

**MINUTES OF
REGULAR MEETING OF THE DIRECTORS OF
THE OKLAHOMA DEVELOPMENT FINANCE AUTHORITY
June 28, 2023**

The Directors of the Oklahoma Development Finance Authority held a Regular Meeting at 10:00 a.m. on Wednesday, June 28, 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. Hopper Smith, Ex-Officio – ABSENT
Mr. D.R. Shipley, Member - ABSENT

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 MAY 31, 2023

Minutes of the meeting held May 31, 2023, had been sent electronically to the Board Members prior to the meeting and the reading was waived. Mr. Carey 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 20-21 in the board packet. The revenue for the 11 months ended May 31st, of FY 23' is up 83% from \$1,146,000 to \$2,104,000. The expenses are up slightly from \$925,000 the same period a year ago to \$1,035,000 this year. The operating net income is just over \$1,069,000 compared to a \$222,000 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) – Health System Revenue Bonds (Oklahoma Proton Foundation)

Discussion and possible action with respect to a resolution pertaining to the approval of a Second Supplement to Indenture of Trust and Security Agreement for the benefit of the Oklahoma Proton Foundation, securing the ODFA's Health System Revenue Bonds, Series 2021 (Oklahoma Proton Center) in the aggregate principal amount of \$72,170,000

Mr. Stoner stated this item is for the benefit of the Oklahoma Proton Foundation. The ODFA Health System Revenue Bonds were originated in 2021. Part of the bond documents outline specifically how the management fee is paid to the principals. The bond holders as well as principals have agreed to some changes to reflect that, however it does require a resolution and approval by this Board and updating some documents. Mr. Stoner introduced Mr. Jered Davidson with Public Finance Law Group to answer any questions or add additional comments.

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, Ventris
NAY: NONE

B. Oklahoma Development Finance Authority (ODFA) – \$8,500,000 Oklahoma Community Economic Development Pooled Finance Act Award (AAON 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 (AAON, Inc. Project), Series 2023, in an aggregate principal amount estimated at \$8,500,000 (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 28 through 30 is a full pipeline of projects that we have been working with under the Pooled Finance Program. The OIEP program along with the projects that are being considered today brings the total to just shy of \$75 million. There is \$125 million of capacity remaining in the program.

Mr. Stoner then added that Item B. is for \$8,500,000 Oklahoma Community Economic Development Pooled Finance Act Award for AAON, Series 2023. Mr. Stoner added that Ms. Harris will introduce the guests. Ms. Harris introduced Mr. Austin Embry, AAON and Mr. Brien Thorstenberg, Tulsa Regional Chamber. Mr. Embry gave a brief overview of the project. AAON manufactures and designs HVAC systems. They are making a \$30.5 million capital investment to expand and renovate office space and purchase and install machinery in its manufacturing space at their facilities in Tulsa, OK

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 \$8,500,000. This will pay out over three years.

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

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

C. Oklahoma Development Finance Authority (ODFA) – \$350,000 Oklahoma Community Economic Development Pooled Finance Act Award (Allan Edwards, 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 (Allan Edwards, Inc. 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 Allan Edwards located in Tulsa, Oklahoma. They are making a capital investment of \$1.4 million to construct and purchase equipment necessary to establish a training facility for pipeline, including natural gas, water, and oil pipelines, as a complement to the existing pipeline products manufactured by Allan Edwards. Ms. Harris introduced Melanie Medley who then gave an overview of the company and 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 \$350,000. Allan Edwards will be able to capture withholding taxes quarterly over the next three years, with a maximum incentive of \$350,000.

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, Ventris

NAY: NONE

D. Oklahoma Development Finance Authority (ODFA) – \$2,250,000 Oklahoma Community Economic Development Pooled Finance Act Award (Blue Bell Creameries, 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 (Blue Bell Creameries, Inc. Project), Series 2023, in an aggregate principal amount estimated at \$2,250,000 (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 is \$2,250,000 Oklahoma Community Economic Development Pooled Finance Act project for Blue Bell Creameries, Inc. located in Broken Arrow, Oklahoma. Blue Bell has a capital investment of \$73 million expansion project that will be an addition of an automated storage and retrieval system warehouse that will hold approximately 8,500 pallets. This will also include an expansion in their dry storage area and will improve the flow of employees and good throughout the plant.

Ms. Harris introduced Brian Baysinger and Marty Kilgore from Blue Bell, who then gave an overview of the company and 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 \$2,250,000 to be paid over the next four years.

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, Ventris

NAY: NONE

E. Oklahoma Development Finance Authority (ODFA) – \$2,000,000 Oklahoma Community Economic Development Pooled Finance Act Award (Hill’s Manufacturing, 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 (Hill’s Manufacturing, LLC 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 this project is for \$2,000,000 Oklahoma Community Economic Development Pooled Finance Act Award for Hill’s Manufacturing, LLC. Hill’s Manufacturing is making an investment of \$54 million in their new facility in Clinton, Oklahoma. They have recently acquired Red Collar Pet Foods to expand capacity to meet growing demand for its science-led pet nutrition.

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 to be paid over the next five years. Mr. Stoner introduced Ms. Paige Henry who provided an overview of the company and the project.

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, Ventris

NAY: NONE

F. Oklahoma Development Finance Authority (ODFA) – \$150,000 Oklahoma Community Economic Development Pooled Finance Act Award (Red River Pallet, 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 (Red River Pallet, Inc. 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 last month we talked about several OIEP applications that came in April that moved to BEIP either because of the size of the award or the time allowed for an award. This is one of those projects. Red River Pallet, Inc. applied through OIEP, and the award was recommended by the Oklahoma Department of Commerce after their net positive benefit evaluation of \$150,000 over a four-year period, which moves it into the BEIP program.

Red River Pallett, Inc. is making a capital investment of \$300,000 for new machinery to increase production of recycled wood waste. Mr. Stoner introduced Mark Greufe who then gave a brief overview of the company.

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

AYE: Bradley, Carey, Caldwell, Cox, Ventris

NAY: NONE

REVIEW AND POSSIBLE APPROVAL OF TRAVEL CLAIMS

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

PRESIDENT’S REPORT

Mr. Davis reported that the Authorities Business Development Report is on pages 36-37. Mr. Davis added that there are seventy-five active projects under the Business Expansion Incentive Program. There is a \$200 million capacity in the program for future awards. Currently the outstanding awards is \$75 million. There is still capacity in the program of \$125 million.

The Series 2022 Oklahoma Innovation Expansion Program, which is the annual program of smaller awards. We were able to aggregate several different projects to make the upfront and continuing administrative costs more economical. There were 125 project awards for \$9.1 million that were closed. There were 91 of these companies that paid off and 17 of these companies partially paid off and there were 17 companies that withdrew from the program. This program ran from May 2022 and concluded this month, June 2023. The total disbursed in this program was \$7.93 million. These incentives are paid for performance and there were companies that did not achieve the award because there were not additional employee withholding taxes to fund the award. The Authority did not pay out the full amount that was awarded.

The OIEP Series 2023 is under way. There were 178 companies that were approved for the program at \$13.5 million. The first payments will begin July 15th. This month has been a heavy lift for staff in coordinating with companies to get the funding agreements and documents in place. As well as work and coordination with the Oklahoma Department of Commerce to encourage the companies to provide documentations and the 10% spend towards the capital investment that they applied for. Mr. Davis added that no funds are released to the companies until they show that they have invested 10% of what they provided in their application to the Oklahoma Department of Commerce. Last month there for 14 Business Expansion Incentive Projects on the agenda. Several of these BEIP projects spun out of the OIEP. When Mr. Jon Chiappe evaluated the applications, he identified the fact that these were bigger projects and would fit the BEIP better.

The Authority is currently working on the Master Lease Real Property 2023A transaction. This might be the only project for this program this year. It is a relatively small project at \$11.3 million. This will provide financing for Eastern Oklahoma State College, Murray State College, Northern Oklahoma College, and Redlands Community College. These bonds are expected to price July 27th and close August 3rd. This will be the first time that the Authority has been in the market since November 2022 with this program. Mr. Davis feels that there will be a price discovery on what financing costs. He believes it will be a shock. This morning as he was looking at the Fed Fund Futures there is a strong probability that there will be another 25-basis point increase at the next Fed meeting on July 26th.

Next, Mr. Davis reported on the utility securitization program. The administration of the utility securitization requires monthly and semi-annual activities posting information. As well as monitoring and in close communications with the Trustee, utilities, and the Treasurer's Office. Mr. Davis added that he is glad that Ms. Burgard is on staff, she brings many years of bond administration from the Oklahoma Student Loan Authority.

Mr. Davis stated on top of working with 178 companies through OIEP and trying to get funding agreements in and answering any questions on any legal documents, we have also been busy with the semi-annual invoicing for June 30th. The total number of outstanding bond issues have fallen but when we look back to June 2017, we had 102 outstanding bond issues and bond balances of about \$2.2 billion. This billing cycle we had 93 outstanding bond issues and it represents \$5.5 billion in Oklahoma Development Finance Authority bonds held by the public. The total amount of invoices that have gone out is \$738,000. The semi-annual revenue has grown substantially. In FY 2018 the total revenue for the semi-annual bond invoicing was \$1.2 million. For FY 2023 we

will be at about \$1.43 million. This represents some significant milestones such as the OU Med transaction, which at the time was the largest transaction in the history of the Authority since its creation in 1974. That transaction was done in 2017. Then the Oklahoma State University refunded several of the Master Lease bonds away from the Authority and this gave us hit in 2022. The most recent significant transactions were the utility bonds. This semi-annual invoicing is a revenue stream for the Authority. While being non-appropriated and a self-sufficient agency it is important that we have these revenues to continue to carry out the work that the Authority's mission.

Mr. Davis added that the Oklahoma Incentive Evaluation Commission, which is a statutory Commission, was set up to evaluate every state incentive once every four years. The Business Expansion Incentive Program also known as the Pooled Finance Program is on the list this year. It was most recently evaluated in 2018. Mr. Davis's team is working closely with the Oklahoma Department of Commerce and the consultant that is putting together the evaluation of the report and recommendations to the Incentive Evaluation Commission. This is the PFM Group and Mr. Davis feels excited about the evaluation this time because in 2018 when we did this, what we had was the Business Expansion Incentive Program. We had been working with largest of the large manufacturers in the State and maybe some midsize companies. This evaluation will be the first one that considers Bounce Back, which evolved into the Oklahoma Innovation Expansion Program. If you include Bounce Back, this program has been in place for four years now. There are great success stories. In addition to this, in 2019 the Public Private Partnership component of the program went into place, and we have now done work at both Tulsa Ports and the Port of Muskogee, projects include both rail and flood mitigation. There has been work completed for 4 of the 5 military installments in the state of Oklahoma with critical water and road infrastructure. We have also worked with other Oklahoma cities and towns providing critical infrastructure and securing federal grants.

Mr. Davis thanked Director Caldwell for attending the Oklahoma Business Roundtable. The Authority has been a member of the Oklahoma Business Roundtable for many years. It is a great organization with a lot of economic development. They had a membership meeting in Tulsa and Mr. Davis and Mr. Stoner were both out of town on business. Mr. Davis always likes to have the Authority represented and Director Caldwell was gracious enough to step up and attend the meeting.

Mr. Davis stated that Mr. Jon Chiappe, the Deputy Director of Commerce, and Head of Research is here in attendance today and Mr. Davis asked if he had any updates that he would like to share. Mr. Chiappe stated that there are several projects in the pipeline, and he appreciates the support of the agency and the Board. Mr. Davis added that at this time the state of Oklahoma is operating without a Secretary of Commerce. Director Kisling left the Department of Commerce June 8th and an interim director has been named. His name is Hopper Smith, he was General with the National Guard, and he has spent some time in the Legislature as a representative. He was currently at Commerce with the ACES (aerospace) group. Mr. Davis added that he has known Hopper for about four years predating his time at the Department of Commerce. He was previously the Executive Director for Oklahoma Workers Compensation Commission. He has done a great

job at Commerce with ACES, and he will be a great board member during his interim position as director of Commerce.

Lastly, Mr. Davis thanked all the companies that attended the meeting and made presentations. It is great to hear the stories from all the companies.

Mr. Davis stated that this concluded his 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. Caldwell made a motion to adjourn. Mr. Carey seconded the motion. All members present voted AYE.

These minutes officially approved and adoption this 20th day of July, 2023.

Keith Ventris

Chairman

SEAL

Pete Carey

Assistant Secretary

