

**MINUTES OF
REGULAR MEETING OF THE DIRECTORS OF
THE OKLAHOMA DEVELOPMENT FINANCE AUTHORITY
April 26, 2023**

The Directors of the Oklahoma Development Finance Authority held a Regular Meeting at 10:00 a.m. on Wednesday, April 26, 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 MARCH 29, 2023

Minutes of the meeting held March 29, 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. Carey seconded the motion. All members present voted Aye.

FINANCIAL REPORT

Mr. Davis stated that the trended balance sheet and income statements are on pages 18-19 in the board packet. The revenue for the 9 months into FY 23' is \$1.8 million, compared to \$960,000 this same period a year ago. The expenses are up slightly up at \$855,000 FY 23' year to date versus \$755,000 this same period last year. The operating net income is \$935,917 compared to a \$202,000 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. Shipley seconded the motion. All members present voted AYE.

NEW LOAN APPLICATIONS/PROJECTS

A. Oklahoma Development Finance Authority (ODFA) – \$150,000 Oklahoma Community Economic Development Pooled Finance Act Award (Baskins Machined Products, 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 (Baskins Machined Products, LLC, Project), Series 2023, 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.

Mr. Stoner stated that a summary of the projects that are in the process right now are on pages 30-31. Currently there are 59 projects that have been awarded by the Department of Commerce and approved by the Board. The outstanding balance is \$58 million and this leaves \$142 million of availability.

The first agenda item is for \$150,000 Oklahoma Community Economic Development Pooled Finance Act award for Baskins Machined Products. The summary is on page 32 and Ms. Harris discussed the project.

Ms. Harris introduced Mr. Jason Osborn with Baskins and he gave a brief overview of the company. Mr. Osborn stated that Baskins started in 2012. Baskins is an aerospace manufacture specializing in highly complex hard metal machining. Baskins is planning to expand the footprint of its Collinsville facility by 67% with the addition of 19,000 square feet to its existing 28,000 square feet. The expanded facility will allow Baskins to add coating processes to its capabilities.

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 \$150,000. Baskins Machined Products will be able to capture withholding taxes quarterly over the next two years, with a maximum incentive of \$150,000.

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) – \$750,000 Oklahoma Community Economic Development Pooled Finance Act Award (Ditchwitch 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 (Ditchwitch Project), Series 2023, in an aggregate principal amount estimated at \$750,000 (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 \$750,000 Oklahoma Community Economic Development Pooled Finance Act for Charles Machine Works/Ditchwitch/Toro. Last April this company was before the board for a project of about \$35 million capital spend in Perry, OK. As the project has changed, we have this additional application where the capital investment is closer to \$60 million. The Oklahoma Department of Commerce identified the additional project as a net positive benefit to the State of Oklahoma and have issued an additional incentive award of \$750,000. Ditch Witch will be able to capture withholding taxes quarterly over the next four years, with a maximum incentive of \$6,750,000 of which approximately \$2,000,000 has already been captured and paid to the Oklahoma Department of Transportation to cover the cost of the US64 improvements from the original project plan.

Mr. Stoner introduced Mr. Michael Grant, Managing Director of Construction Operations who then gave an overview of the project.

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

C. Oklahoma Development Finance Authority (ODFA) – \$350,000 Oklahoma Community Economic Development Pooled Finance Act Award (Maxcess International Corp. 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 (Maxcess International Corp. Project), Series 2023, in an aggregate principal amount estimated at \$350,000 (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 application is for \$350,000 Oklahoma Community Economic Development Pooled Finance Act Award for Maxcess International Corp. This company was a previous OIEP recipient. Mr. Stoner introduced Mr. Nick Marten and he said that they had discussions that OIEP was fantastic, but the company had a lot of other projects that they wanted to do as well. Maxcess made a separate application to the Business Expansion Incentive Program. The application was reviewed by the Oklahoma Department of Commerce, and they identified the project as a net positive benefit to the State of Oklahoma and have issued an incentive award of \$350,000. This amount is based on a capital investment of \$2.05 million. Maxcess International Corp. will be able to capture withholding taxes quarterly for over the next two years.

Mr. Caldwell made a motion to approve the project. Mr. Bradley 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) – \$150,000 Oklahoma Community Economic Development Pooled Finance Act Award (Circulus Ardmore 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 (Circulus Ardmore Project), Series 2023, 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.

Mr. Stoner stated that this is \$150,000 Oklahoma Community Economic Development Pooled Finance Act project for Circulus located in Ardmore, Oklahoma. Circulus made an application for OIEP and the Oklahoma Department of Commerce determined that this would be better suited as a stand-alone project under the Business Expansion Incentive Program. Their capital investment is \$600,000 to purchase and install a dust collection system. Mr. Stoner introduced Mr. Curt Howard who then gave a brief overview of the project.

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 \$150,000. Circulus will be able to capture withholding taxes quarterly over the next two years, with a maximum incentive of \$150,000.

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

E. Oklahoma Development Finance Authority (ODFA) – \$200,000 Oklahoma Community Economic Development Pooled Finance Act Award (WW 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 (WW Manufacturing Project), Series 2023, in an aggregate principal amount estimated at \$200,000 (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 introduced the project for WW Livestock Systems located in Thomas, Oklahoma. This company also applied through OIEP in the beginning of April and through that evaluation process the Department of Commerce made a recommendation for an incentive award of \$200,000 for the next two years based on a capital investment of more than \$1.2 million for equipment used in powder coat painting systems. Mr. Stoner introduced Mr. Greg Tubbs with the company who then gave an overview of the project.

Mr. Caldwell made a motion to approve the project. Mr. Bradley 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) – \$150,000 Oklahoma Community Economic Development Pooled Finance Act Award (Turner Machine 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 (Turner Machine Project), Series 2023, 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.

Mr. Stoner reported that this item is for \$150,000 Oklahoma Community Economic Development Pooled Finance Act Award for Turner Machine. The company had applied to the Oklahoma Department of Commerce, and they identified that the project is a net positive benefit to the State of Oklahoma and has issued an award amount of \$150,000. The withholding taxes will be captured for the next three years. The capital investment is more than \$500,000.

Ms. Harris introduced Mr. Brian Ridener with Turner Machine Company who then gave a brief overview.

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

G. Oklahoma Development Finance Authority (ODFA) – \$50,000,000 The Oklahoma Development Finance Authority Conduit Program – Higher Education Master Lease/Purchase Real Property Program, Series 2023

Discussion and possible action granting preliminary and final approval authorizing the Authority to enter into its 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 of not to exceed \$50,000,000 for the calendar year 2023; waiving competitive bidding and authorizing said bonds to be sold on a negotiated basis, approving a contract of Purchase; authorizing the Chairman, Vice Chairman or President to approve a Certificate of Determination setting out the terms of the bonds; approving a Trust Indenture, Master Real Property Lease/Purchase Agreement and other documents relating to said bonds; approving an Official Statement; authorizing and directing the execution of documents relating to the transactions; and containing other provisions relating thereto.

Mr. Stoner explained that the next three agenda items are related to the Master Lease Program. This program is an annual conduit bond issuance program designed to help support 25 colleges and universities in Oklahoma. This program has been an extremely efficient way for us to support Higher Education. Each of the colleges and universities can pool their projects together and we are able to capture or use as an ultimate backstop the appropriations from Higher Education to ensure revenue sources for the payment of bonds. This program reduces the rates and allows the universities to share the expenses by combining all their projects. Normally, this approval is asked for in January but, we have delayed these agenda items for different reasons.

The first agenda item is for the authorization of \$50 million for the ODFA conduit program for the Master Lease Real Property, Series 2023. This item does not have a statutory cap but \$50 million will cover the expected 2023 volume. Historically we have seen 1-10 projects go into a single bond issue. This will be reduced this year as we only have \$11 million in new projects approved through the legislature this session. We do have older projects that can be available for us to fund this year as well.

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

H. Oklahoma Development Finance Authority (ODFA) – \$50,000,000 The Oklahoma Development Finance Authority Conduit Program – Higher Education Master Lease/Purchase Equipment Program, Series 2023

Discussion and possible action granting preliminary and final approval authorizing the Authority to enter into its Higher Education Master Lease/Purchase Equipment Program and cause to be issued bonds under said Program (the “Bonds”) in one or more series in the total aggregated principal amount of not to exceed \$50,000,000 for the calendar year 2023; waiving competitive bidding and authorizing said bonds to be sold on a negotiated basis, approving a contract of Purchase; authorizing the Chairman, Vice Chairman or President to approve a Certificate of Determination setting out the terms of the bonds;

approving a Trust Indenture, Master Real Property Lease/Purchase Agreement and other documents relating to said bonds; approving an Official Statement; authorizing and directing the execution of documents relating to the transactions; and containing other provisions relating thereto.

Mr. Stoner stated that this item is like Item G. However, it is for the \$50,000,000 authorization for the ODFA conduit program for Higher Education Master Lease Equipment Program. The key differences here, obviously we are dealing with equipment versus real property. The equipment program does have a statutory \$50 million cap each year. It has been the practice of ODFA to ask for that statutory cap. These projects do not go through the legislature for review and approval. This gives ODFA the flexibility for when these projects come in and we pool them together and typically do a Spring and Fall issuance. Today we do not have any indication of what the dollars and projects might be. This authorization request is for the annual program of \$50 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

I. Oklahoma Development Finance Authority (ODFA) – Conduit Program - Higher Education Master Lease/Purchase Program, Series 2023 (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 2023

Lastly, Mr. Stoner added that the final Master Lease related issue is for the ODFA conduit Master Lease Program, Series 2023 request for professional service providers. Each year the providers are selected for this program on an annual basis. The Authority sends out RFP's and then meets with a subcommittee prior to the meeting to review in detail the RFP submissions and prices. Mr. Stoner stated that Mr. Carey had a recommendation from the Committee.

Mr. Carey stated that the subcommittee met earlier and recommends approval of the Master Lease Service Providers as follows: BOK Securities – Underwriter; Public Finance Law Group – Bond Counsel; Bank of Oklahoma – Trustee Bank; Hawkins, Delafield & Wood – Special Tax Counsel and Financial Printing Resources – printer.

Mr. Caldwell 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

J. Oklahoma Development Finance Authority (ODFA) – \$3,000,000 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 \$3,000,000 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 presented this item for an additional \$3 million for the Oklahoma Innovation Expansion Program. Last month we asked for \$15 million authorization for this program. The applications for this year came in stronger than anticipated. Mr. Stoner added that last month he was hopeful to have 200 applications with an average of \$75,000 and that we would fill up the \$15 million authorization. There were 222 applications which was a 30% increase from the prior year, and these applications doubled the amount of jobs that we saw in last year's program. The quality of the projects we received this year were better than what was received in the past. The Department of Commerce has reviewed about 140 to 150 applications so far and have used \$11 million of the authorization that was approved last month. So, we are projecting an over subscription of up to \$3 million. This additional authorization should be more than adequate to get all the applications reviewed and award those applicants that will have a net positive benefit to the State.

Mr. Kisling added that this is a net benefit program and any time we invest \$10 million, \$15million etc. the State is going to be receiving more tax dollars back than the tax dollars that will be paid to the companies. So, increasing the amount means that we are increasing the revenue to the State. The second point that Mr. Kisling made was that the applications this year were phenomenal, as well as the number of applicants. Mr. Kisling attributes that to Mr. Stoner and Ms. Harris for all the training events that they did across the state. Mr. Kisling felt like that had not been done in the past, so it was new this year and this brought in roundtable discussions that contributed to the awareness of the program and the quality of the program. Mr. Kisling added that he was so excited for all the applications this year and kudos to Mr. Stoner and Ms. Harris for all the work they did.

Mr. Davis stated that this program was called Bounce Back in 2020 and was a response to Covid for our Oklahoma owned businesses and manufacturers. We are now in our 4th year, and it has grown each time. Mr. Davis added that the staff and the work that they did and the travel that was put in for 2 months leading up to the applications period is one of the reasons we are seeing this level of volume and success. Mr. Davis said that the team tries to get out and see as many of the projects as possible. The Department of Commerce goes out and takes pictures and does a press release and it's a benefit for the State, The Department of Commerce and he has heard companies

say that it is a marketing piece for them as well. It is a big deal for these companies. Often, in economic development you have existing companies that are looking at all the money being thrown at attracting companies that have not been in the state. This program highlights the fact that Oklahoma takes care of its own. Mr. Kisling added that it is the best existing program assisting companies in the Nation.

Mr. Kisling 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

REVIEW AND POSSIBLE APPROVAL OF TRAVEL CLAIMS

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

PRESIDENT'S REPORT

Mr. Davis reported that the Operations and Business Development report was located on page 38 and 39. The report is detailed, and he entertained any questions from the Board.

Mr. Davis then discussed a project we had done with Leading Life Senior Living – Autumn Leave’s, Series 2017. They ran into financial trouble during COVID which caused reduced occupancy, higher personnel costs, higher operating costs with the cleaning and sterilization and they never recovered. They filed for bankruptcy and the court ordered them to auction the facilities and that closed on March 17th. There was a window that was open for creditors to file proofs of claim.

As part of ODFA’s bond issuance there is a continuing disclosure agreement; and the beneficiary of the proceeds is responsible for making public disclosures of material events and operating reports. These are things that the Authority monitors. When a material event happens, we receive an alert email, and we look at them. When they first began to have financial trouble, we looked at the financials and could see that they were in real trouble, so we turned the accruals off for the semi-annual admin fees. There are no accruals on the books, but ODFA did file a claim for a little over \$58,000 for past due fees. There were 14 total claims that had been filed on the claims docket which includes the Authority. There are \$15,500 that are priority which are taxing entities. There is \$33,217,142 that is secured. Mr. Davis added that there is not enough money to cover the entirety of the secured bonds, so he is not sure what the likelihood of recovery will be. We do have our claim in, and we are following this, and we will do everything we can to collect those fees.


Lastly, Mr. Davis reported that the Authority is continuing to work on compliance with the utility securitization, coordinating with the Oklahoma State Treasurer's Office and the trustee. The issues have been out long enough that we are hitting semi-annual requirement dates and some other reporting and compliance items. He is also monitoring the Oklahoma Corporation Commission and has been reviewing their agendas. At a minimum we have one staff member that have been watching these hearings. One of the things that was approved 2-1 by the Commission were additional fuel costs recovery for ONG, OG&E and PSO for 2021. This led to a lot of discussions that also bled over into utility securitization period associated with winter storm Uri. Commissioner Hyatt and Commissioner David voted yes, and Commissioner Anthony was opposed. After that hearing, Commissioner Anthony filed another dissenting opinion that was 179 pages. Commission David put out a concurring statement regarding those agenda items and addressing some of the points that Commissioner Anthony had raised. The final orders relative to winter storm Uri and the additional fuel costs for calendar 2021, appears to be final.

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

These minutes officially approved and adoption this 31st day of May, 2023.



Chairman

SEAL



Assistant Secretary

