

**MINUTES OF
REGULAR MEETING OF THE DIRECTORS OF
THE OKLAHOMA DEVELOPMENT FINANCE AUTHORITY
October 25, 2023**

The Directors of the Oklahoma Development Finance Authority held a Regular Meeting at 10:00 a.m. on Wednesday, October 25, 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. Peter Carey, Secretary
Mr. Hank Bradley, Member
Mr. Matt Caldwell, Member
Mr. Bridger Cox, Vice Chairman
Mr. D.R. Shipley, Member
Mr. Hopper Smith, 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 SEPTEMBER 27, 2023

Minutes of the meeting held September 27, 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. Smith seconded the motion. All members present voted Aye.

FINANCIAL REPORT

Mr. Davis stated that on pages 68 and 69 are the trended financials. The revenues are down slightly 3% ending September 30th. The first quarter of FY'24 at \$741,000 versus \$766,000 a year ago. The expenses are down 7% at \$274,000 versus \$294,000 a year ago. The net income is slightly down at \$467,200 compared to \$471,600 last year. Mr. Davis added that ODFA is in line to where he expected to be and there is still good revenue to be had. He feels this trend will continue through the end of the year.

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) – \$1,750,000 Oklahoma Community Economic Development Pooled Finance Act Award (Alliance Steel Project)

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 (Alliance Steel Project), Series 2023, in an aggregate principal amount estimated at \$1,750,000 (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 reported that beginning on page 92 is the Business Expansion Incentive Program pipeline report. Over the last handful of months this has grown to a 3-page report. There are 78 active projects in the pipeline. ODFA’s current outstanding balance is just shy of \$80 million. This leaves \$120 million available. This includes the projects on the agenda today.

The first agenda item is for ODFA’s \$1.75 million Oklahoma Community Economic Development Pooled Finance Act for Alliance Steele. On page 95 is a summary of the project. ODFA is familiar with Alliance Steel as they applied for the OIEP last year for a piece of equipment. This was

quickly paid off. After talking to Mr. John Deinhardt, Director of Manufacturing for Alliance Steel building systems they had a lot of other projects they needed to do. They looked at the capital investments for the next two years primarily in equipment. In the summary it shows Alliance Steel has \$5.8 million in new equipment purchases over the next 2 years. Alliance Steel submitted an application, to the Oklahoma Department of Commerce. The Oklahoma Department of Commerce has identified the project is a net positive benefit to the State of Oklahoma and has issued an incentive award of \$1.75 million that will be paid out in the next three years.

Mr. Stoner added that Alliance Steel is based in Oklahoma City; and they are a custom designed and steel building systems. Mr. John Deinhardt then gave a brief overview of the project.

Mr. Carey 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, Shipley, Smith, Ventris
NAY: NONE

B. Oklahoma Development Finance Authority (ODFA) – \$2,500,000 Oklahoma Community Economic Development Pooled Finance Act Award (ASCO 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 (ASCO 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 this application is for \$2,500,000 Oklahoma Community Economic Development Pooled Finance Act for ASCO the project summary is on page 96. Ms. Harris stated that about a year ago she visited ASCO in Stillwater, Oklahoma and they were saying that they needed equipment for a project. This project will create 160 new jobs and over the next 5 years the capital investment will be \$11.2 million. The Department of Commerce has awarded them \$2.5 million over the term of 4 years. Ms. Harris then introduced Mr. Kevin Russell who then gave a brief overview of the project.

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, Shipley, Smith, Ventris

NAY: NONE

C. Oklahoma Development Finance Authority (ODFA) – \$1,750,000 Oklahoma Community Economic Development Pooled Finance Act Award (Dot Foods 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 (Dot Foods Project), Series 2023, in an aggregate principal amount estimated at \$1,750,000 (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 application is for \$1,750,000 Oklahoma Community Economic Development Pooled Finance Act Award for Dot Foods. On page 97 is a summary for the project. Dot Foods submitted their application for the Economic Development Pool, they are headquartered in Mt. Sterling, Illinois. Dot Foods is the largest food industry redistributor in North America with 13 distribution centers across the US and 2 in Canada. They are looking to make a capital investment of \$13.9 million. Dot Foods, Inc. is planning to construct and equip an additional 30,000 square feet to the freezer portion of the distribution facility in Ardmore, OK. The project will add 34 new jobs. Mr. Stoner introduced Mr. Rod Hendry, General Manager of the Ardmore distribution center. He also introduced James Gomochak with Incentis Group as well as Bill Murphy with the Ardmore Development Authority. Mr. Rod Hendry gave a brief overview of the project.

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, Shipley, Smith, Ventris

NAY: NONE

PRESENTATION AND POSSIBLE VOTE TO APPROVE THE ODFA AUDIT FOR FISCAL YEAR ENDED JUNE 30, 2023

Mr. Davis introduced the auditor from HBC, Mr. Chris Heim. Mr. Heim thanked the Board for engaging HBC to perform the audit and thanked the Board for engaging them in the audit and having them out for the presentation. Mr. Heim introduced Tamara Burton who helped with the audit as well. The management discussion and analysis are on page 70 of the board packet. This provides a good year over year comparison. Mr. Heim stated that he wanted to hit on a couple of changes. When you look at the total assets there was an increase of approximately \$1.1 million, this was primarily due to changing net position on the net income \$1.1 million the current year. Under the current assets and other non-recurring assets there was an increase of non-occurring assets of around \$2 million. This was because ODFA took advantage of interest rates and

Page | 4

purchased CD's and treasury notes. These were both reported on the current assets and the other non-recurring assets. The operating revenues increased around \$1 million which was the increase in net position or the net income for the agency. Mr. Heim added that it was all good news on the financial side of it. He then went to page 73 which is the auditor's report. The second paragraph is the auditor's opinion. It states that in their opinion the financial statements presented fairly in all material respects. This is a clean opinion and the best opinion that can be offered.

Mr. Heim then went to page 90 of the board packet and stated that this was their report on internal controls and compliance. This is a by product of what the auditors do. The auditors are engaged to perform an audit on the financial statements and for an opinion which was provided in the first report. As the auditors are getting comfortable with the numbers and disclosures, we look at the internal controls to see if you are in compliance with the laws and regulations. Mr. Heim stated that he is happy to present that there were no findings in ODFA's internal controls or compliance with state statutes, laws, regulations, etc.

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

AYE: Bradley, Carey, Caldwell, Cox, Shipley, Smith, 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 Board just heard about 3 new business expansion incentive program awards. He was glad to hear from Dot Foods and it is a common theme that this program is the incentive that allows a project to move forward. Dot Foods has been working on this project for 11 years and now utilizing this incentive to offset capital investments. The project is now moving forward. This is an example of what tips the decisions in out of state board rooms, where they are looking at how many other facilities where they can make their capital investments. The folks around those tables don't have the same affinity for Oklahoma or Ardmore that we do.

Mr. Davis then gave an update on the Oklahoma Innovation Expansion Program, Series 2023. There were 178 companies that were originally awarded for \$13.5 million. This program was a pay for performance program. The companies had 90 days to illustrate they had spent their minimum 10% of capital expenditures that they applied for. There were some other reasons why some companies fall out but there were 166 companies that qualified for the OIEP Program. Mr. Davis added that 12 companies did not qualify in the first 90 days, but this is evidence that the

companies must perform. Through October there was \$5.9 million that had been disbursed of the \$13.5 million. This program ends in June 2024, and he expects to partner with the Oklahoma Department of Commerce, the Oklahoma Manufacturing Alliance and do the program again for 2024.

Mr. Davis reported that there will be 2 Master Lease Program transactions that will be in the market soon. One will be real property and the other will be an equipment project. The real property transaction will be 2023B for \$10.1 million for Murray State University student union project and a video board for the University of Oklahoma. The pricing will be November 15th and will close November 30th.

Mr. Davis added that unfortunately he was unable to make the meeting in Clinton but as Mr. Stoner had pointed out if there are board members that would like to go see the selling of these bonds at the Bank of Oklahoma Securities downtown to let him know and he will make the arrangements. There will be no business conducted. The 2nd transaction is for the Master Lease Equipment 2023A, \$3.6 million this is to fund airplanes for the University of Oklahoma. These bonds will price on November 29th and are expected to close on December 13th.

Mr. Davis updated the Board with the utility securitization. He stated that things are getting smoother. Mr. Davis added that he could not commend Ms. Burgard enough. She has been an asset and has done a great job.

The Incentive Evaluation Commission is in their 8th year. This is a state commission that was constructed to evaluate every one of the State's incentives at least once every 4 years. Mr. Davis stated that he follows it every year. The pooled finance incentive is on the list this year and tomorrow at 10:00 they will have public comments. Mr. Davis has spoken to the Chairman of the Commission, and no one had signed up to make public comment on that program. Mr. Davis spent time with the Department of Commerce and the consultants. The draft report is favorable. Mr. Davis added that the consultants make a recommendation on each incentive. The recommendation this year was to retain the incentive with no modifications. Mr. Davis added that we had good clean audit opinion, and this is a good clean IEC opinion as well.

Lastly, Mr. Davis reported that last week he spent some time working with the Treasurer's Office. Moody's released a rating action on October 18th to revise Oklahoma's outlook to positive and affirmed AA2 rating. Although, the issuer rating did not go up, it is important that we went from stable to positive. Standard and Poor has taken the same action earlier this year. Rating agencies had positive remarks for the low volume of state supported debt, the higher levels of liquidity and the continued diversification of our economy. Primarily, the work that has been done with Aerospace is now the second largest sector for the State. Mr. Hopper Smith added that between 2012 and 2022 the aerospace industry has almost quadrupled. Mr. Davis stated this is a very good report and that he would love to see the Issuer rating go up a notch. We were there and when we were struggling through 2-3 years of budget holes and one being over a billion that was a nick. Once they downgrade you it takes a lot longer to get upgraded.

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. Shipley made a motion to adjourn. Mr. Cox seconded the motion. All members present voted AYE.

These minutes officially approved and adoption this 16th day of Nov., 2023.

Keith Ventris
Chairman

SEAL Pete Cox
Assistant Secretary

