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## **The Tinker Aerospace Complex: An Amazing Economic Development Success Story**

The economy was staggering in 2005 when General Motors' officials announced plans to close the \$500 million Oklahoma City plant. Leaders with the Greater Oklahoma City Chamber knew they had to move quickly to re-purpose the 3.8 million square foot plant. What they didn't know was that they were about to turn a gaping hole in the regional economy into an amazing economic development success story--- the Tinker Aerospace Complex (TAC).

"When you have a major employer close, your stomach drops," said Robin Roberts Krieger, Executive Vice-President for Economic Development with the Greater OKC Chamber. "You can brood on it and give yourself 24 hours to grieve, but then you have to start figuring out what to do."

They did more than figure out what to do. They came up with a big idea and brought all the necessary players together to make it happen. Chamber leaders created a shared vision for what was possible, and brought together leaders from Oklahoma City, Oklahoma County, the State of Oklahoma, the Department of Defense, GM and Tinker Air Force Base. Through an unprecedented public/private partnership and an aggressive Chamber effort, the citizens of Oklahoma County passed a bond election to purchase the GM plant and lease it to Tinker Air Force Base, Oklahoma's largest single-site employer. The creation of the TAC ensures Tinker's competitiveness for many years to come and will create thousands of jobs.

Everyone involved in the process recognized that they were participating in a rare partnership. "This was the most unique thing I have ever been involved in, in my 32 years of Air Force service," recalled Debra Walker Tune, then Department of Defense Assistant Secretary of the Air Force for Logistics at the Pentagon. "I have never dealt with a Chamber like



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that before. They were so aggressive and responsive. They were going to make it happen. You sensed it. It was extremely rewarding for me to be able to deal with people of that caliber.”

The journey from the November 2005 GM plant closure announcement to handing over the keys to the TAC in October 2008 required a tremendous amount of innovation, collaboration and determination, as well patience.

### **Taking the Initiative**

Chamber officials needed to find a high-powered manufacturer to purchase the plant and create demand for thousands of high paying jobs. They were not comfortable waiting on GM’s two-year timetable for selling the property, so they took the initiative to schedule a meeting with GM officials within 30 days of the plant closure.

Conversations between the Mayor, Chamber, Oklahoma Department of Commerce and GM began in December 2005. GM officials were initially noncommittal, although that meeting set the stage for the future. Due to Tinker Air Force Base’s proximity to the plant, GM would have limited options for adaptive reuse of the plant; and the contract GM had with the union did not allow for immediate selling of the property, and even when it could be sold, there were many limitations on who could purchase the facility. The City clearly stated to GM that it would need to remain an industrial property, as it was sitting on the fence line of the Air Force Base, and would GM consider a solution tied to the Tinker Air Force Base and/or aerospace workload? With 27,000 military and civilian workers, Tinker needed space for expansion and a host of defense contractors needed to locate near or on the base. And, Tinker had many old, aging facilities.

“It was fits and starts for awhile,” Oklahoma County Commissioner Ray Vaughn recalled. “The whole idea had to ripen before we could move forward. When you have a



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disaster, there is a certain time period when you focus on rescue. Then you turn to recovery. In economic development disasters there is always a parallel course. Initially, the Governor and Secretary of Commerce were working on tax incentives and trying to change GM's mind about closure. The worst case scenario occurred when we found out that there was absolutely no talk of reopening the plant on the GM side."

Chamber leaders met with Robert Conner, Commander of the Oklahoma Air Logistics Center at Tinker, in early 2006. "Bob was intrigued from the beginning, but needed to think it through. During the time period following our meeting, most of 2006, Tinker was going through due diligence (as were we with the County) and we worked extensively behind the scenes to clarify interest in the idea," Krieger said.

There was a definite need for better facilities and conditions on the Tinker side of the equation. According to retired General Billy Bowden, working conditions at Tinker AFB at that time were less than ideal. "I remember seeing people trying to work in extremely cramped conditions without heating or air conditioning. I have always had a major interest in taking care of people and the efficiency of their ability to get the work done. The GM plant offered Tinker an opportunity to improve working conditions, shorten repair times and become more efficient."

### **Innovation at its Best**

Nobody is really sure who hatched the idea to have Oklahoma County buy the General Motors plant and lease it to Tinker, but then County Commissioner Jim Roth was probably at the incubation of the idea. There was never any doubt that the innovative idea would require a lot of persuasion, trust-building and cooperation.



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“We have never transferred a commercial industrial property for use by the government,” Walker explained. “We know how to do that in reverse, but it has never happened on this scale. We had to do so much research on the laws. There were many unique aspects that people had to get their arms around and we had to ask many questions that the community didn’t initially have the ability to answer.

“What Oklahoma was able to accomplish is now a model,” said Walker. “Every community wants to know how Oklahoma did it and how they can do it. I don’t know if it can be replicated. It was community-driven and personality driven. In a different community with different players it wouldn’t have been possible. It may be a one-of-a-kind experience.”

Oklahoma Secretary of Commerce Natalie Shirley said the GM facility was emblematic of the recession, and yet with a lot of innovation and hard work, it was turned lemons into lemonade. “That sends a huge message about the innovative thinking and determination of Oklahomans.”

Commissioner Vaughn described it as “an incredibly creative and ultimately rewarding project.” He said that the innovative public-private partnership allowed them to do work that could never have been done otherwise.

“I think one of the most innovative elements of the project was that it was bottom up instead of top down,” said Gary Pence, Senior Business Development Manager for Aerospace at the Chamber. “There were no funds at the federal level and so the local community voted for a tax increase to support a federal facility.”



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## Unprecedented Collaboration

By late 2006 all partners were working the deal transparently. The Chamber's role was to bring the partners together from the private and public sectors, and to help negotiate a deal that would benefit the regional economy and each entity involved. In addition to bringing the innovative partnership team together, they managed the project, made sure that negotiations didn't break down, ran interference when challenges arose and ran the bond election that led Oklahoma County voters to approve a bond election to purchase the GM plant and transfer it to the Federal government.

"I remember the call from the Chamber," Commissioner Vaughn said. "I thought it was a brilliant idea. We immediately recognized the potential benefit of the deal. Thank goodness, the taxpayers agreed with us. We had to have a public collaboration to make it work."

The project would not have been possible without the full buy-in and involvement of all of the players. Federal, state and county officials had to clear any red tape that stood in the way of the deal, and the city had to be comfortable with the deal. Voters had to pass the bond election. And leaders at Tinker had to think differently about the base facilities and expansion.

"What intrigued us about the effort was the ability to acquire this far more modern facility than we were operating at a very low/no cost to the Air Force," explained Walker. "We were in a very tight budgetary environment and we were already making trade-offs in what investments we made for infrastructure improvements. At the same time, we knew that the efficiency of our operations and facilities is vital to our success on the front lines. It also seemed like such a wonderful opportunity to continue the cooperation and commitment that the community had provided to Tinker AFB over the years."



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The collaborative effort became more than just another economic development deal. “We built lifelong friendships that are great for us personally and professionally, and when opportunities arise, we know that trust and respect has been established,” Krieger said.

“I thought it was an incredibly creative and ultimately rewarding project, Commissioner Vaughn recalled. “We had no idea we would face some of the hurdles we had to face, including the economic times, gas prices, legal issues, and well, you name it. We have a long history in Oklahoma County of providing support for Tinker.”

From Walker’s perspective, the collaboration and commitment of the team and the community made the project possible. “I have never seen a team of public officials from the state, city and county levels work so well together. They were united, not divided. I felt a deep admiration for the people of Oklahoma County when the bond election passed. Even after losing the GM jobs, people were still willing to make the sacrifice and raise taxes to benefit the military.”

When then Secretary of the Air Force Michael Wynne visited Tinker and toured the GM facility in May 2007, team members knew that there was a real shot at success, according to Pence. The Secretary also met with Governor Brad Henry, and county, chamber, city and Tinker leaders during his visit. “His role was key,” said Walker. “Without his support we would not have moved forward.”

“Bob Conner (then director of the Oklahoma Air Logistics Center) made a personal commitment to the project,” Walker recalled. “He took personal and career risks to pursue this. His was the first crucial step for the Air Force. If someone from outside had brought the idea in it wouldn’t have worked. He brought an extreme amount of credibility. Having him present the case was very powerful.”



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## **Determined to Succeed**

Chamber, County, Tinker and business leaders decided in December 2007 to go to the voters for funding, when it became obvious that state government officials couldn't fund the acquisition of the GM plant. "We also kept hoping that GM might donate the plant and take a write off, but that didn't happen. Keep in mind, this was in the months leading up to the bankruptcy filing of GM," said Pence. "Finally, a price tag was set and the county stepped in to consider purchasing it."

Oklahoma County Commissioners approved a resolution to call for the bond election in March 2008 and everyone rolled up their sleeves to enlist support for the bond election. Chamber and local government officials have created a strong, trusting relationship with voters over the years through transparency in communication and the positive economic impact of previous bond elections and tax increases in support of Tinker AFB and other economic development projects. That trust made it logical to go to the voters with the unusual request to purchase the GM plant and lease it to the Federal government. Further complicating this timing were three tax elections in the year prior (City GO Bond, School Bonds, and the City Arena Campaign to upgrade the NBA facility, all of which passed).

Gen. Bowden, Commissioner Vaughn and the Chamber, played pivotal roles in getting the bond election passed. Vaughn alone made over 60 speeches in support of the election. The Chamber spent countless hours and substantial money to pass the measure.

"The supporters were so passionate about passing the bond election to purchase the GM plant for Tinker," said Pence. "Billy Bowden was a perfect choice to lead the campaign, and Commissioner Vaughn was definitely the right guy at the right time to help lead the effort. Randy Young, a Chamber consultant, was also critical to our success. He could pick up the phone and call key military officials and get a call back in a rapid manner."



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Gen. Bowden believed that a personal phone call blitz near the end of the campaign helped secure the bold election victory. “There were brilliant people working on the campaign that came up with brilliant ideas,” he said, and described the Greater Oklahoma City Chamber as the “glue that held us together and allowed us to do a comprehensive, successful campaign.”

The campaign for gaining the support of Oklahoma County voters for the \$55 million bond issue included the development of key messages, earned media in newspapers and on radio and television, editorial pieces from key opinion leaders, presentations to civic groups, push cards, fact sheets and direct mail.

The vote passed solidly. “Election night was such a high point,” Krieger said. “The results were being texted to us throughout the evening, while we were at a client dinner with our Mayor. We could not have done it without the taxpayers of Oklahoma County and their trust.” After the vote, during the summer of 2008, the Governor, State Treasurer and Sec. of Commerce Shirley notified the County that \$10 million would be provided by the State of Oklahoma toward the purchase price, much to the delight of all parties. This reduced the amount of Bonds the County needed to sell for the GM plant, from \$55 million to \$45 million.

In addition to needing a positive election outcome, there were several hurdles to overcome before Oklahoma County bought the plant and the long-term lease to Tinker was signed in September 2008. According to Robin Roberts Krieger, the timing as the economy was slowing, the bond markets coming to a halt and the tenuous position GM was in financially made for some sleepless nights. And to top it off, the Sec. of the AF left right after the election, so a new Sec. of the AF needed to be informed and brought up to speed on the project.

“A lot of work had to occur in order to be able to prove that the value was there and that GM had properly cared for the facility and its environmental liabilities,” Walker explained. “We had to do a lot of legal work and due diligence to insure that the Air Force was making a wise decision in moving our work load into that facility.”



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There were also many political considerations. Due to the competitive environment brought on by BRAC, there was concern about the GM facility's 3 million+ square feet could create a risk for Tinker, because excess capacity might be an issue. That concern was resolved by having the County lease the property to the Air Force, until old buildings could be demolished on base.

"Once we had the same language and knew we wanted to achieve the same goals, we knew we would succeed," Walker said. She remembered the team having weekly teleconferences over a period of 18 months to make sure everything stayed on track and the bond election timeline could be met.

Walker believed the breakthrough in the process occurred when the lawyers stopped talking and the discussion and final decision landed at a senior level. With key senior players from each entity at the table, the question became "What is left to do and what is it going to take to get it done?" She also credited the work of the Oklahoma Congressional delegation, and particularly Sen. Jim Inhofe and his military liaison, Tony Lazarski.

### **Lasting Impact**

It was a triumphant moment when the first business unit moved into the Tinker Aerospace Complex in June 2009, according to Krieger.

Randy Young said military personnel were "like kids in a candy store" when they arrived in the facility and realized all that was possible. "Tinker is a major economic engine in this state," said Young. "We were maxed out on space and lean manufacturing processes could only solve so many of the problems. The TAC allows Tinker to consolidate workloads and provide more efficient and effective use of tax dollars for a bigger economic impact."



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Tinker AFB is the state's largest single-site employer and has an annual economic impact of \$3.4 billion. The TAC assures Tinker's competitiveness, creating thousands of new jobs to bolster the community's regional economy. The Air Force will invest between \$50– \$100 million over five years to transform the GM facility, a fraction of the cost of construction to meet those same needs. Tinker plans to demolish 2.2 million square feet of substandard buildings, reducing taxpayer costs for facilities maintenance. Several Fortune 500 aerospace companies propose to locate at the TAC. The TAC improves operations, making work more efficient, saving energy, and creating a better work environment for its 27,000 military and civilian employees.

The TAC will host some of the current 76<sup>th</sup> Maintenance Wing operations, as well as other Department of Defense missions. It continues to evolve today. Creation of the TAC is already improving operations at Tinker – making work more efficient, saving energy, and improving the work environment for military and civilian employees. The facility provides the base with the flexibility to address future depot maintenance workloads and the jobs that go with them, including work on the C-17 engines, joint strike fighter engines, and core work on the new KC-X tanker.

Additional successes include the huge outpouring of support from the community and military. Chamber and local government officials have created a strong, trusting relationship with voters through the positive economic impact of the bond election.

Chamber and community leaders, the Pentagon, Tinker and the aerospace industry have built stronger relationships and continue to maintain ongoing dialogue that will create a stronger regional economy, better options for defense companies looking to locate in the area and a more secure presence for Tinker AFB.

“Tinker Air Force Base has a huge geographical impact on the state of Oklahoma because it draws its workforce from 44 of the 77 counties in the state,” explained Shirley.



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## Lessons Learned

Key players in the transition of GM into the TAC learned several lessons throughout the process.

“Coming from the Air Force environment, I knew how difficult it was going to be,” recalled Randy Young. “But people and organizations worked hard toward a common goal. I was pretty amazed at the cooperation and the difficult situations we had to face to reach our goal. It took a lot of flexibility, negotiation and determination. I would describe the process as a model for any community or organization to follow.”

From Krieger’s perspective, she felt that every attorney representing the various partners needed to attend every meeting, and decision-makers needed to participate from beginning to end. “Some partners placed lower level employees at the table and stepped in later, which made the process less efficient. The core team needed to be at the table, from beginning to end, and have the authority to represent their organization.”

The team approach worked, but the Chamber in the end, needed a full-time project manager devoted to making things run even more smoothly. “There were plenty of naysayers along the way, but we just didn’t let anybody convince us we couldn’t do it, said Krieger. “We knew we could.”



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## Timeline

November 2005 - GM announces closure/idling

Dec 2005 – Meet with GM in Detroit

Jan 2006 - Conversation with Tinker and County Commissioners

2006 - Due diligence and ongoing negotiations

Feb 2006 - GM workload ends at facility

May 2007- Sec of Air Force met in OK with Gov, OK and Tinker leadership

Dec 2007 - Decision to go with bond election in March 2008

March 2008 - County resolution and call for election; Sen. Inhofe leads dialogue to make sure all federal parties are committed

May 2008 - Election passed

Aug 2008 - Sold bonds a week before market collapse

Aug 2008 - New Secretary of the Air Force named. Sen. Inhofe brings right people together to move project forward

Sept 2008 – County purchases GM facility and leases to Tinker AFB for \$1 per year

Oct 2008 – County hands keys to the AF



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## Background

The Greater Oklahoma City Chamber is the principal economic development organization for the central Oklahoma region, serving as the contract economic development organization for the City of Oklahoma City and Oklahoma County, and providing the business community with a vision and a voice. The Economic Development Division takes the lead role in assisting in the growth and expansion of businesses, recruiting new companies to the region and creating economic opportunities through primary job creation. The Chamber's desired outcomes include new investment, new primary jobs, higher per capital income, real estate space absorption and increased tourism.