

**MINUTES OF
REGULAR MEETING OF THE DIRECTORS OF
THE OKLAHOMA DEVELOPMENT FINANCE AUTHORITY
February 22, 2023**

The Directors of the Oklahoma Development Finance Authority held a Regular Meeting at 10:00 a.m. on Wednesday, February 22, 2023, 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. Keith Ventris, Chairman
Mr. Bridger Cox, Vice Chairman
Mr. Peter Carey, Secretary
Mr. Hank Bradley, Member
Mr. Matt Caldwell, Member
Mr. D.R. Shipley, Member
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 Ventris 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 Ventris, 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 14, 2022

Minutes of the meeting held December 14, 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 the trended balance sheet and income statements are on pages 8-9 in the board packet. The revenue for the 7 months into FY 23' almost doubled at \$1,496,325, compared to \$754,000 this same period a year ago. The expenses are up slightly up at 10% at \$654,000 FY 23' year to date versus \$597,000 this same period last year. The operating net income from these 7 months is \$842,362 compared to a \$157,000 for this same period in FY 22'.

Chairman Ventris asked if there were any questions or comments concerning the report. Hearing none, he asked if there was a motion. Mr. Caldwell 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) – \$500,000 Oklahoma Community Economic Development Pooled Finance Act Award (Pro-Fab, LLC Project), Series 2023

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 (Pro-Fab, LLC Project), Series 2023, in an aggregate principal amount estimated at \$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 on page 22 of the board packet is an overview of the current activity in the Business Expansion Incentive Program. There are currently 51 projects that we are currently in the process of making payments. At the top of the page shows that out of \$200 million in the pool, there is \$42.5 million in current balances which leaves a total availability of \$157 million. Mr. Stoner then pointed out Mr. Jon Chiappe and Mr. Martin Roberts from the Oklahoma Department of Commerce. These guys do a tremendous amount of work at the Oklahoma Department of Commerce. This program has been a foundational, fantastic program over the last several years.

Mr. Stoner then went to Agenda Item A. and noted that on page 24 is a summary for Pro-Fab. They are located on the west side of Oklahoma City. They are a manufacturer of large, complex,

machined aircraft structures and assemblies for both the commercial and defense aerospace markets. Their application was submitted to the Oklahoma Department of Commerce, and they have identified the project has a net positive benefit to the State of Oklahoma and issued an incentive award of \$500,000 based on a capital investment of \$8.5 million. Pro-Fab is not new to ODFA; they have been a part of the OIEP program for the last 2 years. During the last 2 years Pro-Fab has made over \$2 million in different investments.

Mr. Jeff Jackson, representative for Pro-Fab then gave a brief presentation to the Board.

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, Caldwell, Cox, Kisling, Shipley, Ventris
NAY: NONE

B. Oklahoma Development Finance Authority (ODFA) – \$300,000 Oklahoma Community Economic Development Pooled Finance Act Award (Shen Te Enterprises Inc. Project), Series 2023

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 (Shen Te Enterprises Inc. Project), Series 2023, 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.

Ms. Harris stated that Shen Te Enterprises, Inc. is in south Tulsa, OK. Unfortunately, the owners were not able to make it to the meeting today. Ms. Harris added that she has been personally working with them and Director Kisling has also been to the facility. Ms. Bonnie is in her late 80’s and is still working on some of this equipment that will be talked about today. Ms. Helga is in her 90’s and still goes to the office every day. These are two great ladies working in the aerospace industry. Bonnie and Helga started making aerospace equipment out of their garage about 30-40 years ago. They moved up to getting federal contracts and in 1996 they formed Shen Te. They are currently building out simulators for the aerospace industry that are then used by the Defense Department. These are planes that are out of the graveyards of Mexico and Arizona, and they bring them back to life. This is an amazing facility that they built, and they need more room. They have purchased the old Frankoma location, and they need to build an addition to the building and buy more equipment to become more efficient. Shen Te is making a capital investment of \$4 million. The Oklahoma Department of Commerce has determined a net positive benefit to the State of Oklahoma and has issued an incentive award of \$300,000. This will create 25 new jobs, with an annual payroll of \$1.7 million.

Director Kisling added that he has been to their existing facility, and it was one of the coolest tours he has ever done in his life. They buy these old airplanes, and they rework them. A lot of the simulation pack and cargo and they send them all over the world. These ladies are amazing and have so much energy.

Mr. Cox made a motion to approve the project. Mr. Caldwell seconded the motion. Mr. Kisling stepped out during this agenda item. Upon Roll Call, the vote was as follows:

AYE: Bradley, Carey, Caldwell, Cox, Shipley, Ventris
ABSENT: Kisling
NAY: NONE

C. Oklahoma Development Finance Authority (ODFA) – \$2,500,000 Oklahoma Community Economic Development Pooled Finance Act Award (Locke Supply Co. Project), Series 2023

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 (Locke Supply Co. Project), Series 2023, in an aggregate principal amount estimated at \$2,500,000 (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 this request is for Locke Supply a name that so many of us are certainly familiar with. This company started in Oklahoma in 1955 and shortly after moved to Oklahoma City. They are now a distributor of plumbing, electrical and HVAC to over 180 store locations in seven states. Their capital investment is nearly \$122 million. This is going to construct a 1 million square distribution center and a 400,000 square foot headquarters facility in Oklahoma City, Oklahoma.

After the review from the Oklahoma Department of Commerce has identified that the project is a net positive benefit to the State of Oklahoma and has issued an incentive award of \$2,500,000 that will be paid over the next 2 years.

Mr. Stoner introduced Mr. Mike Muzney, Chief Operating Officer and Mr. John Orman, Chief Executive Officer for Locke and they gave a brief presentation and answered any questions that the Board had.

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

AYE: Bradley, Carey, Caldwell, Cox, Kisling, Shipley, Ventris
NAY: NONE

REVIEW AND POSSIBLE APPROVAL OF TRAVEL CLAIMS

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

PRESIDENT'S REPORT

Mr. Davis reported that there were 51 active projects in the Business Expansion Incentive Program. These projects were awarded, approved, closed and/or receiving payments. This program has the capacity of \$200 million. There is about \$42 million that is outstanding, and there is \$157 million available.

Mr. Davis gave a quick update on the Oklahoma Innovation Expansion Program, Series 2022. This is the second year for this program. There were 125 awards for \$9.1 million. There are currently 63 companies that are active and 45 that have completely paid out. There were 17 companies that withdrew for a variety of reasons. The Authority has disbursed \$7.1 million of the \$9.1 million through February. This is an annual program that will end in June 2023. Mr. Davis and the staff are currently working with the Department of Commerce and their partners with the Oklahoma Manufacturing Alliance to get set up for the OIEP, Series 2023. The application window will open April 3rd – 14th, 2023. Mr. Davis stated that he will be asking the Board in March to authorize up to \$15 million in funding this year. The last couple of years we have asked the board to approve up to \$10 million but we believe that we will fill up the additional \$5 million. There are four scheduled zoom trainings so that businesses can dial in, and we can talk about the program and how it works. The Authority's partnership with ODOC and the Manufacturing Alliance will be having in person meetings in 15 communities across the State of Oklahoma. Mr. Davis anticipates the program will be even larger in 2023.

Director Kisling added that the first community training was held in Shawnee last week and he and Jody as well as the Manufacturing Alliance were there. Jody did a great job going through the details in the program and he believes this is the best thing that has been done in state government to support our legacy companies. Mr. Kisling is excited that we will be able to grow this program. Also, another thing that excites him about this program is that is a performance-based program. The companies must perform and do what they say they are going to do or if they don't, they drop out of the program and maybe they apply next time. This program has been working beyond all expectations. Mr. Kisling stated that he appreciates all the support from the Board. This program has also helped build relationships with businesses across the State to help drive the incentive programs. Mr. Davis added that the Authorities have been around since 1959 and 1974 and we have touched close to 300 companies. Mr. Davis is not sure the Authorities have ever touched this many companies in such a short period of time. This program has opened the door for the Authority to start building relationships and finding additional ways to help businesses.

Mr. Davis added that typically we would have already had the RFP out for the 2023 Master Lease Program, for the professional service providers. The Authority is a little delayed this year with that process because of the Oklahoma Energy Discriminatory Act. Mr. Davis said the Authority is waiting to see how this shakes out. The last thing he wants to happen is to hire a service provider and find out it is someone that we will not be allowed to contract with. This will only affect the financial institutions - the underwriter and the trustee. Mr. Davis stated that he has spoken to the State Regents of Higher Education and as of right now, none of the schools are needing the money quickly.

Lastly, Mr. Davis reported that the utility securitization continues to be a bit of an issue. The Oklahoma Corporation Commission had a special meeting about three weeks ago and there was a lot of discussion about who was paid and where the money went. Commissioner Anthony has filed more opinions - these used to be dissenting opinions and now Mr. Davis isn't sure what they are. Mr. Davis's understanding is that the Corporation Commission is working on an itemized list. They have a frequently asked questions regarding winter storm Uri and they will post this list to their website when it is complete. There were complaints about who were the energy producers that the utilities bought from; who were they and how much? This list is also on the Corporation Commission's website. There was a lengthy news story on Channel 4 regarding this as well. Mr. Davis added that if the Board runs across questions regarding the utility securitization to give him a call and he would try to bring the member up to speed.

Mr. Davis welcomed Treasurer Russ and congratulated him on his election and stated he looks forward to working with him. The \$30 million debt that the OIFA uses to fund the loans out of the revolving loan fund is held entirely by the Treasurer. This is another part of OFA's relationship with the Treasurer. Mr. Davis stated that he looks forward to coming by his office and sitting down with him and answering any questions that he has.

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

ADJOURNMENT

Chairman Ventris 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 29th day of March 2023.

Keith Ventris

Chairman

SEAL

Steve H. Cox

Assistant Secretary