

**MINUTES OF
REGULAR MEETING OF THE DIRECTORS OF
THE OKLAHOMA DEVELOPMENT FINANCE AUTHORITY
March 29, 2023**

The Directors of the Oklahoma Development Finance Authority held a Regular Meeting at 10:00 a.m. on Wednesday, March 29, 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 FEBRUARY 22, 2023

Minutes of the meeting held February 22, 2023, 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. Caldwell seconded the motion. All members present voted Aye.

FINANCIAL REPORT

Mr. Davis stated that the trended balance sheet and income statements are on pages 12-13 in the board packet. The revenue for the 8 months into FY 23' almost doubled at \$1.65 million, compared to \$854,000 this same period a year ago. The expenses are up slightly up at \$762,000 FY 23' year to date versus \$666,000 this same period last year. The operating net income from these 8 months is \$887,000 compared to a \$188,000 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 (Cobb Vantress, 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 (Cobb Vantress, 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 20 of the board packet is an overview of the current activity in the Business Expansion Incentive Program. There are currently 56 outstanding projects that have been either awarded or are currently collecting incentive dollars. There is \$63 million that is outstanding leaving \$136 million of availability. There are several projects on the list today. The first project is for \$500,000 from the Oklahoma Community Economic Development Pooled Finance Act for Cobb Vantress, Series 2023. Mr. Stoner added that Ms. Jody Harris would explain this project.

Ms. Harris explained that Grand Meadows Farm is a pedigree broiler breeding facility for Cobb-Vantress, a wholly owned subsidiary of Tyson Foods, Inc., located in Spavinaw, Oklahoma.

With a capital investment of \$12 million, Cobb-Vantress is looking to construct, install and wire 400 units in their new Real Time Feed Conversion housing which will provide additional space needed to increase bird numbers tested and focus on better feed conversion values. This research impacts several inputs into their process by identifying factors related to feeding that produce birds that thrive and are more robust. This results in better processing yields and allows Cobb-Vantress to fine tune production and to reduce waste at its facility.

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 \$500,000. Cobb-Vantress will be able to capture withholding taxes quarterly over the next three years, with a maximum incentive of \$500,000.

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) – \$1,000,000 Oklahoma Community Economic Development Pooled Finance Act Award (McElroy Manufacturing 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 (McElroy Manufacturing Project), Series 2023, 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 to Mr. Paul Lui. Mr. Lui stated that he is the Vice President of Operations for McElroy Manufacturing in Tulsa, Oklahoma. Mr. Lui shared a presentation to the board members giving an overview of the project.

Headquartered in Tulsa, OK, McElroy Manufacturing is a second-generation, Oklahoma family-owned company which as founded in 1954 by Art and Panny McElroy and now run by the McElroy family. McElroy Manufacturing is the world leader in the design and manufacturing of thermoplastic pipe fusion and heat exchanger fin-tube equipment. They currently operate from three manufacturing plants in the Tulsa area – legacy facilities of “Fulton,” weld fabrication and machining at “Admiral,” and large fusion assembly at their “51st” plant.

With a capital investment of \$20.7 million. McElroy Manufacturing is planning to renovate its production facility in Broken Arrow and to purchase machinery and equipment for its Tulsa production facilities.

The Oklahoma Department of Commerce has determined a net positive benefit to the State of Oklahoma and has issued an incentive award of \$1,000,000. This will create 35 new jobs, with an annual payroll of \$23.2 million.

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

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

C. Oklahoma Development Finance Authority (ODFA) – \$2,000,000 Oklahoma Community Economic Development Pooled Finance Act Award (Newell Coach 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 (Newell Coach Project), Series 2023, in an aggregate principal amount estimated at \$2,000,000 (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 isn’t the first time that we have seen Mr. Grant Kernan, President/CEO of Newell Coach. He was here in 2013 and at that time with a \$5 million project to improve overall operations in Miami, Oklahoma.

Mr. Kernan gave a brief history of the business stating that they have been in business since 1967. Newell Coach is planning to construct a new office building allowing for research and development and product design space, and to renovate existing space to allow for better storm water draining and workflow at its facility in Miami, Oklahoma.

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 \$2,000,000. This amount is based on a capital investment of \$7.3 million. Newell Coach Corp. will be able to capture withholding taxes quarterly for over the next three years. This project will create 22 new jobs with an annual payroll of \$19.9 million.

Mr. Kisling added that the State has a very strong automotive related industry and Newell Coach is a great example of that. Mr. Kisling introduced Jimmy Cagle and Jason Baffrey part of the ODOC automotive team that work with these companies across the State.

Mr. Shipley 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

D. Oklahoma Development Finance Authority (ODFA) – \$2,500,000 Oklahoma Community Economic Development Pooled Finance Act Award (Sam’s East 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 (Sam’s East Inc. 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.

Ms. Harris stated that this application is for Sam’s, and they are building a 296,000 square foot distribution center. It will be located around 29th and Council Road in southwest Oklahoma City. This building will be leased, and it is estimated to employ between 125-140 employees. They are anticipating investing \$15 million in real property improvements, as well as \$25-\$30 million in machinery and equipment. Sam’s annual payroll will be \$6.2 million.

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.

Mr. Cox 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

E. Oklahoma Development Finance Authority (ODFA) – \$600,000 Oklahoma Community Economic Development Pooled Finance Act Award (City of Altus 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 (City of Altus Project), Series 2023, in an aggregate principal amount estimated at \$600,000 (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 \$600,000 Oklahoma Community Economic Development Pooled Finance Act for the City of Altus. This project is a little bit different from the projects we have been seeing. The City of Altus has been before the board several times working on water related projects. The Authority has done three projects over the last few years for water. This project is a little bit unique by helping the city offset some infrastructure cost by capturing withholding taxes from some of the benefiting for profit entities in the surrounding area. This is for a downtown central park, a significant amount of infrastructure for downtown revitalization. There are 40 businesses in the main street area in the downtown area. They will capture withholding taxes from 3 businesses which include: Frazer Bank, The National Bank of Commerce and Gunkel Law Group PLLC.

The Oklahoma Department of Commerce has identified that the project is a net positive benefit to the State of Oklahoma and has issued an award amount of \$600,000. The withholding taxes will be captured for the next three years. The capital investment is more than \$2 million.

Mr. Stoner introduced Mr. Terry Mosley, Assistant City Manager of Altus. Mr. Mosley gave an overview of the project.

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

F. Oklahoma Development Finance Authority (ODFA) – \$15,000,000 Oklahoma Innovation Expansion Plan Pooled Finance Act Taxable Revenue Notes (OIEP), Series 2023

Discussion and possible with respect to a resolution authorizing the issuance of the Authority’s Oklahoma Innovation Expansion Plan Economic Development Pooled Finance Act Taxable Revenue Notes (OIEP) Series 2023, in one or more series in the total aggregated principal amount not to exceed \$15,000,000 issued on or before July 31, 2023; waiving competitive bidding and authorizing the sale of the Note on a private placement

basis; approving and authorizing the execution and delivery of the Note and documents; and containing other matters relating thereto.

Mr. Stoner reported that last year the Board approved \$10 million and about \$9.5 million was put into OIEP. It created 767 new jobs and a little over \$58 million in new capital investment. This program has been a tremendous value to the State, and this will be the fourth year. The ODFA staff works diligently with the Oklahoma Department of Commerce and the Manufacturing Alliance. Mr. Stoner and some staff have spent the last 60 days traveling doing a lot of education and marketing to engage more companies and make sure they are aware of this program. He is expecting a significant growth in the number of applications for this year. Last year there were 163 applications, this year they are hoping for 250 applications, 200 awards. ODFA is asking for \$15 million for the 2023 program.

Mr. Davis added that ODFA is asking for authorization to issue up to \$15 million for this program. He did not know the actual companies yet and won't know until possibly in May when the Board meets. The awards will be vetted through the Oklahoma Department of Commerce, and they will research and determine a net positive benefit to the State before the companies receive an award. The application window will open next week, and it will remain open for approximately 10 days. After we receive the list of companies with awards from Commerce the ODFA work will begin. Mr. Davis added that Mr. Stoner significantly downplayed the work that he and Ms. Harris have done in the last couple of months.

Mr. Davis stated that we were at the Greater Oklahoma City partnership meeting yesterday and they injected themselves into the agenda and they were able to talk about the program there as well. Mr. Stoner and Ms. Harris covered at least 15 different communities and held several virtual sessions and zoom calls so that they could raise awareness of the program. Mr. Davis added that there are 5 employees with the Authority, so if they get 200 awards that is a lot, the nice thing though is there are a lot of these companies that have been with the Authority through the Bounce Back Program or one of the other two series. These companies know and understand the program and process and they won't need a lot of time spent with them. Even though this is a large number it comes as an incremental add.

Mr. Kisling added that this is the best taking care of our own program that the State of Oklahoma has ever had. He feels that this program is also the best one in the nation. Mr. Kisling stated that he interacts with a lot of other states and the fact that we help 100 to 130 companies, nudge them into a little bit of growth every year and this year will be even more of that. This is Mr. Kisling's favorite thing that he does in partnership with ODFA. Mr. Kisling attended a couple of the trainings and expressed that the team did a fantastic job of explaining the program. The trainings that he attended had at least 30 to 40 companies at each one, locally, regionally that came in to learn more about the program. The nice thing is that the companies can qualify for this program but if the project is bigger than what the program will benefit to them then they can apply for something else through Commerce or the partnership with the Authority as well. Mr. Kisling stated that a lot of time is spent in the state talking about bringing big projects to the State, but this is really the heart of what ODOC loves to do every day at Commerce.

Mr. Davis stated that ODFA has now worked with approximately 300 businesses. In economic development there is always the issue of awareness. This program has become a front door for awareness of things that the State can do to help its existing businesses. The level of engagement is skyrocketing, it opens the door to talk about other programs and it also helps these companies, even if it is not one of our programs, we can point them in the direction of a federal grant or state and local incentives. Yesterday, the economic developer from Cushing gave a little testimonial about a company that benefited from the program last year. Mr. Davis added that we try to get out and see as many of the companies in partnership with the Department of Commerce as we can. The company from Cushing felt that the State showed them some love as an existing company. The State showed up, toured the facility, took pictures and they sent them out in newsletters. This was a success story.

Mr. Cox made a motion to approve the project. Mr. Caldwell 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. 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 the State set up an Incentive Evaluation Commission about 5 years ago. This Commission evaluates the state's incentives once every 4 years. Mr. Davis added that the reason he brings this up is because there were 5 projects on the agenda today for Pooled Finance Business Expansion Incentive Program. The OIEP that the board just took action on is a subcomponent of that program. This program is one of the incentives that is being evaluated this year. Mr. Davis has been engaged with the chair of that Commission and he will offer any resources to their consultant (PFM). This is the first time that the program has been evaluated since Bounce Back. Now that we have done OIEP three times, it might be that these programs are too new and there is not enough data, but he wants to make sure that it gets evaluated and put into the report, because the report ultimately goes to the Legislature. Yesterday, Senate Pro Tem Greg Treat chaired the first meeting of the Senate Select Committee on Business Retention and Economic Development, there were several comments about just like Director Kisling said, the things that get the headlines are the \$5 billion projects but there is a lot of work being done with our existing businesses and we need to tell that story. Another component to the pooled finance program that is in 2019 we established the public private partnership subcomponent. The City of Altus agenda item we just took up is an example of one of these projects. The Authority has done projects with every military installment in the State except for Tinker, but Mr. Davis is working on that with the General Jeff King, Commander of the Air Logistics Complex at Tinker. These have been good infrastructure projects for the State. The Authority has also done projects with

both ports; Tulsa Ports and the Port of Muskogee in the State. Mr. Davis added that he will keep the Board posted on the status of the evaluation of this Incentive Evaluation Commission.

Mr. Davis provided an update on utility securitization by adding that the staff is continuing to work through the compliance and reporting required for the bond issuances with each of the four utilities, trustees and bond counsel. This program is new for the Authority, and everything is in compliance. Even though, the utilities have a method for setting up a special purpose vehicle and issuing debt; this utility securitization is a little different. At this point and time all four bond issues have been outstanding for six months so we are coming up on important reporting and compliance events. We have been working through that. There was a Special meeting yesterday at the Corporation Commission and Commissioner Anthony had a lengthy agenda item on questioning the costs of the transactions, there was no action taken on that item. Mr. Davis is of the understanding that the Treasurer's Office, the Deputy Director of State Debt as well as the Public Utilities Division of the Corporation Commission are working on an itemized list of all the cost of issuance. The list will be an itemized list that shows who was paid and what amount. This list will be posted to the Corporation Commissions' website. Mr. Davis added that there is currently a list of who the providers of gas were and how much were they paid available on the OCC website. When the cost of issuance is on the website Mr. Davis will let the board members know. Mr. Davis feels that when this is provided it will alleviate some of the concerns.

Mr. Davis alerted the Board that OU Health has been in the news, and they received a rating downgrade. OU is very close and tight specifically with days cash on hand in regard to some of their financial covenants and the bond indentures. Mr. Davis added that any time something happens with regards to ODFA's outstanding bonds there is a tickler system that alerts the Authority when public continuing disclosures and material event disclosures are made. He will continue to follow this closely and if the members have any questions, please let him know.

Another outstanding bond issue that Mr. Davis brought to the Board's attention was Leading Life, a senior living project that the Authority issued bonds for in 2017. Leading Life has struggled financially since COVID hit with low occupancy and high operating expenses. We have received a disclosure that they are filing for bankruptcy. We have outstanding invoices on the bonds for semi-annual administrative fees. We will submit a claim of approximately \$52,500, these invoices go back to December 30, 2020. These fees have been on non-accrual status for some time after we became aware of financial distress for the project. Mr. Davis added that full payment of due and uncollected fees would be pursued, and we are working with legal counsel to submit that claim.

Mr. Davis also reported that Mr. Bridge Cox from Congressional District 3 was reappointment by the Governor for another term. In the next 4-6 weeks there will be a Senate confirmation hearing for Mr. Cox's appointment.

Lastly, Mr. Davis stated that it is the time of year for ODFA to engage in financial audits for FY 23. Mr. Davis added that unless a board member has an issue, it is his intention to engage with HBC, CPA's Advisors. Mr. Davis has reviewed the engagement letter and the fees remain flat from the FY 22 audit. He will sign the engagement letter and the auditors will start working in August, September and the audit report will be presented to the board in October.

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 21st day of April 2023.

Keith Ventris
Chairman

SEAL
Pete Conroy
Assistant Secretary