



Oklahoma ACES Annual Report

2020 Aerospace and Defense Industry Update



OKLAHOMA
Commerce
okcommerce.gov/aces



A Letter from the State Director of Aerospace and Defense



If 2020 taught us anything, it's that economies are fragile and developing Oklahoma's economic portfolio is more important than ever to help the state and its citizens prosper. Despite a difficult year worldwide, Oklahoma's Aerospace and Defense sector still made considerable gains and we continue to have good momentum as we push forward into 2021.

As the state's second largest and fastest growing industry sector in Oklahoma, Aerospace and Defense is vital to our economy. Growth within these industries is critically important to further diversify the state's economy and will provide Oklahoma's current and future workforce with quality job opportunities.

Since its inception in 2018 with the passage of House Bill 2578, Oklahoma ACES has been led by the Oklahoma Aerospace & Defense Team within the Oklahoma Department of Commerce. The team serves as Oklahoma's economic development authority for all things aviation, aerospace and defense. We have continually worked to increase opportunities for Oklahoma companies, build the aerospace and defense workforce and strengthen the state's supply chain by attracting companies to invest and expand in the state. Throughout 2020, we executed on and saw positive results in every part of our mission despite the unprecedented challenges faced.

During 2020, the Commerce A&D team supported the addition of almost 1,200 high-paying aerospace and defense jobs to the Oklahoma economy. We also received more than \$500 million in investment commitments from businesses and identified over \$35 million in Department of Defense contract opportunities for Oklahoma aerospace and defense companies.

With the help of the Commerce A&D team, aerospace and defense organizations around the world are beginning to recognize what we already know about Oklahoma. Not only is our state home to the two of the largest maintenance, repair and overhaul (MRO) facilities in the world, an FAA-Licensed Spaceport and internationally recognized university programs in unmanned systems, cybersecurity, hybrid propulsion and artificial intelligence, but we also have the nation's lowest business tax burden, a business-friendly environment and an unmatched talent pipeline.

We expect 2021 to be another successful year in growing Oklahoma's Aerospace and Defense sector.

A handwritten signature in black ink, appearing to read "Geoff Camp".

Geoff Camp, State Director of Aerospace and Defense
405-246-6393
geoffrey.camp@okcommerce.gov

2020 Aerospace and Defense Economic Development Progress

➤ In 2020, Oklahoma saw significant wins in Aerospace and Defense (A&D). While the global business climate experienced serious setbacks from the pandemic, Oklahoma continued to attract new aerospace companies to move to the state as well as significant business expansions.

9 WINS

including new A&D businesses locating to the state or expansions of existing Oklahoma companies

\$576M

these A&D projects are expected to generate \$576M of capital investment in Oklahoma

1,177

new jobs with an average annual wage greater than \$86,000 (74% greater than the state average)

\$35M

in DoD contract opportunities for Oklahoma aerospace companies were identified by the Commerce A&D Team

\$300M

in potential capital investment in Oklahoma, including 2,500 new jobs in the Commerce A&D project pipeline

Major Aerospace and Defense Announcements

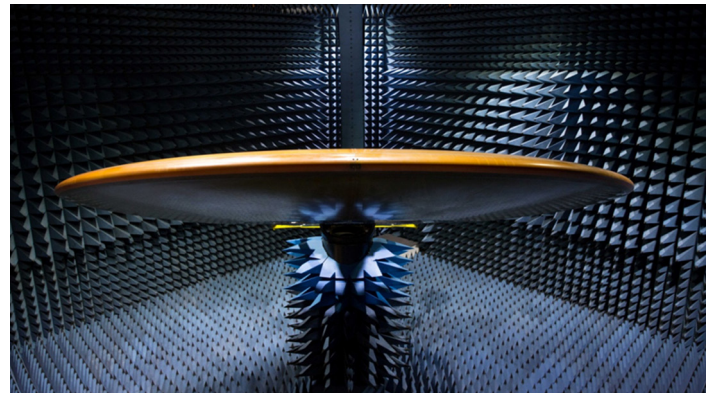
Site location trends included two unmanned systems wins to our already nation-leading UAS hub. Both companies cited favorable business economics and the ease of doing business with the state as contributing factors to making the decision, including the professionalism of the Aerospace & Defense Team and support of local governments.



On June 30, 2020, Governor Kevin Stitt joined executives from **Skydweller Aero Inc.**, a U.S.-Spanish aerospace company developing renewably powered aircraft for defense and commercial industries, to announce the establishment of the company's headquarters and engineering operations in Oklahoma City and testing and integration in Ardmore. Skydweller plans to increase operations to 120 aerospace engineering and field technician jobs in Oklahoma by 2024.

"Skydweller was founded to develop ultra-persistent aircraft to enable the next generation of connectivity and global insights. We are honored to be moving our corporate headquarters to Oklahoma, following in the footsteps of Oklahoma aviation titans like Wiley Post. Oklahoma's inspired and dedicated engineering talent will help make our vision a reality."

Dr. Robert Miller | CEO, Skydweller



North Star Scientific (NSS) Corporation, a Hawaii-based company, announced at the end of 2020 its plan to expand to Oklahoma City. The company plans to start operations with approximately five employees and will ramp up to 40 jobs once its manufacturing site is fully operational.

NSS designs, develops, and qualifies state-of-the-art electronic systems for Department of Defense applications and delivers reliable high-performance products and services. They specialize in radar frequency systems designs and rapid research & development/custom solutions.

"NSS has chosen the state of Oklahoma and Oklahoma City as the site of our expansion because of the favorable business environment and the availability of personnel and other resources that benefit aerospace companies, especially those focused on radar and electronics. We are excited about the opportunities we see for our business in this environment and look forward to being a part of the community in Oklahoma City."

Dr. James Stamm | CEO, North Star Scientific Corp.

Case Study: PAS MRO Relocation



PAS MRO, a world-class independent Bearing Return to Service and Component Repair and Overhaul Company, announced plans to relocate its operations from Irvine, Calif., to Bristow, Okla.

PAS MRO's relocation, which was completed in late 2020, will create 37 new jobs and represents an investment of \$3.2 million to the local economy.

"When it came time to relocate PAS MRO, Oklahoma was an easy selection. Its business-friendly policies and climate, availability of highly trained workers with the specific MRO-related technical skills sought by our company, the proximity to our customer base and the lower costs of doing business and living in Oklahoma; were all factors that lead to our decision."

Jim Agree | President, PAS MRO



PAS MRO is a woman-owned small business founded and operated by aerospace industry professionals with over 50 years of executive and technical experience.

The relocation project involved tribal, state and local partners resulting in a significant capital investment by the company and the relocation of the company's headquarters.

In late 2019, the company began looking for a new headquarters location outside of California. The Oklahoma Department of Commerce's Aerospace Team began working with the company's leadership to

see if Oklahoma could be a fit for the headquarters.

PAS MRO announced their relocation plans in mid-July 2020 with an anticipated start-up date of November 2020. The company chose Oklahoma largely due to its pro-business climate, availability of skilled workers, proximity to customer base and the lower cost of doing business.

In the midst of the COVID-19 pandemic, PAS MRO worked with the City of Bristow to build a brand-new manufacturing facility and were able to complete their relocation in October 2020. To date, the company has hired 18 of the anticipated 37 new jobs (to be added within five years). For a smaller community like Bristow that has a population of approximately 4,100, the addition of new jobs makes a substantial impact, especially since these jobs are 20% over the average wage for Creek County.

The relocation also brings further momentum to Bristow's efforts to grow its aerospace cluster.

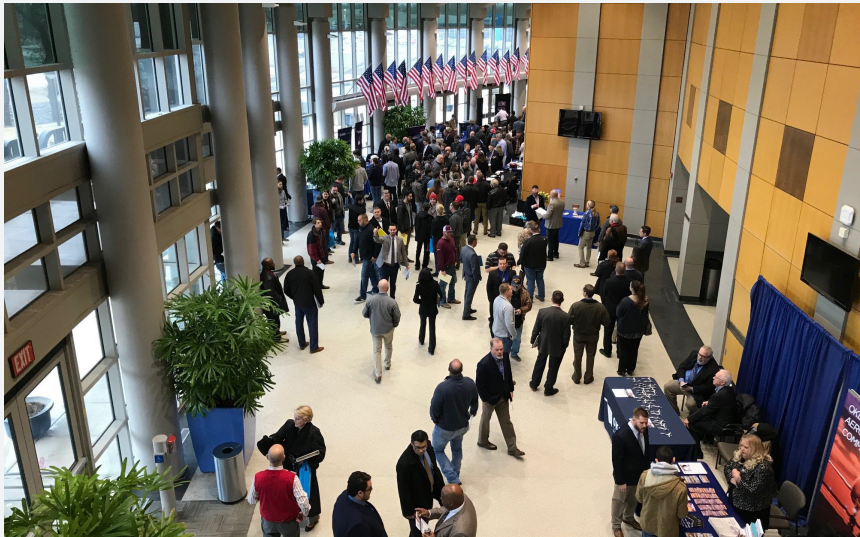
Currently, the area is home to three aerospace companies and is working to add more. In June 2020, the city's airport, Jones Memorial Airport, celebrated the dedication of a \$3.9 million runway. The airport provides an annual economic impact of \$7.2 million and supports more than 70 direct and indirect jobs. Among those who use the airport are Phillips Pipeline Control, Riverside British Petroleum and its biggest tenant, Consolidated Turbine Specialists, who is a large investor of the airport and has plans to start its third expansion within the next year.

Since making the relocation decision, PAS MRO has hired seven Oklahomans to join the relocated workers in the new facility. Five of these were able to travel to the California facility before the relocation and be trained. This training was funded through Oklahoma CareerTech's Training for Industry Program.

Statewide Outreach

➤ As part of their mission to propel growth and respond to the needs of the aviation, aerospace and defense industries in the areas of education and training, research and economic development, the Commerce A&D Team hosted new events throughout 2020. The team focused these events on the legislatively mandated objectives – specifically, workforce development, increasing DoD spending within the state and international awareness of Oklahoma’s burgeoning aerospace cluster.

The Commerce A&D Team hosted two successful Aerospace career fairs connecting 45 employers to 1,300+ job seekers and confirmed 83 resulting hires within 4 weeks of the second event.



Oklahoma Aerospace Career Fair at Rose State College, hosting companies, including Northrop Grumman, Pratt & Whitney, Tinker Air Force Base, Kratos Unmanned Aerial Systems, AAR Aircraft Services and others.

The first event took place in January 2020 at the TulsaTech Riverside Campus. Some of the largest names in aerospace – American Airlines, Lufthansa Technik, the Federal Aviation Administration, NORDAM, FlightSafety International and others – were present. With a total of 24 employers participating, more than 300 job-seekers and students showed up to learn more about careers in aerospace and apply for open positions.

A week later, the team coordinated the second event

at Rose State College, hosting companies including Northrop Grumman, Pratt & Whitney, Tinker Air Force Base, Kratos Unmanned Aerial Systems, AAR Aircraft Services and others. This event brought out more than 1,000 job-seekers and students looking to get their foot in the door with Oklahoma’s top aerospace companies.

“Tinker AFB participates in career fairs and hiring events across the State of Oklahoma and the event ACES [The Commerce A&D Team] put together today was a

valuable resource in helping us identify talented, high-quality, and enthusiastic candidates,” Bob Amundson, Civilian Personnel Officer, Tinker AFB. “These types of events provide Tinker AFB an opportunity to educate prospective employees on positions we have available. As a result of this event, we were able to make several job offers and expect additional job offers could be made in the future. These types of events are a huge success in helping us meet and sustain our immediate and future hiring needs.”

Moving forward, the Commerce A&D Team will look at smaller communities to potentially host the next Oklahoma Aerospace Career Fair. With many of Oklahoma’s aerospace companies being located in rural locations, these future career fairs will support aerospace companies and bring awareness in those communities about the opportunities available in Oklahoma’s fast-growing aerospace industry.

A&D Team Services

Trade Show Support

The Commerce A&D Team leads national and international trade show delegations, providing an opportunity for Oklahoma companies that may not have the budget to attend on their own to display and meet with potential customers at some of the most highly attended industry events.

Online Aerospace & Defense Supply Chain Directory

The directory is designed to facilitate coordination between Oklahoma aerospace resources; strengthen collaborations between businesses, aviation, aerospace, and defense interests; and enhance Oklahoma's supply chain utilization.

Newsletter

ACES Advocate delivers valuable content, including exclusive event announcements, business opportunities, program updates and relevant industry news to more than 4,900 subscribers.

Hiring Events

Oklahoma companies need aerospace workers across multiple disciplines, and there are people who want to be part of that workforce. The Commerce A&D team hosts hiring events across the state to facilitate connections between companies and potential employees.

Business-to-Business Events

The team facilitates B2B events to help Oklahoma companies become suppliers to larger commercial operations as well as the U.S. DoD and prime contractors.



2020 Outreach Events

Oklahoma Industry Day

SASPO — Oklahoma Industry Day where Air Force leadership provided briefings and face-to-face meetings with Oklahoma suppliers to fill specific contract needs. 81 companies attended.

Two Department of Defense contracting webinars

On “New to DoD Contracting” and “Advanced DoD Contracting” were presented and had over 175 participants registered to attend.

DoD Contracting

The Commerce A&D Team contracted with DoD contracting experts, Source Approval Packaging & Aerospace Consultation (SAPAC), to assist Oklahoma companies get new DoD work.

Two International “Aerospace Opportunities in Oklahoma” Webinars

The Commerce A&D Team held webinars for or the Farnborough Airshow and the Swiss Aerospace Cluster virtual events.



OKLAHOMA Commerce

OKcommerce.gov/aces

900 N. Stiles Ave., Oklahoma City, OK 73104 • 405-815-6552 • 800-588-5959