

**MINUTES OF
REGULAR MEETING OF THE DIRECTORS OF
THE OKLAHOMA DEVELOPMENT FINANCE AUTHORITY
April 27, 2022**

The Directors of the Oklahoma Development Finance Authority held a Regular Meeting at 10:00 a.m. on Wednesday, April 27, 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. Hank Bradley, Member
Mr. Bridger Cox, Secretary
Mr. Peter Carey, Member
Mr. D.R. Shipley, Member

The following member of the Authority was ABSENT:

Mr. Brent Kisling, Ex-Officio

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 MARCH 30, 2022

Minutes of the meeting held March 30, 2022, 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. Cox seconded the motion. All members present voted Aye.

FINANCIAL REPORT

Mr. Davis stated that through the nine months ending March 31, 2022, for FY' 22 shows revenues at \$957,000 compared to this same period a year ago of \$1.14 million. The expenses are down \$30,000 at \$756,000 versus \$785,000 last year. This leaves a net income of \$201,544 versus \$363,000 this same period a year ago. Mr. Davis feels this difference is due to low interest rates as well as the OSU's refunding's away from the Authorities and into their own name. This also includes Cross Village early redemption.

The financials are on page 16 and 17 of the Board Packet. On page 18 and 19 shows the quarter end of the trended actual to projection. Mr. Davis stated that we are close to the projections.

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. Bradley seconded the motion. All members present voted AYE.

NEW LOAN APPLICATIONS/PROJECTS

A. Oklahoma Development Finance Authority (ODFA) – \$6,000,000 Oklahoma Community Economic Development Pooled Finance Act Award (Charles Machine Works) 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 (Charles Machine Works Project), Series 2022, in an aggregate principal amount estimated at \$6,000,000 (the “Award”); approving and authorizing the execution and delivery of a Funding Agreement and other related documents; and containing additional matters relating thereto.

Mr. Stoner stated that this request is for a \$6,000,000 Oklahoma Community Economic Development Pooled Finance Act for Charles Machine Works, Series 2022. There is a summary on page 29 in the board packet of this program. Currently, there are thirty-nine active projects. This represents about \$47 million outstanding balance. There is \$153 million still available in the pool and available for projects. This program requires each application to stand on its own and the application comes from the Oklahoma Department of Commerce. Mr. John Chiappe from the

Department of Commerce is at the meeting today and his team is required to identify the net positive benefit for each project. Once the applications are approved, they will come to ODFA and for the Board's approval. Upon the Board's approval each project will move forward and ODFA serves as the administrator. Mr. Stoner stated that they are working with the Oklahoma Tax Commission, the State Treasurer and there is no credit risk or credit exposure for ODFA on any of these projects. On page 30 there is a summary for DitchWitch with the trade name Charles Machine Works, subsidiary of Toro. This acquisition took place a few years ago. This project is for \$35.6 million expansion in Perry, Oklahoma. This benefits 662 existing jobs and adding one hundred new jobs. This award is for \$6 million, and Mr. Stoner introduced guests from the company. He introduced Brooke Hoehner, the business development manager with the Greater Oklahoma City Chamber. Ms. Hoehner has done a tremendous amount of work from the Chamber's perspective on this project. Also, introduced was Chris Schastok and Spencer Donahue, consultants with CBRE. Lastly, Mr. Stoner introduced Michael Grant, the managing director/construction operations at Charles Machine Works in Perry, who gave a brief overview of the project.

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, Shipley, Ventris
NAY: NONE

B. Oklahoma Development Finance Authority (ODFA) – \$4,250,000 Oklahoma Community Economic Development Pooled Finance Act Award (City of Enid/Vance AFB 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 (City of Enid/Vance AFB Project), Series 2022, in an aggregate principal amount estimated at \$4,250,000 (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 project is for \$4,250,000 Oklahoma Community Economic Development Pool Finance Act, City of Enid/Vance AFB Series 2022. On page 31 of the board packet is a summary of the project. This is a P3 model, a public/private partnership that allows the withholding taxes from benefiting for profit entities to be passed back to the city or public entity that is making the infrastructure investments. There are multiple projects that are outlined in the summary that are all for Woodring Airport to help support Vance Air Force Base. On the project list there is an excess of \$8.5 million in capital investments and \$4.25 million award. Mr. Stoner introduced Mr. Gerald Gilbert, City Manager and Mr. Keston Cook, Airport Director of the City of Enid. Mr. Gilbert and Mr. Cook gave an overview of the projects.

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

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

REVIEW AND POSSIBLE APPROVAL OF TRAVEL CLAIMS

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

PRESIDENT'S REPORT

Mr. Davis reported that the Authorities Operation and Business Development report for April was located on pages 32-33 of the board packets. ODFA is now managing thirty-nine active projects which includes the projects that were approved today. There is a \$200 million capacity in the Business Expansion Incentive Program. ODFA is currently at \$47 million. There is still \$153 million available in this program.

Mr. Davis stated that the OIEP, Series 2021 will close June 30, 2022, there were 105 awards closed for \$7.5 million. To date through April the Authority has made \$6.1 million payments and there is \$500,000 remaining to collect and disperse. There will be payments disbursed in May and June and then this program will be closed. At the last board meeting there was a request for an authorization not to exceed \$10 million in OIEP, Series 2022. The application window was opened April 4, 2022, and it closed April 15th. There were over 160 applications submitted. Mr. Davis looks for Series 2022 to be larger than Series 2021. There were a handful of new applications that the net positive benefit to the State of Oklahoma is substantially greater than what would achieve the top maximum award under that program of \$150,000. Mr. Davis assumes that in May and June there may be some stand-alone Business Expansion Incentive Program incentives that came out of this application process. Mr. Davis recognized Mr. Jon Chaippe with the Department of Commerce as Deputy Director and he oversees the Research group. He is the person that has been going through these applications and his group determines the net positive benefit to the State.

Mr. Chaippe stated that he appreciates the partnership with these programs, and they provide substantial benefit across the State of Oklahoma. They received over 160 applications for OIEP from across the State. There were small towns like Madill all the way up to Oklahoma City, Tulsa. There were numerous manufacturing projects some innovative projects that benefit others that affect the economy as well. There was one project associated with a green screen that promotes more filming in the state. There are only twenty screens like this in the world, so it is a very unique, innovative project. Right now, Commerce has processed about 2/3rds of the applications. There is \$8 million that has been determined to be a net positive benefit to the state and offers have been made to them. The other 1/3 applications will be in the \$2.5 million range if they are all

funded. Mr. Chaippe anticipates several large projects that have come out of this process for next month. He stated that will probably be 5 or 6 stand-alone businesses incentives.

Mr. Davis added that it appears that \$10 million that was authorized will likely be consumed. The companies that have been approved will have to provide proof of performance. No money is distributed until they have provided documentation that they have expended at least 10% of their capital investment. All the companies have 90 days to provide the proof of performance, or they fall out of the program. The next steps will be the finalization of the companies, the award amounts and when the Authorities receives the list the work activity for the Authority will begin. Mr. Davis has seen the application list and there are a lot of companies that the Authorities has worked with before through Bounceback and OIEP - Series 2021. A lot of the companies will be familiar with the process. Mr. Davis stated there will be some Zoom calls to provide background information for the companies that are participating and what the next steps are. Mr. Davis stated that the Authority will produce the funding agreements and work with the companies to get transaction documents signed. Mr. Davis stated that the Department of Commerce will determine the proof of performance. The Authority will only begin making payments to the companies after the Department of Commerce instructs that the company has met the 10% spend proof of performance. This program will terminate June 2023 and there is expectation that there will be another OIEP in 2023 that will run through June 2024.

Lastly, the Authority has been working on legal documents for the first 2022 Master Lease Real Property Bonds, Series 2022A. There are seven schools that will be participating and anticipating about \$25 million, tax-exempt series bonds. The estimated closing is June 2nd. It looks like the issuance under this program this year will be significantly lower that what has been seen in the past. There are very few new money projects that were submitted to the Legislature. There have been a lot of refunding's to save the schools interest cost. With the interest rates rising we will see those savings opportunities go away.

Mr. Davis did not have a lot to report on the utility securitization. The only activity since the last meeting was that Mr. Davis attended referee hearings on the Supreme Court validation cases for ONG, PSO and Summit. These hearings were held on April 13, 2022. The only protests were on the ONG case. There was a protestor that addressed the referee. There were no protests for PSO or Summit. Mr. Davis stated that we are at the mercy of the court and the Authority is waiting for a ruling. There has not been any new activity on any of the cases. It is unlikely that the Authority will be issuing any bonds until probably this fall. The case that has been made by bond counsel for the Authority is that time is of the essence. When we were at the Court in April, we were one hundred basis points over where we were with the OG&E case. We are another 10 to 15 basis points over that. Obviously by the fall we will see more increases.

Mr. Davis stated that there are six governor appointees to this Board that are subject to full consent of the Senate. The members serve over-lapping, six-year terms. So, each year one existing board member comes up for reconsideration or the appointment of a new member. This year we found out that the Governor has nominated a different individual to serve the next six years out of 1960 Congressional District 2. This is the map that the Authority is based on. The new board member is Matthew Caldwell, and he is out of Sallisaw. He is with the National Bank of Sallisaw which

is a division of First National Bank of Fort Smith. Mr. Davis stated that he will be reaching out to him, and he looks forward to meeting him. Mr. Davis stated that the Senate Finance Committee confirmation hearing should be May 10th or 17th. Mr. Davis stated that Chairman Condley's tenure does not run out until October, and he will continue to serve through the September board meeting. Mr. Davis added that he appreciates all that Chairman Condley has done. He has served a great number of years on the Board, and this is his 3rd time to serve as the Chair. He has been a tremendous asset to the Authorities, and he will be missed.

Lastly, tomorrow is the deadline to hear legislation from the opposite chamber. Most of the things that the Authorities have been watching and looking at we are in a favorable place. There is one outstanding Senate Bill that still has not made the floor agenda and at this point and time it may not be heard. This is the 2nd Session of the 58th Legislature anything that does not get passed or heard goes away and they will start fresh with the 59th Legislature. Mr. Davis stated that he will still monitor the legislation this week and as budget negotiations start and he follows the LEAD Act very closely as an economic development tool for this state and the potential to land a very large project.

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.

Mr. Condley stated that it has been a pleasure serving for the Governor and a pleasure serving the Board.

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. Shipley seconded the motion. All members present voted AYE.

These minutes officially approved and adoption this ____ day of _____, 2022.

Chairman

SEAL

Assistant Secretary