



THE OKLAHOMA DEVELOPMENT
FINANCE AUTHORITY
ANNUAL REPORT FY2021

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BOARD OF DIRECTORS

CHRIS CONDLEY	Chairman	Retired Banker
KEITH VENTRIS	Vice Chairman	President Oklahoma Bank & Trust Clinton, OK
HANK BRADLEY	Assistant Secretary	Executive Vice President BancFirst Oklahoma City, OK
PETER CAREY	Assistant Secretary	Chief Credit Officer Gateway First Bank Jenks, OK
G. BRIDGER COX	Assistant Secretary	President Citizens Bank & Trust Ardmore, OK
D.R. SHIPLEY	Assistant Secretary	Retired Banker Tecumseh, OK
BRENT KISLING	Assistant Secretary	Executive Director Department of Commerce

ODFA STAFF

MICHAEL D. DAVIS	President
JEREMY STONER	Sr. Vice President
SUNNY DOBBINS	Vice President
MELISSA BURGARD	Asst. Vice President
LORIE COLLIER	Asst. Vice President

PROGRAM DEVELOPMENT CREDIT REVIEW COMMITTEE

TOM FRANCIS	Consultant
ANDREW MESSER	State Bond Advisor
MICHAEL D. DAVIS	Credit Officer

INDEPENDENT AUDITORS

HBC CPAs, Yukon, OK

VISION STATEMENT

- The ODFA strives to operate on the leading edge of finance providing its customers with access to the latest innovations in finance within the context of the Oklahoma State Statutes.
- The ODFA provides highly technical information regarding the IRS Tax Code and credit markets.
- The ODFA approaches all challenges with a spirit of cooperation and teamwork.
- The ODFA receives no appropriations, rather, operating in the most competitive of environments, earns all of its revenues which pay for loan losses and overhead expenses.
- The ODFA is committed to integrity and service and strives for efficiency, effectiveness, and fairness.
- The ODFA is a respected financial organization, because:

The ODFA is self-supporting.

The ODFA's bonds are secure and stable.

The ODFA employs creative financing techniques.

The staff of the ODFA is committed to integrity and service.

MISSION STATEMENT

The mission of the Oklahoma Development Finance Authority is to assist in the creation, retention, and diversification of employment opportunities throughout Oklahoma. The ODFA serves the capital needs for industrial businesses, higher education, public infrastructure, and healthcare throughout the state of Oklahoma. The ODFA partners with community banks, economic developers, the Oklahoma Department of Commerce, and many others to provide various financing programs including taxable and tax-exempt commercial loans, taxable and tax-exempt bonds, and state of Oklahoma economic development incentives.

INTRODUCTION

The Oklahoma Development Finance Authority was originally created as a public trust for the benefit of the State of Oklahoma in 1974, under provisions of the Public Trust Act (Title 60 Oklahoma Statutes, 2021 § 176 et seq.). Subsequently, the role of the Authority was further clarified and expanded in 1987 with the adoption of the Oklahoma Development Finance Authority Act (Title 74 Oklahoma Statutes, 2021 § 5062.1 et seq.). This report has been prepared in accordance with Section 5062.19 and 5062.20 of Title 74.

The ODFA has the constitutional authorization to provide guarantees to enhance the credit worthiness of its revenue bond issues and other obligations. Over the last twenty years the Credit Enhancement mechanism has been used to provide Oklahoma manufacturers, colleges, and communities with a low interest rate source of financing.

During the fiscal year 2021 the ODFA completed a total of 16 projects for \$387,857,000 for universities, state agencies, 501(c)(3) non-profits and hospitals. During this same time, the Authority, as administrator of the Credit Enhancement Reserve Fund (the "Fund"), has reduced the cost of credit for selected ODFA projects. As a result, the Authority has been able to significantly leverage the assets of the Fund while providing the highest rating to ODFA Bonds.

The ODFA is self-supporting and pays operating costs and covers losses with revenues generated by operations. The Authority has never received appropriated funds from the state nor has any taxpayer generated money, of any kind, been tapped for operations or losses. This makes the Authority unique among economic development lenders throughout the United States.

The ODFA, capitalizing on its success, will continue to build, expand, and fine tune its existing programs. The Authority will begin FY 2022 financially sound with a strong program base to serve the financial needs of Oklahoma.

CONDUIT LENDING PROGRAM

The Oklahoma Development Finance Authority Conduit Program was established to provide any qualified entity an avenue to issue taxable or tax-exempt revenue bonds, notes, certificates of participation or other evidence of indebtedness.

Features and Benefits:

- Leverage the Oklahoma Development Finance Authorities market presence
- No limit on dollar amount
- Especially useful for: 501(c)3s, including colleges and hospitals, waste management programs, Industrial Development Bonds
- State income tax exemption on all obligations, producing lower borrowing costs

"Conduit" financing is characterized as a transaction in which the Authority takes no risk of repayment of the underlying loan and redemption of the ODFA debt instrument. In conduit financings, generally, such risk is borne by the purchaser/holder of ODFA's notes or bonds, or by some other party. This type of financing is the traditional "stock and trade" of local and state-wide public trust organizations. During fiscal year 2021 the ODFA completed (16) conduit transactions which provided \$387,857,000 of needed low-cost capital for Oklahoma.

<u>Type</u>	<u>Date</u>	<u>Description</u>	<u>Amount</u>
Master Lease	10/15/20	Master Real Property 2020C	\$ 3,470,000
	10/15/20	Master Real Property 2020D	41,755,000
	12/01/20	Master Lease 2020B	630,000
	12/01/20	Master Lease 2020C	4,140,000
	05/13/21	Master Real Property 2021A	9,745,000
	05/13/21	Master Real Property 2021B	35,115,000
	06/17/21	Master Lease 2021A	2,260,000
	06/17/21	Master Lease 2021B	440,000
	Revenue Bonds	10/13/20	Integrus 2020B
10/13/20		Integrus 2020C	64,770,000
10/13/20		Integrus 2020D	62,870,000
11/01/20		Duncan Regional 2020	25,732,000
02/24/21		Oklahoma Proton Center 2021A-1	49,500,000
02/24/21		Oklahoma Proton Center 2021A-2	2,170,000
02/24/21		Oklahoma Proton Center 2021B	3,000,000
02/24/21		Oklahoma Proton Center 2021C	<u>17,500,000</u>

TOTAL CONDUIT LENDING \$387,857,000

PUBLIC FACILITIES FINANCING PROGRAM

The Public Facilities Program (the “Program”) is designed to provide low-cost financing to governmental entities for practically any need. Qualifying projects must contribute to the economic viability or attractiveness of the area and demonstrate strong public support, as well as the ability to repay borrowed funds. Bonds issued under this program earn high investment grade ratings resulting in lower borrowing costs by utilizing the State’s Credit Enhancement Reserve Guarantee Program in conjunction with private bond insurance or a letter of credit facility.

Features and Benefits:

- Investment grade rating of AA+ for lower cost of borrowing
- Leverage the Oklahoma Development Finance Authorities market presence
- Fixed and variable rates
- Competitive selection of professional service providers (underwriters, bond counsel and trustee banks) resulting in lower costs of issuance
- Especially useful for: State Colleges and universities, municipal hospitals, and all State and Local governmental entities

There were no new transactions for this program during FY 2021.

INDUSTRIAL AND PRIVATE ACTIVITY PROGRAM

The ODFA intends to accomplish all financings for this category of borrowers through the existing OIFA Lending Program. However, we reserve a \$10 million allocation of the Credit Enhancement Reserve Fund capacity to provide a readily available financing vehicle for entities of the highest credit standing which would not qualify for participation under OIFA lending programs. This situation could occur because OIFA statutes require that a borrower must be engaged in industrial, agricultural processing or recreational activities. The contingency we are guarding against is one in which a credit worthy entity seeks assistance from the state in the form of financing as part of its criteria in a relocation or expansion decision.

Any decision to enter into financing involving the Credit Enhancement Reserve Fund must be approved by the Program Development and Credit Review Committee, the ODFA Board of Directors and the Council of Bond Oversight.

The OIFA Program issues tax-exempt and taxable bonds for fixed-asset expansion projects. Tax-exempt Industrial Development Bonds (IDBs) can be used by qualified manufacturers and environmental enterprises to purchase land, buildings, or new equipment, or to construct or renovate buildings. IDB issues for manufacturers generally range from \$300,000 to a federally imposed maximum of \$10,000,000.

There were no new transactions for this program during FY 2021.

CREDIT ENHANCEMENT RESERVE FUND SUMMARY

The Oklahoma Development Finance Authority is authorized to issue general obligation bonds, in an amount not to exceed One Hundred Million Dollars (\$100,000,000), for the purpose of providing an economic development credit enhancement reserve fund for the Authority. This fund shall be used by the Authority solely to secure the payment of principal, interest and premium, if any, on the revenue bonds and other financial obligations issued by the Authority after other pledged monies and other reserved funds are used to the extent allowable by law. The Legislature shall provide sufficient appropriations to pay the principal and interest of any general obligation bonds issued pursuant to this resolution. Further, the Legislature shall establish a method by law to provide for issuance of the bonds or portions thereof when it is necessary and to provide for administration of the economic development credit enhancement reserve fund.

Features and Benefits:

- Investment grade rating of AA+ or better for lower cost of borrowing
- Leverage the Oklahoma Development Finance Authorities market presence
- Competitive selection of professional service providers (underwriters, bond counsel and trustee banks) resulting in lower costs of issuance
- Limited to \$5 million per project
- Requires approval of ODFA Board, PDCRC and Council of Bond Oversight
- Especially useful for public purpose projects

There were no new transactions for this program during FY 2021.

At FY 2021, there was over \$1.2 million in the Credit Enhancement Reserve Account with a credit rating of AA+ by S&P and Moody's.

CREDIT ENHANCEMENT RESERVE FUND PROGRAM
Outstanding Bonded Indebtedness
(as of Dec. 31, 2021)

		Original	Outstanding	Remaining
		Principal	Principal	CERF Guarantee
<u>Public Facilities Program</u>				
Series 1999	Woodward Industrial Foundation ¹	\$ 1,395,856	587,056	587,056
Series 2003	Muskogee Port Authority ¹	1,500,000	407,295	407,295
Series 2007A	Washington Co. Health Dept.	4,570,000	865,000	865,000
Series 2008	Muskogee Port Authority ¹	750,000	537,116	537,116
Series 2011	Tillman County Public Facilities	3,290,000	2,170,000	2,170,000
Series 2012A	LeFlore County Health	2,380,000	1,440,000	1,440,000
Series 2013A	Rogers State University	3,000,000	1,945,000	1,945,000
Series 2014	East Central University	4,340,000	3,075,000	3,075,000
Series 2016	Dept. of Corrections	2,610,000	1,385,000	1,385,000
Series 2017	Pittsburg Co. Project	2,400,000	1,395,000	1,395,000
Series 2018	Pontotoc Co. Health	3,420,000	2,830,000	2,830,000
	Subtotal	\$ 29,655,856	\$ 16,636,467	\$ 16,636,467
<u>Quality Jobs Investment Program</u>				
Series 1996	Revenue Bonds	\$ 9,999,000	\$ 3,000,000	\$ 3,000,000
	Total	\$ 39,654,856	\$ 19,636,467	\$ 19,636,467

¹ *Guarantee of a bank loan (no securities issued).*

CUMULATIVE FINANCING TOTALS BY FISCAL YEAR
FOR THE PAST 20 YEARS

<u>YEAR</u>	<u>Amount</u>
2021	\$415,918,000
2020	\$271,625,000
2019	\$170,410,000
2018	\$1,874,120,000
2017	\$492,495,000
2016	\$181,235,000
2015	\$556,090,000
2014	\$257,785,000
2013	\$199,480,000
2012	\$263,200,000
2011	\$236,113,621
2010	\$213,760,000
2009	\$269,545,000
2008	\$422,305,000
2007	\$594,725,000
2006	\$121,915,000
2005	\$129,070,400
2004	\$241,486,099
2003	\$204,438,809
2002	\$229,643,617
2001	\$137,578,217
TOTAL	\$7,482,938,763

CERF ALLOCATION

TOTAL CONSTITUTIONAL AUTHORIZATION **\$100,000,000**

ALLOCATION TO QUALITY JOBS INVESTMENT PROGRAM \$30,000,000

INSURED OR COMMITTED THROUGH JUNE 30, 2021 \$18,363,537

BALANCE AVAILABLE FOR FY 2022 \$51,636,463

CURRENT GUARANTY MIX

AMOUNT

INDUSTRIAL AGRIBUSINESS & PRIVATE ACTIVITY \$1,728,537

QUALITY JOBS INVESTMENT PROGRAM \$3,000,000

INFRASTRUCTURE AND OTHER PUBLIC FACILITIES \$16,635,000

INSURED/COMMITTED THROUGH 12/31/21 \$21,363,537

GUARANTY MIX RESTRICTIONS

AMOUNT

INDUSTRIAL, AGRIBUSINESS & PRIVATE ACTIVITY \$15,000,000

QUALITY JOBS INVESTMENT PROGRAM \$40,000,000

INFRASTRUCTURE AND OTHER PUBLIC FACILITIES \$45,000,000

OK ECONOMIC DEVELOPMENT POOLED FINANCE PROGRAM

In 2009, the Oklahoma State Legislature created an act (amended in 2013) to make available \$200 million for economic development and infrastructure development. The program is managed by the Oklahoma Department of Commerce and facilitated by the Oklahoma Development Finance Authority. The economic development incentive utilizes employee withholding taxes of a for-profit business as a rebate of the company's capital investment.

Features and Benefits:

- OK Dept. Commerce evaluates the net positive benefit of all applications, based on
 - Capital investment
 - Jobs retained/created
 - Wage level and benefits, etc.
- Incentives are paid to the business based on collected withholding taxes
- 65% of proceeds designated for communities with population less than 300,000

During fiscal year 2021 the ODFA completed (12) Pooled Finance transactions which provided \$28,061,000 in incentives to Oklahoma businesses.

<u>Type</u>	<u>Date</u>	<u>Description</u>	<u>Amount</u>
Pooled Finance	07/01/20	Continental Carbon	\$ 349,000
	07/01/20	Vineyard Fruit and Vegetable	150,000
	08/01/20	Muskogee Port P3	2,100,000
	11/01/20	Altus Air Force Base P3	4,000,000
	11/01/20	Muskogee Port Flood Control P3	800,000
	12/01/20	Lawton Fort Sill P3	8,400,000
	12/01/20	MCCAP Haywood Rd P3	800,000
	12/01/20	Cascades MAIP	1,200,000
	01/01/21	Enid/Vance Air Force Base P3	2,500,000
	06/01/21	Red Devil, Inc.	130,000
	06/01/21	OIEP - Large	3,145,000
	06/01/21	OIEP - Small	4,487,000
TOTAL POOLED FINANCE			\$ 28,061,000

**FINANCING SUMMARY
FY 21**

10/13/20	Integris	Issue Amount: \$192,400,000
	Series 2020B, 2020C and 2020D	
	ODFA (Acceptance Fee)	\$30,000
	Norton Rose	351,784
	Ponder & Co.	192,400
	BOKF (Trustee)	15,000
	Bracewell	200,000
	Chapman & Cutler	65,000
	KPMG	60,000
	Moody's Rating	106,667
	S&P Rating	96,333
	Frederic Dorwart	13,444
	Total Fees:	\$1,130,628
10/15/20	Higher Ed Master Real Property	Issue Amount: \$3,470,000
	Series 2020C	
	ODFA (Acceptance Fee)	\$384
	Skarky Law Firm	384
	Council of Bond Oversight	732
	Public Finance (Bond Counsel)	7,500
	Hawkins, Delafield, Wood LLP	6,000
	FPR(Printer)	82
	Fitch Rating	1,918
	S&P Rating	2,494
	Total Fees:	\$19,494
10/15/20	Higher Ed Master Real Property	Issue Amount: \$41,755,000
	Series 2020D	
	ODFA (Acceptance Fee)	\$4,616
	Skarky Law Firm	4,616
	Council of Bond Oversight	8,813
	Public Finance (Bond Counsel)	11,500
	Hawkins, Delafield, Wood LLP	2,500
	FPR(Printer)	992
	Fitch Rating	23,082
	S&P Rating	30,006
	Escrow Agent	1,500
	Total Fees:	\$87,626

FINANCING SUMMARY CONT'D

11/01/20 Duncan Regional Series 2020 **Issue Amount: \$25,732,000**
Series 2020

ODFA (Acceptance Fee)	\$10,071
Skarky Law Firm	20,000
Centennial Law Group (Bond Counsel)	77,196
Bank of Oklahoma (Origination fee)	5,000
Bank of Oklahoma (Trustee fee)	3,500
Gilmore & Bell, P.C.	50,000
Conner & Winters, LLP (Counsel)	4,000
Stone Law Firm PLLC (Counsel)	3,000
Total Fees:	\$172,767

12/01/20 Higher Ed Master Lease **Issue Amount: \$630,000**
Series 2020B

ODFA (Acceptance Fee)	\$660
Skarky Law Firm	660
Council of Bond Oversight	189
Public Finance (Bond Counsel)	7,500
Hawkins, Delafield, Wood LLP	6,000
FPR(Printer)	126
Fitch Rating	1,717
S&P Rating	4,292
Total Fees:	\$21,145

12/01/20 Higher Ed Master Lease **Issue Amount: \$4,140,000**
Series 2020C

ODFA (Acceptance Fee)	\$4,340
Skarky Law Firm	4,340
Council of Bond Oversight	1,242
Public Finance (Bond Counsel)	7,500
Hawkins, Delafield, Wood LLP	1,500
FPR(Printer)	825
Fitch Rating	11,283
S&P Rating	28,208
Total Fees:	\$59,237

FINANCING SUMMARY CONT'D

02/24/21 Oklahoma Proton Center **Issue Amount: \$72,170,000**

Series 2021A-1

ODFA (Acceptance Fee)	\$18,565
Skarky Law Firm	34,809
Norton Rose Fulbright (Bond Counsel)	34,809
Foley (Counsel)	28,744
McAfee & Taft (Counsel)	35,505
Greenburg (Counsel)	39,450
Loop Capital Markets (Underwriter)	186,517
UMB Bank (Underwriter)	117,191
Bracewell (Counsel)	85,862
UMB Bank (Trustee)	10,907
UMB Bank (Escrow)	696
OPC (CPA)	9,166
Total Fees:	\$602,221

05/13/21 Higher Ed Master Real Property **Issue Amount: \$9,745,000**

Series 2021A

ODFA (Acceptance Fee)	\$1,086
Council of Bond Oversight	2,058
Public Finance (Bond Counsel)	9,500
Hawkins, Delafield, Wood LLP	12,500
FPR (Printer)	235
Skarky Law Firm	1,086
Fitch Rating	5,431
S&P Rating	7,060
Total Fees:	\$38,955

FINANCING SUMMARY CONT'D

05/13/21 Higher Ed Master Real Property	Issue Amount: \$35,115,000
Series 2021B	
ODFA (Acceptance Fee)	\$3,914
Skarky Law Firm	3,914
Council of Bond Oversight	7,414
Public Finance (Bond Counsel)	7,500
Hawkins, Delafield, Wood LLP	3,250
Escrow Agent	2,190
FPR(Printer)	845
Fitch Rating	19,569
S&P Rating	25,440
	Total Fees: \$74,036
06/17/21 Higher Ed Master Lease	Issue Amount: \$2,260,000
Series 2021A	
ODFA (Acceptance Fee)	\$4,185
Council of Bond Oversight	678
Public Finance (Bond Counsel)	7,500
Hawkins, Delafield, Wood LLP	10,000
FPR(Printer)	797
Skarky Law Firm	4,185
Fitch Rating	8,370
S&P Rating	27,204
	Total Fees: \$62,920
06/17/21 Higher Ed Master Lease	Issue Amount: \$440,000
Series 2021B	
ODFA (Acceptance Fee)	\$815
Council of Bond Oversight	132
Public Finance (Bond Counsel)	5,500
Hawkins, Delafield, Wood LLP	2,500
FPR(Printer)	155
Skarky Law Firm	815
Fitch Rating	1,630
S&P Rating	5,296
	Total Fees: \$16,843

FINANCING SUMMARY CONT'D

07/01/20	Community Economic Development Continental Carbon	Issue Amount:	\$349,000
	ODFA (Acceptance Fee)		\$3,486
	Crowe & Dunlevy (Issuer's Counsel)		3,486
		Total Fees:	\$6,972
07/01/20	Community Economic Development Vineyard Fruit and Vegetable	Issue Amount:	\$150,000
	ODFA (Acceptance Fee)		\$1,500
	Crowe & Dunlevy (Issuer's Counsel)		1,500
		Total Fees:	\$3,000
08/01/20	Community Economic Development Muskogee Port P3	Issue Amount:	\$2,100,000
	ODFA (Acceptance Fee)		\$4,000
	Skarky Law Firm (Issuer's Counsel)		8,000
		Total Fees:	\$12,000
11/01/20	Community Economic Development Altus Air Force Base P3	Issue Amount:	\$4,000,000
	ODFA (Acceptance Fee)		\$5,000
	Skarky Law Firm (Issuer's Counsel)		7,500
		Total Fees:	\$12,500
11/01/20	Community Economic Development Muskogee Port Flood Control P3	Issue Amount:	\$800,000
	ODFA (Acceptance Fee)		\$2,500
	Skarky Law Firm (Issuer's Counsel)		5,000
		Total Fees:	\$7,500
12/01/20	Community Economic Development Lawton Fort Sill P3	Issue Amount:	\$8,400,000
	ODFA (Acceptance Fee)		\$10,000
	Skarky Law Firm (Issuer's Counsel)		10,000
		Total Fees:	\$20,000

FINANCING SUMMARY CONT'D

<p>12/01/20 Community Economic Development MCCAP Haywood Rd P3</p>	Issue Amount:	\$800,000
ODFA (Acceptance Fee)		\$2,500
Skarky Law Firm (Issuer's Counsel)		5,000
	Total Fees:	\$7,500
<p>12/01/20 Community Economic Development Cascades MAIP</p>	Issue Amount:	\$1,200,000
ODFA (Acceptance Fee)		\$2,500
Skarky Law Firm (Issuer's Counsel)		7,000
	Total Fees:	\$9,500
<p>01/01/21 Community Economic Development Enid/Vance Air Force Base P3</p>	Issue Amount:	\$2,500,000
ODFA (Acceptance Fee)		\$6,000
Skarky Law Firm (Issuer's Counsel)		9,500
	Total Fees:	\$15,500
<p>06/01/21 Community Economic Development Red Devil, Inc.</p>	Issue Amount:	\$130,000
ODFA (Acceptance Fee)		\$1,300
Skarky Law Firm (Issuer's Counsel)		1,300
	Total	\$2,600