven active projects did not include the three that were approved today.

The Oklahoma Innovation Expansion Program was the carryover from the ODFFA and Department of Commerce's response to help businesses back in 2020 when Covid hit. This program was created to be an annual program. The applications for this program were taken in May 2021 and there were 105 projects for \$7.5 million in incentives. To date, there has been \$5.17 million in awards paid and there is \$1.45 million to collect and disburse. Mr. Davis is working with the Department of Commerce, Oklahoma Manufacturing Alliance, Select Oklahoma, local economical development organizations, Oklahoma Business Roundtable to begin to market and make the announcement to open the OIEP application window for 2022, April 4, 2022, and closing it April 15th. This will give the staff enough time to coordinate the legal documents and work with the Oklahoma Tax Commission to begin incentive payments to the companies in June.

The Bounce Back program from 2020 had 86 companies. The extension of this program has helped about 20 – 25 companies. Mr. Davis thinks there will be more companies this next time. Mr. Davis added that Mr. Stoner and Ms. Harris are getting out and spending time with the

companies. The Authorities Operation and Development report list is growing. While visiting with the companies; they continue to show interest in coming back with more plans for projects.

Mr. Davis added that we talked about the Oklahoma Master Lease Equipment and Real Property this month. The staff has been working with the RFP's and the State Bond Advisor's Office to sign off on the fees for the 2022 Program.

The next thing Mr. Davis talked about was the utility securitization bond financing. Staff continues to work on the documents for OG&E bond issuance so they will be ready to go with all the approvals, if and when the Oklahoma Supreme Court validation comes down. On Wednesday morning at 10:30 Mr. Davis was at the Supreme Court. The Oklahoma Judicial Center was closed to the public. There were eight people present in the hearing room. This procedure was for oral arguments for and against the bond issuance. There was no decision that came out of this process. The referee heard the arguments, and he will finalize the report that will go to the Supreme Court justices. Mr. Davis stated that the Authority went through this process before in 2012-2013 regarding the Master Lease Program. There was not a case that the Authority went and stood before the Supreme Courts and justices. Mr. Davis thinks that the justices will review the report and they will deliberate and judge and then they will announce whether they will validate the bonds or not. Mr. Davis feels the bonds will be validated and at that time staff will move forward with structuring, marketing, and issuing the bonds. Mr. Davis is hopeful the bonds will be validated soon since time is somewhat of the essence with the short-term financing for OG&E that matures in March. Everyday of delay will be additional interest costs and an additional burden on the ratepayers. Hopefully, by the end of February or early March there will be an announcement about the validation of the bonds. Mr. Davis added that he had sent out a link for the Supreme Court hearing to all the board members. Mr. Davis stated that our bond counsel did a phenomenal job. There was also a stand-alone case that was filed for any bonds under those statutes. The Authority has until February 8th to respond to that filing. That case was filed by former state representative Mike Reynolds. Mr. Davis added that the Authority will reply to this filing, and he will update the Board at the next meeting in February.

There are not any utility action items on the agenda today, other than the President's Report stating where we are currently. Mr. Davis stated that late Tuesday evening we received from the Corporation Commission the approval of the ONG financing order. Mr. Davis stated the financing order for ONG is approximately \$1.37 billion. It was also a 2-1 vote from the Corporation Commission. There was a dissent included in the financing order from Commissioner Anthony. It was a 7-page dissent was included with the financing order. Mr. Davis told the Board members to let him know if any of them would like a copy of the order. The Authority is still waiting for PSO and Centerpoint/Summit financing orders. They are going through the process now with the Corporation Commission. We might receive one of the financing orders right around February 23rd, so he will be monitoring this, and we may need to have some flexibility and extend the board meeting a little further out. This was for Senate 1050 utility securitization for regulated utilities. There was also Senate Bill 1049 which was a loan program that was set up for unregulated utilities, this was not a good solution for most of the coops. However, GRDA took a deep dive looking at the program with the financial advisors, investment bankers, Treasurer's Office and Mr. Davis received word that they would be issuing the bonds in their own name. As of right now Mr. Davis does not know of any entity that will be utilizing the unregulated loan program.

Mr. Ventris asked if Mr. Davis could summarize the 7-page report from Mr. Anthony. Mr. Davis responded that one complaint that he has is that the authorizing legislation and what is in statute provides the corporation commission conclude the audit review in 180 days. Mr. Davis expects the 180 days was put in place because everyday you delay the bill is going up. Another point of concern was the issue that the public utility division needs to have microlevel detail of what happened so that they can ascertain are these allowable costs or are they not. What would be included in this information would be who did you buy the gas from, when did you buy it and what did you pay for it? Typically, this information has been shielded from public view. One of the developments that has come out of this is from the public utility division is that they have compelled the utilities to supply this information and make it publicly available. The rest of the dissent was about fairness and whether it was equitable, and should the shareholders be burdened shielding some of the burden? Mr. Davis added that statute does not require a unanimous vote. A 2-1 vote is approval.

Lastly Mr. Davis added that we are all ratepayers and all of us would prefer that we would not have to put this deal together. The interest rates on recent utility securitizations deals and the assumption that is being made is that those bonds may carry about a 2.35% weighted average cost of interest. Whereas, if you fell back on just a corporate debt markets ONG might be paying between 8 and 10 percent. This is significant especially over 25 years. This is the only reason ODFA is involved in the issue, and we are trying to be a mechanism that saves ratepayers money.

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

Vice Chairman