



bartlesville
development authority
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**MINUTES OF THE SPECIAL MEETING
OF THE BARTLESVILLE CITY COUNCIL AND
BARTLESVILLE DEVELOPMENT AUTHORITY**

**Tuesday, September 19, 2023
12:00 p.m.**

Council Chambers at City Hall
401 S. Johnstone Avenue
Bartlesville, OK 74003

Dale W. Copeland: 918-338-4282

MINUTES

(Notice of Meeting and Agenda were filed September 15, 2023 at 10:00 a.m.)

1. Mayor Copeland called the meeting of the Bartlesville City Council and Bartlesville Development Authority to order at 12:00 p.m.

2. Roll call was conducted and a quorum established.

Present: BDA Chair Gayle Lester, BDA Trustees Dr. Jamie Bennett, Diana Adams, Drew Ihrig and Chase Allcott.

City Council Mayor Dale Copeland, Vice Mayor Jim Curd, Jr., Councilmembers Trevor Dorsey, Billie Roane, and Loren Roszel

Also Present: Mike Bailey, City Manager, Jess Kane, City Attorney, Jason Muninger, CFO/City Clerk, Laura Sanders, H.R. Director, Kelli Williams, Chief Communications Director; Micah Snyder, Senior Planner, Captain Jay Hastings, David Wood, BDA President, Chris Batchelder, Jared Patton and Laura Clark, Bartlesville Development Authority, David King, BDA Attorney; David Fauvre, Co-Founder and Chief Strategy Officer, Blue Whale Materials, and Brian Scupbach, Vice President for Engineering and Technology, Blue Whale Materials. Additionally, Jered Davidson, Public Finance Law Group, Dwayne Flynn and Ryan Shaffer, BDA's brokers at CBRE.

3. Citizens to be heard.

LaShelle Griffith voiced concerns regarding the recycling of lithium.

4. Presentation of business recruitment opportunity: Blue Whale Materials, a lithium-ion battery recycling operation in two vacant facilities in the Bartlesville Industrial Park.

Presented by David Wood, Bartlesville Development Authority.

Mr. Wood reported that in March the Bartlesville Development Authority (BDA) received an RFP from PSO's economic development office followed by contact from the Oklahoma Department of Commerce on behalf of Project Isotope searching for a location for the first lithium recycling facility in the United States. Blue Whale Materials, aka Isotope, selected Bartlesville for their facility. Keeco had vacated the 100,000 square foot facility as well as the BDA owned 50,000 square foot warehouse creating the potential to attract a higher value entity to Bartlesville, such as Blue Whale. He explained the high volume for lithium batteries for a variety of uses, and the subsequent need for lithium recycling. Blue Whale Materials have created a responsible process, separating the

materials with the highest value, and reselling them back into the marketplace. Their process also addresses the supply and waste issues of those materials not usable for resale. The BDA met with the Blue Whale Materials team and the City of Bartlesville team resulting in all parties being assured that all City codes would be followed.

Mr. Wood continued reviewing the deal points which is set out in the action items below. He reviewed the tenant improvements, and the properties that will be leased. The lease terms are \$344,813 per year, 3% escalator, three five year renewals; initial ramp up of 50 jobs at \$15,000 incentive which results in \$750,000 rent credits; Dec. 31, 2026 there will be an employee headcount with \$15,000 in incentives per job up to a maximum of 40 additional jobs over the 50 jobs baseline, potentially earning \$600,000 max in rent credit. This is done on actual headcount so it may vary. Blue Whale Materials will be making a substantial cap investment on the project of up to \$45,000,000 and has requested that the BDA serve as a conduit in issuance of the bonds. The City nor the BDA carry any credit risk associated with the bonds.

Jered Davidson, Public Finance Law Group, provided information and his company's history with the City and the BDA. Blue Whale Materials explored the opportunity to take advantage of a particular IRS code provision; Sec 142 which provides that qualified exempt facilities can apply for and receive an allocation of what is called private activity volume cap. This type of solid waste recycling facility qualifies. In order to use this provision, the company has to use a government conduit issuer, which in this case will be the BDA. The credit vetting process is rigorous, and Blue Whale Materials has undergone this vetting and been found to be a viable long term project. This is the first initial step relative to the issuance process with the inducement resolution action that will be taken by the BDA later in this meeting, and the City will then be required to act on the concurrence resolution since the City is the beneficiary of the BDA. The application will be submitted to the Deputy Secretary for Debt Management in the State Treasurer's Office for the allocation of private activity bond volume cap in the amount of \$45,000,000. Once awarded the volume cap, Mr. Davidson will continue to work with Blue Whale Materials to complete the financing portion, then return to the BDA and City for the required final approval. He confirmed with the Mayor that the City does not have any credit risk associated with the bonds.

Mr. Wood provided "housekeeping" items which included the lease termination with Keeco in which they will pay one half of the balance still owed in the amount of \$93,881, payable in three installments due by 12/15/23. Mr. Wood appreciated the firm CBRE for their part in negotiating with Keeco. Mr. Wood explained that once a tract in the Industrial Park becomes active, the City deeds the tract to the BDA, therefore BDA Attorney King prepared a quit claim deed for tracts 10, 11, 12 and 13 which will also be acted on further into the meeting by the City Council. The job created incentives that have been directed toward rent credits will flow from Economic Development Fund and will reimburse BDA for the rent credits.

The Mayor welcomed the Blue Whale team to the podium and asked them to provide additional information about their company. David Favre stated his appreciation to the BDA, City Council and media for welcoming them to Bartlesville. He provided information about Blue Whale, including how the business works. Mr. Scupbach, explained the process of recycling and refining of materials, such as the collection of all different types of batteries, the sorting process, the disposition process, and the removal of materials that are not reclaimed. Questions and discussion from the Trustees and Council ensued covering the process of contracts that are already in existence to bring batteries in to the plant as well as contracts to send out black sand to qualified refiners; that Blue Whale Materials is a certified recycler; that the process meets all criteria; that was first plant for this type of recycling was in Japan and used as a model; that batteries will be brought in by truck estimated at 14000 metric tons per year, 700 trucks a year, 40-50 a month; how

black mass is not a hazardous waste; that batteries are universal waste, and there are specific rules about transporting and storing. Additionally discussion covered how ODEQ and other related agencies have been involved in how to handle the process legally and safely; that additional power capability will be added to the facilities; that some water will be used although the facility will have an internal process of water treatment and will be reclaimed, approved by the City water utilities director; that wastewater will only be a small percentage and will be hauled off by companies that handle this externally with no discharge on site; that fire protection is a big consideration and the Blue Whale Materials process is intentionally designed to handle this; that the Tulsa Recycling Center was not set-up for lithium battery recycling therefore it increased the fire danger; that Blue Whale Materials hired a fire protection engineering firm as well as a consulting company who has written code for international fire standards for this type of business, and drills will be held with local first responders. Continued discussion covered how there will be internal and external storage determined by the type of battery; that indoor storage is for low risk items, that outdoor storage is set-up using the standards and codes that the consulting company has written; explanation of storage of black mass; and how Bartlesville is a central location which is very strategic since materials come in from around the world.

BDA TRUSTEES

BDA Chair Lester took the gavel for this portion of the meeting reading each item and calling the vote for each individually.

5. Discuss and possibly take action by BDA approving a ten (10) year lease of BDA-owned 50,000 sqft warehouse at 7323 International Court and Lots 3, 10 & 11 (with first right of refusal for Lots 12 & 13) to Blue Whale Materials for a total base rental of \$3,952,835 to include up to \$1,000,000 in BDA-funded tenant improvements. *Subject to approval of City Council Item 9.*

Presented by David Wood, Bartlesville Development Authority.

Mr. Allcott moved to approve the lease as presented, seconded by Mr. Ihrig.

Ayes: Mr. Allcott, Mr. Ihrig, Ms. Adams, Dr. Bennett, Chairman Lester

Nays: None

Motion: Passed

6. Discuss and possibly take action by BDA approving a Development Agreement between the Bartlesville Development Authority and Blue Whale Materials providing \$750,000 in rent credits applicable to the first 25 months, and up to \$600,000 (\$15,000 per FTE above 50) as of January 2026 applicable against monthly rent until exhausted. *Subject to approval of City Council Item 10.*

Presented by David Wood, Bartlesville Development Authority.

Mr. Allcott moved to approve the Development Agreement as presented, seconded by Mr. Ihrig.

Ayes: Mr. Allcott, Mr. Ihrig, Ms. Adams, Dr. Bennett, Chairman Lester

Nays: None

Motion: Passed

7. Discuss and possibly take action by BDA approving an agreement with Keeco, LLC terminating the lease

expiring on July 31, 2025 on October 15, 2023 with Keeco paying an early termination fee to BDA of \$93,881 in three equal installments, due no later than the Termination Date, November 15, 2023, and December 15, 2023. *Subject to approval of City Council items 9 & 10.*
Presented by David Wood, Bartlesville Development Authority.

Mr. Allcott moved to approve the Lease Terminating Agreement with Keeco, LLC as presented, seconded by Mr. Ihrig.

Ayes: Mr. Allcott, Mr. Ihrig, Ms. Adams, Dr. Bennett, Chairman Lester
Nays: None
Motion: Passed

8. Discuss and possibly take action by BDA with respect to a resolution regarding request of Blue Whale Materials, LLC for the issuance of one or more series of private activity bonds and inducement thereof; authorizing the filing of one or more applications for required designations or allocation of volume cap; and authorizing other actions, requests, approvals, and consents related thereto.

Presented by Jered Davidson, Public Finance Law Group.

Mr. Allcott moved to approve the resolution as presented, seconded by Mr. Ihrig.

Ayes: Mr. Allcott, Mr. Ihrig, Ms. Adams, Dr. Bennett, Chairman Lester
Nays: None
Motion: Passed

CITY COUNCIL

Mayor Copeland took the gavel for this portion of the meeting and read each item in its entirety. Roll call was conducted by the Deputy City Clerk.

9. Discuss and possibly take action by the City Council to transfer ownership of Lots 10, 11, 12 & 13 of Section III, Bartlesville Industrial Park, to the Bartlesville Development Authority via Quit Claim Deed.

Presented by David Wood, Bartlesville Development Authority.

Vice Mayor Curd moved to approve transfer of ownership via Quit Claim Deed as presented, seconded by Ms. Roane.

Ayes: Mr. Roszel, Ms. Roane, Mr. Dorsey, Vice Mayor Curd, Mayor Copeland
Nays: None
Motion: Passed

10. Discuss and possibly take action by the City Council to reimburse BDA via the Economic Development Fund for employment-based rent credits (incentives) provided to BWM by BDA up to \$750,000 through month 25, and up to a maximum of \$600,000 based on FTE headcount greater than 50 on December 31, 2026, as specified in the Development Agreement.

Presented by David Wood, Bartlesville Development Authority.

Vice Mayor Curd moved to approve reimbursement to BDA via the Economic Development Fund as presented, seconded by Mr. Dorsey.

Ayes: Ms. Roane, Mr. Dorsey, Vice Mayor Curd, Mr. Roszel, Mayor Copeland
Nays: None
Motion: Passed


11. Discussion and possible action by the City Council with respect to a resolution authorizing the Bartlesville Development Authority to issue its not to exceed \$45,000,000 revenue bonds or notes by negotiated sale; and containing other provisions relating thereto.


Presented by Jered Davidson, Public Finance Law Group.

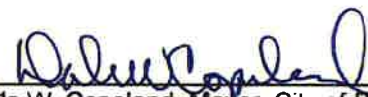
Ms. Roane moved to approve the Resolution as presented, seconded by Mr. Dorsey.


Ayes: Mr. Dorsey, Vice Mayor Curd, Mr. Roszel, Ms. Roane, Mayor Copeland
Nays: None
Motion: Passed


12. There being no further business to address, Mayor Copeland adjourned the meeting at 12:45 p.m.



Jason Muninger, CFO/City Clerk


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OKLAHOMA


Dale W. Copeland, Mayor, City of Bartlesville


Gayle Lester, Chairman, BDA


Dr. Jamie Bennett, BDA Secretary/Treasurer


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