

**MINUTES OF
SPECIAL MEETING OF THE DIRECTORS OF
THE OKLAHOMA DEVELOPMENT FINANCE AUTHORITY
November 16, 2023**

The Directors of the Oklahoma Development Finance Authority held a Special Meeting at 2:00 p.m. on Thursday, November 16, 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. Bridger Cox, Vice Chairman
Mr. D.R. Shipley, Member
Mr. Hopper Smith, Ex-Officio

The following members of the Authority were ABSENT:

Mr. Matt Caldwell, Member

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 Special 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 OCTOBER 25, 2023

Minutes of the meeting held October 25, 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.

NEW LOAN APPLICATIONS/PROJECTS

A. Oklahoma Development Finance Authority (ODFA) – \$5,000,000 Oklahoma Community Economic Development Pooled Finance Act Award (Rapid Community Response Program – Ardmore Development Authority, 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 (Rapid Community Response Program – Ardmore Development Authority), Series 2023, in an aggregate principal amount estimated at \$5,000,000 (the “Award”); approving and authorizing the execution and delivery of a Funding Agreement and other related documents; and containing additional matters relating thereto.

Mr. Davis thanked the Board of Directors for being available and flexible for the Special meeting that was needed given the nature and how the State is trying to respond to the news that was given to Ardmore with the closing of Michelin. There are a finite number of months that remain, and we would like to maximize our ability to capture withholding taxes to support the region.

Mr. Davis also gave a thank you to his staff of 5. There is not a single person on the staff that doesn't touch these programs. Everyone has come together, and we have worked out the details and the administrative details of this project. Mr. Davis thanked the staff at the Oklahoma Department of Commerce that he has been collaborating with in trying to provide solutions. Mr. Davis views this situation a lot like COVID and what was done with the Bounce Back Program. When the Legislature moved to proxy systems and sent people home and focused on the budget, there wasn't a legislative solution to help our Oklahoma companies and we utilized the tools that were in our toolbox in a new way. This was when Bounce Back was born and we then found the program to be very successful and now we are in year 3 of Oklahoma Innovation Expansion Program. This year alone we worked with 166 Oklahoma companies in providing them with resources to retain workforce, create new jobs and buy new equipment that increase their capabilities and provide diversified revenue streams. This program has been very successful. Mr. Davis said that he really appreciates the relationships that he has in working with Commerce and he feels this is the reason that we can respond within 3 weeks from the day the announcement was made. After the approvals with this board there will only be one other step and that will be a signed agreement with the Ardmore Development Authority. This should not take long and then we can get started.

There are two agenda items relevant to this program. The Oklahoma Department of Commerce is the tip of the spear on business retention and the rapid response with this kind of situations. This program was set up by the Oklahoma Department of Commerce and ODFA is the administrator.

Mr. Davis then summarized the two agenda items. The first agenda item requests authorization to collect up to \$5 million of the Michelin's employees state withholding taxes. The dollars will be utilized to incentivize other companies in the region to invest, expand and hire some of the employees that suffered job loss. Some of the money will be utilized for entrepreneurial support, and some money will be utilized for strategic planning for the City of Ardmore and the entire region.

Agenda Item B is another \$5 million authorization to fund awards to companies in the region that the Oklahoma Department of Commerce determines are qualified as a net positive benefit. This agenda item will look like the agenda item that the board has seen for the Oklahoma Innovation Expansion Program each year where the Board was asked to authorize ODFA to fund awards up to a certain dollar before the application window opened. Mr. Davis stated that at the time we did not know the companies or how many companies there would be. This then authorized ODFA to fund the awards once the net positive award letter approval from the Oklahoma Department of Commerce is received. Also, by getting these authorizations ODFA will move the project forward immediately and report back to the board on who the companies were and what the award amounts were, just like we do with OIEP.

Mr. Davis added that ODFA has worked with Michelin over the years. In 2004 the State of Oklahoma through the ODFA provided \$29,280,000 in incentives to Michelin that were reinvested into the plant. The last transaction was in 2013 which was a \$10 million Business Expansion Incentive Program award.

Mr. Davis then introduced Mr. Bill Murphy, President/CEO of the Ardmore Development Authority. Mr. Murphy thanked the Board, the Department of Commerce and the ODFA and elected officials, including the Lt. Governor. Mr. Murphy stated that the Lt. Governor was the first call that he received after the Michelin announcement. That call meant a lot to him and the community. This program reflects the responsiveness of the Oklahoma Department of Commerce working with existing companies. The ODFA has been an incredible partner again twice in the last two weeks. Michelin has been a tremendous community partner over the years and while a difficult decision for them to make, they have been cooperating with the Ardmore Development Authority. Again, Mr. Murphy thanked the Department of Commerce, Jennifer Springer, Hopper Smith, and Jon Chiappe and the work that they have done so far; and he can't say enough about the partnership with Michael and Jeremy and the work of ODFA. Mr. Murphy thanked the Board in advance for the consideration today.

Mr. Davis pointed out that he considers Michelin a partner in this response. To get here today it required their endorsement and signature. Michelin is an international publicly traded company and have headquarters in North America. They want to support and do whatever they can for the employees that will be left behind. Michelin has been an integral part of this process.

Mr. Davis then introduced Mr. Jon Chiappe, Director of Research and Economic Analysis who gave an overview of the project. Mr. Chiappe thanked the Mr. Davis and the Board for its consideration for the Rapid Community Response Program. The Oklahoma Department of Commerce has existing statutory authority to create new programs to help existing businesses and programs that the Department has built and formed have been successful. Part of the reason for historical success is the collaboration with ODFA and the Board. One of the programs that was created was Bounce Back. Bounce Back was created for the response to COVID. This helped companies to diversify and expand operations as we were coming out of shutdowns. With the Board's approval in 2020 we were able to assist 71 companies in the State of Oklahoma. These companies employed 800 people in the State and the total incentives provided to the companies was \$7.39 million. Since 2020 these companies created 362 jobs and they invested \$30 million in capital investment and their payroll increased \$105 million. These company's payrolls increased from \$450 million to \$555 million. The program was a success and the economic impact was job creation, capital investment and payroll increases that led to GDP growth of about \$260 million in the State of Oklahoma. These economical impacts have caused fiscal impacts on the State.

Mr. Chiappe stated that the Department of Commerce appreciates Michelin and the partnership that they have had over the past 50 years. They have been a great corporate citizen in the State of Oklahoma, and they have invested hundreds of millions of dollars and employed thousands of people. Due to the advanced notice that Michelin gave the Department they were able to create and request approval for this project. None of the funds associated with this program will go to Michelin. The funds will be captured from the Michelin's employees withholding taxes and will be used to help the region and the City of Ardmore and the state with diversification of industries and businesses within that area. Mr. Chiappe stated that they anticipated the funds collected to be \$5 million. He was not aware of when Michelin plans to have a reduction in force. If the amount is over \$5 million and the program is successful, at that time they may come back and ask for additional authorization. If less than \$5 million is utilized, then the funds would go back to the general fund.

The Rapid Community Response Program has a few aspects associated with it. One of those is called the Rapid Community Response Program – Business Retention and Expansion Awards. This program is intended to work very similar to the Oklahoma Innovation Expansion Program. The Department of Commerce will accept applications and will review the applications for a positive benefit to the State. If there is a positive benefit to the State it will be sent to ODFA to administer the funding. The program will be used to assist existing suppliers for Michelin with plans for growth. If there is a company that is a supplier to Michelin and they are anticipating a decrease in sales, we could help find alternative markets and diversify and help find other sources of revenue to fill that gap. The Department of Commerce will work with the ODFA and the Ardmore Development Authority as well as Michelin identifying these companies. The other aspects of the program is to help entrepreneurs in the Ardmore region who are former or current Michelin employee if they want to create their own. The other aspects would be associated with strategic planning for the facility and the City of Ardmore as a whole. The last aspect of the program would be to ensure that any asset that is currently owned by Michelin would remain a marketable asset. This would supply funds for minor repairs to the facility upon transfer of

ownership. None of these funds would go to Michelin. Mr. Chiappe then respectfully asked for the Board's approval.

Mr. Davis clarified that the program has been established and this agenda item is authorizing the ODFA to begin collecting the withholding taxes and then the administration and disbursement of the funds for this project.

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

AYE: Bradley, Carey, Cox, Shipley, Smith, Ventris
NAY: NONE

B. Oklahoma Development Finance Authority (ODFA) – \$5,000,000 Oklahoma Community Economic Development Pooled Finance Act Award (Rapid Community Response Program – Business Retention and Expansion Awards), 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 (Rapid Community Response Program – Business Retention and Expansion Awards Project), Series 2023, in an aggregate principal amount estimated at \$5,000,000; waiving competitive bidding and authorizing the sale of the Notes on a private placement basis; approving and authorizing the execution and delivery of the Notes and documents; and containing other matters relating thereto.

Mr. Davis stated that this agenda item would give the ODFA the authority to operate and administer the OIEP-style portion of this program. Currently, he does not know the names of the companies or the size of the awards. This will allow ODFA to speed the response up once the approvals are made from the Department of Commerce. Mr. Davis added that he will report to the Board each project that is approved.

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

AYE: Bradley, Carey, Cox, Shipley, Smith, Ventris
NAY: NONE

PRESIDENT'S REPORT

Mr. Davis reported that this morning Incentive Evaluation Commission met and approved the consultants. They approved the PFM group and their recommendations in their final report. This report will go to the Governor and those in leadership for review and consideration in making changes. This is the 8th year of the Incentive Evaluation Commission and the program that we talked about today, the Community Economic Development Program is under review this year. This program was last reviewed 4 years ago before we had the Bounce Back Program and before the Public Private Partnership component and before we had the Oklahoma Innovation Expansion Program. There has been a lot of changes in the program and Mr. Davis has spent a lot of time with the consultants and the Department of Commerce providing data. Mr. Davis added that they went to some of the facilities and toured them that received OIEP awards so that the consultant could see it. The consultants do the analysis, they write up the final report and they basically determine to retain with modifications or just retain or in some instances over the years they recommended the legislature to eliminate the programs that were no longer working and that were not an economic benefit to the state. Mr. Davis happily reported that the pooled finance program final report was to retain with no modifications. It was a good write up and it captured all the awards that have been done and how many Oklahoma companies, (small, midsize, or large), that have been helped with this program.

Mr. Davis added that Representative Earl Sears pointed out that today is the birthday of the State of Oklahoma; it is 116 years old.

Mr. Davis stated that ODFA had been in the market this week with the Master Lease Real Property, Series 2023B. This provides capital financings for Murray State College in Tishomingo and the University of Oklahoma. The bonds were issued with 12 ½ year average life, the true interest cost was 4.54%. The market was a little higher than it was in July with the Master Lease Real Property 2023A. These bonds are tax-exempt, so they are priced off the MMD curve. The spreads were tighter but the level of the MMD curve was a little higher. Mr. Davis felt this was a great sale.

Lastly, typically the November and December meetings are combined but he told the board again how much he appreciated them getting here to get this project going. Mr. Davis believes they can start collecting revenues for the month of November and they will capture the maximum amount of months that they can. There will be a meeting on December 13th with a full agenda. He reported there are 5 business expansion incentive programs projects that the authority is currently working on. One of the projects that will be on the agenda is one of the state's largest employers. This will be a project that will help retain their employment and provides opportunities for them to hire additional people. There may also be a bond issue on the December Agenda that we are hoping to close by the end of the year.

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.

Chairman Ventris thanked the staff, the Department of Commerce, and the Ardmore Development Authority for responding amazingly fast.

ADJOURNMENT

Chairman Ventris asked if there were any announcements. Hearing none, he asked if there was a motion to adjourn. Mr. Carey made a motion to adjourn. Mr. Cox seconded the motion. All members present voted AYE.

These minutes officially approved and adoption this 13th day of Dec, 2023.

Keith Ventris

Chairman

SEAL Robert H. Carey

Assistant Secretary

