



THE OKLAHOMA DEVELOPMENT
FINANCE AUTHORITY

ANNUAL REPORT FY 2022

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BOARD OF DIRECTORS

CHRIS CONDLEY	Chairman	Retired Banker Muskogee, OK
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
ALEXANDRA EDWARDS	Deputy Treasurer for Debt Mgmt
MICHAEL D. DAVIS	Credit Officer, ODFA

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 2022 the ODFA completed a total of 4 conduit bond projects for \$94 million for universities, state agencies, 501(c)(3) non-profits and hospitals. The Authority, as administrator for the Oklahoma Community Economic Development Pooled Finance Program, provided 23 incentive projects resulting in nearly \$40 million for business expansion throughout the State.

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 2023 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 Authority’s market presence
- No limit on dollar amount
- Especially useful for: 501(c)3s, including colleges, 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 2022 the ODFA completed (4) conduit transactions which provided \$94,275,000 of needed low-cost capital for Oklahoma.

<u>Type</u>	<u>Date</u>	<u>Description</u>	<u>Amount</u>
Master Lease	12/02/21	Master Lease 2021C	\$ 1,850,000
	06/02/22	Master Real Property 2022A	22,425,000
Revenue Bonds	12/24/21	Alden Group 2021	\$ 20,000,000
	06/21/22	OU Medicine 2022	50,000,000
TOTAL CONDUIT LENDING			\$ 94,275,000

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 and can utilize the State’s Credit Enhancement Reserve Fund 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 2022.

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 2022.

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, no insurance payments made, nor any losses incurred for this program during FY 2022.

At FY 2022, 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 June 30, 2022)

		Original	Outstanding	Remaining
		Principal	Principal	CERF Guarantee
<u>Public Facilities Program</u>				
Series 1999	Woodward Industrial Foundation ¹	\$ 1,395,856	538,244	538,244
Series 2003	Muskogee Port Authority ¹	1,500,000	391,652	391,652
Series 2007A	Washington Co. Health Dept.	4,570,000	600,000	600,000
Series 2008	Muskogee Port Authority ¹	750,000	500,830	500,830
Series 2011	Tillman County Public Facilities	3,290,000	2,170,000	2,170,000
Series 2012A	LeFlore County Health	2,380,000	1,325,000	1,325,000
Series 2013A	Rogers State University	3,000,000	1,945,000	1,945,000
Series 2014	Dept of Human Services ¹	551,879	-	-
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	1,130,000	1,130,000
Series 2018	Pontotoc Co. Health	3,420,000	2,630,000	2,630,000
	Subtotal	\$ 30,207,735	\$ 15,690,726	\$ 15,690,726
<u>Quality Jobs Investment Program</u>				
Series 1996	Revenue Bonds	\$ 9,999,000	\$ 3,000,000	\$ 3,000,000
	Total	\$ 40,206,735	\$ 18,690,726	\$ 18,690,726

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

CERF ALLOCATION

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

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

INSURED OR COMMITTED THROUGH JUNE 30, 2022 \$18,690,726

BALANCE AVAILABLE FOR FY 2022 \$51,309,274

CURRENT GUARANTY MIX

AMOUNT

INDUSTRIAL AGRIBUSINESS & PRIVATE ACTIVITY \$1,430,726

QUALITY JOBS INVESTMENT PROGRAM \$3,000,000

INFRASTRUCTURE AND OTHER PUBLIC FACILITIES \$14,260,000

INSURED/COMMITTED THROUGH 6/30/22 \$18,690,726

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 2022 the ODFA completed (23) Pooled Finance transactions which provided \$39,956,894 in incentives. These projects included infrastructure improvements for public bodies, manufacturing facility expansion projects, and equipment automation to improve productivity of Oklahoma's existing for-profit businesses.

OKLAHOMA
DEVELOPMENT FINANCE
AUTHORITY

<u>Type</u>	<u>Date</u>	<u>Description</u>	<u>Amount</u>
Pooled Finance	07/01/21	Jackson Mechanical Service, Inc.	\$ 360,000
	07/01/21	National Steak Processors, LLC	300,000
	07/01/21	Setco, Inc.	500,000
	07/01/21	DeatschWerks	150,000
	07/01/21	Indaco Metals	150,000
	01/01/22	Port of Catoosa/Inola	3,500,000
	01/01/22	GAMCO	200,000
	01/01/22	Berry Plastics	1,500,000
	02/01/22	CaptiveAire Systems	1,500,000
	02/01/22	City of Newcastle	2,000,000
	03/01/22	Kelvion	1,000,000
	04/01/22	Town of Goldsby	1,200,000
	05/01/22	Access Optics	250,000
	05/01/22	Sundowner Trailers, Inc.	400,000
	05/01/22	Vinyard Fruit and Vegetable	400,000
	05/01/22	Altus Flood - Amended	5,650,000
	05/01/22	Vox Printing, LLC	400,000
	05/01/22	Expanded Solutions, LLC	300,000
	06/01/22	E&I Sales Co.	150,000
	06/01/22	City of Collinsville	600,000
	06/01/22	Ditch Witch	6,000,000
	06/01/22	Enid/Vance Air Force Base	4,250,000
	06/01/22	OIEP	9,196,894
TOTAL POOLED FINANCE			\$ 39,956,894

CUMULATIVE FINANCING TOTALS BY FISCAL YEAR
FOR THE PAST 20 YEARS

<u>YEAR</u>	<u>Amount</u>
2022	\$134,231,894
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

FINANCING SUMMARY FY 22

12/21/21 Higher Ed Master Lease	Issue Amount:	\$1,850,000
Series 2021C		
ODFA (Acceptance Fee)		\$5,000
Skarky Law Firm		5,000
Council of Bond Oversight		555
Public Finance (Bond Counsel)		5,500
FPR(Printer)		941
Fitch Rating		10,000
S&P Rating		12,500
Hawkins Delafield Wood LLP (Tax Counsel)		10,000
	Total Fees:	\$49,496
12/24/21 Alden Group	Issue Amount:	\$20,000,000
Series 2021		
ODFA (Acceptance Fee)		\$10,000
Skarky Law Firm		25,000
Public Finance (Bond Counsel)		48,000
UMB Bank (Trustee fee)		10,000
Crowe & Dunlevy, PC (Counsel)		7,500
Hunton Andrews Kurth LLP (Tax		37,500
Thompson Hine LLP		10,000
Kline Alvarado (Counsel)		75,000
Bracewell LLP (Counsel)		30,000
CBRE		50,000
Sara Dysart (Counsel)		25,000
Chicago Title		36,881
BECON Corporation		25,000
	Total Fees:	\$389,881
06/02/22 Higher Ed Master Real Property	Issue Amount:	\$22,425,000
Series 2022A		
ODFA (Acceptance Fee)		\$5,000
Council of Bond Oversight		1,236
Public Finance (Bond Counsel)		7,500
Hawkins, Delafield, Wood LLP		10,000
FPR (Printer)		1,500
Skarky Law Firm		5,000
Fitch Rating		10,000
S&P Rating		14,250
	Total Fees:	\$54,486

FINANCING SUMMARY CONT'D

06/21/22 OU Medicine	Issue Amount:	\$50,000,000
Series 2022		
ODFA (Acceptance Fee)		\$10,000
Skarky Law Firm		25,000
Ponder & Co. (Financial Advisor)		20,009
Norton Rose Fulbright US LLP (Bond Counsel)		75,000
Susan Ariel, Esq. (Counsel)		17,500
	Total Fees:	\$147,509
07/01/21 Community Economic Development	Issue Amount:	\$360,000
Jackson Mechanical Service, Inc.		
ODFA (Acceptance Fee)		\$3,600
Skarky Law Firm (Issuer's Counsel)		3,600
	Total Fees:	\$7,200
07/01/21 Community Economic Development	Issue Amount:	\$300,000
National Steak Processors, LLC		
ODFA (Acceptance Fee)		\$3,000
Skarky Law Firm (Issuer's Counsel)		3,000
	Total Fees:	\$6,000
07/01/21 Community Economic Development	Issue Amount:	\$500,000
Setco, Inc.		
ODFA (Acceptance Fee)		\$2,500
Skarky Law Firm (Issuer's Counsel)		5,000
	Total Fees:	\$7,500
07/01/21 Community Economic Development	Issue Amount:	\$150,000
DeatschWerks		
ODFA (Acceptance Fee)		\$1,500
Skarky Law Firm (Issuer's Counsel)		1,500
	Total Fees:	\$3,000
07/01/21 Community Economic Development	Issue Amount:	\$150,000
Indaco Metals		
ODFA (Acceptance Fee)		\$1,500
Skarky Law Firm (Issuer's Counsel)		1,500
	Total Fees:	\$3,000

FINANCING SUMMARY CONT'D

01/01/22 Community Economic Development	Issue Amount:	\$3,500,000
Port of Catoosa/Inola		
ODFA (Acceptance Fee)		\$8,000
Skarky Law Firm (Issuer's Counsel)		13,500
	Total Fees:	\$21,500
01/01/22 Community Economic Development	Issue Amount:	\$200,000
GAMCO		
ODFA (Acceptance Fee)		\$2,000
Skarky Law Firm (Issuer's Counsel)		2,000
	Total Fees:	\$4,000
01/01/22 Community Economic Development	Issue Amount:	\$1,500,000
Berry Plastics		
ODFA (Acceptance Fee)		\$2,500
Skarky Law Firm (Issuer's Counsel)		5,000
	Total Fees:	\$7,500
02/01/22 Community Economic Development	Issue Amount:	\$1,500,000
CaptiveAire Systems		
ODFA (Acceptance Fee)		\$2,500
Skarky Law Firm (Issuer's Counsel)		5,000
	Total Fees:	\$7,500
02/01/22 Community Economic Development	Issue Amount:	\$2,000,000
City of Newcastle		
ODFA (Acceptance Fee)		\$4,000
Skarky Law Firm (Issuer's Counsel)		8,000
	Total Fees:	\$12,000
03/01/22 Community Economic Development	Issue Amount:	\$1,000,000
Kelvion		
ODFA (Acceptance Fee)		\$2,500
Skarky Law Firm (Issuer's Counsel)		5,000
	Total Fees:	\$7,500

FINANCING SUMMARY CONT'D

04/01/22 Community Economic Development	Issue Amount:	\$1,200,000
Town of Goldsby		
ODFA (Acceptance Fee)		\$3,500
Skarky Law Firm (Issuer's Counsel)		7,000
	Total Fees:	\$10,500
05/01/22 Community Economic Development	Issue Amount:	\$250,000
Access Optics		
ODFA (Acceptance Fee)		\$2,500
Skarky Law Firm (Issuer's Counsel)		2,500
	Total Fees:	\$5,000
05/01/22 Community Economic Development	Issue Amount:	\$400,000
Sundowner Trailers, Inc.		
ODFA (Acceptance Fee)		\$4,000
Skarky Law Firm (Issuer's Counsel)		4,000
	Total Fees:	\$8,000
05/01/22 Community Economic Development	Issue Amount:	\$400,000
Vinyard Fruit and Vegetable		
ODFA (Acceptance Fee)		\$4,000
Skarky Law Firm (Issuer's Counsel)		4,000
	Total Fees:	\$8,000
05/01/22 Community Economic Development	Issue Amount:	\$5,650,000
Altus Flood - Amended		
ODFA (Acceptance Fee)		\$10,000
Skarky Law Firm (Issuer's Counsel)		10,000
	Total Fees:	\$20,000
05/01/22 Community Economic Development	Issue Amount:	\$400,000
Vox Printing, LLC		
ODFA (Acceptance Fee)		\$4,000
Skarky Law Firm (Issuer's Counsel)		4,000
	Total Fees:	\$8,000

FINANCING SUMMARY CONT'D

05/01/22 Community Economic Development Expanded Solutions, LLC	Issue Amount:	\$300,000
ODFA (Acceptance Fee)		\$3,000
Skarky Law Firm (Issuer's Counsel)		3,000
	Total Fees:	\$6,000
06/01/22 Community Economic Development E&I Sales Co.	Issue Amount:	\$150,000
ODFA (Acceptance Fee)		\$1,500
Skarky Law Firm (Issuer's Counsel)		1,500
	Total Fees:	\$3,000
06/01/22 Community Economic Development City of Collinsville	Issue Amount:	\$600,000
ODFA (Acceptance Fee)		\$4,000
Skarky Law Firm (Issuer's Counsel)		8,000
	Total Fees:	\$12,000
06/01/22 Community Economic Development Ditch Witch	Issue Amount:	\$6,000,000
ODFA (Acceptance Fee)		\$10,000
Skarky Law Firm (Issuer's Counsel)		10,000
	Total Fees:	\$20,000
06/01/22 Community Economic Development Enid/Vance Air Force Base	Issue Amount:	\$4,250,000
ODFA (Acceptance Fee)		\$6,000
Skarky Law Firm (Issuer's Counsel)		9,500
	Total Fees:	\$15,500
06/01/22 Community Economic Development OIEP	Issue Amount:	\$ 3,068,338
ODFA (Acceptance Fee)		\$ 87,438
Skarky Law Firm (Issuer's Counsel)		90,019
BOKF NA (Trustee)		1,000
	Total Fees:	\$177,457