

**MINUTES OF
REGULAR MEETING OF THE DIRECTORS OF
THE OKLAHOMA DEVELOPMENT FINANCE AUTHORITY
March 27, 2024**

The Directors of the Oklahoma Development Finance Authority held a Regular Meeting at 10:00 a.m. on Wednesday, March 27, 2024, 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. 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 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 FEBRUARY 28, 2024

Minutes of the meeting held February 28, 2024, had been sent electronically to the Board Members prior to the meeting and the reading was waived. Director Caldwell made a motion to approve the minutes as transmitted. Director Cox seconded the motion. All members present voted Aye.

FINANCIAL REPORT

Mr. Davis stated that on pages 9 and 10 of the board packets are the trended balance sheet and income statement for the month ending February 29, 2024. The total revenues are \$1.653 million versus \$1.649 million a year ago. The expenses are slightly up at \$846,000 versus \$762,000 this same period a year ago. This leaves a net income of \$809,000 versus \$887,000 a year ago.

Chairman Ventris asked if there were any questions or comments concerning the report. Hearing none, he asked if there was a motion. Director Cox made a motion to approve the financial report, as presented. Director Shipley seconded the motion. All members present voted AYE.

NEW LOAN APPLICATIONS/PROJECTS

A. Oklahoma Development Finance Authority (ODFA) – \$425,000 Oklahoma Community Economic Development Pooled Finance Act Award (Federal Corporation dba Lippe Federal, LLC Project, Series 2024)

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 (Federal Corporation dba Lippe Federal, LLC Project), Series 2024, in an aggregate principal amount estimated at \$425,000 (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 starting on page 17 is the Business Expansion Incentive Program pipeline report. There are now eighty-six projects in the pipeline including \$117 million that is outstanding. This leaves the Authority a balance of \$83 million available.

The first project is for the ODFA \$425,000 Oklahoma Community Economic Development Pooled Finance Act (Federal Corporation dba Lippe Federal, LLC Project), Series 2024. The summary is on page 20.

Federal Corporation was found in 1918, so they are the longest tenant in Bricktown. They provide commercial and industrial pump and boiler services not just in Oklahoma but throughout the region.

The Oklahoma Department of Commerce has identified that the project is a net positive benefit to the State of Oklahoma and has recommended an incentive award of \$425,000 to be paid off over the next three years.

Mr. Stoner introduced John Lippe who acquired the company in 2020 and since then they have experienced a 25% growth in the company. Lippe Federal is planning a capital investment of \$4.9 million investment. The expansion will create thirty-five new jobs with an average wage of \$70,000 and a new payroll of \$5.4 million.

Mr. Lippe, Owner gave an overview of the project to the Board.

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

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

B. Oklahoma Development Finance Authority (ODFA) – \$350,000 Oklahoma Community Economic Development Pooled Finance Act Award (FTI Group, LLC dba Rigid Automation, LLC Project), Series 2024

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 (FTI Group, LLC dba Rigid Automation, LLC Project), Series 2024, in an aggregate principal amount estimated at \$350,000; 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. Stoner stated this is a \$350,000 Oklahoma Economic Development Pooled Finance Act Award for FTI Group, dba Rigid Automation. Rigid was founded in 2018. They are in Norman, and provide design, build and installation of top quality, industrial control panels. They will be investing \$7.8 million to expand their Norman facility, which will create a 48,000 square foot manufacturing facility. This will triple their production space and allow them to enhance their manufacturing capabilities and workforce capacity.

The Oklahoma Department of Commerce has identified that the project is a net positive benefit to the State of Oklahoma and has recommended an award amount of \$350,000 over the next three years.

Mr. Stoner then introduced Mr. Kevin Metheny. Mr. Metheny then gave a brief overview of the project.

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

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

C. Oklahoma Development Finance Authority (ODFA) – \$775,000 Oklahoma Community Economic Development Pooled Finance Act Award (Kroger Fulfillment Network, LLC Project), Series 2024

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 (Kroger Fulfillment Network, LLC Project), Series 2024, in an aggregate principal amount estimated at \$775,000; 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. Stoner stated this item is for \$775,000 Oklahoma Economic Development Pool Finance Act Award for Kroger Fulfillment Network. The Kroger Co. is one of the largest retailers in the world with approximately 2,700 supermarkets. They also manufacture and process their own private labeled food throughout thirty-five food production plants and includes forty-five distribution centers. Kroger will be making a capital investment of \$3 million to expand their facility in Oklahoma City. This facility expansion is anticipated to enhance their manufacturing capabilities and workforce capacity, which will improve efficiency and help the company remain competitive in the market.

The Oklahoma Department of Commerce has identified that the project is a net positive benefit to the State of Oklahoma and has recommended an award amount of \$775,000 over the next three years. They have one hundred existing jobs with an existing payroll of \$4.2 million. This will create ninety-one new jobs and increase payroll to \$8.1 million.

Mr. Stoner then introduced Ms. Danielle Polak, Director of Economic Development for Kroger. Ms. Polak then gave a brief overview of the project.

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

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

D. Oklahoma Development Finance Authority (ODFA) – \$150,000 Oklahoma Community Economic Development Pooled Finance Act Award (Plains Cotton Cooperative Association Project), Series 2024

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 (Plains Cotton Cooperative Association Project), Series 2024, in an aggregate principal amount estimated at \$150,000; 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. Stoner stated that this item is for \$150,000 Oklahoma Community Economic Development Pool Finance Act Award for Plains Cotton Cooperative Association. The summary is located on page 23. PCCA was found in 1953 by a group of farmers searching to achieve the best possible price for their cotton. PCCA fulfills warehousing and final delivery of product to add value to southwest Oklahoma cotton and to Texas. They are making a capital investment of \$2.9 million to add a Phase two of a rail construction project in Altus, OK.

The Oklahoma Department of Commerce has identified that the project is a net positive benefit to the State of Oklahoma and has recommended an award amount of \$150,000 over the next three years.

Mr. Stoner then introduced Mr. Jay Cowart. Mr. Cowart then gave a brief overview of the project.

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

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

E. Oklahoma Development Finance Authority (ODFA) – \$15,000,000 Oklahoma Innovation Expansion Plan Pooled Finance Act Taxable Revenue Notes (OIEP), Series 2024

Discussion and possible with respect to a resolution authorizing the issuance of the Authority's Oklahoma Innovation Expansion Plan Economic Development Pooled Finance Act Taxable Revenue Notes (OIEP) Series 2024, in one or more series in the total aggregated principal amount not to exceed \$15,000,000 issued on or before July 31, 2024; waiving competitive bidding and authorizing the sale of the Note on a private placement basis; approving and authorizing the execution and delivery of the Note and documents; and containing other matters relating thereto.

Mr. Stoner explained that this project is for \$15,000,000 Oklahoma Innovation Expansion Plan Pooled Finance Act Taxable Revenue Notes, Series 2024. This will be the fourth year for this program. This is now an annual process; these projects are like the ones on the agenda today but a smaller scale and more companies. This time last year the Board was asked for the authorization of \$10,000,000 for the program; and ended up coming back in April for an additional \$5,000,000 to help fulfill applications that were received. In 2022 there were 163 applications and in 2023 it grew to 222 applications. Overall last year there were 179 out of the 222 applications approved for the OIEP program. We ended up with \$13.5 million incentive awards for these 179 projects; but there were applications for OIEP that landed in the BEIP as larger projects over a longer period. In total last year there were 202 awards made from the 222 applications. Ninety-One percent of the applications ended up with an award last year. There were \$104 million of capital investment made in the state in 2022 and \$133 million in 2023. The program produced 875 jobs in 2022 and 1,400 new jobs in 2023 which created \$85 million in new payroll for 2023. The request today is for up to \$15 million to support the applications for OIEP, Series 2024. The application window will open on Monday.

Chairman Ventris asked Mr. Stoner to remind them of the conditions for the program. Mr. Stoner replied that they are looking for companies with at least \$625,000 of annual payroll and projects that have a minimum capital investment of \$50,000. The projects should be innovative, something that improves the supply chain or something that will help the company get into a new market. The minimum to get into the program are relatively low. One piece of machinery could be \$50,000 capex. He has heard over and over from companies that a new piece of machinery not only makes you more efficient but helps recruit new talent. The talent today does not want to work on the same equipment that grandpa worked on 40 to 50 years ago. Mr. Stoner added that companies can solve their own workforce problems by investing in new equipment and making themselves more efficient and helping with recruiting new talent.

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

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

REVIEW AND POSSIBLE APPROVAL OF TRAVEL CLAIMS

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

PRESIDENT'S REPORT

Mr. Davis reported that on pages 24 and 25 of the Board packets is the Operation and Business Development Report. Mr. Stoner did an excellent job covering Business Expansion Incentive Program. There were four great projects today that illustrated the program that helps to facilitate getting the projects off the ground. Mr. Stoner also has already covered the OIEP program and the numbers from 2022 and 2023 and the successes that we have had. These programs are working with existing Oklahoma companies, helping them retain employment, expand employment and, diversify revenue streams. Mr. Davis added the Mr. Stoner and Ms. Harris have been talking to businesses, working with local EDO's in ten communities. Included in the Operations report is a list of the different communities that they have been in.

Mr. Davis added that the 2024 Master Lease Real Property and Equipment Program was approved in January by the Board. The finance team was together yesterday including the Underwriter, Trustee, Bond Counsel, and the Treasurer's Office met with the Oklahoma Regents of Higher Education to discuss the sizing and timing of the transactions. Mr. Davis stated that it was interesting because for the longest time there were years of \$380 million in bond issuance under the Real Property program. A lot of this was because of the low interest rate environment and after 10 years of those bonds being issued there is an option to call these. So, these bonds were being refinanced at a much lower interest cost. There are still potential refunding's. The questions are, are they in the money and in the money is not a \$10,000 savings because there are certain costs associated. Historically in an agreement with the Treasurer's Office if there is a 3 percent net positive benefit with the refunding, which is meaningful and will help the institutions. When Mr. Davis first saw the list in January, he did not feel there would be options but there are four issues that are in the money right now and there is a good handful that are at 2.4 percent. They will continue to monitor where the feds go, and he doesn't believe they will go anywhere in May. Right now, they are still level and of course this is based on the money market curve, it is a little different than the fed funds or treasury markets. Right now, the financing team does not know what the timing looks like but if the opportunities present themselves, they will jump in the market and put a transaction together and save the State Regents for Higher Education institutions money on interest costs. The potential for possible refunding for \$86.4 million. Mr. Davis doesn't feel that we will get close to refunding some of the issues because they are just too thin. The new money transactions for the Master Lease Program based on the demand by the schools is for \$34.5 million in June.

Mr. Davis then discussed the utility securitization and stated that staff continues to work daily and continues the administration of the program. There was an article in the Daily Oklahoman this morning concerning an additional corporation commission filing from Commissioner Anthony.

The big push here is that Commissioner Anthony has been asking for full audits of these four rate-payer backed bond issues. The article specifically states the ODFA and the Treasurer's Office as not having copies of the audits. This is true and in statute the Authority does not have that responsibility to do any auditing on the bond issues. The Authority is the conduit bond issuer and we have fulfilled our obligations. Mr. Davis doesn't believe that in statute the Treasurer has any responsibility for auditing bond issues. Mr. Davis stated that ODFA has complied with its statutory requirements.

There was one comment relative to ODFA that Mr. Davis had answered a question of Commissioner Anthony that we didn't have any audits. Mr. Davis added that what Commissioner Anthony was referring to a 2-page audit that is in the final financing orders that is required by statute to be submitted to the Governor, Senate Pro Tem, and the Speaker of the House. Mr. Davis added that he is carbon copied on those, he has them, but they are publicly available information. Mr. Anthony is calling for a full financial audit. There have been a couple of letters sent to the Governor, the Senate Pro Tem, and the Speaker of the House, petitioning for the activity and action to do a full audit. Treasurer Russ added that we don't have what he is calling an audit, the Treasurer's office has statutory guidelines, process and procedures, and best practices for all the bond participation activity. But what he is asking for is not necessarily an ideal fit to the Treasurer's side of the business. It's not like we are not being watched or have guidelines to provide audits for, it's just not practical to say we go out and audit every piece of work that we do. The overall context of that picture there might be certain criteria you could ask for audits but first you must develop audit criteria in any audit. You must tell the auditors what you want audited to have an audit in any circumstance. Treasurer Russ is not sure Mr. Anthony has produced the exact criteria that he wants in an audit. Treasurer Russ continued stating that they have provided everything they have to provide to Commissioner Anthony.

Director Caldwell asked if there was an entity described in statute for the function of audits for this kind of stuff? Mr. Davis responded that there is a 2-page audit letter, and he would almost think that there is a more extensive audit report that the letter summarizes but he is not sure. One of the things is that as a conduit bond issuer and these were exceptionally large transactions. Those of us on staff that worked on it, the financing team distribution list were 188 people with emails flying back and forth reviewing legal documents and drafts, questions about how to manage the structure, etc. Mr. Davis added that he has not personally taken the time to research who that specific entity would be. Mr. Davis added that he knows that the statute was delivered and ODFA worked with bond and legal counsel and, we understood what our roles and responsibilities were. With Mr. Davis and his four employees what resources does he have to go and take on additional roles that were not contemplated at the time of the issue.

Lastly, Mr. Davis reported that he has been tracking legislation on economic development and general government. Next, he stated that it's time to engage with the FY 2024 financial auditor's engagement. This is not an agenda item, historically this has been part of the President's report and it is his intention to engage again with HBC, CPAs, and Advisors. Their fees did increase from \$14,900 to \$15,400. This is a \$500 increase, and, in this environment, he feels this is reasonable. If there are no objections, Mr. Davis's intent is to sign the engagement letter and get on their schedule. Chairman Ventris stated that sounds good.

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

These minutes officially approved and adoption this 24th day of April 2024.

Keith Ventris

Chairman

SEAL

Reth H. Cox

Assistant Secretary